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Community Service Society of New York ☞ Consumers Union ☞ Empire Justice Center  
Make the Road New York ☞ Medicare Rights Center  
Metro New York Health Care for All Campaign ☞ New Yorkers for Accessible Health Coverage ☞  
New York Immigration Coalition ☞ Project CHARGE  
Public Policy and Education Fund of New York/Citizen Action of New York  
Raising Women's Voices-New York ☞ Schuyler Center for Analysis and Advocacy  
Small Business Majority

## HEALTH CARE FOR ALL NEW YORK

### Memo in Support

#### **Proposal to Establish a Hospital Supplemental Reimbursement Rate Adjustment for Enhanced Safety Net Hospitals (A. 9476 (Gottfried) & S.6948 (Hannon))**

MAY 2016

Health Care for All New York (“HCFANY”) is a statewide coalition of over 170 organizations dedicated to achieving quality, affordable health coverage for all New Yorkers. We strive to bring consumer voices to the policy conversation, ensuring that the concerns of real New Yorkers are heard and reflected. **HCFANY strongly supports the proposal to establish a hospital supplemental reimbursement rate adjustment for enhanced safety net hospitals.**

Consumers and good government groups have long argued that New York’s Indigent Care Pool funding is poorly targeted to those hospitals who serve patients most in need: people who are uninsured or on Medicaid. Instead, New York’s reimbursement and indigent care funding mechanisms are spread broadly across nearly all hospitals throughout the state and, in some cases, appear to unduly reward those institutions with wealthy patients. *See, e.g. Community Service Society of New York, Incentivizing Patient Financial Assistance: How to Fix New York’s Hospital Indigent Care Program*, February 2012; Alan Sager, *Paying New York Hospitals More Fairly for their Care to Uninsured Patients: A Report to the Commission on the Public’s Health System*, August 2011.

The impending reduction of federal Disproportionate Share Hospitals (DSH) funding, pursuant to the Affordable Care Act, will exacerbate New York’s inadequate support for its safety net institutions. These reductions in funds will disparately impact vital safety net providers like New York City’s Health + Hospitals (H+H). A recent report estimates that the DSH decline from \$1.3 billion to \$1 billion accounts for 78 percent of the total project losses for H + H in safety-net funding. *See, One New York, Health Care for Our Neighborhoods: Transforming Health + Hospitals*, 2016. True safety net hospitals, such as H + H, should not bear the brunt of the decline in federal DSH funds.



While A9476/S6948 does not redress the inequitable allocation of DSH funds, it would significantly improve the financial position of safety net hospitals by increasing the Medicaid reimbursement rate for those public hospitals which serve more than 50 percent Medicaid and uninsured patients. This bill also provides that the state, not localities, would be responsible for the non-federal portion of these enhanced Medicaid payments.

Many low-income New Yorkers benefit from the physical, behavioral and oral health care that they receive in non-hospital settings and Medicaid and other payments to those settings are often much lower than payment to hospitals. While we support this bill, we also urge the Legislature to develop a plan for ensuring adequate reimbursement to support the capacity and stability of community-based providers.

A9476/S6948 would substantially offset reductions in DSH funding and help stabilize the finances of our state's critical safety net providers. We therefore support, without modification, this bill.

For more information, please contact Elisabeth Benjamin at [ebenjamin@cssny.org](mailto:ebenjamin@cssny.org) or (212) 614-5461 or Carrie Tracy at [ctracy@cssny.org](mailto:ctracy@cssny.org) or at (212) 614-5401.