



Healthcare Association
of New York State

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**HEALTHCARE ASSOCIATION RESPONDS TO HEALTH COMMISSONER'S
"JUST THE FACTS" TOUR STOP IN BINGHAMTON**

A Statement by HANYS' President Daniel Sisto

All the Facts Must be Made Public

ALBANY, N.Y. — "Health care providers embrace the call for meaningful reform and we conceptually support the intent of Governor Paterson's plan to increase funding for outpatient, primary care. Unfortunately, however, Commissioner Daines and Governor Paterson are telling only half the story.

"Through their clinics, outpatient centers, and emergency rooms, New York's hospitals handle 44 million outpatient encounters every year, compared to 2.6 million inpatient stays. Clearly, along with community health centers and physicians, hospitals are the leading primary care providers of New York State.

"We think an investment in primary care is essential. These services have been grossly underpaid by the state for many years. In fact, the current payment system underpays hospital outpatient services by a staggering \$2 billion every year. Therefore, it is not the Governor's intent we disagree with, it is the manner by which he proposes to pay for it.

"What's not included in the Commissioner's 'Just the Facts' talking points is the fact that the Governor has already cut hospitals by more than \$1 billion this fiscal year, and has proposed cutting hospitals by another \$1 billion in the coming year. Of that, just \$130 million is being sent back to hospitals as outpatient primary care 'investments.' Far more than \$1 billion of the remainder is being kept by the state as 'savings.'

"That's not reform. That's a shell game. The parallel for an average household would be for the Governor to give you \$130 to help you pay for your utility bills, but he is going to cut more than \$2,000 from your overall household budget to pay for it. The net impact to your household: you just lost \$1,700. Would you call that reform or an investment?"

What's Really Driving Medicaid Spending

“The Commissioner is also decrying the growth in Medicaid spending. Here are ‘just the facts’ about what is really driving Medicaid spending. The Governor’s own Division of Budget (DOB) is projecting a 21% spending increase next year. Let’s look at what constitutes that spending growth:

- 2.7% is due to the state takeover of county Medicaid expenditures;
- 4.6% is due to Medicaid enrollment increases, driven in large part by the state’s laudably aggressive Medicaid enrollment activities;
- 7.4% is due to a simple timing issue created by a calendar fluke and does not represent an actual increase in spending—Medicaid pays providers on the same day each week and that day occurs 53 times instead of 52 times in 2009;
- 4.1% is attributed to utilization—the increase in the amount of health services the average individual Medicaid recipient is expected to receive (utilization actually decreased each of the last four years, so this DOB projection may be inflated); and
- just 2.1% is due to the cost-of-living adjustment to provider payment—far below the typical rate of inflation.

“Clearly, government policies, not provider costs, are driving Medicaid spending.

“We want solutions as much as the Governor. However, the Governor’s budget plan will cause only more problems. And, if it is passed as is, health care services and jobs will be lost in the Southern Tier and across the state. In fact, it has already begun. At least one local hospital has already announced layoffs. More will follow under the Governor’s plan.

We Have the Means to Avoid Additional Health Care Job and Service Cuts

“Washington has provided nearly \$12 billion in Medicaid funding to New York through the stimulus plan, giving the Legislature and Governor the ability to restore his budget cuts, and leave billions to spare for other priorities. Our state leaders will be hard pressed to account for why they did not act when the means to forestall these avoidable service and jobs cuts was within their grasp.”

Note:

For more factual information about New York’s Medicaid program, go to http://www.hanys.org/finance/reports/2009-02-25_medicaid_wp.pdf.

HANYS’ comprehensive agenda for meaningful health care reform is available at <http://www.hanys.org/publications/upload/REAL-Reform-HANYS-2008-State-Advocacy-Agenda.pdf>.

HANYS, the only statewide hospital and continuing care association in New York State, represents more than 550 non-profit and public hospitals, nursing homes, home care agencies, and other health care organizations.