



## STATE UPDATE: Senate/Assembly Release Budget Bills

The New York State Senate and the Assembly each released their one house budget bills earlier this week. These bills are in response to the governor's proposed \$168.2 billion budget. We now enter the final weeks of state budget negotiations. A final budget is due April 1, 2018. Highlights from the chamber bills include:

**Healthcare Shortfall Fund.** The Assembly accepts the governor's proposed \$1 billion Healthcare Shortfall Fund. However, the Assembly renames it "healthcare stabilization account," and specifies a broad purpose for health, healthcare and health coverage. The Senate is open to discussions to explore ways to provide security should there be a shortfall in future healthcare funding. This fund is meant to continue the availability of funding for quality health services and to lessen the blow from any loss of federal dollars. According to hospital industry advocates, not all threats to healthcare funding have been removed by the recent federal actions that funded state's Children's Health Insurance Program (CHIP) and that delayed the scheduled Disproportionate Share Hospital (DSH) cuts. Cuts to the Medicaid and Medicare programs through legislative and regulatory actions remain very real.

**Capital.** Both the Senate and Assembly bills increase the governor's proposed \$425 million in healthcare capital by \$75 million and \$100 million respectively.

**Cuts to Hospitals.** Both chambers reject the governor's proposals to reduce capital reimbursement for hospitals and nursing homes and to cut the hospital quality pool and re-direct some of its funding. Both also reject the emergency room payment penalty. Senate also prohibits the state from reducing the reimbursement rate for hospital emergency services provided to Medicaid enrollees.

**Safety Net Hospitals.** Unfortunately neither chamber proposes additional Medicaid money for safety net hospitals beyond the governor's proposed \$40 million. Safety net hospitals are those facilities that treat a high volume of uninsured and indigent patients.

**Trend Factor.** The Assembly proposal restores the Medicaid trend factor for hospitals, nursing homes, home care, and others. Providers have not received a Medicaid trend factor update in more than 10 years. This is a bump in reimbursement that is tied to inflation/cost of living indices and more adequately reflects the true cost of care.

## FEDERAL UPDATE: Congress Tackles Appropriations Bill

Members of Congress must approve an Omnibus Appropriations Bill by March 23, 2018, the date the current spending agreement expires. Although a two-year budget deal was agreed upon last month, the bills to direct the spending levels for items in the budget need to be written and passed.

The House had hoped to forward legislation by the end of this week. This is now unlikely. The Senate is working on its package and is pushing for provisions that would stabilize the Affordable Care Act exchange markets. These provisions include reinstatement of cost sharing reduction (CSR) payments and establishment of a reinsurance fund for states. The CSR payments are made to insurers to help low-income Americans afford their co-payments and deductibles. These payments also help fund New York's Essential Health Plan for low-income New Yorkers who earn too much to qualify for Medicaid, but not enough to purchase commercial insurance from the exchange. CSRs were halted by the Trump administration in October 2017. As a result, many health plans raised their premiums. This, ironically, allowed individuals to qualify for larger tax credits – a more expensive option for the federal government. A reinsurance fund would reimburse states for their highest cost patients. Senator Susan Collins supported the tax reform bill signed last December based on the promise from Senate Majority Leader Mitch McConnell that these two provisions would be included in upcoming legislation. Many plans will decide by April whether or not to remain in the exchanges. Therefore, a timely decision on the CSRs and reinsurance fund is critical.

If Congress does not reach a compromise on the Omnibus Appropriations Bill by March 23, another short-term continuing resolution may be needed to get the government open. *Permission to reprint articles granted. Attribution required.*