

HANYS' SFY 2020-2021 state budget testimony

Joint legislative hearing of the Senate Finance
and Assembly Ways and Means committees

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President**



Good morning Chairs Krueger, Weinstein, Rivera and Gottfried, and committee members. I am Bea Grause, president of the Healthcare Association of New York State, representing nonprofit hospitals, health systems and post-acute care providers across New York. Thank you for this opportunity to discuss the 2020-2021 executive budget proposal.

During his annual State of the State presentation three weeks ago, Governor Cuomo stated that “New York has delivered on the promise that healthcare is a right for all, not a privilege for the few.” That is a momentous achievement.

Our members are, and will continue to be, fully committed partners with the state as we continue historic efforts to transform the healthcare system.

Healthcare quality is our top priority

New York’s hospitals, health systems and post-acute care facilities have made significant progress in quality improvement efforts by adopting evidence-based best practices and implementing data-driven interventions. Recent improvements include a 19% reduction in sepsis mortality, 35% reduction in hospital-onset *Clostridium difficile* and a 23-step jump in state rankings for maternal mortality.

Importantly, our members are sustaining and building on these improvements because the work of optimal patient safety and quality is a journey. HANYS’ members pursue excellence all day, every single day. A total of 176 hospitals participate in the New York State Partnership for Patients, a federal safety and quality improvement initiative, and more than 200 healthcare organizations have joined HANYS’ *Commitment to Excellence* program. Together, we are working to build on our successes and stay on the cutting edge.

We are on the front lines of public health challenges and emergencies

Our members serve on the front lines of public health challenges facing all New Yorkers, including the recent threat of coronavirus. New York’s hospitals tackled SARS (also a coronavirus) in 2003, the 2009 flu pandemic, Ebola in 2014 and others. We know that prevention and control of novel infections like 2019-nCoV will continue to pose unique challenges.

While public health authorities and scientists work tirelessly to learn about the potential impacts of the newest virus, hospitals and others on the front lines of providing care are employing rigorous infection control practices and strengthening systems in place to rapidly identify patients with 2019-nCoV and prevent further spread.

We continue to partner with lawmakers to increase organ donations and fight the misuse of opioids, a scourge that affects families across this state. We also support enhanced restrictions on tobacco use, efforts to limit youth exposure

to vaping and initiatives to promote greater public safety, such as stronger bicycle helmet safety laws.

New York's hospitals and nursing homes are also on the front lines of emergency preparedness. Our healthcare providers stand ready to respond to natural disasters such as Superstorm Sandy and the devastation our friends and families have faced in Puerto Rico.

New York's healthcare providers know the importance of being nimble and adapting quickly to new threats, while maintaining focus on delivering quality patient care.

Improving the healthcare system for consumers

We also recognize the need to keep pace with our patients' evolving needs and expectations. Our members are working hard to provide patients with easy access to meaningful information on services and prices. HANYS' members will continue these efforts in partnership with state policy makers, understanding that we will need other stakeholders, including the payers, to join us in our ongoing efforts to keep patients at the center of our healthcare system.

To that end, we want to thank the governor for advancing as part of his budget proposal several critically important, common-sense managed care reforms. These proposals will provide much-needed efficiencies and will not only reduce administrative waste but will also lead to better patient experiences.

Coverage is key

We stand firmly committed to ensuring access to affordable healthcare and achieving the goal of universal coverage. Thanks to the governor and legislature, New York is a leader in providing healthcare coverage for its citizens: 95% of New Yorkers have access to some type of health insurance. We are committed to working to increase that percentage.

Hospitals are economic anchors, but we face serious challenges

Hospitals and health systems across New York play a vital role in improving local economies and communities. Quite often, our members are the largest employers in their community. Together, they add \$170 billion to New York's economy. Our workforce is the backbone of our facilities, from our nurses and doctors to maintenance, food service and cleaning staff. Everyone plays a vital role in our success and ability to deliver needed services to our patients.

Keeping our doors open to care for the sick and injured and serving as places of refuge for those with nowhere to turn is a responsibility and privilege we embrace.

However, our membership continues to face serious challenges, including workforce issues.

In a world of advancing technologies, we are working to address an aging workforce and provider burnout. We support and thank the governor for his proposal to increase apprenticeships, including those in healthcare. I would like to also thank you for your continued support in ensuring a healthy and robust healthcare workforce.

Further compounding our workforce challenges is this year's proposed elimination of the excess medical malpractice program, which helps to address a medical malpractice insurance affordability crisis by funding a secondary layer of medical malpractice insurance.

Our members, large and small, urban, suburban and rural, provide 24/7 healthcare services for all New Yorkers, regardless of their ability to pay. This is our core mission. We recognize and applaud the support we've received from the governor and the legislature in providing vital resources for us to continue this mission. Please consider continuing infrastructure investments for our hospitals and nursing homes, should funds become available.

Together, we must continue moving these efforts forward.

HANYS and the hospitals, health systems and post-acute care providers we represent appreciate the fiscal challenges our state is facing. We want to be partners in helping to solve these challenges. However, as we move through budget deliberations, we ask you to be mindful that cuts to providers put at risk all of the good work we've accomplished together thus far.

Exacerbating the state challenges is the unrelenting assault on the healthcare delivery system by the harsh and detrimental policies of the federal government, particularly those being generated by the current administration. We've seen the implementation of numerous administrative actions by the president that have put at risk billions of dollars of federal support, most aimed directly at our safety net providers.

These include cuts to the 340B Drug Pricing Program, site-neutral payments, targeting New York through the area wage index and, most recently, proposals to limit a state's ability to finance its Medicaid program through supplemental payments. These cuts exact an overwhelming toll on New York's healthcare providers. We are working daily to reverse and minimize the impacts of these drastic policies, but the threat remains very real.

Our nonprofit hospitals and health systems are doing all of this despite facing serious financial challenges. The statewide average hospital operating margin

of 1.7% is the worst in the country, with nearly half of New York's hospitals operating with *negative* margins.

Our nonprofit nursing homes, whose residents are overwhelmingly insured by Medicaid, are paid significantly below the cost of providing care to these individuals. This underpayment contributes considerably to the fragile condition of our state's nonprofit and public nursing homes.

We stand ready to help address the Medicaid imbalance

The governor has called for another Medicaid Redesign Team in his 2020-2021 executive budget to address what he has defined as a \$2.5 billion Medicaid shortfall. The MRT will do this without imposing any negative fiscal effects on local governments and, most importantly, without diminishing or reducing services to Medicaid recipients.

It is hard to imagine that amount of money being taken out of New York's healthcare delivery system without putting a great deal of strain on our already over-stretched hospitals, health systems and post-acute care providers. This will clearly be a challenging and critically important endeavor with impacts that will be felt for years.

I'm here today to offer my help and that of my members. HANYS is ready to be part of the governor's initiative to bring stakeholders together to address the Medicaid imbalance. We played a key role in the original MRT nearly a decade ago and welcome the opportunity to again be part of the solution now. Throughout this process, we will remain committed to protecting our patients and the dedicated healthcare professionals who serve them.

We thank the legislature for acknowledging these challenges and continuing to support New York's healthcare institutions and the dedicated professionals who serve in them. HANYS is committed to working with state government and all healthcare stakeholders as we pursue our common goal: ensuring that the highest quality care is accessible and affordable to all New Yorkers. We appreciate the support of the legislature and governor and look forward to continuing the progress we have made together.

Attached is HANYS' summary chart outlining key healthcare provisions of the proposed executive budget for 2020-2021.

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