Suburban Hospital Alliance of New York State, LLC | Nassau-Suffolk Hospital Council | Northern Metropolitan Hospital Association

June 26, 2025

Dear Members of the New York Congressional Delegation:

On behalf of the hospitals and health systems on Long Island and in the Hudson Valley, I thank you for your steadfast advocacy on behalf of New York's patients and the providers who care for them. We appreciate your efforts to reverse or mitigate provisions in H.R. 1 that would devastate our state's healthcare safety net, make coverage more expensive for all New Yorkers and severely weaken our non-profit hospitals.

The Senate Parliamentarian ruled this week that numerous healthcare provisions would be subject to points of order on the Senate floor, requiring a 60-vote threshold under the Byrd rule. Senate Majority Leader Thune has stated that he will abide by the Parliamentarian's rulings, which effectively strikes from the bill in their current forms a cap on state provider taxes, a reduction in the Federal Medical Assistance Percentage (FMAP) rate to penalize states that extend coverage to unqualified aliens using state-only dollars, and several provisions prohibiting or limiting coverage to certain individuals under Medicare, Medicaid, the Children's Health Insurance Program (CHIP) and insurance exchanges.

Removal of these provisions from the final version of the bill could significantly mitigate, though not eliminate, the negative impacts on New York residents, healthcare providers and the state budget. Removing the FMAP penalty provision is particularly critical to New York as the state must abide by a 2001 court ruling (*Aliessa v. Novello*) that requires the extension of coverage to undocumented immigrants regardless of federal participation.

However, we understand that Senate leaders will attempt to rework the provisions rejected by the Parliamentarian to comply with the Byrd rule. We implore you to continue speaking to your leadership and colleagues on these important issues.

In addition, the Parliamentarian's ruling leaves numerous provisions still in play that would be damaging to suburban hospitals, their workforce and the patients they serve. We urge you to reject the following provisions:

State-directed payments (SDPs) (House Sec. 44133/Senate Sec. 71121): Both chambers would lower the amount at which distressed providers can be reimbursed under the program from the average commercial insurance rate to the Medicare rate. The House would grandfather pre-existing SDPs but freeze funding at existing levels, with no opportunity to provide inflationary increases or add new safety nets to the program. The Senate does not grandfather existing programs, instead reducing reimbursement to current SPD participants by 10 percent annually until 100 percent of the Medicare rate is reached in Medicaid expansion states. SDPs are providing essential supplemental support to safety net institutions in rural, urban and suburban communities that would not otherwise be able to maintain services.

Provider taxes (House Sec. 44134/Senate Sec. 71122): Although the Senate Parliamentarian rejected a provision in that chamber that would have lowered the maximum provider tax rate to 3.5 percent, a second provision that revokes waivers to the uniformity requirement of provider taxes remains in both bills. This would terminate New York's recently approved managed care organization (MCO) tax, which is slated to provide much-needed rate relief to hospitals and other providers and allow for investments in distressed institutions that will put them on the path to sustainability. If this provision stands, it is essential that it explicitly allows for a three-year transition period for waivers that have already been approved.

Medical student loans (House Sec. 30011/Senate Sec. 81001): eliminates the GRAD Plus loan program and caps unsubsidized borrowing for professional students at $50,000 per year ($200,000 lifetime). This would eliminate a necessary financing option for medical students at a time when our nation faces a projected shortage of 187,000 physicians over the next 12 years, according to an Association of American Medical Colleges report.

Retroactive coverage (House Sec. 44110/Senate Sec. 71109): would limit retroactive Medicaid and CHIP coverage from 90 days prior to the date of application to 30 days. Retroactive coverage allows providers to recoup reimbursement for care already provided to eligible individuals. Limiting the retroactive coverage period hurts families with low incomes and the providers who care for them by disrupting care continuity and increasing medical debt. Patients are unlikely to return to a provider with whom they have an outstanding bill.

We also are deeply concerned about the impact of provisions that will create barriers to new and continued enrollment in Medicaid and CHIP. Our Long Island branch, the Nassau-Suffolk Hospital Council, has been providing enrollment assistance for 25 years; we are acutely aware of the challenges that currently exist because our field staff help consumers navigate the already difficult enrollment processes every day. Eligible individuals with modest incomes unfortunately are more likely than the general population to have unstable employment and housing, as well as more limited internet access. These challenges are even more acute for those with mental health diagnosis, for whom Medicaid is the predominant insurer. This makes reaching individuals for repeated recertification of eligibility more difficult and their income harder to document; gaps in coverage will inevitably result, resulting in worsened health status and increased uncompensated care burden on hospitals.

For these reasons, we also urge you to reject the following provisions:

Eligibility redeterminations (House Sec. 44108/Senate Sec.71108): states would be required to verify eligibility for adults in the ACA Medicaid expansion population every six months instead of annually.

Emergency Medicaid (Senate Sec. 71112, no House provision): hospitals are eligible for reimbursement for certain emergency services provided to immigrants who are not lawfully present. The Senate would reduce the federal match on such coverage from 90 percent for Medicaid expansion states to the state's standard FMAP, which is 50 percent for New York.

Medicaid work requirement (House Sec. 44141/Senate Sec. 71124): Both chambers would require states to implement work, education or community service requirements for working aged adults, with limited exceptions. Like other provisions that create new barriers to enrollment, this will result in the loss of or interruptions to coverage, while creating new expenses for state program administration.

We are proud that more than 95 percent of New York's population has insurance coverage. Medicaid expansion and supplemental support to providers through federal waivers, as well as flexible enrollment and eligibility rules that facilitate -- instead of discourage -- accessing care, have been essential to these gains.

Without question, this progress will be rolled back under the House and Senate bills. The magnitude of cuts under consideration will force New York to make steep cuts to providers while the number of uninsured patients will spike. Employers and consumers will pay higher insurance premiums as costs get shifted to commercial health plans. Hospitals and health systems – 1/3 of which are already severely financially distressed in New York due to a generation of underpayments by Medicare and Medicaid – will be forced to make painful decisions about continued services and jobs.

Thank you again for your continued support of the hospitals in your respective districts. We need your ongoing advocacy to ensure that those hospitals can continue providing the services on which our communities rely.

Best regards,

/s/ *Wendy D. Darwell*

Wendy D. Darwell
President and Chief Executive Officer