

Act now to remedy our healthcare system's acute-on-chronic condition.

New York's escalating healthcare crisis leaves no room for delayed action. HANYS urges the Legislature to include major multi-year investments and advance impactful measures in this year's budget to stabilize hospitals and nursing homes now, before the system's foundations erode further.

In healthcare, the term "acute-on-chronic" describes a situation where a patient with an existing long-term chronic condition experiences an unrelated acute healthcare problem that dramatically worsens their health. Unfortunately, despite our collective best efforts, this healthcare term best describes the status of New York's healthcare system today.

New York's longstanding chronic challenges. HANYS' data-driven report, *The Case for Change*, documented four chronic, compounding drivers pushing New York's healthcare system toward an "existential cliff": increasing and changing demand for healthcare services; a workforce that cannot meet demand; persistent health disparities; and an affordability crisis touching patients, employers, payers and providers.

The acute and severe impacts of H.R. 1. Layered on top of these chronic challenges, our healthcare system now faces acute shocks resulting from the enactment of H.R. 1. This new federal law drastically reduces federal healthcare funding support for New York, limits healthcare coverage options for New Yorkers and lowers reimbursement rates for hospitals and health systems — which are already underpaid for most of the services they provide. When fully implemented, H.R. 1 is projected to reduce hospital funding in New York by between \$8 billion and \$10 billion each year, totaling about \$40 billion to \$50 billion in losses through state fiscal year 2033.

State policymakers must take action now to confront the acute-on-chronic crisis facing our hospitals and nursing homes and secure the stability they need to continue providing care for New Yorkers. HANYS urges lawmakers to act on these core FY 2027 budget priorities:

SUPPORT the proposed **\$3.8 billion multi-year investment in hospitals and nursing homes** funded by Managed Care Organization tax revenue and a Targeted Healthcare Investment to strengthen hospital and nursing home long-term financial stability and protect patient access to care. We urge the Legislature to ensure these critical investments are fully expended and disbursed to providers without delay, as intended.

INCLUDE the **340B Prescription Drug Anti-Discrimination Act in the budget** to preserve 340B savings so hospitals, federally qualified health centers and other providers can reinvest in patient care and community health. (S.1913/A.6222)

REJECT payment cuts and other damaging policies, including a proposed \$500 million cut to the **Vital Access Provider Assurance Program**, a critical lifeline for many of the state's severely financially distressed hospitals.

HANYS urges the Legislature to advance additional impactful measures to stabilize hospitals and nursing homes now.

Protect and strengthen hospital and nursing home fiscal sustainability

Supportive funding programs for financially distressed hospitals

SUPPORT executive proposal but must go further to fully restore VAPAP funding

The Legislature must restore \$500 million in VAPAP funding for safety net hospitals to ensure this program remains fully funded. With nearly a third of New York's hospitals considered financially distressed, it's critical that the state continue providing fiscal support to help hospitals maintain operations and preserve vital services. HANYS supports the governor's proposed continuation of key supportive funding programs for financially distressed safety net hospitals and other providers — including VAPAP, the Global Budget Hospital Initiative, SDP programs and the Vital Access Provider program — but additional action is needed to fully restore VAPAP funding.

Safety Net Transformation Program

SUPPORT executive proposal

HANYS applauds the proposed \$1 billion in new capital investment to continue the innovative SNTP and the sustained investment in operating funding support for this program. We also press for strong regional considerations when making awards.

Nursing home capital reimbursement

SUPPORT executive proposal and go further

The executive proposes to reverse the 10% nursing home capital reimbursement cut enacted in FY 2024 by redirecting VAPAP funding specifically set aside for nursing homes. HANYS supports this redirection and urges the Legislature to build on this initiative by restoring the remaining 5% for a full 15% reversal. (Part L of S.9007/A.10007)

Rural Health Transformation Fund

SUPPORT executive proposal

HANYS supports the executive budget's commitment to the federal Rural Health Transformation Fund and strongly encourages the swift release of implementation details once finalized.

Hospital outpatient payment reductions

REJECT efforts to cut reimbursement for hospital outpatient services

The Legislature is considering a drastic proposal to cap reimbursement for hospital outpatient services at an arbitrary and woefully low level. Policies that set unsustainable reimbursement rates for hospital outpatient services fundamentally undermine patient access to care and threaten hospitals' ability to provide quality healthcare services for all patients. The Legislature must not allow this proposal to advance in its budget resolutions. (S.705-A/A.2140-A)

Promote stability in medical liability policy

Medical Indemnity Fund

SUPPORT executive proposal

HANYS supports the proposed \$127 million investment and proposed payment methodology change (Part I of S.9007/A.10007) to sustain the MIF — an essential fund for MIF participants and hospitals — through FY 2027. Providing adequate investment and more balanced reimbursement rates will help ensure the MIF's longer-term financial sustainability. Rejection of the proposed rate reforms would require additional funding (\$50 million) to avoid a disastrous mid-year solvency crisis.

Excess Medical Malpractice Program

REJECT executive proposal

The executive budget would cut in half (\$39.25 million reduction) the state's support for a much-needed program that assists physicians with the cost of an additional layer of medical malpractice insurance coverage. New York risks losing more doctors by raising liability costs in an already inhospitable medical liability environment. (Part D of S.9007/A.10007)

Reform damaging payer policies

Prior authorization practices

SUPPORT executive proposal and go further

The executive budget rightfully seeks to address the care barriers that prior authorization and utilization review practices increasingly impose on patients and providers. HANYS supports executive budget proposals to reform health plans' related processes by:

- requiring enhanced transparency on health plans' utilization review activity;
- expanding continuity-of-care protections for patients;
- increasing public accessibility to prescription drug formularies; and
- limiting repetitive utilization reviews for patients with chronic health conditions. (Part HH of S.9008/A.10008)

HANYS urges the Legislature to go further by advancing broader payer reforms to ensure patients receive timely access to care — beginning with shortening health plan determination timelines for certain prior authorization requests. (A.3789)

Independent Dispute Resolution process

REJECT executive proposal

Reject the executive budget proposal to significantly change the IDR process by creating an “allowed benchmark” and maximum payment cap, removing Medicaid managed care plans from the IDR process and adding the New York State Empire Plan into it. These changes to the arbitration system used to resolve disagreements between healthcare providers and insurers over out-of-network reimbursement for emergency and surprise bills would undermine adequate reimbursement for essential services and disrupt the balance of contract negotiations. (Part T of S.9005/A.10005)

“Cooling off” period

REJECT executive proposal

Reject the proposal to extend the “cooling-off” period from 60 to 120 days — a proposal that would double the amount of time hospitals and health plans must follow existing contract terms after a contract termination or non-renewal. The proposal would also extend the requirements to hospital-owned practices and authorize DOH to review and approve all plan and provider communications notifying consumers of the pending termination or non-renewal. While well-intentioned, the proposal would significantly shift negotiating leverage toward health plans and overlooks the comprehensive patient protections already established under federal and state law. (Part M of S.9007/A.10007)

Support our healthcare workforce

Staffing flexibilities

SUPPORT executive proposal

HANYS urges support for the governor's proposals that would enable healthcare professionals to practice at the top of their credentials and training, including:

- allowing experienced physician assistants to practice without the supervision of a physician in certain settings;
- authorizing certified medication aides to administer routine and prefilled medications in residential healthcare facilities under the supervision of a registered nurse;
- allowing qualified medical assistants under the supervision of a physician, nurse practitioner or PA to draw and administer immunizations to patients in an outpatient setting; (Part N of S.9007/A.10007) and
- allowing EMTs and paramedics to administer immunizations under non-patient-specific orders prescribed by a physician or nurse practitioner. (Part K of S.9007/A.10007)

Temporary practice permits

INCLUDE new proposal

Authorize the State Education Department to provide 180-day temporary practice permits to qualified registered nurses, licensed practical nurses and physicians who are licensed and in good standing in another U.S. state or territory and have accepted permanent employment in New York — an action that would remove unnecessary barriers to practice and expand access to care.

Ensure the right care in the right place to meet growing patient demand

Hospital at Home

SUPPORT executive proposal

Support the governor's proposal to allow hospitals to deliver acute inpatient medical services to established patients in their homes and receive Medicaid reimbursement for those services. Congress recently reinforced its strong support for the continuation of this program by reauthorizing the Medicare Acute Hospital Care at Home program through Sept. 30, 2030. (Part K of S.9007/A.10007)

Community paramedicine

SUPPORT executive proposal and go further

Support the governor's proposal to extend and expand the existing integrated and community paramedicine program, which allows EMTs to provide non-emergent care outside of traditional emergency response and transport roles. We urge the Legislature to make this program permanent. (Part K of S.9007/A.10007)

Questions about our legislative priorities?

Contact HANYS' Governmental Affairs at 518.431.7934.