



STATE UPDATE: Lawmakers Pass On-time Budget

The 2015 – 2016 \$142 billion state budget, which met the April 1 deadline, included final details related to healthcare capital investment and healthcare transformation. A total of \$1.4 billion in new capital funding was agreed upon and from this amount \$400 million is for essential healthcare providers. Other allocations from the capital funding amount include \$19.5 million for a statewide community healthcare revolving capital loan fund and \$10 million for behavioral health, among other specific investments. The state also will reopen the application process for \$1.2 billion in DSRIP-related capital funding that was allocated in the 2014-15 budget; a provision in the current budget requires that these earlier funds be distributed proportionally around the state. New York's hospitals, including many in the Hudson Valley and Long Island regions, are among the oldest structures in the country and need upgrades and re-design to meet new code requirements and new delivery care models.

Other budget highlights relevant to the hospital industry include:

- Additional funding for Doctors Across New York
- Expiration of two hospital Medicaid cuts related to potentially preventable negative outcomes and preventable readmissions
- No permanent elimination of the Medicaid trend factor, as was proposed by the governor. This factor is tied to the rate of inflation and directs upward adjustment in Medicaid reimbursement. It has been absent many years, even though it was legislated in 2000. The cut will remain now for just two more years, ending March 31, 2017. [Click here](#) for more budget details.

FEDERAL UPDATE: Permanent Solution to Doc Pay Cut (Medicare) Now in Hands of Senate

The House passed a permanent solution to the flawed Sustainable Growth Rate (SGR) formula on March 26, 2015. The Senate is expected to debate the House's Medicare Access and CHIP Reauthorization Act of 2015 when it returns to Washington, DC next week. Passage of a permanent "doc fix" is an important milestone for the nation's physicians who care for Medicare patients, and passage of a fix that does not rely upon cuts to hospitals as the funding mechanism is an important priority of hospitals. The House bill relies less heavily on the hospital industry for funding offsets, but nonetheless imposes some cuts on hospitals. The \$200 billion package includes offsets that cover about one-third of the total package only. These are limited to a narrow Medicare inpatient hospital reduction, one-year extension of the Medicaid disproportionate share (DSH) cuts, and a reduction of the Medicare market basket (automatic reimbursement update) for post-acute providers in year one. DSH cuts are subsidies provided to hospitals that care for a disproportionate number of poor and indigent. Medicare beneficiaries will also help fund the measure through higher cost sharing. Physician payment claims for Medicare services are currently in a 14-day holding period. The nation's physicians faced a 21 percent cut in Medicare reimbursement April 1, 2015.

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