STAT News

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STATE UPDATE: Funding Still Lags in Senate and Assembly Proposed Budgets; Deadline – April 1, 2015

The Senate and Assembly one-house budget resolutions, adopted last week, leave less than two weeks for both sides to reconcile their proposals and work with the executive branch to secure an on-time budget by the start of the next state fiscal year – April 1, 2015. Funding to support hospitals' capital projects and vital access provider (VAP) funding levels are main points of contention between the three proposals and the hospital industry. With some of the oldest structures in the country, New York's hospitals, including many in the Hudson Valley and Long Island regions, need upgrades and re-design to meet new code requirements and to deliver care more efficiently and cost effectively. The Assembly budget does not increase the governor's proposed funding level for capital and reduces VAP funding. The Senate version increases capital funding by about $500 million above the governor's proposal, but rejects the governor's proposed increase in VAP funding. A key advocacy focus of the Suburban Hospital Alliance has been to ensure that Hudson Valley and Long Island institutions receive their fair share of these state investments.

Further, both chambers rejected the obstetrical services tax reduction, which would alleviate some of the financial burden on hospitals. Both chamber versions are also devoid of additional state-level Ebola preparedness funding. The Senate budget includes additional funding for the Doctors across New York Program, while the Assembly budget does not. This program provides tuition assistance and loan relief to encourage new doctors who train in New York to remain in New York and work in underserved and rural areas of the state.

FEDERAL UPDATE: "Doc Fix" Funding Offsets Opposed by Hospitals; Permanent Solution Possible

It appears that a permanent solution to the Medicare "doc fix" is near, according to hospital advocates who are following the issue. The nation's physicians will be hit with a 21 percent cut in Medicare payments come March 31, 2015, unless another temporary funding patch is found or a permanent solution to the flawed sustainable growth rate (SGR) formula is achieved. The "doc fix" refers to the situation Congress and the nation's physicians find themselves in when Medicare physician reimbursement is set to readjust based on the SGR. Enacted in 1997, the SGR formula directs Medicare physician reimbursement. It is tied to an inflationary factor economists agree is no longer feasible. Congress has passed a reprieve 17 times since 2003. At least three times, in as many years, the hospital industry has been tapped as a funding source for temporary "doc fixes." Ideally, the hospital industry supports a permanent solution or, at best, a short-term deal, but strongly opposes any funding offsets to fall on the backs of hospitals. For the past few weeks, House leaders have been discussing a permanent solution to the physician Medicare payment system. Last year, Congress worked out a framework to permanently repeal and replace the SGR, but could not agree on funding offsets.

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