A fall 2022 survey conducted by New York’s state and allied regional associations found New Yorkers are losing access to healthcare services amid escalating delivery costs and persistent workforce shortages — and providers expect access to further deteriorate.

1. **Severe fiscal and workforce challenges are forcing hospitals to cut patient services and halt modernization projects that advance patient care.**

   - 49% report reducing and/or eliminating services to mitigate staffing challenges while ensuring their most critical services remain available.
   - 77% report delaying or canceling building and improvement projects as a result of fiscal challenges — actions that erode the accessibility of healthcare services.

2. **National healthcare workforce shortages continue to force hospitals to use costly contract labor, driving up expenses alongside substantial increases in drug, supply and energy costs.**

   - 100% report nursing shortages they cannot fill; over 75% commented that other key positions cannot be filled — directly impacting the accessibility of healthcare services.
   - There was a 134% increase in hospitals’ contract staffing costs, an increase driven by the need to appropriately staff for patient care with the only nursing resources available.
   - Costs for drugs, energy and supplies are also up, and hospitals expect this trend to continue in 2023.
Four out of five hospitals in New York report negative or unsustainable operating margins.

- In 2022, 64% report a negative operating margin (those losing money when comparing care-related revenue and expenses).
- 85% report negative or unsustainable operating margins (margins of less than 3%).
- The number of hospitals reporting negative or unsustainable operating margins increased by 23% from 2019 to 2022.

With pandemic-related government support ending and expenses continuing to escalate, hospitals’ dire fiscal crisis is likely to only get worse.

- Including one-time pandemic relief, the median operating margin reported by New York hospitals hovered around break even even in 2020 and 2021 but has deteriorated to negative 3.7% in 2022.
- While relief funding helped stabilize the healthcare system in the first two years of the pandemic, there is no new support on the horizon.

New York’s hospitals need action now

New York’s already-strained hospitals cannot absorb their escalating expenses. Most hospital care is paid for based on prices set by Medicare and Medicaid — which do not cover the cost of providing care (paying just 84 cents and 61 cents for every dollar of care provided, respectively). Even if a hospital has a sufficient number of non-government-insured patients, negotiations with commercial insurers leave little room to address escalating hospital expenses in a timely or meaningful way, particularly when healthcare prices are under heavy public scrutiny.

Government help is needed right now to sustain the current workforce, bolster the pipeline of new healthcare workers and fix long-standing reimbursement shortcomings that threaten patient access to care in communities across the state.

The state and federal governments must immediately provide new funding, enact common sense policy changes and make no cuts to existing vital healthcare funding.

ABOUT THE SURVEY

Conducted in fall 2022, the survey asked New York hospitals fiscal, nursing workforce and patient volume questions for the period 2019 through projected 2022.

Responses are from hospitals and health systems in all regions of the state with a participation rate that reflects over 90% of the revenue New York hospitals and health systems generate on an annual basis. Data points on Medicaid and Medicare volume and payment are from hospital cost reports. “Unsustainable” margin levels reflect a standard from Kaufman Hall.

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.

Learn more in our full report at HANYS.org/critical

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