



STAT News

Published bi-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. **March 16, 2016**

STATE UPDATE: Budget Negotiations Pick Up Pace

It is crunch time for the state legislature, as the Senate and Assembly begin reconciling their respective budget proposals with the governor's proposed state budget. The 2016 – 2017 state budget is due April 1, 2016.

Neither chamber's proposal includes funding for a guaranty fund to address the losses incurred by hospitals due to the collapse of Health Republic Insurance plan last fall. Statewide, hospitals are owed as much as \$200 million in unpaid claims. Hospitals in the Suburban Hospital Alliance regions of Long Island and the Hudson Valley were disproportionately affected by the Health Republic demise, as nearly 70 percent of the health insurer's beneficiaries resided in these two regions. Senate and Assembly leaders are considering finding ways to cover the hospitals' losses, possibly from some settlement funds, but want to wait for the liquidation process of Health Republic's assets to take place first. The hospital industry is concerned with the timetable, as claims have gone unpaid for at least five months.

Both houses did, however, reject the governor's proposed cut in funding for the excess medical malpractice coverage program. In addition, neither house included damaging arbitrary staffing ratios or piecemeal medical malpractice reform legislation. Both chambers' budgets also reference the minimum wage hike, with the Senate rejecting the governor's proposal and the Assembly accepting it and expanding it.

More money for healthcare capital projects is included in each chamber's budget, a testament to hospital leaders' advocacy efforts this year. During the Annual Advocacy Day visits in Albany, many hospital CEOs spoke passionately about how the lack of access to capital hinders their ability to modify and upgrade physical facilities to make way for outpatient-based, population health activities. Both chambers propose \$200 million to support either capital projects or non-capital projects, including mergers, acquisitions, and consolidations, that are part of the statewide movement to transform care and provide a financially stable pathway for health delivery and reimbursement. This proposed capital is in addition to the \$1.6 billion released March 4th by the state through the Capital Restructuring Finance Program and the Essential Health Care Provider Support Program. The state was only able to fund about a quarter of the original requests received.

FEDERAL UPDATE: Some Seek Spending Cuts

House fiscal conservatives are pushing for a reduction in spending from the cap that was set last fall when Congress passed the Balanced Budget Act of 2015 – a two-year budget deal. Appropriations bills will direct spending levels for the upcoming federal fiscal year. Conservatives are looking for about a \$40 billion reduction in mandatory spending levels and two House committees are reviewing proposed legislation now. One committee bill would reduce Medicaid spending by \$25 billion over the next two years. Medicare and Medicaid provider cuts are always likely targets for spending reductions. The Senate has not indicated a desire to propose mandatory spending reduction bills, at the present time. The budget resolution process has months to play out and hospitals remain vulnerable to cuts and harmful policy amendments.

**Permission to reprint articles granted. Attribution to this publication required.*

Northern Metropolitan Hospital Association

www.normet.org



Nassau-Suffolk Hospital Council

www.nshc.org

Main Office: 1383 Veterans Memorial Highway, Suite 26, Hauppauge, NY 11788 www.suburbanhospitalalliance.org (631) 435-3000