

August 26, 2025

Dear Members of the New York Congressional Delegation:

We know that Congress has a full slate of priorities to address when it reconvenes next week, starting with the Fiscal Year 2026 budget. On behalf of the hospitals and health systems on Long Island and in the Hudson Valley, I urge your attention to the following issues that are critical to preserving access to care in our communities.

Provide for a Smooth Transition to H.R. 1 Implementation

Two provisions of the budget reconciliation package have a swift and severe impact on healthcare funding for New York State.

As soon as next month, a Medicaid waiver that allows New York to collect a new managed care organization (MCO) tax may be terminated. The proceeds of that tax are being used to increase reimbursement rates to providers, narrowing the wide gap between the cost of providing care and Medicaid reimbursement. H.R. 1 allowed for up to three years of transition for state waivers impacted by the statutory provision, but a rule concurrently proposed by CMS could terminate New York's waiver as soon as next month. We ask for your continued advocacy with the Executive Branch to allow New York to complete its two-year waiver.

Two other provisions of budget reconciliation will eliminate coverage for certain non-citizen New York residents currently enrolled in the state's Essential Plan. Due to a 2001 court ruling, New York State must incur the cost of providing coverage to this population, regardless of federal financial participation. As a result, approximately 500,000 individuals will shift from the Essential Plan to Medicaid at state-only expense. Another 225,000 individuals will lose coverage altogether. Healthcare providers will be negatively impacted on both counts: they will be reimbursed at a far lower rate for those shifted from the Essential Plan to Medicaid, and they will have to extend charity care to those who are newly uninsured.

The Essential Plan cuts take effect on January 1 absent congressional intervention. We urge your support for a three-year delay so that states and providers can plan for this transition and work to mitigate the impact.

Provisions Expiring on September 30

Unless Congress acts, an \$8 billion cut to the Medicaid Disproportionate Share Hospital (DSH) program will take effect on October 1. That would result in a \$1.4 billion cut to New York hospitals as they are simultaneously bracing for the implementation of H.R. 1: the loss of \$3.5 billion in Essential Plan support, loss of expected and much-needed Medicaid outpatient rate increases that were to be financed with the proceeds of the MCO tax, and a sharp increase in the amount of uncompensated care hospitals must provide.

The DSH program helps to offset the cost of treating our most vulnerable patients. Every New York hospital receives some level of DSH funding based on the percentage of high-need patients they treat, but funding is especially critical to the financial stability of safety net institutions.

Action is also needed to address changes to the Medicaid DSH cap calculation. Section 203 of Title II of the *Consolidated Appropriations Act of 2021* changed how hospital-specific Medicaid DSH funding caps (the maximum amount of Medicaid DSH funding a hospital can receive) are calculated. This policy severely impacts access to essential federal supplemental support for many of New York's public safety net hospitals, including Nassau University Medical Center, Stony Brook University Hospital and Westchester Medical Center, that care for the highest share of low-income and uninsured individuals in the state. The policy change slashes funding to New York's public institutions by approximately \$300 million in the first year. Congress must amend Section 203 to allow the DSH cap calculation to continue to include dually-eligible Medicare/Medicaid patients.

Also expiring on September 30 are pandemic-era Medicare flexibilities that expand access to telehealth services and the Hospital at Home program. These programs make care more efficient and convenient for patients. Congress should extend them again until such time that it can put these flexibilities permanently into effect in statute.

Provisions Expiring on December 31

Enhanced premium tax credits (EPTCs) for the purchase of coverage on the health insurance exchanges will expire on December 31 unless Congress acts to extend them. The EPTCs have made coverage far more affordable for families with modest and middle-class incomes, many of whom would otherwise forego insurance coverage altogether.

Congress also must act before the end of the year to wipe clean the PAYGO scorecard or providers may be subject to a tripling of the Medicare sequestration cut. Providers already lose 2 percent of every Medicare claim to the current sequester; this could increase to 6 percent – a devastating loss of revenue when Medicare already pays far less than the cost of providing care. According to the Congressional Budget Office, H.R. 1's impact on the federal deficit would necessitate an estimated \$491 billion in new Medicare sequestration cuts over the next decade.

Other Legislative Priorities

We are deeply concerned that any healthcare legislative package developed this fall could further threaten the finances of hospitals and health systems. We urge you once again to oppose any new site-neutral payment cuts to hospital outpatient departments or provisions to weaken the 340B drug pricing program.

Finally, we ask for your support for two important bills:

The Seniors' Access to Timely Care Act (H.R. 3514/S.1816): Despite regulatory action, Medicare Advantage plans continue to employ aggressive tactics to inappropriately deny or delay prior authorization of services and deny claims. Patient care is delayed and providers waste needed financial, clinical and administrative resources on getting health plans to fulfill their contractual obligations. The *Improving Seniors Timely Access to Care Act* would address many of these issues by requiring in statute that Medicare Advantage plans to modernize and streamline their processes.

The Save Healthcare Workers Act (H.R. 3178/S.1600): This bill will provide federal protections from workplace violence for healthcare workers, similar to the protections in current law for airport and airline employees. Healthcare workers continue to face escalating levels of violence from patients and visitors.

Thank you for your attention to these important issues. Please do not hesitate to contact me for further information or if I can provide any other assistance. It's our pleasure to serve as a resource for you and your staff.

Sincerely,

/s/ *Wendy D. Darwell*

Wendy D. Darwell
President and Chief Executive Officer