

Pennsylvania Has Spending Plan; Lawmakers Leave Town Until September

Governor Rendell on Tuesday signed a state budget for FY 2007-2008 over two weeks after the start of the fiscal year, a spending plan he called “fiscally responsible”, but one that also moves Pennsylvania “forward.”

The Senate and House approved the \$27.5 billion plan on Monday, July 16 after weeks of talks over individual line items, a series of rare weekend session days, and negotiations over health care, energy and transportation legislation not directly linked to the budget but effectively part of the overall package. Members are now in recess until September 17.

In some instances, the General Assembly succeeded in approving the ancillary legislation along with the General Fund budget -- a change to the alternative energy portfolio standards, for instance. Other issues like a ban on smoking in public places will have to wait until the fall. There, the House approved the ban, with private clubs exempt, but the Senate rejected the House changes to the bill, SB 246.

The nearly \$28 billion dollar plan represents an increase over last year’s spending of 3.32 percent, or over 4.4 percent if a mass transit expenditure shift is included.

Both sides are rightfully declaring some measure of victory. Senate Republicans get a budget with no new or additional fees or taxes. Governor Rendell and House Democrats, who control the majority there, celebrated getting some programs in that at one point were in risk of not making the final cut.

The budget will fund much or most of the Governor’s education priorities, including \$200 million in new education spending for pre-kindergarten, full-day kindergarten and Head Start, and \$90 million in funding for laptops in high school classrooms, up from \$20 million last year.

Other highlights of the budget include the following:

Taxes, no new additional fees or taxes and no new borrowing;

Surplus, \$150 million of the \$650 million surplus from FY 2006-2007 goes to the Rainy Day Fund; \$300 million of the surplus will be carried over to FY 2008-2009;

Medicaid, no pharmacy carve-out for the Medicaid managed care plans (MCOs), and continues voluntary managed care. It also includes a three percent rate increase for MCOs.

Medicaid, provides a two percent increase for hospitals, and restores proposed cuts in hospital payments. In addition, the budget includes a new appropriation of \$5 million for obstetrical services.

Medicaid, gives nursing homes a rate increase up from the rate originally proposed;

Environment, the Department of Environmental Protection will receive \$3.4 million more than last year for a total operating budget of \$207.6 million;

Health Care, funding for portions of the Governor's 'Prescription for Pennsylvania' are included in the budget. Some of the funds are included in the Departments of Education, Insurance, and Health, and the Executive Offices. In total, \$17.6 million will be provided from the General Fund.

Total fiscal breakdown of the budget:

Pre K-12 Education \$9,454,444,000 34.8 %; Higher Education \$2,045,093,000, 7.5%; public welfare \$9,665,068, 000, 35.6%; Corrections \$1,600,181,000, 5.9%; Debt Service \$917,599,000, 3.4%. All other spending is \$3,479,737,000, 12.8 %.

Patient Infection Monitoring and Prevention Measure Before the Governor

Legislation, SB 968, aimed at reducing infections acquired at hospitals, nursing homes and other health care facilities has been approved by the General Assembly and now awaits the Governor Rendell's signature. The Governor said at a press conference where he signed the budget bill that he would sign SB 968 on Thursday. One official representing the Hospital & Healthsystem Association of Pennsylvania said that with the omnibus amendment attached in the House, they can support the legislation.

The bill would target infections on two fronts: it sets up an electronic monitoring system; it establishes benchmarks for year-to-year reductions in the number of infections.

The legislation would require hospitals and nursing homes to put together infection-control plans. Those plans must address precautionary steps to prevent infections, isolation procedures for when a patient contracts one and employee education and training, among other things.

The legislation also requires hospitals, ambulatory surgical facilities, and nursing homes to create committees that would develop and implement internal infection control plans.

It establishes a new program that, beginning in 2009, will provide financial incentives for facilities that achieve a 10 percent reduction in reported infections from the previous year. It also permits the Department of Health to take action against facilities that do not meet benchmarks for reducing infections.

A provision in the amendment includes a feasibility study to gauge whether a certain hospital or other health care facilities can actually afford the monitoring system. Moreover, funds will be provided in next year's budget to help health care institutions pay for the monitoring systems.

The benchmarks for each hospital, nursing home, and other health care institutions will be set by the Pennsylvania Department of Health.