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March 4, 2026

Dear Hudson Valley and Long Island delegation members:

On behalf of the hospitals and health systems on Long Island and in the Hudson Valley, I thank you for your continued commitment to a strong healthcare system that ensures quality and accessible care for our communities.

The 2025 federal tax bill (H.R. 1) makes this mission much more challenging for state government and providers, as we all work to preserve affordable coverage options. The federal legislation undermines the foundations of New York's healthcare system, withdrawing federal subsidies for affordable health insurance, reducing Medicaid reimbursement and critical support for safety net institutions. Although the recent decision to allow collection of the managed care organization (MCO) tax through the end of 2026 provides short-term relief, the impact of H.R. 1 will be far more severe in the years to come.

New York's nonprofit hospitals and health systems will bear the brunt of H.R. 1, as 1 million or more New Yorkers may lose low-cost insurance or will opt for bare-bones coverage with deductibles they cannot afford to pay. Hospitals' charity care for the uninsured and underinsured will spike, as they continue to struggle with Medicaid rates that lag far below the cost of providing care – a \$1.13 billion deficit for suburban hospitals in 2024.

In the face of these pressures, it is critical that the 2026-27 budget takes steps to stabilize the healthcare system now. As you prepare your one-house budget resolutions, we urge your support for provisions in the Executive Budget that commit to supporting hospitals and health systems by:

- **Maintaining last year's Medicaid rate increases, including implementing the FY26 budget's 10 percent hospital outpatient rate increase;**
- **Dedicating MCO tax receipts for additional rate increases in FY27 and FY28; and**
- **Providing ongoing support for distressed and safety net providers, including replenishing Safety Net Transformation Program funding.**

We also urge the Legislature to:

- **Restore \$520 million for the Vital Access Provider Assurance Program (VAPAP);**
- **Ensure that Medicaid rate increases are paid out expeditiously;**
- **Provide \$1 billion for a Statewide V round of Healthcare Facility Transformation Program awards – and insist upon regional parity in their distribution; and**
- **Incorporate the 340B Anti-Discrimination Act (A.6222/S.1913) in the budget.**

### **Stabilize and Strengthen Finances**

Governor Hochul acknowledged in her budget 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:

**Continue the commitment to closing the gap between Medicaid cost and reimbursement** by implementing the 10 percent Medicaid outpatient rate increase enacted in the FY26 budget and supporting the Governor's call for \$1.5 billion (including federal share) in new investments for FY27, directed toward hospital and nursing home investments. These investments will help shield against providers' growing uncompensated care expenses and other H.R. 1 impacts. We recommend that the new investments be distributed as across-the-board rate increases.

**Fund the Safety Net Transformation Program.** Support the Executive Budget proposal to provide \$330 million in operating funds and \$1 billion in capital to replenish the Safety Net Transformation Program, which puts distressed providers on a pathway to sustainability. Demand for this program continues to outstrip available funding.

**Restore \$520 million in VAPAP funding and increase flexibility.** The Executive Budget did not continue the additional allocation provided by the Legislature last year for this program, which provides temporary operating assistance to financially distressed providers. We also urge that eligibility criteria be made more flexible to meet emerging needs. The DOH has terminated VAPAP support for several suburban institutions over the past several years, despite acute financial distress.

**Provide \$1 billion for a Statewide V round of Health Care Transformation awards and ensure regional parity.** Governor Hochul did not include any new funds for general healthcare capital projects in her budget. Capital funding is the only assistance available to the majority of hospitals and health systems. It is essential support for nonprofit institutions, many of which would otherwise struggle to raise funds in the private markets for expansion and modernization. Directing the DOH to award capital dollars in a geographically equitable manner is also essential. **Although the nine-county suburban region includes more than one quarter of the state's population and hospitals, only 11 percent of Statewide IV dollars went to the suburban regions – 10.5 percent to the Hudson Valley and 0.5 percent to Long Island.**

### **Promote Innovation and Transformation**

Regulatory flexibility is needed to implement new models of care and build the workforce of the future. State government can help providers leverage new technologies and advancements in care that increase consumer convenience, expand access and improve efficiency.

**Authorize Hospital at Home.** The Executive Budget proposes to establish Medicaid coverage for a Hospital at Home program, creating a state companion to the Medicare initiative that has now been extended through 2030. The Suburban Hospital Alliance once again supports this proposal.

**Extend and expand the community paramedicine demonstration program.** The governor's budget also proposes extending this demonstration program through May 2031. These regulatory flexibilities extend 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.

**Support second-career nursing and allied health students:** We support a provision in the Executive Budget that makes nursing students who already have a degree in another field eligible for the Opportunity Promise Scholarship Program.

**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 EMS to

administer immunizations under non-patient-specific orders, and allow trained medical assistants to administer immunizations in outpatient settings.

**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.

### **Keep New Yorkers Covered**

Among H.R. 1's most devastating provisions are those that deny low- and no-cost health coverage to legally residing immigrants, require the implementation of Medicaid work requirements, shorten the period for retroactive Medicaid coverage and require more frequent income verification for certain populations. The intended effect of these provisions is to reduce the number of individuals eligible for affordable health coverage. Congress also failed to extend Enhanced Premium Tax Credits for the purchase of coverage on the insurance marketplaces, significantly increasing the cost of coverage for an estimated 140,000 New Yorkers. Premiums increased, on average, by more than 30 percent in the suburban regions.

Suburban Hospital Alliance supports the Department of Health's request to the Centers for Medicare and Medicaid Services (CMS) to revert from its current Essential Plan (EP) waiver, which expanded low- and no-cost coverage for individuals with incomes up to 250 percent of the federal poverty level, to the Affordable Care Act's Basic Health Plan (BHP) options. This will allow for utilization of BHP trust fund dollars to offset the cost of Medicaid coverage for the *Aliessa* population -- legally residing immigrants with incomes up to 138 percent of the federal poverty level (FPL). This transition would preserve coverage for the greatest possible number of New Yorkers and thereby mitigate some of the damage of H.R. 1.

**Pursue alternatives to preserve low- and no-cost coverage options.** While the state awaits a decision from CMS, we urge the Legislature and Executive Branch to work together on alternative coverage options for families with modest incomes. An estimated 460,000 New Yorkers with incomes between 200 – 250% of the FPL still will lose coverage in the waiver transition. Early evidence suggests that many Marketplace enrollees are purchasing lower-level plans with deductibles they cannot afford to pay. Legally residing immigrants with incomes above 138 percent of the FPL also lack coverage options. Because the Hospital Financial Assistance Law requires charity care for both the uninsured and underinsured, hospitals will see their uncompensated care costs surge. New York should consider using the BHP trust fund or other federal waiver options to fill these gaps in coverage.

**Engage hospitals, community-based organizations and experienced enrollment agencies on strategies to maximize coverage.** It will take a comprehensive effort to ensure that individuals who remain eligible for Medicaid and EP do not slip through the cracks as additional provisions of H.R. 1 get implemented in 2026 and 2027. Because emergency rooms are the default site of care for the uninsured, hospitals are uniquely positioned to identify individuals whose coverage has lapsed or is at risk. We urge the Legislature and DOH to bring stakeholders together to develop an aggressive statewide plan so that new federal mandates like Medicaid work requirements, a shortened period of retroactive coverage and semi-annual income verification do not result in avoidable coverage loss.

As a long-time enrollment services provider on Long Island, we and agencies like ours also are well-equipped to identify and engage the uninsured. We ask that the Legislature increase its investment in outreach and hands-on assistance for consumers by providing a 20 percent increase in funding, to \$34 million, for the Marketplace Navigator program, and to support the Executive Budget's continued allocation

for the Aged, Blind and Disabled Facilitated Enrollment program. In addition, the Executive Budget provides \$5.5 million for the Community Health Advocates program; we ask that the Legislature provide an additional \$1.7 million to maintain the Fiscal Year 2026 funding level.

### **Stop Abuses of Health Plans and the Pharmaceutical Industry**

Health plans continue to pad their bottom lines by delaying care and delaying payment for care already provided. Pharmaceutical companies have taken aggressive steps to erode the community benefits of a key federal program for safety net providers. UnitedHealthGroup alone reported \$12.1 billion in profits last year and, according to a U.S. Government Accountability Office study, the median pharmaceutical industry margin is nearly 14 percent. Meanwhile, the median operating margin of hospitals in New York State is 0.1 percent. We have repeatedly expressed concern about the failure to hold these for-profit entities accountable for fulfilling their commitments to patients. We ask for your support for the following 340B and managed care priorities:

**Enact the 340B Anti-Discrimination Act.** The federal 340B program allows hospitals, clinics and other providers serving a disproportionate share of low-income patients to purchase drugs from manufacturers at reduced prices. Some providers utilize community-based contracted pharmacies to dispense the drugs, making the benefit more convenient to their patients. Participating safety net providers are then able to reinvest the savings back into the communities they serve. Pharmaceutical companies and pharmacy benefit managers (PBMs) are using increasingly aggressive tactics to restrict providers' ability to operate their 340B programs effectively and erode the savings intended. With the 340B program under assault at the federal level, urgent action is needed here. Therefore, the Suburban Hospital Alliance urges your support for the inclusion in the budget of A.6222/S.1913, which would address these abuses.

**Prior authorization and utilization review reforms.** 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 consumers and, in some cases, results in patients giving up on needed care altogether.

We appreciate the package of proposals included in the Executive Budget that would begin to address health plans' prior authorization and utilization review abuses. The Suburban Hospital Alliance supports and urges inclusion of provisions in the 2026-27 budget to expand continuity of care requirements for out-of-network treatment to 90 days and for the full pregnancy and postpartum period; limit the utilization review period for treatment of chronic conditions; enhance reporting of plans' denial rates; and increase transparency of drug formularies. We urge the Legislature to go further by acting on A.3879/S.7297, which would require plans to use evidence-based criteria to make determinations about medical necessity, make determinations within 72 hours and provide authorizations for an entire episode of care.

**Reject Independent Dispute Resolution (IDR) changes.** The Executive Budget proposes to carve out all Medicaid managed care claims from the IDR process and set caps on maximum payment rates. The Suburban Hospital Alliance is deeply concerned about the impact that this would have on hospitals' ability to secure on-call coverage for specialty services. Another proposal would carve the Empire Plan/NYSHIP into the state IDR process; it currently is regulated under the federal No Surprises Act statute. We urge the Legislature to reject both proposals.

Thank you again for the opportunity to provide input into the FY 2027 budget deliberations. The Suburban Hospital Alliance and its members look forward to working with you to strengthen New York's healthcare delivery system. Please do not hesitate to contact me on these or other issues.

Best regards,



Wendy D. Darwell  
President and CEO