



STAT News

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STATE UPDATE: Gov's Budget Lacks Plan and Funding for Continued Health System Transformation

The hospital industry was surprised to learn that Governor Cuomo's proposed 2016 – 2017 state budget does not offer a specific plan to build upon the Medicaid redesign framework and other transformative delivery and reimbursement initiatives set in motion by the state two years ago. Capital dollars to support hospitals in the state's massive effort to reform the healthcare delivery system from one that emphasizes less inpatient care to one that utilizes more outpatient-based care are still bottlenecked and no new funds are earmarked for this purpose in the proposed budget. Capital funds for healthcare transformation were supposed to begin flowing two years ago. These funds are needed to ensure that the region's hospitals can remain solvent, as they invest in infrastructure and program changes that support more outpatient-based, population health activities. Hospitals are also reeling from the Health Republic insurance closure that occurred last fall. Statewide, hospitals are owed \$200 million in unpaid claims. Neither the Governor's budget nor his State of the State Address, both delivered on January 13, 2016, address this issue or the prospect of establishing a guaranty fund to guard against these insurance losses in the future. 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. Hospital advocates will travel to Albany to voice their concerns about these and other issues, such as the minimum wage mandate and a lifting of the Medicaid spending cap, on March 2, 2016. **Health Insurance Marketplace Enrollment . . . concludes January 31, 2016.** That is the last day that individuals can purchase health insurance through the New York State of Health insurance marketplace, unless they experience a qualifying life event. Insurance purchased by that date would become effective March 1, 2016. Individuals who do not purchase insurance will be fined \$695 or 2.5% of income in 2016. Penalties for families are capped at three times the individual penalty. The employer mandate for businesses with 50 to 100 employees also took effect January 2016.

FEDERAL UPDATE: Hospital Advocates Focus on Regulatory Issues, Enacting Legislation, and Clarifying Rules

As was expected, the President's final State of the Union Address, January 12, 2016, did not reference any new healthcare policies or agenda items. It did, however, refer to the Affordable Care Act and its success in providing health insurance coverage to some 19 million more Americans to date. This is in contrast to the action taken by Congress earlier in the month to repeal the Affordable Care Act. That bill was significant in that it was the first one to make it out of the House and Senate and land on the president's desk where it was quickly vetoed. In 2016, activity on the federal level will focus on the promulgation of rules and regulations pertaining to legislation enacted by the previous Congress, including the merit-based incentive payment system for physicians, which replaces the sustainable growth rate formula, and how it is impacted by emerging rules that will govern electronic health records and interoperability. The threat of a federal government shutdown will not be a distraction this year, as the omnibus spending bill signed into law late last year funds the government through the remainder of fiscal year 2016, which ends September 30, 2016.

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