



The collective voice of Long Island's  
not-for-profit and public hospitals

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# Briefing for Legislators Proposed State Budget

## March 12, 2010

# Multiple Hits



Long Island's not-for-profit and public hospitals endured \$180 million in Medicaid cuts and taxes since April 2008

Disproportionate share of state's quest to balance New York's budget

# Governor's Proposal

Long Island region: Our hospitals will absorb new taxes and cuts totaling:

- \$46.8 million

# Major Pressure Points

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Gross Receipts Tax  
(GRT)

Elimination of  
Medicaid Trend Factor

Cut to indigent care  
pool

Readmissions Penalty

# Regional Look at Cuts and Taxes

(in millions of \$)	Increase Inpatient Gross Receipts Tax (.35% to .75%)	Medicaid FFS and Indigent Care Reductions	Impact of Medicaid Managed Care	Total Hospital Impact
HANYS Region				
Western NY	(\$8.1)	(\$8.0)	(\$2.7)	(\$18.8)
Rochester	(\$6.9)	(\$12.3)	(\$1.2)	(\$20.4)
Iroquois-CNY	(\$7.5)	(\$11.8)	(\$1.5)	(\$20.8)
Iroquois-NENY	(\$7.1)	(\$12.2)	(\$1.1)	(\$20.4)
Northern Met.	(\$12.5)	(\$23.9)	(\$2.0)	(\$38.4)
New York City	(\$81.5)	(\$158.4)	(\$25)	(\$264.9)
Long Island	(\$19.7)	(\$24.3)	(\$2.8)	(\$46.8)
Potentially Preventable Readmissions				(\$49.0)
<b>TOTAL</b>	<b>(\$143.3)</b>	<b>(\$299.9)</b>	<b>(\$36.3)</b>	<b>(\$479.5)</b>

\*Regional impacts do not include the \$ impact of limiting payments for potentially preventable readmissions.

# Hidden Damage

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- GRT – increase from .35% to .75%
  - This tax alone represents nearly half the impact to LI hospitals
  - Originally intended as a temporary assessment; never a permanent “TAX”
  - Business Council of NYS testified that “raising taxes on health care providers will result in higher insurance costs for businesses.”

# More Damaging Details

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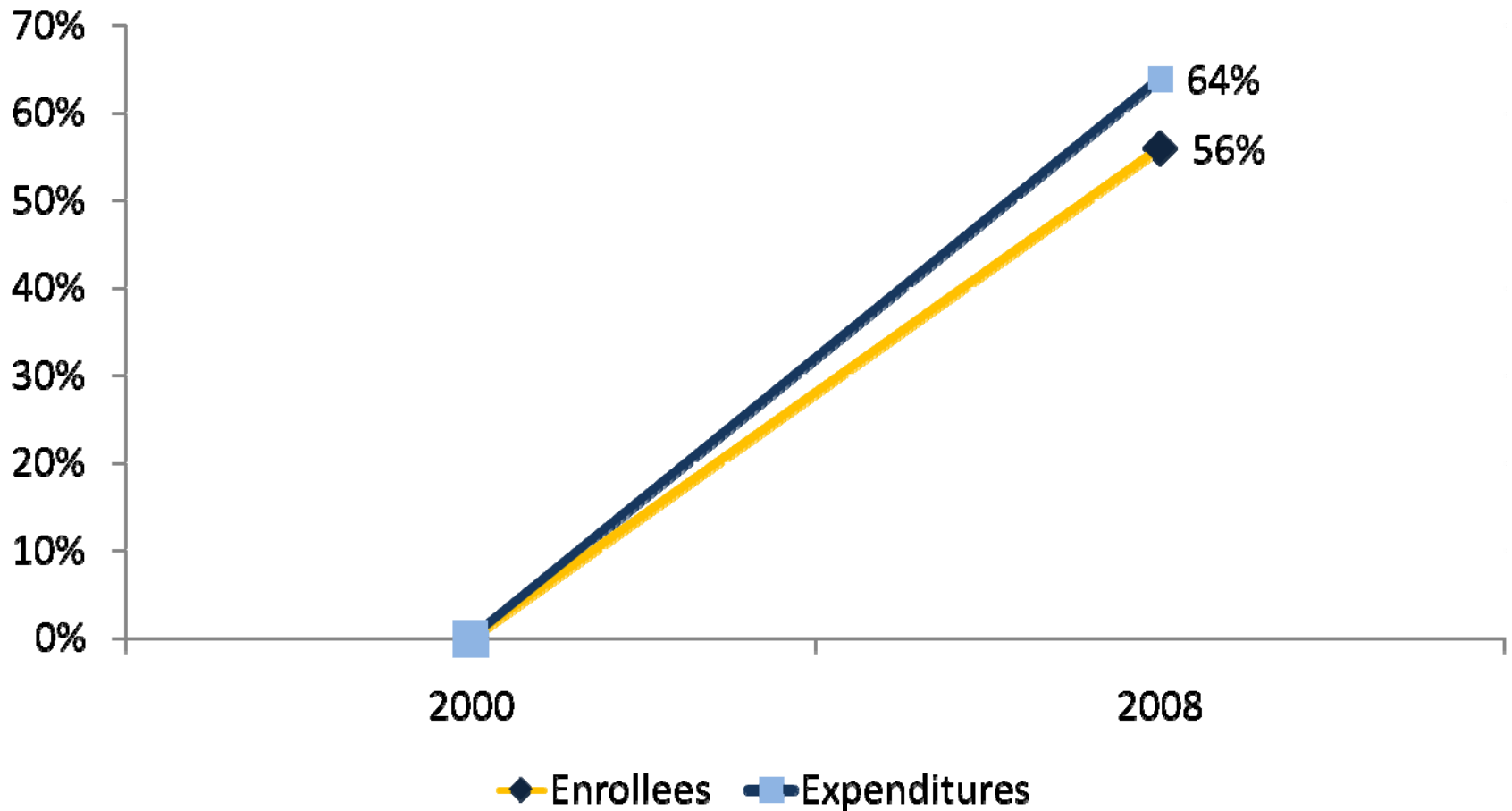
- Elimination of Medicaid Trend Factor
  - Assumes hospitals' costs to provide care will not increase
- Cut to indigent care pool for LI hospitals is \$20.3 million
  - Fair estimate of loss to LI hospitals given changes in formula allocations and applications
  - Cut affects poorest and neediest communities just when uncompensated care is increasing as weak economy leaves more people uninsured

# Readmissions Policy Excessively Penalizes Providers

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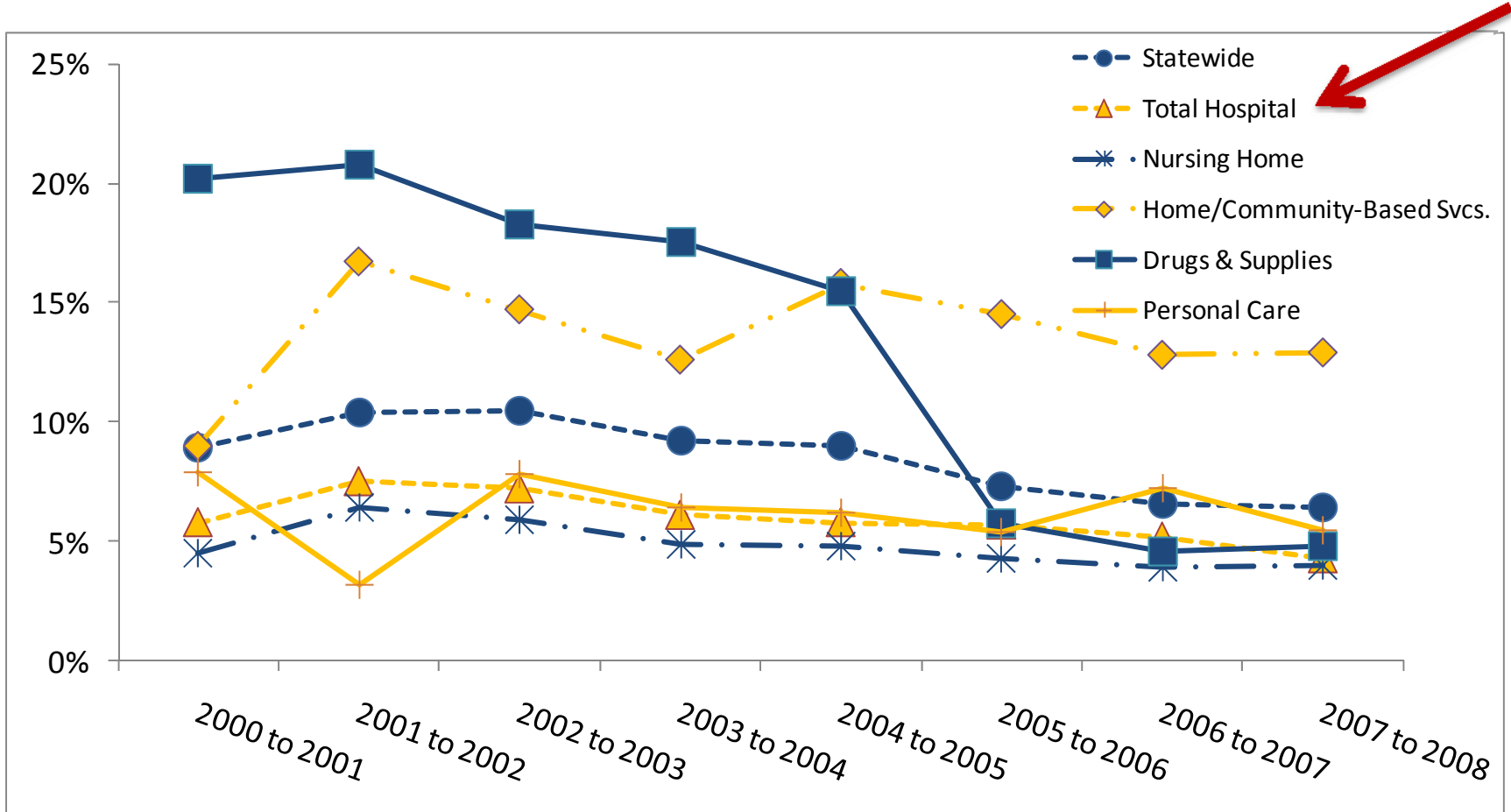
- Needs a clear, well-defined approach informed by clinical principles
- No methodology available; no specific medical conditions identified
  - DOH could start with a few specific conditions within control of hospitals' clinical capabilities and oversight; similar to Medicare process
- Over 80% of potential patient population are high risk—with behavioral health or substance abuse conditions
- **LEGISLATIVE ACTION NEEDED.** Proposal is too much, too soon, too undeveloped. A workgroup should be formed including conditions to develop a sound proposal for future implementation.

# The Number of Medicaid Enrollees and Expenditures Grew from 2000 to 2008



# Hospitals and Nursing Homes are Not Driving Medicaid Spending Growth

Average Annual Total Spending Growth, 2000-2008



# Did You Know?

One in four  
(25%) New  
Yorkers are  
covered under  
Medicaid,  
Child Health  
Plus, or  
Family Health  
Plus

- Nearly 40% higher than the national average (14%)

Source: New York State Health Foundation; U.S. Census Bureau Current Population Survey

# Possible Solutions

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- FMAP six-month extension proposed by President in Jobs Bill
- \$408 million windfall just received
  - HHS reduced the amount states must pay the federal government to offset Medicare Part D drug costs

# FMAP Must Be Dedicated to Health Care

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- Extension would:
  - Provide \$3.3 billion more to NY
  - Of that, \$1.1 billion available to state in SFY 2010-2011—enough to offset all of the Governor’s health care taxes and cuts



# Remember Last Year's FMAP Outcome



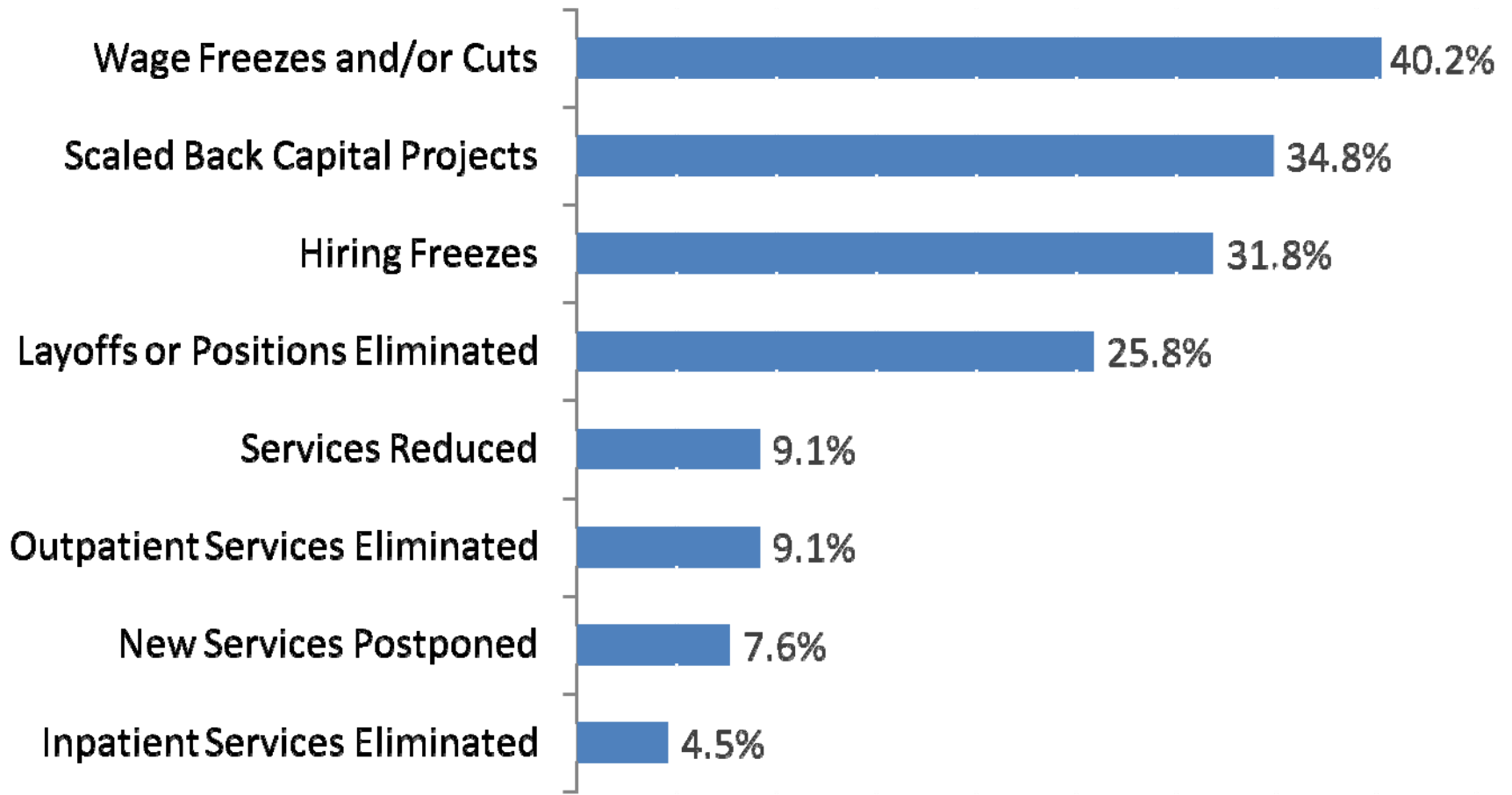
- \$5 billion provided by federal government in FMAP increases for the 2009-10 budget
- Just \$1 billion, or 20%, was made available for health care restorations

# Help LI Hospitals Now Enact TCU Legislation

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- Budget neutral for New York
- Demos prove enhanced outcomes
- Expand demos beyond 10; grandfather in five in existence
- New York's senior population excluded
  - Long Island seniors aware of this Medicare benefit they pay for but don't currently receive

# Hospitals Took Action in 2009 to Cope with Cutbacks



Source: HANYS' Quarterly Financial Crisis Survey, 2009, 1<sup>st</sup> through 3<sup>rd</sup> Quarters

# No Program Spared No Matter How Large, Small or Vital

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- Governor's plan calls for reducing by half (to \$2.5 million) funding to Poison Control Centers by closing three of the five centers
- Long Island has active center in Mineola
  - Annually takes 50,000 calls from public; 5,000 calls from hospitals on LI
  - Center saved \$20 million in health care dollars in 2009 by home management vs. ER/hospital care
- Center is valuable public service and resource to residents and other hospitals, available 24/7
- Closure of this service just one example of what will follow at hospitals across LI





# Your Hospital is in Danger!

Governor Paterson has proposed massive health care cuts that will imperil critical health care services in every community in the state, including yours. Services ranging from cancer screenings to well-child clinics to emergency room care will be at risk. Thousands of health care jobs will face elimination if the Legislature passes these cuts. Your voice is essential if we are to restore this vital funding.

Enter your ZIP code to find out how much:

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## Your hospital cuts

These are the cuts Governor Paterson has proposed for hospitals closest to your zip code.

Albany Medical Center	<b>(\$4,560,000)</b>
St. Peter's Hospital	<b>(\$2,656,000)</b>
Albany Memorial Hospital	<b>(\$396,000)</b>
<b>Total</b>	<b>(\$7,612,000)</b>

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## How will this affect me?

Several prior rounds of health cuts have already led to thousands of lost jobs across the state, very likely in your own community. More troubling, hospitals in virtually every community have been forced to reduce or eliminate critical health services in order to cope with these repeated cuts. These new cuts and taxes will result in even more lost jobs and services.

- [How will these cuts impact jobs and the business community?](#)
- [Learn more about how budget cuts hurt your hospitals!](#)


## What can I do?

Make your voice heard. Use the button below to contact your state leaders and tell them you will not tolerate any more cuts to your health care services.

[Write Your Legislator  
Stop the cuts!](#)

## Stay Informed!

Sign up here to get up-to-the-minute news on what's happening in Albany and how it will impact your hospital.

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## Impact on Jobs and the Business Community

In many communities, the local hospital, nursing home, and health care providers are major employers. The Governor's proposed cuts could mean layoffs throughout the state at a time when every job is critical to support the livelihoods of thousands of families and local government-funded services. Below are the economic benefit and jobs each hospital provides to your community

	Economic Benefit	Jobs
Samaritan Hospital	\$207,541,000	1,950
Seton Health	\$225,206,000	2,180
Sunnyview Rehabilitation Hospital	\$72,319,000	860
Total	\$505,066,000	4,990

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