NASSAU-SUFFOLK HOSPITAL COUNCIL
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The collective voice of Long Island's not-for-profit and public hospitals.

Testimony for the

Medicaid Redesign Team

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Hofstra University
Hempstead, NY

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Members of the New York State Medicaid Redesign Team, I am Kevin Dahill, president and CEO of the Nassau-Suffolk Hospital Council, and I thank you for the opportunity to present comments today about meaningful ways to reform our Medicaid program. The Hospital Council represents Long Island's 24 hospitals, ranging from community-based hospitals, safety net institutions, to larger academic medical centers.

Medicaid reform is long overdue and our members applaud the efforts of the governor's Medicaid Redesign Team in their attempt to find efficiencies and savings in this program, while preserving access and quality of care. We know from experience that unilateral cuts to the program achieve short-term budgetary goals, but also succeed in eroding access and undermining the financial stability of all hospitals. In our region, hospitals have absorbed $166 million in cumulative Medicaid cuts and new taxes since April 2008. Added to this is the $9.3 million MTA employer tax that our institutions began paying in 2009.

While Long Island may be perceived as relatively wealthy, our region has not been immune from the rages of the recession. That our communities are economically stressed is borne out by health care statistics. Nearly one in five hospital discharges from this region are covered by Medicaid and we anticipate that number will grow this year. Since the start of the recession, our Facilitated Enrollment program has seen a 28 percent increase in applications processed for children and a 124 percent increase in applications processed for adults for coverage under the Medicaid, Child Health Plus, and Family Health Plus programs. Those who never had to seek public assistance are doing so in growing numbers, as Long Islanders lose their jobs, their health insurance, and exhaust their COBRA benefits. Post recession we continue to see a surprisingly high number of adults applying for insurance – a 10.4 percent increase in the 15 months immediately following the recession's official end in June 2009.

It's an established fact that increasing enrollment is a major driver of Medicaid spending. We need to acknowledge that this situation will not go away in our current unstable economic environment and that any moves to reform Medicaid must account for ever increasing enrollment.

Having said this, the Hospital Council supports the recommendations made to the Medicaid Redesign Team in the HANYS Medicaid Task Force report. Our members provided input to this report. I would like to highlight several recommendations that are of importance to Long Island hospitals.

1. **Coordination of care for dually-eligible patients and chronically ill patients**. Dual eligibles account for about 14 percent of enrollees and more than 40 percent of Medicaid spending. Services and financing are difficult to coordinate and often subject to conflicting state and federal incentives and rules. Every one percent reduction in Medicaid spending resulting from coordination of care for dual-eligibles saves the Medicaid program $175 million.
2. **Behavioral/mental health patients would greatly benefit from better care coordination.** This is especially important to Long Island, as there is a dearth of inpatient and outpatient programs for these patients. Better coordinated care would avoid forcing patients to access expensive emergency room care at hospitals and would provide these patients with seamless care throughout the continuum of health and social services that they need to stay healthy.
3. **Palliative care** offers terminal patients and their family members quality of life in the precious waning weeks, while tending to the patient's medical and emotional needs. Study after study confirms that patients and families, when given a choice, prefer this less invasive means of care that preserves dignity. In hospitals, 80 percent of costs are incurred during a patient's last weeks of life. A number of palliative care units are up and running at hospitals on Long Island.
4. **Patient-centered medical homes and other care models** (accountable care organizations, bundled payment systems) that strive to achieve better medical management and care coordination through a team effort would realize savings for the Medicaid program. The state should have the flexibility to encourage these potentially cost-saving projects.
5. **Regulatory relief is needed.** Building upon progress made last year with revisions to the Certificate of Need process, a further restructuring of the CON process has the potential to save millions, while ensuring that patients have access to modern, well-equipped facilities sooner rather than later. Further, the DOH lacks the staff to review and approve CON applications in a timely manner or to enforce other regulations. The Department could instead approve a list of vendors with whom hospitals may contract for facility inspections.

- **Unify quality reporting requirements** with those of Medicare to promote consistency in oversight activities at all levels of government.
- **Reform malpractice** so that the state can take the millions spent on our ineffective malpractice system and apply that money to needed services, such as expanded primary care, health information technology, and staffing in shortage areas. Consider implementing a "sorry works" program and using specialty medical courts.

Whatever reforms the state ultimately embraces, it is incumbent upon all of us to remember that the decisions we make today will affect the health and quality of life of those who need the health care system the most – the frail elderly, the disabled, and economically-disadvantaged adults and children. Many of these individuals are our neighbors, our friends, and our family members.