



STAT News

Published bi-monthly by the Suburban Hospital Alliance of New York State, LLC, a consortium of 51 not-for-profit and public hospitals advocating for better health care policy for all those living and working in the nine counties north and east of New York City. **March 8, 2013**

STATE UPDATE: Hospitals Stake their Ground

Pressing their concerns about health reform savings re-investment, regulatory relief and reform, and some troubling provisions in the proposed state budget, leadership from the Suburban Hospital Alliance of New York State, LLC, met with key state legislative leaders and state government staff on Wednesday, March 6, 2013 in Albany.

Next year, the state will see approximately \$1 billion in savings from the enhanced federal match for Medicaid expansion under the federal Affordable Care Act (ACA). The Suburban Alliance supports a March 2012 report by the Urban Institute that these savings are dramatically understated. In addition, health care savings experienced by the state should be reinvested in health care services, rather than being used to resolve other budgetary gaps. The hospital community is an active partner in health reform on state and federal levels and believes it should share in savings generated by reforms. Most notably, hospitals have kept expenditures under the Medicaid global spending cap for two years and counting and continue to implement innovative care delivery programs that better coordinate care across the continuum and among populations, while assuming greater financial risk.

Burdensome and duplicative regulations, as well as unfunded mandates, add to the financial and administrative strain on hospitals. Suburban hospitals are particularly wary of mandated staffing ratios that are largely inflexible and do not allow for hospitals to account for surge capacity needs and other unique patient care situations.

In an effort to bring more capital to New York's hospital industry, the state is considering private financing options and even for-profit investment in hospitals. The proposed state budget calls for two capital financing pilot demonstrations. Suburban Alliance members welcome the discussion about alternate financing mechanisms, but are concerned that for-profit institutions would cherry-pick the most profitable patients and procedures, leaving non-profit hospitals with a disproportionate burden of uninsured, poorly insured, and Medicaid patients. The commitment to community service and charity care need to be maintained regardless of IRS status of the hospital ownership. In addition, the state is showing increasing interest in commercial insurance reimbursement transparency. This is an issue for health care providers, because they rely upon a competitive marketplace for adequate rate reimbursement.

The Suburban Hospital Alliance is also calling for:

- Elimination of the two-percent across-the-board Medicaid cut
- Reinstatement of the full Medicaid trend factor – cost update tied to inflation – that has been absent since 2005

FEDERAL UPDATE: Sequester Cuts Add Pain

Sequestration cuts went into effect March 1, 2013 and \$85 billion in spending cuts to defense and domestic programs for the remainder of this federal fiscal year are underway. The two-percent Medicare reimbursement cuts will be applied to health care services provided on and after April 1, 2013. Medicare benefits and Medicaid are exempt, but the Medicare Electronic Health Record Incentive Payment, otherwise known as the “meaningful use” incentive, may be at risk. The President, in recent days, has met with some rank and file GOP lawmakers, after having met previously with Congressional leaders. However, there is no solution in sight to modify or cancel the cuts.

In a few weeks, the continuing resolution that has been funding the federal government will expire. Congress must either extend it, negotiate new spending levels, or if an agreement is not reached, shutdown the government on March 27, 2013.

**Permission to reprint articles granted. Attribution to this publication required.*

Medicare Pain Unabated . . .

- Since April 2010, the 51 hospitals in the Suburban Hospital Alliance began absorbing Affordable Care Act-mandated cuts - \$3.3 billion (2010 – 2022)
- Beginning April 1, 2013, sequestration cuts mean another \$629 million (2013 - 2021) in payment reductions.

Hudson Valley Office
400 Stony Brook Court
Newburgh, NY 12550
(845) 562-7520
www.normet.org



Long Island Office
1383 Veterans Memorial Hwy, Ste 26
Hauppauge, NY 11788
(631) 435-3000
www.nshc.org