Suburban Hospital Alliance of New York State, LLC

2025 Budget & Policy Priorities

In December, the Suburban Hospital Alliance and colleague hospital associations released our annual hospital fiscal conditions report, demonstrating that **75 percent of the state's hospitals projected negative or unsustainable operating margins for 2024**. As the survey makes clear, the precarious fiscal condition of hospitals and health systems is no longer a consequence of the COVID-19 pandemic, though it exacerbated the fiscal challenges and a workforce shortage that was already looming.

While we share the State's pride that the expansion of low- and no-cost coverage has sharply reduced New York's uninsured population, it has come at a price: the long-term sustainability of our health system:

- This increased share of patients covered by public insurance reimburses health systems at less than the cost of providing care, especially after more than a decade without Medicaid rate increases.
- This is exacerbated by the state's aging population, reliant on Medicare coverage that also pays less than cost or Medicare Advantage plans that routinely delay and deny payment.
- The high deductibles built into New York State of Health plans are a challenge for enrollees and are often uncollectible by providers.
- Non-profit hospitals' limited access to capital and stiff competition from investor-backed, largely unregulated entities compound the stress, as do soaring labor and pharmaceutical costs.

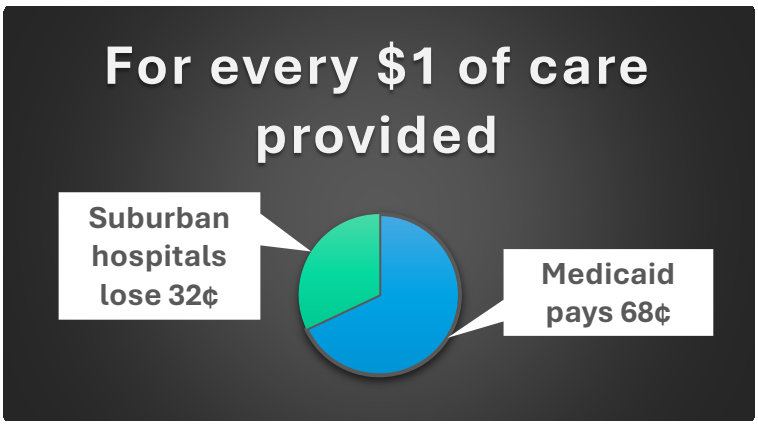
Sustain and Strengthen Healthcare Institutions

Governor Hochul acknowledged that many hospitals are struggling to remain solvent, noting that 29 percent of hospitals meet the state's criteria for financial distress. Many others are on the brink. We appreciate the proposed investments included in the Executive Budget and urge the Legislature's attention to the following:

Keep the promises of the 2024-25 fiscal year budget. No funds have been distributed from the $525 million allocated by the Legislature, nor have any of the nearly $1 billion in healthcare capital funds been awarded. These funds must be released and their distribution must be both broad-based and regionally equitable.

Support $425 million Medicaid investment for hospitals. The Executive Budget proposes funding for an across-the-board increase in Medicaid outpatient rates, providing essential support for community-based services and helping to narrow the gap between cost and reimbursement.

Support continuation of the Safety Net Transformation Fund. There were far more applicants for the first year of funding for this program for distressed hospitals than the budgeted allocation allowed. We support the governor's proposal to provide an additional $300 million for operating expenses and $1 billion for capital to continue the program.



Restore VAPAP funding and increase flexibility. The Executive Budget does not continue the additional $500 million allocation added by the Legislature for the Vital Access Provider Assurance Program (VAPAP) which provides temporary operating assistance to financially distressed providers. We urge restoration of this funding, and that the eligibility criteria be made more flexible to meet emerging needs. The Department of Health has terminated VAPAP support for several suburban institutions over the past two years, despite acute financial distress.

Provide capital funding for facility modernization. The governor did not include any new funds for healthcare capital projects. Capital funding is the only assistance available to the majority of hospitals and health systems; it is essential support for these non-profit institutions, many of which would otherwise struggle to raise funds for expansion and modernization in the private markets.

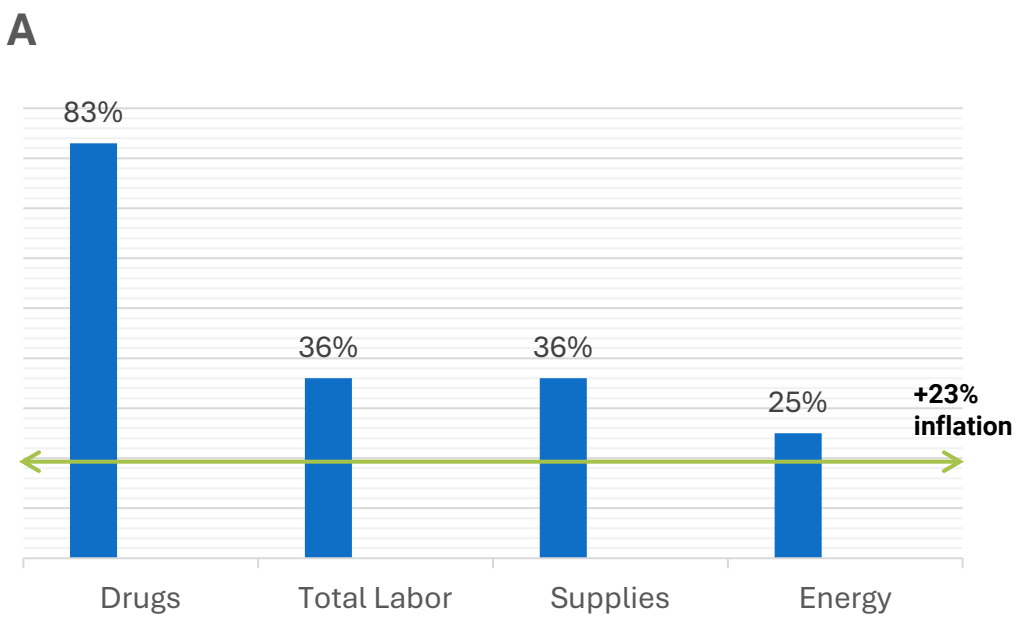
Consider alternate funding mechanism to MCO tax: The Executive Budget proposes to fund the Medicaid rate increase, Safety Net Transformation Fund, $500 million of global cap relief and other initiatives with the anticipated proceeds of the managed care organization (MCO) tax that was authorized in the closing weeks of the Biden Administration. Given the uncertainty of the healthcare policy priorities of the Trump Administration and Congress, we are very concerned about relying exclusively on the implementation of this tax for any new health system investments.

Grow the Workforce

The healthcare workforce shortage was accelerated by the pandemic and competition from new players in the market, like tech companies, telehealth providers and private equity-backed outpatient sites. These pressures have collided with a generational shift, as the Baby Boom generation is increasingly exiting the workplace. Our fiscal survey found that 97 percent of hospitals experienced a nursing shortage, and 89 percent struggled to fill other clinical positions. The Suburban Hospital Alliance is working locally with academic, labor and community partners, but we need continued support from government to meet the healthcare needs of an aging population. The Suburban Hospital Alliance asks for the Legislature's support on the following issues:

Expand scope of practice. It's imperative that today's clinicians be allowed to work to the fullest extent of their education and training so that we can maximize the workforce we have. We support proposals in the Executive Budget to allow physician assistants to practice more independently, authorize registered pharmacy technicians to administer vaccines under the supervision of a licensed pharmacist, and allow trained medical assistants to administer immunizations in outpatient settings. If these provisions are not included in the budget, we urge consideration of these reforms outside of the budget. We also support allowing licensed pharmacists to order and administer certain tests and immunizations, and to direct limited-service laboratories (S.1619).

Expedite recruitment and relocation of doctors and nurses. New York is now in a distinct minority among states in its failure to join the Interstate Licensure Compact for physicians (42 states participate) and the Nurse Licensure Compact (43 states). These compacts ease recruitment of clinicians to the state and facilitate telehealth services. This is even more important in a crisis – New York institutions again will be at the mercy of price-gouging staffing agencies while workers will easily be able to move across other state lines.



- **97% of hospitals report a shortage of nurses**
- **88% of hospitals have shortages in non-nursing personnel**
- **76% of hospitals say that they could increase existing services or reduce patient wait times if they could fill current vacancies.**
- **Contract labor expenses have risen 141% since 2019**

New tuition support: The Executive Budget proposes to allocate $47 million to providing free community college tuition to adults aged 25-55 who pursue degrees needed for high-demand occupations, including nursing. We support this proposal and ask for prioritization of all high-demand healthcare positions.

Expand the pipeline for tomorrow's nurses. Nursing schools routinely turn away qualified applicants because they lack the faculty to expand their programs. We urge the Legislature to fund innovative regional pilot programs, like providing salary support so that working nurses can teach part-time without loss of income or training programs to prepare experienced nurses to become faculty or preceptors.

Make healthcare workplaces safer. Violence against healthcare workers has risen sharply since the COVID-19 pandemic and is contributing to workforce challenges. Although hospitals have robust protocols in place to prevent and respond to violent incidents, they need more support. We support deterring violence against healthcare workers by making it a Class D felony to assault or intimidate any hospital worker or volunteer (S.2080).

Provide flexibility under Medicaid waiver's workforce investments. New York, in partnership with the federal government under the 1115 Medicaid waiver, is making an unprecedented investment in healthcare workforce development through the Career Pathways Training (CPT) initiative. However, CPT only applies to a designated list of job titles that is not inclusive of some of the highest need positions in some parts of the state. CPT contractors should be granted flexibility to meet these local needs. We also support the governor's proposal to fund wraparound services, like childcare and transportation, with a new grant program to make CPT more feasible for participants.

Hold Health Plans Accountable

Health plans continue to pad their bottom lines by delaying care, delaying payment for care already provided, and limiting access by failing to establish adequate networks – including in the Medicaid managed care and Essential Plan products. We have repeatedly expressed concern about the failure to hold these predominantly for-profit corporations accountable for fulfilling their commitments to patients. We ask for your support for our managed care reform priorities:

Oppose site-neutral payment policy. The Suburban Hospital Alliance strongly opposes legislation that would cap the maximum reimbursement rate for hospital-owned outpatient sites at 150 percent of the Medicare fee-for-service rate (S.705). Negotiating higher rates from commercial payers is the only way that providers can offset the failure of Medicaid to cover the cost of care. Hospitals in the suburban regions have already seen their commercial payer base decline significantly since the expansion of the Medicaid program and establishment of the Essential Plan. Unlike physician practices or investor-backed urgent care sites, hospitals have significant regulatory obligations and must treat every patient that comes through their doors. Passage of this legislation would further damage fragile hospital finances and ultimately limit access to patient care in community-based settings.

Prior authorization reform. Prior authorization can play an important role in ensuring that patients get the right care in the right place, but health plans have turned it into a tool for delaying or denying even the most routine care. This unnecessarily consumes provider resources, frustrates patients and, in some cases, results in consumers giving up on needed care altogether. Plans should be required to use evidence-based criteria to make determinations about medical necessity, make determinations within 72 hours, provide authorizations for an entire episode of care, and pay for a service that has been authorized when eligibility is confirmed on the day of service (A.7268/S.3400 in 2024).

Deem claims approved if insurer fails to respond. Under current statute, if a health plan fails to respond to an authorization request within the statutory timeframe, the request for health services is deemed to be denied. This requires the healthcare provider to file an appeal, which is difficult and time-consuming to argue when the plan has not provided any justification for the denial. Medically necessary care ultimately gets authorized, but not until the healthcare provider has spent days or weeks pursuing the claim. Once again, this delays treatment and creates costly administrative burdens for providers, diverting resources that could be better deployed for patient care (A.6898/S.3402 in 2024).

Address down-coding abuses. Health insurers are increasingly abusing the practice known as "down-coding," changing the claim to a lower level of service than what was actually performed by the provider. Under current law, providers generally do not have the ability to challenge down-coded claims. Such cases should be subject to internal and external appeals processes established in the law (A.6937 in 2024)

Community reinvestment. The insurance market is dominated by multi-national for-profit health plans that are headquartered out of state and have no investment in the New York consumers they serve. Similar to the Community Reinvestment Act obligation on banks, health plans should be required to contribute to a fund that could support health equity initiatives, technology and capital upgrades, workforce training or other community goods.

We also are encouraged by the package of proposals included in the Executive Budget that would provide more enforcement authority, expand consumer choice and ensure some accountability for health plans. We urge you to support:

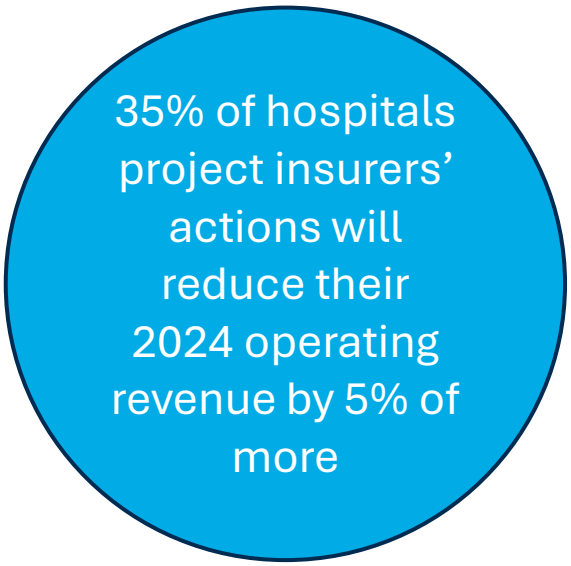
- **Authorizing the DOH to fine Medicaid managed care plans that do not meet contractual obligations;**
- **Directing the DOH to undertake a comprehensive review of regulated health plans' network adequacy standards; and**
- **Increasing oversight of managed care plans' behavioral health coverage,** including monitoring their compliance with a provision in last year's budget that required commercial insurers to reimburse behavioral health services at or above the Medicaid rate.

Support Innovation & Provide Regulatory Relief

Our joint association fiscal survey found that the **median hospital operation margin -- even when including the current state level of supportive funding for safety net institutions -- was 0.0 percent for 2024.** Any new regulatory burden will tip the hospital sector back into the red. Instead, we need for the state to support flexibilities to implement new innovations in care and to allow hospitals to operate more efficiently. We ask for your consideration on these important issues:

Extend the community paramedicine demonstration program. The Executive Budget proposes to continue for two years a demonstration program that extends the reach of healthcare providers, allowing paramedics to treat patients safely and efficiently in the field when clinically appropriate and reducing emergency department overcrowding. This emerging care model was utilized under COVID-19 pandemic waivers to leverage an already mobile healthcare workforce.

Authorize Hospital at Home. The governor also proposes to establish Medicaid coverage for a Hospital at Home program, creating a state companion to the Medicare initiative that was authorized during the pandemic.



Allow nurse practitioners to order involuntary commitment. Governor Hochul indicated support in her State of the State address for authorizing psychiatric nurse practitioners to write orders for involuntary commitment. The workforce shortage is felt nowhere more acutely than in the behavioral health professions. Granting this authority to NPs frees up psychiatrists to focus on patient care.

Reject expansion of wrongful death damages and other one-sided malpractice legislation. The Suburban Hospital Alliance strongly opposes the thrice-vetoed Grieving Families Act (A.9232/S.8485 in 2024) and other legislation that would further imbalance New York's medical liability system. True reform is needed that balances the rights of patients to receive fair compensation against the need for rational procedures and limitations that keep malpractice premiums affordable.

Oppose creating a burdensome and redundant process for hospital and unit closures. We urge your opposition to the recently vetoed Local Input in Community Healthcare Act (A.1633/S.8843 in 2024), which would mandate hospitals contemplating a full closure, unit closure or certain service reductions to undergo extensive notification, public engagement and review processes. While we appreciate the need for engaging stakeholders and ensuring a transparent process, this legislation is both duplicative of existing requirements and unduly burdensome.

Exempt non-profit institutions from anti-trust reforms. The Suburban Hospital Alliance strongly opposes subjecting nonprofit hospitals to the reforms proposed in the 21st Century Anti-Trust Act (S.335). This legislation would harm patients by reducing access to care, driving up healthcare costs, diminishing quality and stifling research and innovation.

Suburban hospitals' payer mix has shifted significantly in the last decade since Medicaid expansion, the Essential Plan and NYS of Health marketplace were implemented. A strong commercial insurance base is essential for hospitals to offset losses from public insurance that doesn't cover the cost of care provided.

For inpatient discharges between 2015 – 2022:

- **On Long Island, inpatient stays paid by commercial insurance declined by 18 percent, while the percentage of stays paid by public insurance increased by 19.7 percent.**
- **In the Hudson Valley, inpatient stays paid by commercial insurance declined 13.4 percent, while the percentage of stays paid by public insurers grew 12.3 percent.**

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Nassau-Suffolk Hospital Council

Northern Metropolitan Hospital Association

About the Suburban Hospital Alliance of New York State

The Suburban Hospital Alliance of New York State represents 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 – Nassau and Suffolk counties on Long Island and Westchester, Rockland, Orange, Sullivan, Putnam, Dutchess, and Ulster counties in the Hudson Valley.

The Northern Metropolitan Hospital Association (NorMet) and the Nassau-Suffolk Hospital Council (NSHC) began collaborating in 2006 and in 2012 officially formed the Suburban Hospital Alliance. NSHC represents hospitals on Long Island and NorMet represents hospitals in the Hudson Valley. The Suburban Alliance ensures that the specific concerns of suburban hospitals are heard in Albany and Washington.

Blythedale Children's Hospital

Catholic Health
Good Samaritan University Hospital
Mercy Hospital
St. Catherine of Siena Hospital
St. Charles Hospital
St. Francis Hospital & Heart Center
St. Joseph Hospital

Ellenville Regional Hospital

Garnet Health
Garnet Health Medical Center
Garnet Health Medical Center–Catskills, Callicoon
Garnet Health Medical Center – Catskills, Harris

Helen Hayes Hospital

Keller Army Community Hospital

Montefiore Health System
Burke Rehabilitation Hospital
Montefiore Mount Vernon Hospital
Montefiore New Rochelle Hospital
Montefiore Nyack Hospital
Montefiore St. Luke's Cornwall Hospital
White Plains Hospital

Mount Sinai South Nassau

Nassau University Medical Center

Northwell Health
Glen Cove Hospital
Huntington Hospital
LIJ Valley Stream Hospital
Mather Hospital
Northern Westchester Hospital
North Shore University Hospital
Phelps Hospital
Plainview Hospital
Peconic Bay Medical
South Shore University Hospital
Syosset Hospital

Nuvance Health
Northern Dutchess Hospital
Putnam Hospital
Vassar Brothers Medical Center

NYU Langone Health
Long Island Community Hospital
NYU Langone Health– Long Island Hospital

St. Joseph's Medical Center
St. Joseph's Medical Center
St. Vincent's Hospital Westchester

Stony Brook Medicine
Stony Brook Eastern Long Island Hospital
Stony Brook Southampton Hospital
Stony Brook University Hospital

WMCHealth Network
Bon Secours Community Hospital
Good Samaritan Hospital
HealthAlliance Hospital
MidHudson Regional Hospital
St. Anthony Community Hospital
Westchester Medical Center

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