

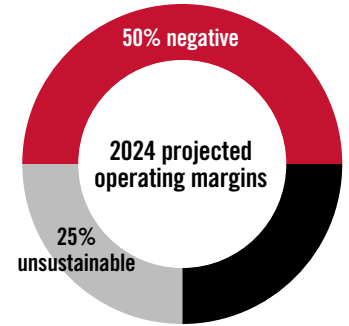
NEW YORK STATE HOSPITALS FISCAL SURVEY REPORT

STILL ON THE BRINK: New York’s hospitals continue to face significant fiscal, workforce and payer challenges

Most New York state hospitals lack funding to reinvest in patient care.

3 in 4 survey respondents do not have the operating margins needed to maintain and improve access to patient care, attract and retain a skilled workforce, invest in technology and research, secure capital funding and modernize their facilities.

Hospitals statewide project a median 0.0% operating margin in 2024. This is a slight improvement over recent years but indicative of our healthcare system’s fragility: With most hospitals struggling financially, harmful policy proposals threaten to put New Yorkers’ access to healthcare services at further risk.

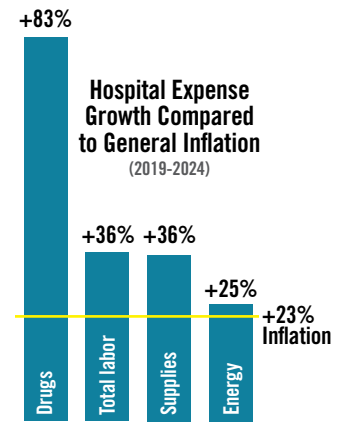


Expense growth and workforce challenges persist.

Hospitals continue to invest in their workforce despite extraordinary cost growth across all expense categories. **Total labor expenses have increased 36.4%** since 2019, exceeding general inflation by more than 13 points.

While hospitals report a second year of declining contract labor expenditures, those expenses are double what they were in 2019, as workforce challenges persist: **97% report a shortage of nurses and 88% report shortages of non-nursing personnel.**

Respondents report medications are their fastest rising expense this year. Hospitals have limited ability to control this growth, as medications are a necessary part of patient care.



Health insurer demands are making it more difficult for hospitals to provide care and get reimbursed.

Insurers across all payer types are increasingly implementing aggressive policies and practices that negatively impact patient care, place undue administrative burden on providers and add unnecessary costs to the healthcare system.

- **63% of hospitals report hiring or seeking more staff** to address these burgeoning insurer actions, which occur before, during and after care is provided.
- **35% project insurers’ actions will reduce their 2024 operating revenue by 5% or more,** equating to **\$1.3 billion or more in lost revenue** these hospitals would have otherwise used to sustain and invest in patient care.

- Disruptive plan actions**
- Medical record requests
 - Prior authorization requests
 - Prior authorization denials
 - Concurrent review requests
 - Concurrent review denials
 - Post-service delivery retrospective denials

We can’t reverse progress.

Policymakers must continue to support New Yorkers’ access to care.



Survey participants reflect 86% of the annual revenue generated by New York hospitals and health systems statewide. “Unsustainable” margin levels reflect margins of less than 3%, a Kaufman Hall standard. General inflation values are based on U.S. Bureau of Labor Statistics Consumer Price Index data. This survey was a joint effort of the Healthcare Association of New York State, Greater New York Hospital Association, Healthcare Association of Western and Central New York, Iroquois Healthcare Association and Suburban Hospital Alliance of New York State.