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April 22, 2021

Sent Electronically

New York Congressional Delegation:

The Healthcare Association of New York State and our statewide hospital and health system membership applaud your efforts to address the nation's crumbling infrastructure. As Congress and the administration consider how best to rebuild and focus the support of the federal government, we urge the delegation to push for robust investments in healthcare infrastructure.

Just as our nation's roads and bridges have aged, so too have our hospitals and health systems. Infrastructure challenges existed long before the COVID-19 pandemic; however, the pandemic has shone a spotlight on the need for a strong and modern healthcare infrastructure to provide care in our communities. Hospitals throughout New York state have worked hard to access financing to maintain or modernize their facilities, but the COVID-19 response in New York and the fiscal devastation left in its wake have stalled healthcare infrastructure projects, many indefinitely, absent federal investment.

New York's hospitals and health systems are intently focused on building a better future from a position of strength and stability to ensure they can continue to meet the healthcare needs of their communities. Toward this goal, HANYS urges the delegation to support federal funding for critical healthcare infrastructure in the following areas.

Physical infrastructure

New York's hospitals and health systems are among the finest in the world and economic anchors in communities across all parts of the state. However, persistently weak financial conditions and lack of capital resources can hinder their ability to invest in physical infrastructure that is needed to serve their communities and transform healthcare delivery.

Driven by low reimbursement levels across all payers, including Medicare and Medicaid, in 2019 (the latest full year with data available), New York's hospitals collectively posted an operating margin of +1.7%. This is the second narrowest average operating margin in the country. Health economists have historically pointed to a +4% operating margin as the target to adequately reinvest in buildings and modernization.

Unfortunately, 2019 was not a single bad year for the state's hospitals. A scan of the last decade shows that as a group, the average operating margin for New York's hospitals hovered around breakeven and never exceeded 2%. These persistently low margins in turn lead to weak performance for other key financial indicators, which stifles opportunities to reinvest in buildings and

modernization and reduces access to capital markets for affordable loans. These financial conditions have resulted in a single key infrastructure metric: as a collective group, our buildings are the oldest in the nation.

HANYS urges the delegation to support substantial federal infrastructure grants targeted to hospitals and health systems, which will help modernize healthcare facilities and stimulate the economy in all parts of the state.

Preparedness

Invest in HPP: The Hospital Preparedness Program has long provided funding and other resources to states and other jurisdictions intended to assist hospitals in responding to a variety of emergencies. Despite the significant need for this type of support, the program has been historically under-funded and recently hospitals have received only a fraction of HPP funds that have been appropriated.

HANYS urges Congress to increase annual HPP funding and consider improvements to the program to ensure that funding ultimately reaches hospitals to support their emergency preparedness and response activities.

Strengthen the medical supply chain and reinforce the strategic national stockpile: The COVID-19 pandemic has brought to light the fragility of our nation's medical supply chain. By now, New York delegation members know well the challenges hospitals and health systems across the state can face in the midst of supply shortages, such as purchasing personal protective equipment at record prices, and in some cases the alarming seizure by federal agencies of these critical supplies. Meanwhile, the healthcare system was deflated to find that many of the resources in strategic stockpiles had expired and were no longer usable in a dire time of need. Whether shortages involve PPE or other medical supplies, any break in the supply chain can cause massive issues for hospitals and health systems working to prevent, treat and inoculate patients and communities.

HANYS urges Congress to take steps to increase domestic production and manufacturing capacity and reinforce the strategic national stockpile through sustained investment.

Healthcare workforce

Healthcare workers across the state responded to the call of duty in unprecedented ways during the COVID-19 pandemic. Some came out of retirement. Others are traveling to other parts of the state or country to assist hospitals that are surging with COVID-19 patients. The heroic jobs these essential workers perform on a daily basis have taken a toll on the workforce and underscored the dire need to bolster our healthcare workforce.

HANYS urges Congress to pass the *Resident Physician Shortage Reduction Act of 2021* (S. 834/H.R. 2256) to increase the number of Medicare-supported residency slots in teaching hospitals and help build the healthcare workforce.

The Association of American Medical Colleges projects the need for physicians to increase dramatically in coming years. Meanwhile, the COVID-19 pandemic has stretched the healthcare system to its limits and has shone a spotlight on the need to ensure a robust workforce. We greatly appreciate that Congress recently passed legislation as part of the Consolidated Appropriations Act of 2021 to add 1,000 new full-time equivalent residency positions beginning in FFY 2023. This is an important step, but more needs to be done to meet the nation's projected needs.

HANYS urges Congress to secure funding for educational loans and grants to support training for frontline healthcare workers and clinicians.

This could include funding for apprenticeship programs, such as the Federal Registered Apprentice Program, which provide much-needed opportunity for workers entering or transitioning to the healthcare workforce to earn while they learn. These programs reduce the burden of student debt with the added benefit of enabling employers to train workers in current high-demand careers, reduce turnover and develop a workforce pipeline to meet both current and future needs.

Digital infrastructure

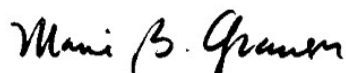
Congress and the administration took important steps during the COVID-19 pandemic to extend critical telehealth policies and flexibilities that have enabled hospitals and health systems to remove barriers to accessing care, limit exposure to the virus by reducing unnecessary emergency department and urgent care visits and reduce costs and other burdens associated with in-person appointments. Now is the time to leverage these successful innovations in care delivery by investing in our nation's digital healthcare infrastructure. HANYS urges Congress to:

- **Ensure robust access to affordable broadband:** Provide new funding to the Federal Communications Commission's Rural Health Care Program to support broadband access and make other program improvements as needed.
- **Expand telehealth capacity:** Maintain and build upon policies that provide a sustainable statutory and regulatory reimbursement framework for telehealth, and establish new funding programs to offset the high upfront and ongoing maintenance costs of telehealth infrastructure.
- **Strengthen cybersecurity defenses:** Advance national efforts to protect and defend against cyberattacks, bolster the cybersecurity workforce and hold bad actors accountable.
- **Modernize healthcare data infrastructure:** Provide funding for hospitals, health systems and other providers to upgrade and maintain the systems used to report vital quality data, and invest in public health data system modernization and workforce development to support expanded surveillance and response capabilities.

HANYS appreciates our shared commitment with the bipartisan delegation to help bolster access to care and ensure the hospitals and health systems that cared for us during the pandemic can recover and rebuild stronger for the patients and communities that rely on them.

We look forward to working together to support an infrastructure package that includes funding for physical healthcare infrastructure as well as key workforce, preparedness and digital infrastructure investments. If you have questions, please contact me at bgrause@hanys.org or (518) 431-7765.

Sincerely,



Marie B. Grause, RN, JD
President

Enclosure: HANYS Infrastructure Fact Sheet

The Issue:

The COVID-19 pandemic has shone a spotlight on the need for a strong and modern healthcare infrastructure. Yet, the COVID-19 response and the fiscal devastation left in its wake have stalled infrastructure projects, many indefinitely, absent federal investment.

New York's hospitals and health systems are among the finest in the world and economic anchors across all parts of the state. However, persistently weak financial conditions and lack of capital resources can hinder their ability to invest in infrastructure that is needed to serve their communities and transform healthcare delivery. **Federal support for healthcare-focused infrastructure projects across New York state is necessary.**

Background:

Even before 2020 and the [financial fallout of the COVID-19 pandemic and response](#), compared to their peers nationally, New York state hospitals and health systems as a group have suffered from persistently weak financial conditions.

Driven by low reimbursement levels across all payers, including Medicare and Medicaid, along with the higher cost of doing business in the state, in 2019 (the latest full year with data available), New York's hospitals collectively posted an operating margin of +1.7%. This is the second narrowest average operating margin in the country, with the national average operating margin sitting at +7.1%. Health economists have historically pointed to a +4% operating margin as the target to adequately reinvest in buildings and modernization.

Unfortunately, 2019 was not a single bad year for the state's hospitals. A scan of the last decade shows that as a group the average operating margin for New York's hospitals hovered around breakeven and never exceeded 2%.

These persistently low margins in turn lead to weak performance for other key financial indicators, which stifles opportunities to reinvest in buildings and modernization and reduces access to capital markets for affordable loans. **These financial conditions have resulted in a single key infrastructure metric: as a collective group, our buildings are the oldest in the nation.**

It is key to remember the critical role our hospitals and health systems play in New York's economy. New York's hospitals and health systems:

- **Drive economic activity.** The \$176 billion in economic activity generated each year by hospitals through jobs and the purchasing of goods and services makes up 10.1% of the state's entire gross domestic product.
- **Generate jobs.** Hospitals and health systems are often the largest employers in communities, generate many jobs (combined about 864,000) and are the top 10 private sector employers in every region of the

state. New York hospitals' primary investment is in their people, including direct salary and benefits to their employees. This economic activity also generates \$27.1 billion in tax dollars annually.

- **Provide substantial community benefits and investments.** Adhering to their charitable mission, New York's nonprofit, non-public hospitals expend \$12.3 billion, with the state's public hospitals contributing billions more each year to cover the cost of care provided to people in need; subsidize care and services to low-income, elderly and under-served communities; and continuously invest in community health initiatives.

Given these contributions to their local economies, federal infrastructure grants targeted to hospitals and health systems will help modernize the healthcare system during a critical period, as well as stimulate the economy in all parts of the state.

Ask:

HANY urges Congress to include hospital and health system infrastructure funding in a comprehensive infrastructure package.

Additional considerations should also be made when determining how to allocate federal infrastructure investments, such as:

- hospitals in states with relatively weak key financial indicators;
- hospitals in states where all or the majority of hospitals are of nonprofit status; and
- hospitals in states where capital projects would benefit Medicaid enrollees.