

September 22, 2025

James V. McDonald, M.D., M.P.H.
Commissioner
New York State Department of Health
Corning Tower
Empire Plaza
Albany, NY 12237

Dear Commissioner McDonald:

On behalf of the hospitals in the Hudson Valley and on Long Island, I write to express our profound disappointment with the distribution of funds awarded through Statewide Health Care Facility Transformation Program Round IV. This was the second consecutive round of capital awards for which the suburban regions of the state failed to receive support proportional to either the percentage of the state's population for which they care or to their demonstrated need for investment.

Of 55 projects announced for Statewide IV, a total of six were awarded in the state's Long Island and Lower Hudson Valley regions. Only one of these – of 14 across the state – was awarded to a suburban hospital.

While collectively these seven counties are home to more than 26 percent of the state's population, providers here received less than 11 percent of Statewide IV funding – 10.4 percent in the Hudson Valley and a mere 0.5 percent on Long Island. In Statewide III, providers in the suburban counties received less than 19 percent of the funds awarded – 12.7 percent for the Hudson Valley and 6 percent for Long Island.

In her announcement of Statewide IV, Governor Hochul stressed that the awards were intended to support providers serving vulnerable populations and strengthen the healthcare system. However, based on the allocations, I am concerned that the Department may be underestimating the level of financial distress among institutions in the downstate suburban counties.

The fiscal dynamics of suburban hospitals of Long Island and the Hudson Valley are markedly different than they were a decade ago. While at one time these hospitals were the beneficiaries of a strong commercial payer base that offset losses from Medicaid and Medicare, conditions have changed considerably since the enactment of the Affordable Care Act, Medicaid expansion and establishment of the Essential Plan. My members strongly support these initiatives and want all New Yorkers to have access to comprehensive, affordable coverage. We have partnered with the Department to make coverage expansion a success.

However, an undeniable consequence of the ACA has been the supplanting of commercial coverage with public insurance, a trend that will continue with an aging population. According to inpatient discharge data submitted on hospitals' Institutional Cost Reports, revenue from commercial payers declined 23.96 percent on Long Island while Medicaid increased 35.4 percent between 2011 and 2022. In the Hudson Valley, the commercial payer mix declined 24 percent while Medicaid increased 29.3 percent.

The growing inability to cost-shift to commercial insurance is leaving suburban hospitals vulnerable. The financial condition of the regions' existing safety nets will worsen as others slide toward financially distressed status.

The Health Care Facility Transformation Program is the only opportunity that most institutions have to secure supplemental state support because they do not (yet) qualify for programs such as the Safety Net Transformation Fund, Directed Payment Template or Vital Access Provider Assurance Program. When deployed for well-grounded transformation programs, these capital investments are what keep hospitals from becoming financially distressed and make it feasible for health systems to sustain struggling institutions within their networks. This support becomes even more critical in light of H.R. 1's impending impacts on providers and the State of New York. The loss of coverage for the significant number of non-citizens residing in the suburban counties will compound the damage as uncompensated care will increase.

As the Department makes future funding decisions, we respectfully request that the State invest equitably in providers in every region of the state. I will be following up with your office and look forward to an opportunity to discuss these concerns with you in more detail.

Sincerely,

/s/ Wendy D. Darwell

Wendy D. Darwell
President and CEO