

IMPACT OF HEALTH CARE PROVIDER TAXES AND CUTS

**STATEWIDE IMPACT OF LAST SIX
BUDGET ACTIONS:
(\$4,400,000,000)**

**STATEWIDE IMPACT OF PROPOSED
2010-2011 BUDGET:
(\$891,000,000)**

KEY BUDGET ISSUES

- The Governor's proposals compound the losses of six prior budget actions since 2008 that disproportionately affected hospitals, nursing homes, and home care providers.
- A tax on hospitals, nursing homes, and home care providers is a tax; it cannot be camouflaged by calling it an assessment. Taxes on non-profit and public providers should be opposed.
- A \$187 million cut to the indigent care pool is a 20% cut to the poorest and neediest communities at a time when hospital uncompensated care is increasing as the weak economy leaves more people uninsured—this funding needs to be restored.
- The proposal to penalize hospitals for potentially preventable readmissions is based on an undeveloped methodology and would not take into account the unique difficulties associated with serving behavioral health/substance abuse populations. This proposal is premature, and a clinically sound, more targeted proposal needs to be developed for future implementation.
- Nursing home rebasing should be allowed to continue. Regional pricing would significantly hurt many nursing homes, particularly public nursing homes, hospital-based nursing homes, and other large and small safety net providers. The proposed 11-month delay in regional pricing is insufficient; regional pricing should be put off indefinitely.
- Efforts should be undertaken to thoughtfully implement care coordination policies in home care settings.
- It is premature to redesign home care reimbursement to a prospective payment system (PPS).
- Any enhanced Federal Medical Assistance Percentage (FMAP) funds should be used to offset health care provider taxes and cuts.

LEGISLATIVE ACTION NEEDED

- Dedicate a portion of the \$1.5 billion in anticipated new federal FMAP funding to eliminate health care cuts and provider taxes.
 - President Obama's budget includes extending enhanced FMAP funding to states. It will provide \$1.06 billion to New York in state fiscal year (SFY) 2010-2011.
 - Last week, federal Health and Human Services Secretary Kathleen Sebelius announced additional federal relief for states by reducing the amount states would otherwise have to pay to Medicare. This will provide \$407.8 million to New York in SFY 2010-2011.
- Reject proposed gross receipts tax increases.
- Reject proposed indigent care cuts.
- Reaffirm the commitment to the New York City Health and Hospitals Corporation for at least the current level of Disproportionate Share Hospital indigent care funding.
- Establish a workgroup to develop a clinically sound, more targeted readmissions proposal for future implementation.
- Continue nursing home rebasing; delay regional pricing indefinitely, and restore legislative authority over future changes.
- Defer action on the proposed home care PPS reimbursement change.
- Improve care coordination in community-based settings.
- Develop and implement real reforms that improve the delivery of care and reduce costs.