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September 3, 2025

Dear New York Congressional Delegation:

On behalf of the Healthcare Association of New York State and our nonprofit member hospitals, health systems, nursing homes, home health agencies and other healthcare providers, I write to urge you to address several critical issues impacting hospitals and health systems before the end of the federal fiscal year.

The current environment: Severe financial strain on hospitals

New York's hospitals and health systems are not just healers but are major economic engines in every community across New York. They generate \$228 billion in economic activity — representing 10.3% of New York state's entire GDP — while supporting 937,000 jobs and contributing \$39 billion in tax revenue.

Yet, New York's hospitals continue to operate under severe financial strain. A <u>survey of hospitals</u> statewide shows that most hospitals lack the operating margins needed to maintain and reinvest in patient care. Faced with expense growth, workforce shortages and significant underpayment from Medicaid and Medicare, hospitals struggle to maintain access to care in their communities.

The pending expiration of several healthcare policy provisions, the imminent implementation of provisions in H.R. 1 that disproportionately impact New York and new Medicare cuts proposed by CMS will further add to this strain.

As such, HANYS urges action on several time-sensitive issues.

Delay Essential Plan changes in H.R. 1: Sections 71301 and 71302 threaten coverage for 1.6 million New Yorkers currently enrolled in the Essential Plan. Beginning in January 2026, 506,000 legally residing immigrants will be forced to shift into state-funded Medicaid at a cost of \$2.7 billion to New York state, while 224,000 will become uninsured in 2027. In addition to the increased costs for the state, these changes will burden hospitals with \$1.4 billion in financial losses from reduced payments and increased uncompensated care costs. Congress must delay implementation of these provisions for three years.

Prevent catastrophic Medicaid DSH cuts: New York hospitals face a staggering \$1.4 billion cut annually to their Medicaid Disproportionate Share Hospital payments beginning Oct. 1 – representing a nearly 60% reduction in funding that helps preserve care access for our most vulnerable populations. This funding supports essential services and, in many cases, helps hospitals remain operational. All hospitals in New York state receive some level of Medicaid DSH funding.

HANYS also urges Congress to address changes to <a href="https://hospital.ncb/hospi







Extend virtual healthcare flexibilities: Absent congressional action, pandemic-era telehealth flexibilities and hospital-at-home waivers will expire on Sept. 30. These programs have been lifelines for communities across New York and have enabled innovative care delivery models that reduce costs while improving outcomes. Congress must ensure the continued availability of these vital services.

Extend rural hospital programs: The Enhanced Low-Volume Adjustment and Medicare Dependent Hospital program provide critical support for rural hospitals already operating on thin margins. Without extension, most of New York's low-volume hospitals will lose eligibility for these payments under more restrictive requirements, putting at risk \$120 million in resources and threatening access to care in underserved communities.

Reject site-neutral payment cuts: Site-neutral payments ignore the fundamental differences in the level of care provided by hospitals and the needs of their patients. CMS recently proposed expanding site-neutral cuts to drug administration services in its 2026 Medicare Outpatient Prospective Payment rule, cutting payments to New York's hospitals by nearly \$300 million per year. Congress must not impose further site-neutral cuts, and we urge you to tell CMS not to finalize this harmful proposal.

Protect the 340B program: The 340B Drug Pricing Program faces continued threats that would undermine hospitals' ability to stretch scarce resources for vulnerable patients. CMS is proposing to collect drug acquisition costs from hospitals with the objective of cutting Medicare payments for 340B drugs. Meanwhile, the Health Resources and Services Administration recently proposed to allow drug manufacturers to administer 340B discounts through a voucher system, undermining the intent of the program. Congress must protect this vital program by pushing back on harmful administration proposals and passing the 340B PATIENTS Act (H.R. 4581/S. 2372).

Extend enhanced premium tax credits: More than 1.6 million Essential Plan enrollees and 140,000 enrollees in Qualified Health Plans in New York currently benefit from access to affordable marketplace health insurance coverage thanks to enhanced tax credits. Adequate coverage leads to better health status, stable employment and financial stability for healthcare providers. An extension of the enhanced tax credits is critical to ensuring continued, affordable coverage for New Yorkers.

HANYS thanks you for your consideration. We stand ready to serve as a resource for you and your staff as you work in Congress to serve your constituents. If you have questions, please contact Cristina Batt at cbatt@hanys.org or 202.488.1272 or Amanda Ferguson at aferguson@hanys.org or 202.790.0805 in our Washington, D.C. office.

Thank you for your continued commitment to New York's healthcare providers and the patients we serve.

Sincerely,

Marie B. Grause, RN, JD

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President