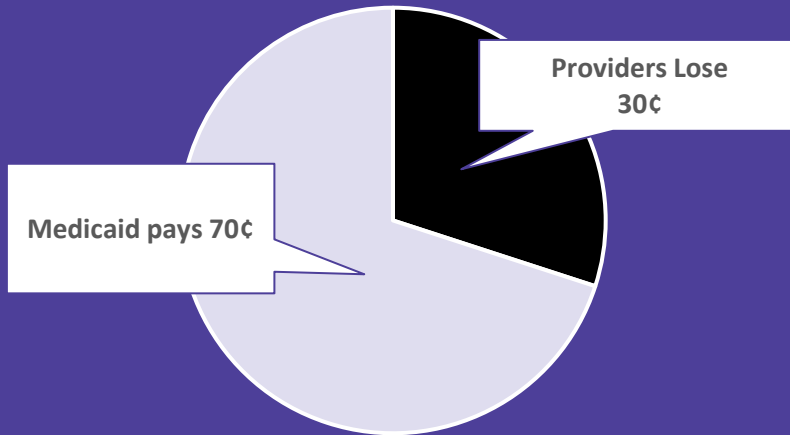


Close the Medicaid Gap

For every \$1 of Care Provided



Improve affordability of healthcare for all New Yorkers. When Medicaid doesn't pay its bills, providers must shift costs to commercial insurers. That makes healthcare more expensive for everyone.

Stabilize safety net providers. Hospitals and health systems that overwhelmingly treat patients with public insurance are locked into a permanently fragile financial state, without the resources to modernize their facilities, develop their outpatient networks or compete for staff in a tight labor market. As Medicaid covers an ever-larger share of New York residents, more hospitals are added to the distressed provider list.

Address health care disparities. A generation of underfunding the Medicaid program has discouraged outpatient and primary care network development in our most vulnerable communities, making care harder to access and more expensive, resulting in delayed or foregone treatment and worse health outcomes.

Strengthen the mental health system. Medicaid is the single largest payer of mental health services. Increasing Medicaid rates increases capacity and helps attract new professionals to a field that faces persistent workforce shortages.

Last year, with your leadership, the budget took a significant step toward closing this gap with the first meaningful increase in Medicaid rates in more than a dozen years. Unfortunately, the increase was almost entirely wiped out by the pharmacy benefit carve-out for hospitals participating in the 340B drug discount program. The imperative to raise worker wages, the persistent need for contract labor, and inflationary pressure on energy, drugs and other supplies have all eroded the value of the rate increase for hospitals and health systems.

The Executive Budget acknowledges that the number of hospitals in fiscal distress is growing and that New York is on an unsustainable path. **But Governor Hochul proposed no across-the-board Medicaid increase and a total of \$1.3 billion in healthcare cuts, including cuts in supportive funding for struggling safety net institutions.**

Nearly 40% of New Yorkers rely on Medicaid for their coverage and the number of Medicare beneficiaries is increasing as the state's population ages. That means providers have less ability to shift costs to commercial insurers to make up for shortfalls from government reimbursement. **This will deepen a crisis in which three-quarters of hospitals already report unsustainable operating margins.**

We urge the Legislature to:

- **Reject the Executive Budget's \$1.3 billion in healthcare cuts.**
- **Commit to multi-year rate increases until Medicaid reimbursement covers costs.**
- **Provide continued support for safety net institutions and facility modernization.**

Support the healthcare workforce and grow the next generation of caregivers

The healthcare workforce shortage, accelerated by the pandemic, persists, as hospitals struggle to recruit not only nurses and physicians but many allied health and technical positions. We are working locally with academic, labor and community partners, but we need continued support from government to meet the healthcare needs of an aging population.

To start, we need the full use of our existing staff. **The 2020 law that provides for up to 14 days of paid COVID sick leave -- far exceeding CDC guidelines -- must be repealed.** This will have a significant impact on staff absences and reduce the reliance on agency staff.

Last year the Legislature recognized the validity of new models of care developed during the pandemic and the importance of flexibility by extending or making permanent several emergency provisions. We support proposals in the Executive Budget that continue this progress:

- **Allow experienced physician assistants to practice without physician supervision;**
- **Allow medical assistants under supervision to administer immunizations in outpatient settings;**
- **Allow pharmacists to direct limited service laboratories and perform COVID-19 and flu tests;**
- **Allow RNs to test for COVID-19 or flu; and**
- **Extend and expand the community paramedicine demonstration program.**

The healthcare workforce shortage is a national crisis, so New York providers must be both competitive in their recruitment of clinicians and able to quickly relocate healthcare professionals here in an emergency. We urge you to support:

- **Joining the Interstate Licensure Compact and the Nurse Licensure Compact;**
- **\$14 million for recruitment and retention of mental health professionals; and**
- **Increasing funding for the Doctors Across NY and Nurses Across NY programs**

Hold health plans accountable

Health plans continue to pad their bottom lines by delaying care, delaying payment for care already provided, and limiting access by failing to establish adequate networks – including in the Medicaid managed care and Essential Plan products. We have repeatedly expressed concern about the failure to hold these predominantly for-profit corporations accountable for fulfilling their commitments to patients.

We are encouraged by the package of proposals included in the Executive Budget that would provide more enforcement authority, expand consumer choice and ensure some accountability for health plans. We urge you to support:

- **Authorizing the DOH to recover liquidated damages when Medicaid managed care plans do not meet contractual obligations;**
- **Requiring commercial plans to reimburse OMH- or OASAS-licensed providers at no less than the Medicaid rate;**
- **Extending telehealth payment parity; and**
- **Increasing penalties on health plans for violating mental health parity laws.**

We have concerns about two insurance provisions in the Executive Budget:

- We **oppose a proposal to carve out all Medicaid claims from the independent dispute resolution process**, as hospitals may struggle to find surgeons willing to contract to provide emergency call coverage if they cannot get reimbursed more than the Medicaid rate.
- **Elimination of the 1% Medicaid managed care premium increase** from FY2022-23, as we expect that plans would pass this reduction down to providers.

Modernize the Hospital Financial Assistance Law

It's been nearly 20 years since hospitals initiated the passage of New York's Hospital Financial Assistance Law. The healthcare marketplace has changed dramatically, both in terms of care costs and insurance options, with New York now boasting an uninsured rate near 5 percent. Medicaid expansion and other low-cost coverage options are broadly available, but the proliferation of high-deductible health plans burden both consumers and healthcare providers. We welcome the opportunity to work with the Legislature to reflect these changing realities, but urge that these principles guide the discussion:

- **The law should not disincentivize the purchase of comprehensive coverage in favor of receiving charity care;**
- **Providers should have the ability to screen patients for public insurance eligibility and encourage timely enrollment;**
- **Increases in income thresholds should be reasonable.** Though most suburban hospitals already meet or exceed the higher thresholds proposed in the Executive Budget, this must take into consideration the financial impact on providers. **Indigent Care Pool allocations will need to be increased accordingly.**
- **Patients who have the ability to pay should pay**, and providers should have the tools to determine this.