

## NEW YORK'S HOSPITALS ARE STILL FACING CUTS



Cost Sharing Reductions  
Update Factors  
Bad Debt Payments  
Coding Offsets  
Lab Payments  
Medicare Pay-for-Performance  
HOPD Site Neutral  
VDA  
Hospice Transfer Policy  
Sequestration  
Home Health Payment Reforms  
Medicaid Caps  
Medicaid Expansion Repeal  
Medicaid DSH  
Medicare DSH  
GME  
Post-Acute Care Reform

## Cuts Already in Place

- **Update Factors:** Across-the-board reductions to the Medicare inflation trend factor for all care settings.
- **Sequestration:** 2% across-the-board cuts in Medicare payments for all care settings. Recent federal legislation extended the length of sequestration cuts.
- **Medicare Disproportionate Share Hospital Payments (DSH):** Overall reductions and application of a distribution methodology that further decreases Medicare DSH payments to most NY hospitals.
- **Medicaid DSH Payments:** Recent federal legislation delayed Medicaid DSH funding cuts until October 2019 but increased the amount of the cuts after the delay expires.
- **340B Funding:** Medicare hospital outpatient payment cuts for drugs acquired under the 340B program.
- **Hospital Outpatient Provider-Based Department (HOPD) Site Neutral:** Reduces Medicare hospital outpatient payments for services provided at new off-campus clinics to the level paid at physician offices.
- **Volume Decrease Adjustment (VDA) Payments:** Retroactive recalculation and recoupment of adjustments for some Sole Community Hospitals (SCHs) and Medicare Dependent Hospitals (MDHs), and complete denial of funding for others.
- **Coding Offsets:** Cuts to Medicare hospital inpatient payments to account for assumed coding improvements.
- **Medicare Pay-for-Performance (P4P) Programs:** Overall cuts to Medicare inpatient hospital payments based on hospital quality performance across various P4P programs.
- **Bad Debt:** Reduction in Medicare bad debt payments to 65% of their full value.
- **Lab Payments:** Cuts to hospital Medicare payments for clinical laboratory services.
- **Hospice Transfer Policy:** Limits on Medicare inpatient hospital payments for certain patients discharged to the hospice setting.
- **Home Health (HH) Payment Reforms:** Phases out the HH rural add-on over five years, reduces the HH inflation trend factor, and redefines the HH payment methodology.
- **Cost Sharing Reductions (CSRs):** Elimination of the Affordable Care Act marketplace CSR payments, jeopardizing federal funding support for NY's Essential Health Plan.

## New and Pending Healthcare Threats in President Trump's FFY 2019 Budget

- **Medicaid Caps:** Would reduce federal Medicaid funding by implementing block grants with stringent limits on annual cost increases, exposing NY to new Medicaid costs.
- **Medicaid Expansion Repeal:** Would repeal the ACA funding for Medicaid expansion, exposing NY to new Medicaid costs.
- **Medicaid DSH Payments:** Would extend cuts in Medicaid DSH funds for three additional years, further reducing supportive funding to NY's hospitals.
- **Medicare DSH Payments:** Would redistribute Medicare DSH funds in a way that would shift overall funds away from NY hospitals.
- **HOPD Site Neutral:** Would expand current payment reductions to all hospital off-campus outpatient clinics, further reducing Medicare payments to NY's hospitals for outpatient services.
- **Bad Debt Payments:** Would reduce Medicare bad debt payments from 65% to 25% of their full value, further reducing Medicare payments to NY's hospitals.
- **340B Funding:** Would reduce Medicare drug payments, reduce and redistribute Medicare 340B drug payments, and adopt a "340B user fee," lessening access and the benefits of the 340B drug pricing program.
- **Graduate Medical Education (GME) Payments:** Would consolidate Medicare and Medicaid GME into a single pool, reduce funding, and redistribute in a way that, overall, would shift funds away from NY hospitals.
- **Post-Acute Care Reform:** Would reduce Medicare payment for all post-acute care providers and implement a Unified Post-Acute Care Payment System that would shift funds away from hospital inpatient rehabilitation services.