



STAT News

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STATE UPDATE: Steep Medicaid Cuts Announced; Single Payer News

Budget News. On February 14, 2019, Governor Cuomo released amendments to his 2019 – 2020 proposed state budget, calling for approximately \$1.1 billion in Medicaid cuts. These cuts follow the governor’s announcement earlier in the month that revenue projections will fall short by \$2.3 billion for the upcoming fiscal year. State officials attribute the shortfall to the impact of the new federal limitation on state and local tax deductions legislated in the 2017 tax reform bill, as well as the impact of the stock market decline in late 2019. The revised budget calls for a \$275 million cut in Indigent Care Pool funding that partially reimburses hospitals for caring for the poor and uninsured. The majority of non-public hospitals in New York City, Nassau, Suffolk, and Westchester counties were specifically targeted in the governor’s budget to receive this cut. “The fact remains that Medicaid pays only about 74 cents on the dollar for the cost of care, meaning hospitals are in a losing situation from the start. Additional Medicaid cuts and reductions to the indigent care pool will make a bad situation even worse,” said Kevin Dahill, president/CEO of the Suburban Hospital Alliance. Many hospitals in the state operate on very thin or negative margins – a situation set to become worse when a significant federal Medicaid cut kicks in on October 1, 2019. (*See more about this cut in Federal Update below.*) The budget is due April 1, 2019.

Single Payer Plan. Senator Gustavo Rivera and Assemblyman Richard Gottfried introduced an expanded version of their New York Health Act earlier this month. The plan now includes provisions for long term care and home care, adding about \$20 billion to the plan’s current projected price tag of \$139 billion. The plan’s sponsors say waste from the system would be removed; this will be one way to help pay for universal health insurance. Higher taxes on employers and employees would also be needed. The plan calls for all New Yorkers, including those on Medicare, to switch to the New York Health Plan. No commercial insurance would remain. The governor is asking for a universal access commission to advise the Departments of Health and Financial Services on how to achieve universal access to healthcare. Hospitals welcome the governor’s approach but continue to vehemently oppose the single-payer legislation under consideration. [The Suburban Hospital Alliance](#) has joined the [Realities of Single Payer](#), a coalition of business organizations, hospitals, and other providers offering information about the ramifications of single payer in New York.

FEDERAL UPDATE: More Medicaid Cuts, but No Shutdown; Debt Expiring

No Shutdown. President Trump signed legislation on Friday, February 15, 2019 that will keep the federal government funded for the remainder of the federal fiscal year, which ends September 30, 2019. This action avoided another partial government shutdown, and it did not include the full \$5.7 billion the president wants for a southern border wall. However, an executive order declaring a national emergency along the country’s southern border means funds from other agencies, most likely the Department of Defense, may be shifted to fund border wall construction.

Medicaid Cuts. More massive Medicaid cuts are on the horizon for hospitals come October 1, 2019. That is when Disproportionate Share Hospital (DSH) payment reductions take effect. Known as DSH cuts, these are funds that help cover costs incurred by hospitals that serve a disproportionate number of Medicaid and uninsured patients. In 2010, the hospital field agreed to these cuts in return for an influx of insured patients due to the Affordable Care Act’s insurance expansion provisions. Since its enactment, the law’s strength has been diluted both by congressional action and executive order. Only about half of the then 46 million uninsured are insured today. The DSH cuts would cost New York State’s hospitals more than \$7 billion over the next decade.

Debt Ceiling. The debt limit is set to expire March 1, 2019. Legislation to deal with the debt limit is often a vehicle for other pieces of legislation. This makes healthcare vulnerable as a “pay for.”

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