



Testimony

to the
Joint Legislative Budget Committee
on
Health and Medicaid

January 25, 2016

NEW YORK STATE UNITED TEACHERS
800 TROY-SCHENECTADY ROAD
LATHAM, NY 12110-2455
518-213-6000
www.nysut.org

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Testimony of
Andrew Pallotta

*Executive Vice President
New York State United Teachers
to the
Senate Finance Committee
Catharine Young, Chair
and
Assembly Ways and Means Committee
Herman D. Farrell, Jr., Chair
on the
Proposed 2016-17 Executive Budget
for
Health and Medicaid
January 25, 2016*

Good afternoon, Senator Young, Assemblyman Farrell, and honorable members of the Senate Finance Committee and Assembly Ways and Means Committee, I am Andrew Pallotta, Executive Vice President of New York State United Teachers (NYSUT). NYSUT represents more than 600,000 education and health care workers statewide. NYSUT's Health Care Professionals Council (HCPC) consists of representatives of NYSUT's 16,000 professional registered nurses and other health care professionals working in public and private health care settings. Our members work in hospitals, clinics and through home health care agencies. Additionally, our members include physicians, visiting nurses, therapists, lab personnel, school psychologists, and registered professional school-based nurses throughout New York state. In addition, NYSUT represents over 160,000 retirees, many of whom use the state's health care system. On behalf of the HCPC and NYSUT, thank you for the opportunity to submit testimony today on the 2016-2017 Executive Budget proposal.

Once again, we are grateful for your decisive legislative actions recently, as you have aided our health care professionals in their workplace by enacting reforms that assist all of our members be an effective resource to the public.

By the close of the 2015 legislative session, you had passed several pieces of legislation that were enacted into law. These statutes are very helpful to those who work in, and to those who use and rely on, New York state's health care system. You acknowledged the need to provide expanded protections to all of our non-nurse direct care workers by making assault on these professionals a felony (Ch. 423 of 2015). You understood the problems, and took action on, the expenses that Americans with disabilities and their families incur (education and higher education expenses, a primary residence, transportation, obtaining and maintaining employment, health and wellness, assistive technology and other personal support expenses) by passing the NYS ABLE Act – a tax-deferred saving account (Ch. 576 of 2015). Finally, you responded to the prenatal needs of women by allowing them to enroll for health insurance when they become pregnant, regardless of the open enrollment period on the health benefit exchange or any other restrictions in seeking coverage off the health benefit exchange (Ch. 581 of 2015).

I am sure we can all agree that the key to providing critically needed health care services in a high-quality manner is having appropriately trained and knowledgeable health care professionals at every level of the health care delivery system. Having said this, I would like to discuss how

the Executive Budget affects our health care professionals and the New York state citizens who rely on their skills. My hope is that this information will be a help to you as you begin the very difficult task of deliberating and negotiating the 2016-2017 New York state Executive Budget.

Medicaid

The 2016-17 NYS Executive Budget Medicaid (state share) Spending Cap continues a year-to-year cap growth of no more than a ten-year rolling average of CPI (estimated at 3.4%) and allows the Commissioner of the Department of Health to adjust the amount if spending exceeds the cap. Proposed increases in Medicaid spending under the 2016-17 Global Cap will total \$17.95 billion, an increase of \$343M million or 2.0 percent over 2015-16 spending. Total 2016-17 Medicaid spending, All Funds, is \$65.8 billion, an increase of \$343 million or 0.7 percent.

While we realize that the expenses associated with the NYS Medicaid program are complex and costly, NYSUT believes that such expenses are necessary and, therefore, urges the Legislature to consider amending several of the proposals in the 2016-17 Executive Budget:

- the expansion of Medicaid Global Cap; and
- the continued lack of the institutional trend factor reimbursement rates to hospitals and nursing homes.

NYSUT is concerned the effect of a perpetual cap on spending for our health care facilities will impact the delivery of health care services and programs by health care providers to our neediest New York state citizens.

While we appreciate the increase of \$343 million over SFY 2015-16's spending cap, we believe that enactment of a budget with these provisions, without consideration of the unpredictable medical needs of the New York state population, will significantly compromise delivery of health care services to our state's citizens. As I am sure you are aware, hospitals, nursing homes and home care agencies serve a range of people from the chronically ill to those in need of emergency care. Crises, epidemics and natural disasters occur without warning and expert, decisive responses by health care professional are, instrumental to our nation's care and resiliency.

Hospitals have the responsibility to respond, not only, to the influx of medical emergencies, but maintain the needs of the patients who were already under their care. Hospitals also serve as safe havens for shelter and food. Clearly, our health care facilities need to be preserved and fiscal caps and reductions do not aid in such preservation.

In addition, enrollment in Medicaid continues to grow while the Executive Budget proposes to completely eliminate the trend factors rates for hospitals and nursing homes. This action, unfortunately, requires these health care facilities to absorb all inflationary increases without any cost-of-living adjustments. Such an approach ignores the heightened costs and the mix of services that providers offer and fails to distinguish between high and low occupancy facilities. The last year these facilities were provided with a full trend factor adjustment was 2005.

A large portion of the Executive Budget's proposed cuts to the Medicaid program mean an equal loss of matching federal funds. If enacted in its current form, the Executive Budget proposal would amount to decreased revenue to hospitals, home care providers, and nursing homes. The

consequence of continued cuts to health care professionals working in these facilities may be massive layoffs, elimination and sacrifice of high quality services and, most likely, more facility closings. Clearly, cutbacks of this magnitude to the health care community are unacceptable to NYSUT and to New York state citizens, who would be adversely affected by either an elimination or compromise of health care services. We urge you to work closely to develop alternatives to the proposals contained in the Executive Budget, namely:

- a reassessment of the Medicaid Global Cap; and
- reinstatement of the annual trend factors for health care facilities that have been denied such funding since 2005.

Income-Related Monthly Adjustment Amount (IRMAA) – Medicare Part B

The 2016-17 Executive Budget proposes language which significantly alters the reimbursement of Medicare Part B premium for retirees covered by the New York State Health Insurance Program (NYSHIP).

The Executive Budget proposal contains a provision that amends the Civil Service Law and freezes the reimbursement of Medicare Part B premium at \$104.90 for all NYSHIP retirees, regardless of their income, with Medicare primary insurance. Additionally, it eliminates the reimbursement of the Income Related Monthly Adjustment Amount (IRMAA) for certain retirees. IRMAA has been reimbursed for the last seven years, while other retirees pay a standard premium which is also reimbursed. This means that as the cost of Part B increases each year, retirees will have additional out-of-pocket health care costs which, NYSUT believes, constitutes a diminishment of their established health care benefits.

This change not only affects state retirees for whom Medicare is their primary insurance, but also retirees from school districts and local governments which participate in the NYSHIP Empire Plan.

This proposal was offered in the Executive Budget on two previous occasions but was not included either time in the final enacted budget. Similarly, we urge that the 2016-17 final enacted budget does not include any of these provisions.

Premium Payments for Future New York State Health Insurance Plan (NYSHIP) Retirees

NYSUT urges the Legislature to reject the Executive Budget proposal to amend retiree NYSHIP premiums for state employees retiring after October 1, 2016. The premium payment cost for future retirees would be based on the years of service and those with fewer years would pay more. An individual with a minimum of 10 years of service would pay the highest premium rate and then, progressively, pay less of a premium with each additional year of service until they reach 30 years. This proposal would have an unanticipated negative financial impact on state employees with less than 30 years of service seeking retirement in 2016.

SUNY Hospitals

I would now like to speak about the SUNY hospitals. I want to thank the Legislature for again coming to the rescue last year and restoring funding. Unfortunately, the 2016-2017 Executive Budget cuts the SUNY hospitals by \$18.6 million, which is the restoration you made last year. We ask that the state make a financial commitment to these hospitals to ensure their stability and survival. To that end, we are urging you to provide \$59 million in additional funding to these hospitals in this year's budget. An additional \$59 million will restore these hospitals funding to the 2010-11 enacted budget level of \$128 million.

SUNY hospitals train the next generation of health care professionals, while providing much needed patient care to those in the community often not served by private facilities due to their lack of insurance coverage. Our members who work in these hospitals are also residents of the community they serve, contributing to the local economy. For example, 60 percent of the workforce at SUNY Downstate resides in Brooklyn.

This cut seems to ignore that the state has a responsibility to at least partially compensate the hospitals for their service to indigent populations and to help pay for the unique life-saving services they offer which are not typically provided in private hospitals. These include burn units, trauma care units and poison control.

Health Care Facility Transformation

The 2016-2017 Executive Budget reappropriates \$700 million in funding to support health care facility transformation within the borough of Brooklyn. To date, information on how this \$700 million in health care facility transformation for Brooklyn will be used, or accessed by health care facilities, has not been made available.

Last year, NYSUT shared our concerns about how this \$700 million is to be awarded. According to the enacted appropriation language, "Funding will be awarded in the discretion of the commissioner of health, without a competitive bid or request for proposal process" NYSUT urges the Legislature to amend the enacted language to include measures that add transparency to the process.

There continues to be speculation that the \$700 million will be used to build a new hospital in Brooklyn. We believe that to use this money for this purpose would very likely have serious negative consequences for SUNY Downstate and other Brooklyn hospitals. We continue to believe that establishing up to 14 new ambulatory care centers across Brooklyn would be a much better use of this funding. The residents of Brooklyn do not need another hospital. What they do need is access to the primary care that these centers would provide. They would, "create a financially sustainable system of care that promotes a patient-centered model of health care delivery aimed at improving the overall health and well-being of the Brooklyn community."

We urge you to consider and enact our Brooklyn Safety Net Hospital Plan. We believe the plan, developed by UUP and other unions to address the hospital crisis in Brooklyn, continues to be the solution for the residents and all the hospitals in Brooklyn.

New York State Health Insurance Benefit Exchange

NYSUT applauds the Legislature on the establishment of a New York Health Benefit Exchange (Exchange) in 2012 for the purpose of providing lower cost health insurance for over a million New Yorkers, and enabling New York to comply with the federal Affordable Care Act (ACA). We are happy that almost 2.7 million of our state's citizens, who were previously uninsured, have access to affordable health care services and we support the Executive Budget's proposal to provide an additional \$120 million in new funds for the Exchange.

New York State Health Care Services

Funding of our state's health care system must rise to the level where the needs of all NYS citizens, and the health care professionals who serve them, are met. To this end, I ask that you join NYSUT in advocating for the passage of legislation that considers the safety and well-being of both patients and workers, namely:

- Enacting safe staffing ratios legislation in acute health care facilities, that will establish minimum nurse-to-patient ratios, so that nurses are not overextended with providing patients with their specific needs;
- Extending anti-mandatory overtime provisions for home care nurses that would restrict consecutive hours of required work by nurses, except in the case of an emergency, and does not prohibit a nurse from voluntarily working overtime. When the anti-mandatory overtime bill was signed into law (Ch.493 of the laws of 2008), home care nurses were unjustly excluded. This legislation seeks to grant them the same protections against mandatory overtime abuse that other New York state nurses enjoy;
- Requiring a minimum of one school nurse per school building would, like the safe staffing minimum, alleviate overextending the health care professional with a highly unsafe number of health care needs for the students they serve. New York state law only requires one school nurse for the district. A school nurse can solely be responsible for hundreds of students within the school building or, depending upon the geography of the school district, between a number of school buildings; and
- Enacting legislation that increases the amount of school counselors, social workers and school psychologists in the school setting and for legislation that encourages recruitment and retention in the health care field.

Health Care Initiatives

NYSUT urges support for several of the proposed initiatives in the Executive Budget that seek to either provide preventative medical services or which offer a better quality of life, for those individuals living with chronic ailment, namely:

- Breast and Prostate Cancer services: the Executive Budget provides \$19 million to expand accessibility for breast and prostate cancer screenings throughout the state. The expanded service will include mobile mammography vehicles, extended hours for clinics with screening capabilities and health insurance coverage for breast cancer screenings;
- Increased funding of \$15 million to support the end of AIDS/HIV epidemic by offering services to those who are HIV positive (i.e., affordable housing and housing assistance)

and by identifying undiagnosed persons who may be HIV positive and link them with treatment and medications to prevent the spread of the disease; and

- Additional funding for Family Planning Grant Funding. Medical and education services for reproductive health care, family planning care and social services to women and men in need of such are being funded at the same rate as last year (\$23.7 million).

Conclusion

We believe that you fully understand the important role that the health care professional plays in each community across our state and the nation. Medical emergencies and expanded need for health care are constant. Recently, we, as a nation, have been confronted with the potential threat of the Zika virus spreading across the US and the effect it can have on pregnant women. We must also be prepared to offer medical services to a number of Syrian refugees we will welcome into our country. Funding for health care must never be reduced.

NYSUT's Health Care Professional Council appreciates certain reforms to the health care system proposed in the Executive Budget; however, we oppose any cuts that adversely affect the health care professional workforce and its ability to provide direct quality care to New York state residents, particularly the indigent. Such cuts to essential health care services serve only to compromise our health care professionals' ability to maintain and help the people of New York state. Therefore, we respectfully ask the following of the New York state legislature:

- reinstate the annual inflation (trend) factors for health care facilities; and
- reassess the Medicaid cap to allow for flexible spending when needed.

It is apparent to us that you appreciate the complex and, often, difficult environment that our health care professionals must work in. NYSUT Health Care Professional Council, as well as all NYSUT members, look forward to working with the Legislature and the executive to ensure that all New Yorkers have the necessary resources to insure that they receive the highest quality of care possible.

Thank you for your consideration.

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