



Suburban
Hospital Alliance
of New York State, LLC

OPPOSITION MEMO

Date: May 30, 2023
To: Members of the Hudson Valley & Long Island Assembly Delegations
From: Wendy Darwell, President & CEO
Re: A.5817 (Solages) – in Ways and Means
S.4097-B (Gounardes) – on third reading

The Suburban Hospital Alliance of New York State, representing hospitals and health systems on Long Island and in the Hudson Valley, opposes A.5817/S.4097-B, which would require the Department of Civil Service to annually collect, analyze and publicly report on hospital claims data from the New York State Health Insurance Program (NYSHIP). It specifically requires an analysis of hospital inpatient, outpatient and emergency department services, as well as physician services provided at a hospital, and requires a comparison between NYSHIP and Medicare rates.

The legislation is rooted in two unreasonable presumptions. First, it presumes that hospital costs alone are responsible for increases in spending by NYSHIP. Hospital expenditures have declined as a percentage of total healthcare spending for the past 40 years and now represent less than one-third of total healthcare spending, according to the federal government's National Health Expenditure data. Regardless, any fair analysis of data would not start with this bias; it should identify and consider all of the factors that contribute to the rising cost of care, including pharmaceutical and device costs, changes in utilization, demographics of the covered population, labor costs, and malpractice premiums.

Second, the legislation presumes that Medicare reimbursement rates are an appropriate lens through which to view NYSHIP rates. Medicare only pays hospitals about 84 percent of the cost of providing care. Medicaid is worse, covering only about 60 percent of the cost of providing care. Hospitals have to shift the cost of government underpayments to commercial insurers in order to keep their doors open. Medicare is part of the problem; it's definitely not the solution.

Furthermore, making privately negotiated rates public would be a boon to other health plans, pharmaceutical companies and device manufacturers, who will use the information to their financial advantage. Existing federal and state reporting requirements appropriately protect such information to ensure a competitive marketplace.

Suburban hospitals are committed to providing consumers with transparent prices, education and information about their financial assistance policies, which are more generous than state and federal law require. This legislation does not further these goals. **The Suburban Hospital Alliance opposes A.5817/S.4097-B.**