



March 20, 2024

Dear Senate Majority Leader Stewart-Cousins, Speaker Heastie and members of the Legislature:

Thank you for the strong support you demonstrated in your respective budgets for New York's healthcare system, its workforce and the communities for which they care. On behalf of the hospitals and health systems on Long Island and in the Hudson Valley, I write today to ask for your continued commitment to these priorities as you enter the final weeks of budget negotiations.

We are especially grateful that you rejected the cuts included in the Executive Budget proposal and instead proposed meaningful increases in Medicaid rates for hospitals. If enacted into law, these increases will help close the gap between the cost of providing care and current reimbursement rates. On average statewide, Medicaid only reimburses hospitals about 70 cents for every dollar of care provided; in the suburban regions, that number is closer to 62 cents. This is not sustainable.

Closing the Medicaid Gap

We urge you to fight to retain these significant rate increases in the final budget. Closing the Medicaid gap helps:

- **Improve the affordability of healthcare for all New Yorkers.** When Medicaid doesn't pay its bills, providers must shift costs to commercial insurers. That makes healthcare more expensive for everyone.
- **Stabilize safety net providers.** Hospitals and health systems that overwhelmingly treat patients with public insurance are locked into a permanently fragile financial state, without the resources to modernize their facilities, develop their outpatient networks or compete for staff in a tight labor market. As Medicaid covers an ever-larger share of New York residents, more hospitals are added to the distressed provider list.
- **Address healthcare disparities.** A generation of underfunding by the Medicaid program has discouraged outpatient and primary care network development in our most vulnerable communities, making care harder to access and more expensive, resulting in delayed or foregone treatment and worse health outcomes.
- **Strengthen the mental health system.** Medicaid is the single largest payer of mental health services. Increasing Medicaid rates increases capacity and helps attract new professionals to a field that faces persistent workforce shortages.

Safety Net and Capital Funding

We also appreciate both chambers' ongoing support for distressed providers. The rejection of cuts to the Vital Access Provider Assurance Programs (VAPAP) for hospitals and nursing homes and continued support for the Directed Payment Template (DPT) program, as well as the provision of new funding for capital projects to support the ongoing modernization of healthcare facilities, are critically important. These investments have our enthusiastic support.

Workforce

The healthcare workforce shortage is serious and persistent. Hospitals and health systems are aggressively hiring, paying competitive wages, and offering a wide range of generous benefits to attract and retain more nurses, physicians, physician assistants, aides, therapists, and other high-need professionals. We are also working locally with academic, labor and community partners to expand the

pipeline of future healthcare workers. However, the combination of a highly competitive labor market and a generational demographic shift has forced providers to continue to rely on temporary staffing agencies to fill shifts. Contract labor expenses have increased 141 percent since 2019.

We appreciate that both the Senate and Assembly budgets included provisions to permanently authorize pharmacists to direct limited-service laboratories and perform COVID-19 and flu tests. Thank you for also extending the Nurse Practitioner Modernization Act for two years and permanently allowing physicians and nurse practitioners to authorize non-patient specific orders for nurses to perform COVID-19 and flu tests.

We support provisions in the Executive Budget that would provide hospitals and health systems with the flexibility to utilize their current workforce to the fullest extent of their training and education. We hope the Legislature will engage in discussion in the post-budget session about these scope of practice changes. We also strongly support New York's entrance into the Interstate Licensure Compact for physicians and the Nurse Licensure Compact. Participation in the interstate compacts allows for the quick relocation of healthcare professionals to New York in an emergency, reducing our reliance on predatory staffing agencies. It also allows us to be competitive in the recruitment of clinicians.

In the meantime, we implore the Legislature to incorporate within the budget language to sunset the COVID-19 sick leave law for all employers, including hospitals. This is the single most important action you could take to ease the staffing crisis for hospitals immediately. Clinical guidelines and treatment options have changed dramatically since 2020 when this law was passed; it is no longer reasonable or necessary to provide an automatic 14 days of sick leave – in addition to existing paid leave time -- for a staff person with a COVID infection. Hospitals offer generous paid leave policies and observe strict infection control policies for all workers, especially those who encounter patients. The law serves only to exacerbate the staffing shortage and force hospitals to increase their use of contract labor.

Managed Care

We appreciate that both chambers addressed telehealth payment parity in your respective budgets. We urge the Legislature to make this important means of treatment permanent. We also thank the Senate and Assembly for accepting a proposal to require health plans to reimburse authorized, in-network OMH- and OASAS-licensed outpatient services at least at the Medicaid rate for comparable services, and are grateful that both chambers rejected a proposal that would have carved out all Medicaid claims from the independent dispute resolution process. We look forward to working with the Legislature on a robust agenda of other managed care reforms in the post-budget session.

Thank you again for your continued support of the hospitals and health systems that serve the communities you represent. If I can provide you with any additional information, please do not hesitate to contact me.

Best regards,



Wendy D. Darwell
President and Chief Executive Officer