

February 21, 2020

Members of the Medicaid Redesign Team
New York State Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Dear Members of the Medicaid Redesign Team (MRT):

On behalf of the Suburban Hospital Alliance of New York State, which represents more than 50 hospitals and health systems on Long Island and in the Hudson Valley, I write to express support for the recommendations submitted by the Healthcare Association of New York State (HANYS) and to stress a few issues of particular interest to our members.

The Suburban Hospital Alliance understands the need to reconsider overall Medicaid spending in light of projected budget overruns. We welcome the MRT approach to engaging stakeholders in needed reforms.

The centerpiece of the 2011 MRT, the Medicaid global cap, is structurally flawed and must be addressed. Since its inception, numerous policy changes and fiscal decisions have been made without consistent rules for whether expenditures are counted under the global cap or not. As a result, HANYS estimates that more than \$900 million in state-share spending currently counted under the cap is attributable to non-Medicaid programs and the state's own administrative costs. At the same time, other policy initiatives, such as Medicaid enrollment expansion, are significantly driving up Medicaid expenditures. In its current construct, the global cap lacks any mechanism to compensate for these changes.

The current construct also holds all segments of the healthcare system accountable to the same cap, although Medicaid expenditures are growing disproportionately in a few areas of care. As demographics change, so will the demand for certain services and therefore the cost drivers. If the global cap is to remain relevant and durable, it must also be more flexible. Therefore, we recommend the following:

- Expenditures that are unrelated to healthcare coverage, access to care and patient services should be removed from the cap. Administrative and operational costs of the state and non-Medicaid programs like the Essential Plan belong in the General Fund.
- Establish a mechanism to annually adjust the cap based not only on the rate of medical inflation, but also enrollment estimates, demographic changes, and other policy decisions the executive and legislative branches may choose to make.
- Medicaid funds should not be diverted to the General Fund. This puts care providers at risk for steep cuts so that the state can address deficits elsewhere in the budget. In the last three fiscal years, more than \$1.2 billion has been transferred to the General Fund.

Suburban Hospital Alliance members also wish to express support for increasing for-profit insurance companies' investments in the communities where they do business. We urge the MRT to consider HANYS' proposal to increase the premium tax on for-profit health plans to 3 percent; the resulting revenue should be dedicated to funding social determinants of health priorities in the communities where the plans offer coverage.

Finally, we support shifting the responsibility and expense of care management to health plans. Managed care organizations should be, by definition, managing patients' care -- ensuring that patients get preventive care, have access to services in their communities, do not inappropriately utilize emergency rooms, manage their chronic diseases and get the supports needed to stay healthy. While the premium dollar to plans has continued to grow, the responsibility and expense of providing these supports has shifted to hospitals and health systems, through programs either funded by the state or out of providers' own pockets. Initiatives such as Patient-Centered Medical Homes and health homes should be funded directly by the plans, relieving pressure on the Medicaid budget.

Thank you for your consideration of these recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin W. Dahill', with a long horizontal stroke extending to the right.

Kevin W. Dahill
President and Chief Executive Officer