

NEW YORK STATE HOSPITALS FISCAL SURVEY REPORT

BRACING FOR IMPACT: Intense fiscal, workforce and payer challenges continue, with massive H.R. 1 cuts looming

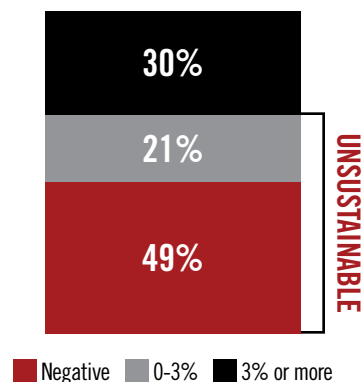
Most hospitals are operating in the red or barely breaking even — with patient access to care increasingly at risk.

7 in 10 survey respondents do not have the operating margins needed to maintain and improve access to patient care. Hospitals under this fiscal stress are already making tough choices about staffing and services – and H.R. 1, also known as the *One Big Beautiful Bill Act*, will only worsen this distress.

Hospitals are developing contingency plans right now based on the severe coverage loss and financial impacts expected from H.R. 1.

Overall, with hospitals statewide projecting only a breakeven median operating margin of 0.1% in 2025, our healthcare system continues to be unable to absorb new cuts and added costs imposed by either the federal or state governments.

2025 Projected Operating Margins



Workforce shortages remain, while costs continue to rise.

Despite these fiscal challenges, hospitals have made significant investments in their workforce. **Respondents' overall labor spending has increased 23% since 2022**, outpacing a general inflation rate of 9%.

Even with this heavy investment, hospitals still struggle to fill vacant positions. **8 in 10 respondents continue to report shortages** of nurses and other personnel.

Expenditures for all other major spending categories have exceeded general inflation since 2022: drugs (up 71%), supplies (up 25%) and energy (up 15%). Contract labor spending has decreased by 24% but remains above pre-pandemic levels as a share of total labor costs (6.2%).

Abusive health insurer actions are squeezing providers.

All respondents said health insurers' claims denials are resulting in lost operating revenue that hospitals would otherwise use to sustain and invest in patient care.

Respondents' revenue losses from claims denials are conservatively estimated at over \$3 billion for 2025.

9 in 10 respondents reported their ability to serve patients would be "very much" or "extremely" enhanced if insurers improved their practices the following ways:

- Reducing excessive or inappropriate claims denials
- Covering medically necessary care as defined by providers
- Ensuring full payment for authorized services (e.g., reducing "downcoding")
- Streamlining prior authorization processes to 72 hours to avoid care delays
- Simplifying utilization management requirements

H.R. 1 and other harmful policies are putting New York's already-fragile healthcare system in further jeopardy.
State and federal policymakers must do all they can to protect New Yorkers' access to care.



Survey participants reflect 90% 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.