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## State Budget Kind To Safety-Net Hospitals

*BOB HENNELLY*



ANTHONY FELICIANO: ‘First time they recognized issue.’

Medical networks like NYC Health + Hospitals, which provide the bulk of care for the state’s undocumented and indigent patients, are hailing as a hopeful first step portions of the new state budget which earmark \$40 million over the next two fiscal years to “safety-net” and “critical-access” hospitals in both urban and rural communities.

NYC H + H’s network of 11 hospitals is projected to be running a \$1.8-billion deficit by 2020, according to the de Blasio administration.

**‘Symbolic Victory’**

“This is a symbolic victory,” Anthony Feliciano, executive director of the Commission on the Public Health System, a non-profit advocacy group, said in a phone interview. “The money is nowhere near enough, but it’s the first time we are getting the recognition.

“Especially now, with the threat coming from the Federal Government, we have to go to deal with these race- and economic-based inequities when it comes to access to our health-care-delivery system,” he continued. “Study after study shows the connection between these issues and poorer health-care outcomes” for the poor and people of color.

“We are pleased that the final state budget preserves last year’s funding and adds a new component—as yet without details—for safety-net funding,” said NYC Health + Hospitals in a statement.

“Broadly, it is a budget that makes important investments and continues investments already made” in the state’s health-care delivery system, Helen Schaub, SEIU Local 1199 vice president for Policy and Legislation, said in a phone interview. “It also provides \$255 million to Medicaid health providers to ensure tens of thousands of health-care workers working in long-term care will see their wages go up when the state’s minimum wage goes up to \$13 Dec. 31.”

### **Medicaid Reduction Worry**

In an email, Assemblyman Richard Gottfried, chair of his body’s Health Committee, wrote that it was conceivable that the final amount for the safety-net institutions could be more “if we are successful in getting Federal matching funds that would double the funding.” But Mr. Gottfried cautioned that even this new appropriation could be at risk because the budget includes a provision that gives the state an emergency option to revisit the budget if there is at least an \$850-million reduction in Medicaid support coming from the Federal Government.

“In the event that more than \$850 million in Medicaid is cut, the Governor has to come up with a plan that is equal and proportionate across Medicaid and he presents it to the Legislature and we have 90 days to act. And if we don’t, his prevails,” said Sen. Kemp Hannon, chair of the Senate Health Committee, in a phone interview. “This will assure there is full transparency and that all the stakeholders have a chance to offer feedback.”

Last week in an interview with the Wall Street Journal, President Trump threatened to hold as hostage subsidies that under the Affordable Care Act the Federal Government is

required to pay private insurers who provide health coverage for millions of individuals. Mr. Trump reasoned that such a move would force congressional Democrats to the table to negotiate a replacement for the ACA. "If I don't approve it, that would mean Obamacare doesn't have enough money, so it dies immediately as opposed to over a period of time," he told the Journal.

### **Offer Design Flexibility**

Governor Cuomo and the State Legislature agreed to budget \$500 million in capital funding for the state's financially struggling hospitals, following up on last year's budget for the Health Care Facility Restructuring Program. The latest allotment permits hospitals with stressed balance sheets to invest in reconfiguring their facilities to keep pace with the latest in medical practices, which emphasize cost-containment, outpatient and wellness care over hospitalization.

"This is aimed at statewide transformation and encouraging mergers and consolidations, and the applicants should be able to demonstrate [that] what they want to fund will improve the delivery of care," said Patrick Orecki, an Albany-based researcher with the Citizens Budget Commission, a non-profit business-funded fiscal watchdog.

The state's leading hospital-advocacy group praised Mr. Cuomo and legislators for the priority they placed on health care in the budget. "New York's hospital community applauds the Governor for once again demonstrating his deep commitment to the health and well-being of all New Yorkers," wrote Ken Raske, president of the Greater New York Hospital Association.

### **Not All Good News**

But, in a letter to Association members obtained by this newspaper, Mr. Raske itemized several cuts to facets of the state Medicaid program, including "sizable reductions for Medicaid managed-care plans" and cuts "to many public-health and health-care-workforce-training initiatives."

"While we understand the need for fiscal discipline and concern about Federal cuts to New York State, we are nevertheless troubled by the cuts contained in the final budget," Mr. Raske wrote to his members.

Both this year's and last year's capital investments followed through on the Cuomo

administration's success in 2014 in securing an \$8-billion Medicaid adjustment from the Obama Administration aimed at stabilizing the state's most-fiscally-fragile hospitals, as well as modernizing its health-care-delivery system. At the time, Mr. Raske described the Federal windfall as "a shot in the arm" for the state's hospitals. Yet there were aspects of the ACA which turned out to be problematic for systems like NYC H + H with a high percentage of undocumented and indigent patients.

While the ACA increased the availability of insurance, which helped bring down the percentage of uninsured patients, it also heated up competition among providers for paying customers. At the same time, it prohibited the coverage of undocumented immigrant adults, leaving the burden on the municipal system, while also phasing out Federal funding to systems like H + H with a "disproportionate share" of indigent patients.

### **Hospitals on the Brink**

Currently, 28 of the state's 200 hospitals are defined by officials as "financially distressed." Late last year, this newspaper reported that as of June 30 the city's Health & Hospitals Corporation, the predecessor to H + H, would have sufficient cash on hand to operate for only seven days, according to the agency's own projections. The projections were summarized in a report put out by State Comptroller Thomas P. DiNapoli.

The H + H current fiscal crisis has been brewing for years, but deepened as the entire industry faced declining hospital admissions. Increasing competition for insured patients and the drive for consolidation and cost containment has already dramatically altered the health-care landscape, with 16 hospitals in the city being forced out of business since 2003.

Back in June, a labor coalition led by DC 37, the New York State Nurses Association, and the Doctors Council SEIU won a unanimous vote of support from the Senate and the Assembly for hospitals that care for those with no other option. The proposed legislation would have guaranteed additional state support on an ongoing basis for safety-net hospitals. The bill defined such hospitals as having at least half of their patients uninsured or on Medicaid, with no more than 25 percent of covered by private-sector insurance plans.

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The bill's boosters were disappointed when the Governor vetoed the legislation, citing the cost factor and the changing political winds in Washington.

### **Dodges Bullet for Now**

Last month the state dodged a bullet when House Speaker Paul Ryan pulled his replacement for President Obama's Affordable Health Care Act because of opposition from both conservative and moderate Republican members, as well as all Democratic representatives.

Earlier this month Mr. Trump took to Twitter proclaiming "anybody (especially Fake News media) who thinks that Repeal & Replace of ObamaCare is dead does not know the love and strength in R Party!" He added that "talks on Repealing and Replacing Obama-Care are, and have been, going on, and will continue until such time as a deal is hopefully struck."

Despite the temporary reprieve, Medicaid cost-containment through block grants to the states remains a popular option with House Republicans and has been long advocated by U.S. Secretary of Health and Human Services Tom Price.

Medicare currently covers almost 60 million senior citizens and Medicaid is the health-care safety net for close to 77 million of the nation's poorest people and the disabled. Combined, the two programs cost close to \$1 trillion in 2016, according to the Congressional Budget Office.

### **Bigger Slice of Budget**

According to the CBO, the nation's aging demographics, as well as health-care costs that continue to outpace the rate of growth of the economy, will result in a significant increase in the percentage of the Federal budget dedicated to maintaining Medicare, Medicaid, and the Children's Health Insurance Program. It projected that carrying these programs in their present forms would lead to spending going from 6 percent of the Federal budget to 10 percent over the next three decades.

For Mr. Gottfried, the mixed signals coming out of Washington on the future of Medicaid should prompt Albany to take matters into its own hands and pass a state-based universal-health-care plan to entirely replace private insurance. "As bad as things are in health care today, they will be catastrophically worse. The only way New York can really protect New Yorkers' health care is by enacting the New York Health Act," he said in a phone interview.

Fitz Reid, president of District Council 37's Local 768, said the debate over Federal health-care funding should include reconsideration of Mr. Trump's reordering of national priorities. "The President's call for an additional \$54 billion for the military is at odds with the needs of the American people for decent health care," he wrote.

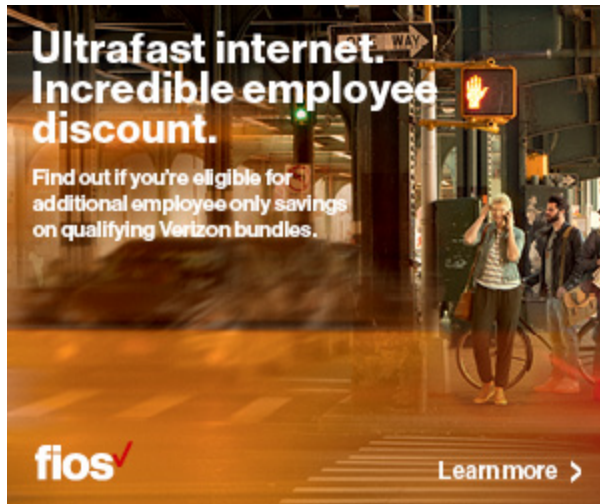
### **Single-Payer Momentum?**

In recent months a proposal for a single-payer, state-based system has picked up steam in California's Legislature. Legislators introduced a bill with a one-line declaration: "It is the intent of the Legislature to enact legislation that would establish a comprehensive universal single-payer health-care-coverage program and health-care cost-control system for the benefit of all residents of the state." The bill is backed by the California Nurses Association.

In 2011, Vermont became the first state to adopt the single-payer model, but it never got implemented and three years later it was abandoned due to its potential cost. Estimates pegged the annual price-tag at \$4.3 billion, which turned out to be close to the size of the state's entire budget and would have required hefty hikes to the state's income and business taxes.

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