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Governor's Budget Forces Hospital Service Cuts, Staff Reductions

LI Legislators Urged to Vote No

(Hauppauge, NY . . . March 30, 2009) Long Islanders can expect to see an elimination of hospital programs and services, many of them offered in the outpatient setting, as a result of the budget agreement reached this weekend by Governor Paterson and the Senate and Assembly leaders. Cuts to Long Island's hospitals are estimated at \$40 million. The legislature is expected to vote on the budget proposal on March 31.

In the Governor's own words these cuts and service reductions are "life threatening." A byproduct of program closures and service reductions are staff lay offs, a move that will further de-stabilize the region's economy.

"The fact remains, however, that there is ample federal Medicaid stimulus funding that can be applied to all cuts and taxes on hospitals," said Kevin Dahill, president/CEO of the Nassau-Suffolk Hospital Council, the association that represents Long Island's not-for-profit and public hospitals.

Forty-five percent of the cuts are attributable to a gross receipts tax on inpatient hospital revenue. Known as a "sick tax," this assessment does not account for the high costs to provide care in this region, say hospital finance experts.

Another 15 percent of the cuts are the result of the Governor's reform agenda. This agenda seeks greater investment in outpatient care, primary and preventive care services, while reducing reimbursement for inpatient care.

"The Governor's reform agenda is deeply flawed and broadly distributes funds around the state," said Dahill. "It is a series of complex reforms about which the Department of Health has repeatedly failed to provide accurate data."

Dahill and hospital CEOs from across Long Island are unanimous in their view that reform should be kept out of the budget negotiations and reconsidered, later this year, in a more thorough and policy-oriented manner.

The redistributive nature of the reform efforts mean several Long Island hospitals will be especially hard hit, compromising their ability to provide care to the region's neediest patients. These include the region's teaching and public hospitals.

"We hope our legislators understand the severity of this situation and will vote "no" for this budget," said Dahill. "Thousands of Long Islanders will lose access to care – such as outpatient dialysis services, family health, and outpatient radiology services – as a result of this budget. It's the very same budget with which the Governor seeks to preserve and enhance outpatient-based services."

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