

A REFERENCE FOR LEGISLATIVE MEMBERS



Legislators Have a Central Role in Setting Health Care Policy

This year, health policy is the focus. It is therefore imperative the Legislature maintain its legislative prerogatives in setting sound policy.

The Role of the Legislature is Critical

- Health care fiscal and policy decisions will shape New York's health care system for years to come. They must be made accurately, fairly, and openly, with the full participation of the Legislature.

The 4% Increase in the Medicaid Spending Cap Is NOT a Raise for Providers

- Significant Medicaid cuts and the spending cap imposed in last year's budget continue through SFY 2012-2013.
- The projected 4% increase in the cap will not be used to increase provider reimbursement rates. The projected growth will be consumed almost entirely by increased Medicaid enrollment.
- The global cap agreement is a two-year experiment. The Legislature must take an active role in measuring its effectiveness and determining the appropriate next steps.

Clear Barriers that Impede Innovation

- Innovation is being stifled by outdated regulation. Reform is needed to modernize a cumbersome Certificate of Need program, eliminate duplicative inspections, and update



Healthcare Association
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workforce and scope of practice regulations to reflect the reality of health care today.

- Managed care reform is critical to respond to the changing commercial insurance marketplace.
- Quality-related payment policies need to be streamlined to:
 - reduce duplication and the potential for hospitals to be penalized twice for the same condition;
 - align with federal initiatives where feasible; and
 - ensure that such policies are based on quality metrics and evidence-based guidelines, not budget targets.

The Essential Role of Health Care Providers

- New York State's hospitals, nursing homes, and home care agencies:
 - provide routine and life-saving health care services every day around the clock;
 - directly and indirectly support 687,000 jobs, with a total direct payroll of more than \$30 billion; and
 - generate \$108 billion for state and local economies each year, 9.4% of the Gross State Product.

Providers Face Severe Fiscal Challenges

- State and federal actions since 2008 have cut \$21.7 billion from New York health care providers.
- Payments from managed care and government payers are routinely less than the cost of care.
- Costs continue to increase for workforce, technology, and facility operations.



Extraordinary Powers Must Only Be Used in Extraordinary Circumstances

- The proposed state budget would grant the Commissioner of Health the authority to remove governing board members and change operations.
- Proposals regarding expanded powers for the Commissioner must recognize the governance role of existing boards and current laws and regulations, and must ensure that extraordinary powers are only used in extraordinary circumstances.
- Those involved in the most egregious abuses in governance should be held accountable for their actions. However, the extent of this proposed authority is broad and unprecedented.

Executive Compensation and Administrative Costs

- The proposed budget and Executive Order #38 establish a limit on state reimbursement to support executive compensation and administrative costs of service providers. Many questions remain unanswered about how these provisions would be implemented, and HANYS has serious concerns about the potential impact of the proposal.
- Hospitals must currently comply with Internal Revenue Service (IRS) guidelines that specify the steps a hospital board must take and document to ensure that appropriate compensation levels are determined. The budget proposal does not reference the IRS process.
- If any action is taken related to executive compensation and administrative costs, we must ensure that the ability of health care institutions to attract and retain high-quality

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administrators is not negatively affected, and must recognize current processes and procedures.

Positioning New York to Optimize Federal Disproportionate Share Hospital (DSH) Funding

- Under the federal Affordable Care Act (ACA), beginning in 2014 changes will be made to DSH funding—the dollars provided to hospitals for care provided to the indigent. These changes will affect how much funding New York State receives and how the funding is distributed to hospitals. It is important for the state to pass legislation in accord with ACA so that New York State gets all of the federal funding that it deserves to provide indigent care and so that our hospitals are able to transition to the new DSH program.
- A workgroup of stakeholders, including HANYS, has worked with the Department of Health (DOH) to recommend changes to the state program, and we anticipate that language will be forthcoming soon from the Governor and DOH to propose changes in the state budget. Appropriate changes must be enacted to protect our patients and hospitals.

