

**Statement of Katherine E. Levins
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before the
Pennsylvania Senate Committee on Institutional Sustainability and innovation
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Good morning, Chair Farry, Minority Chair Kearny and members of the Committee on Institutional Sustainability and Innovation. Thank you for holding this hearing and inviting me to present today on the important topic of hospital sustainability.

Pennsylvania is one of a few states that has no public hospital system. Consequently, it relies chiefly on non-profit hospitals and to a lesser degree on private for-profit hospitals to care for its citizens. In cities and rural areas across the Commonwealth, there are certain “safety-net” hospitals that care for vulnerable populations with limited access to care due to distance, transportation, economic or other barriers. In Philadelphia, the largest city in America without a public hospital, Temple University Hospital (TUH) serves this role.

As the chief academic teaching hospital of the Lewis Katz School of Medicine at Temple University, TUH is an 879-bed non-profit acute care hospital that provides a wide range of medical services for its low-income communities, and the highest level of specialized medical care to patients throughout Southeastern Pennsylvania. TUH is an accredited Adult Level 1 Trauma Center by the Pennsylvania Trauma Systems Foundation. Our Burn Center is one of only four centers in Pennsylvania Verified by the American Burn Association.

Located in Philadelphia’s Kensington neighborhood, TUH -Episcopal Campus provides a recovery oriented behavioral health treatment program. Many of its patients are diagnosed with psychiatric plus one or more substance or alcohol use disorders and many have multiple co-existing medical illnesses.

Located in Northeast Philadelphia, TUH Jeanes Campus is our nation’s only Quaker-founded hospital. Jeanes offers state-of-the-art medical and surgical services in a neighborhood setting.

This summer, TUH will open its Hospital for Women and Families, which will be Southeast Pennsylvania’s only hospital dedicated to the healthcare needs of women and their newborn infants. Modeled on Lancaster General’s Women and Babies Hospital, Temple Women and Families will ensure that our maternity patients, 85% of whom are covered by Medicaid, receive the highest level of care throughout their pregnancy and beyond. On-site outpatient clinics, physician practices, radiology services and social supports will help build a foundation for good mental and physical health for the entire family.

In addition to Temple University Hospital, the Temple Health family includes Fox Chase Cancer Center. Distinguished by the National Cancer Institute as a Comprehensive Cancer Center, Fox Chase is Pennsylvania's only hospital dedicated solely to cancer care, research, and prevention.

Serving Northwest Philadelphia and eastern Montgomery County, Temple Health – Chestnut Hill Hospital is a 148-bed community hospital owned by an alliance of Temple Health, Holy Redeemer Hospital, and the Philadelphia College of Osteopathic Medicine. Together, and with support of Senator Haywood, we saved this hospital from closure.

In the context of my role with Temple Health in various capacities over 25 years, starting as a volunteer board member at a community hospital to my current position as Vice President for Public Policy and Government Affairs, I share these thoughts on a few factors needed to ensure hospital sustainability in a rapidly-changing and highly-competitive healthcare landscape.

First, a successful hospital system must have a strong organizational foundational structure with a well-defined mission that is firmly supported by all its employees, which is to provide high quality, compassionate, efficient, and effective care for its patients. Hospitals must be staffed with a talented and experienced leadership team under the direction of a dedicated governing board, both of which must be diverse in their knowledge and experience, and both must be aligned in the hospital's mission. The hospital leadership team must understand its market, including population characteristics, payer mix, health needs, competition and community partners in care delivery and social services. While a healthy margin is necessary to ensure care continuity and re-investment, shareholder profit should not be the primary motive.

Second, a successful hospital system is built on clinical excellence, including primary and specialty care. This requires prudent investments in physician services, nursing support, skilled workforce, and medical equipment, technologies, and facilities.

Third, a successful hospital system is innovative, not only in adapting to scientific breakthroughs and implementing modern technologies, but innovative in terms of adjusting to changing health care needs and market conditions. A prime example is the hospital industry's recent battle with the COVID pandemic. At Temple Health we converted an outpatient building into a dedicated COVID hospital while collaborating with scientists across the globe to better understand and treat the virus. Another example is our response to the opioid epidemic. While a weaker system might have closed our Episcopal Campus given its location and complex patient population, we recently opened a substance use disorder clinic, doubled the size of our emergency department, constructed a much larger and more tranquil crisis response center, and developed cutting edge treatments for exposed bones and tendons caused by Xylazine wounds.

Fourth, a successful hospital system values innovative partnerships. As noted above, Temple Health joined with Holy Redeemer Hospital and the Philadelphia College of Osteopathic Medicine not only to save an important community asset from closure, but to strengthen care delivery and the ability to train the next generation of physicians, including Doctor of Osteopathic Medicine. In 2027, the Lewis Katz School of Medicine will open a regional campus in York County in partnership with WellSpan Health. This partnership will advance medical education, bolster physician supply, and improve health outcomes for communities across south-central Pennsylvania. Temple's Katz School of Medicine and St. Luke's University Health System in Bethlehem, PA established a similar partnership about a decade ago, having graduated its first class in 2015.

At the local level Temple developed several innovative partnerships to address challenging community needs, including two recovery-oriented housing projects on our Episcopal Campus, one with the City of Philadelphia and another with the Sisters of Mercy's Project Home. Our labor-management partnership with 1199C Training and Upgrade Fund provides continuous learning while enabling community members to develop skills in various healthcare career pathways. Our partnership with about 65 academic and training institutions allows for training each year of about 2,300 students of medicine, nursing, pharmacy, dentistry, podiatry, laboratory, occupational health, physician assistants and more. And our Technical Education and Careers in Healthcare (TEACH) partnership with local high schools provides internship opportunities and career paths in an array of job types, including supply chain, pharmacy and other roles that a young person might not realize are available. These community investments make good business sense.

Finally, a hospital must be a responsible steward of its funding in order to remain financially stable and capable of sustaining its mission. This requires fair and adequate reimbursement from all payers. At a time when hospitals are struggling, however, there is no question that proposed cuts to Medicaid at the federal level will have an adverse effect on access to healthcare in Pennsylvania among the most vulnerable patient populations.

Federal and state funding of Medicaid supports access to care in two ways: (1) states decide who is eligible for coverage and which types of services to cover beyond federal minimum requirements; and (2) Medicaid covers payments to providers for services for qualified individuals. Congress is currently considering deep cuts to Medicaid, including modifications to provider taxes and state-directed payments. Reductions to payment that would result from either of these programs will threaten the financial stability of individual hospitals and the viability of Pennsylvania's healthcare delivery system.

That fragility is already evident. In southeast Pennsylvania, as Crozer Health ceases operations of two hospitals, Delaware County officials and regional health systems are working to ensure access to emergency, burn, maternity, pediatric and other critical services. Meanwhile, the Center for Healthcare Quality and Payment Reform indicates that over 40% of Pennsylvania's rural hospitals are currently at risk of closure.

See: [Rural Hospitals at Risk of Closing.pdf](#) Cuts to Pennsylvania’s Medicaid programs will exacerbate these challenges.

Increased financial strain is likely to lead to reduced economic output of hospitals, with workforce reductions leading to increased unemployment.

Apart from reimbursements, hospitals and patients are adversely impacted by certain policies and practices by health insurers, including private commercial insurers and Medicaid managed care organizations (MCOs). Irresponsible practices by health insurers—such as systematic and unsubstantiated service approval delays and denials—threaten patient access to care, drive excessive costs to hospitals, and lead to financial instability of hospitals. Such industry practices should be corrected.

At Temple University Hospital, delays and denial of services are particularly troublesome for patients seeking cancer diagnoses and treatment. Medicaid MCOs initially deny about 40 percent of imaging tests for cancer patients, even though such measures are the standard of care. Around 80 percent of initial denials by MCOs for imaging are overturned after appeals involving nurses or physicians, indicating these tests should not have been denied initially. Similarly, over 10 percent of chemotherapy treatments are initially denied by MCOs, but about 85 percent of these denials are overturned after consultations between physicians.

Similarly, patients covered by private insurance should be able to rely on their plans to facilitate covered, medically necessary health care services when needed and without delays or inappropriate denials. Physicians should be able to focus on treatment without unnecessary obstacles. Unfortunately, some insurance policies and practices create barriers to appropriate payment. Aside from the stress that this places on patients and caregivers, inappropriate payment delays and denials for appropriate care undermines the financial stability of hospitals and compounds other challenges facing hospitals.

Furthermore, some health insurers are using what we call “hospital freeze” to save money at the expense of hospitals. Insurers save on inpatient care, drugs, physician services, physical therapy, skilled nursing facilities, long-term acute care, and home care by delaying approvals for placement. Consider this illustration of hospital freeze:

On a Thursday afternoon, a hospital discharge planner contacts the patient’s health plan to verify coverage for post-hospital care. The insurer does not respond on Friday and is closed over the weekend. The insurer finally approves when it reopens the following Monday (or Tuesday if it is a holiday weekend). In the meantime, patients wait in a crowded emergency department 2-3 days for admission. Patients cannot get in because other patients cannot get out. Because the hospital receives a fixed payment based on the diagnosis and treatment, the hospital absorbs the costs of additional days providing medications, meals, bathing, and other activities that are more appropriately managed in a skilled nursing facility—while the insurer saves such costs.

This phenomenon of “hospital freeze” is not anecdotal; it is a pattern, and it occurs frequently.

In summary, the stability of Pennsylvania’s health care delivery system depends largely on hospitals, which in turn require strong organizational structure with committed leadership, clinical excellence, strong workforce, and the ability to innovate, adapt and form strong partnerships. None of this is possible, however, without fair and reasonable reimbursement from all payers and without collaborative and respectful practices of commercial health insurers and Medicaid managed care organizations.

We all share the same goal: the ongoing health and well-being of our fellow Pennsylvanians.

Thank you for the opportunity to speak with this committee. I am happy to answer any questions you might have.