



STAT News

Published-monthly by the Suburban Hospital Alliance of New York State, LLC, a consortium of not-for-profit and public hospitals advocating for better health care policy for all those living and working in the nine counties north and east of New York City. April 17, 2019

STATE UPDATE: Final Budget Avoids Major Medicaid Cuts

The final 2019 - 2020 state budget, enacted April 1, 2019, rejected the \$550 million in Medicaid cuts statewide that Governor Cuomo proposed in his mid-February, 30-day amendments. These proposed cuts ballooned to \$1.1 billion when federal match dollars were added. Also averted was a change to the Indigent Care Pool (ICP) distribution formula, which targeted 18 Suburban Hospital Alliance member hospitals and would have imposed an additional reduction of \$57 million on those hospitals. “We are extremely grateful to our legislators from Long Island and the Hudson Valley who saw the wisdom in ensuring these proposed Medicaid cuts did not become a reality,” said Kevin Dahill, president/CEO, the Suburban Hospital Alliance. “The two regions served by the Suburban Hospital Alliance member hospitals represent about 25 percent of the state’s population. Any funding cuts to these hospitals are significant.”

The enacted budget also codifies provisions of the Affordable Care Act (ACA) into state law. New York’s health marketplace – the New York State of Health – would be protected from federal efforts to abolish the ACA, as would essential health benefits offered by plans and the issuance of insurance to people with pre-existing conditions.

The statewide Population Health Improvement Program (PHIP) also received full funding, after dollars for this program were eliminated in the governor’s proposed budget. The Nassau-Suffolk Hospital Council, one of the regional hospital associations of the Suburban Hospital Alliance, manages the PHIP for the Long Island region, which is known as the Long Island Health Collaborative.

Hospital advocates now turn their attention to remaining hospital-related issues, such as safe staffing and single-payer, which may surface in the coming months. The 2019 state legislative session ends June 19, 2019.

FEDERAL UPDATE: Massive Medicaid Cuts; ACA Court Challenges; More Plans

DSH Cuts. New York’s hospitals face more than \$7 billion in Medicaid cuts through 2025, if scheduled Disproportionate Share Hospital (DSH) cuts take effect October 1, 2019. Representatives Eliot Engel from New York and Peter Olsen from Texas are urging their House colleagues to sign a letter that calls for the delay of DSH cuts for at least two federal fiscal years. DSH funds help cover the costs incurred by hospitals that serve a disproportionate number of Medicaid and uninsured patients. Medicaid pays only 73 cents for each dollar of care provided. All hospitals in New York State receive some level of DSH funding. Although the ACA resulted in more Medicaid enrollees, it also resulted in more Medicaid losses for hospitals - \$3.8 billion in 2013 to \$5.5 billion in 2015.

Court Challenges. The Trump administration announced earlier this month that it now agrees with a federal judge’s December 2018 decision that the entire ACA is unconstitutional. The abolishment of the ACA would leave about 20 million Americans without insurance and eliminate protections for those with pre-existing conditions, as well as the popular provision allowing children up to age 26 to remain on a parent’s plan, among other measures. The Healthcare Association of New York State and its partner hospital associations filed an amicus brief on April 1, 2019 in the Fifth Circuit Court of Appeals where the December 2018 court decision is being challenged.

Proposed Plans. At least a half dozen healthcare reform plans have emerged in recent months aimed at providing Americans with universal healthcare coverage. Hospitals contend that reforms are needed, but caution that any changes to the reimbursement system must adequately reimburse providers. Currently, Medicare and Medicaid pay less than the cost to provide care. Independently negotiated contracts with commercial insurers cover some but not all the lost revenue. The Medicare for All plan eliminates the commercial insurance industry, Medicare/Medicaid, and the ACA insurance sold on the exchanges. There is no beneficiary cost sharing and the plan is funded by taxes, with the government regulating healthcare prices. The Medicare for All America plan uses a more incremental approach, leaving job-based insurance for those who want it and requires out-of-pocket costs. Other plans offer buy in options to public plans (Medicare/Medicaid) and offer a role for commercial insurers, but still would leave some Americans uninsured.

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