



COVID-19 and Hospitals

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Senate Administrative Regulations Review Commission
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Assembly Standing Committee on Oversight, Analysis and Investigation
Assembly Administrative Regulations Review Commission

Joint New York State Legislative Hearing on COVID-19 and Hospitals

Testimony provided by HANYS President Bea Grause, RN, JD

Good morning Chairmen Rivera and Gottfried and to your legislative colleagues. I am Bea Grause, president of the Healthcare Association of New York State. We represent nonprofit and public hospitals, health systems and continuing care providers across New York. Thank you for this opportunity to discuss New York hospitals' response to the COVID-19 crisis.

I would like to begin by thanking the Legislature for your partnership and diligence in working with our members across the state. I would be remiss if I did not also thank Gov. Cuomo and Commissioner Zucker for their leadership during this trying time. But most importantly, I have to thank the healthcare workers who put their patients above all.

New York's hospitals and the heroes working in these facilities have risen to meet the herculean challenge of responding to one of the largest public health emergencies in modern history. They have "run toward the danger" because of their unwavering commitment to providing care to all, even when their own safety and that of their loved ones is at risk.

Early this year, New York state became and remained for a long time the epicenter of the COVID-19 pandemic in the United States. We saw unprecedented infection spread, tremendous sorrow and far too many deaths. However, our hospitals and health systems worked hand in glove with the state to address each challenge and struggle our communities faced.

From facilities in the heart of the hot spots to those that came to the aid of their colleagues with staffing and supplies, every hospital in our state stepped up. I am tremendously proud of the work and commitment our members have exhibited in the face of nearly insurmountable challenges.

During this emergency, hospitals and healthcare professionals worked tirelessly to provide the best possible care to COVID-19 patients under extremely adverse conditions. At the same time, they ensured that non-COVID-19 patients also received safe, high-quality care.

Our hospitals rose to the occasion when the pandemic hit New York

Hospitals and healthcare professionals encountered unparalleled roadblocks in their efforts to provide care, such as COVID-19 testing delays, workforce challenges and critical shortages of personal protective equipment, testing kits, inpatient and intensive care unit beds and lifesaving devices such as ventilators and respirators.

However daunting the challenges, our members rose to the occasion. Hospitals within a shared geographic area as well as across the state joined forces to coordinate efforts. This meant sharing services, staff and supplies, partnering to expand testing in our communities, developing best practices for care delivery and maximizing opportunities such as telehealth.

As the statewide healthcare association, HANYS stepped in to help hospitals meet the needs of their communities. Whether it was working on their behalf in discussions with national, state and local officials, coordinating with other state healthcare associations to bring in volunteer staff or finding vendors for supplies and equipment — it was truly a team effort.

Decisive action and flexibility made the difference

Thanks to decisive actions by the governor, the commissioner and other state leaders, healthcare providers were granted flexibility to respond effectively to the sudden, and at times overwhelming, demands of this crisis. Through statute, waiver relief and executive orders, our members were able to increase bed capacity, expand the use of telemedicine and implement alternative care delivery models to meet the immediate and dire needs of their communities. Because of this we were able, together, to flatten the curve — so much so, we've become a model for other states on how to combat this deadly virus.

This pandemic has showed the incredible resilience of all New Yorkers, but also of the healthcare delivery system. Given the right tools, we can handle any crisis that comes our way.

In light of the success shown by the temporary modification of laws, regulations and guidelines during the pandemic, HANYS is asking the state to make some of these changes permanent so that the benefits of increased flexibility in healthcare delivery can be carried forward for all patients in the post-COVID era. We look forward to working with the Legislature to advance this goal.

It's not over yet

We have learned much about this virus since the early days, but make no mistake — this pandemic is not over. Our hospitals continue to face very real challenges, a long recovery and the potential for a second wave.

In addition to highlighting strengths, the pandemic has revealed systemic weaknesses, such as workforce and supply shortages and access to mental health services during a crisis. We continue to learn from the data being collected and collaborate with state and federal government and other organizations to improve our readiness, for the benefit of all New Yorkers.

We're committed to working with state government and all healthcare stakeholders to get our communities through this public health emergency and ensure healthcare services remain available to all New Yorkers long after this crisis ends. We will need your continued support as our hospitals and health systems work to get back on their feet, especially should a second wave hit New York.

New York's fiscal crisis

This pandemic has brought heartwarming successes and heartbreaking losses. Healthcare providers were focused on caring for patients during this crisis and did not have time to worry about the fiscal implications. Helping sick New Yorkers get better was their sole focus.

But as the peak has receded in New York, a new reality has come into sharp focus: a serious fiscal crisis, not only for providers, but for the state as a whole.

First, our hospitals.

Hospitals and health systems across New York state have incurred major expenses fighting on the frontline against COVID-19, as they've increased bed capacity, purchased personal protective equipment and hired needed staff.

At the same time, they have experienced staggering revenue losses exacerbated by interruptions in elective procedures and reduced use of healthcare services.

An analysis completed for HANYS by Kaufman, Hall and Associates, LLC estimates that through April 2021, hospitals across the state will have suffered between \$20-\$25 billion in losses and new expenses -- in just a little more than one year, a staggering \$20-\$25 billion fiscal impact.

To put the fiscal impact in context, this equates to about 25-30% of our hospitals' patient service revenue in a year – a devastating blow to any business but especially devastating to one on the front line of the COVID-19 response and one that must retain essential healthcare services for its community.

While federal funding support from the CARES Act Provider Relief Fund has no doubt been helpful, the approximately \$9 billion in federal support received through July by New York hospitals is just a drop in the bucket compared to the financial destruction COVID-19 has left in its wake. This \$9 billion in support equates to an average recovery of just 35-45 cents on the dollar when compared to the \$20-\$25 billion fiscal impact, and many of New York's hospitals fall well below this average recovery.

New York's hospitals are all not-for-profit and have the lowest operating margins in the country. This shortfall will only exacerbate their already precarious financial situation.

Second, our state.

The COVID-19 pandemic has turned what began as fiscal uncertainty earlier this year into a full-blown fiscal crisis in New York. Before the pandemic hit, the state faced a multi-billion-dollar deficit. As a result, the 2020-2021 enacted budget contained some \$2.2 billion in healthcare cuts. Yet, even as the ink was drying on the budget, it was clear that the deficit would grow significantly as the state took actions necessary to fight COVID-19.

HANYS and all of our members appreciate the governor's calls on the federal government to do its part and provide the state with necessary funds.

Without federal support, at a time when they can least afford it, healthcare providers could face additional, deep cuts at the state level on top of the already enacted \$2.2 billion in reductions and the high costs incurred in fighting COVID-19. Our hospitals, health systems and continuing care providers are still reeling from the financial, operational and emotional costs of the pandemic, while investing in resources to prepare for a second wave.

New York state has shouldered a disproportionate, horrific burden during this crisis and desperately needs federal relief. Unfortunately, Washington has not come through with anywhere near the funding needed to make New York state and its struggling healthcare providers whole.

Additional provider cuts are unthinkable. It is important to remember that if the state cuts Medicaid, those cuts are effectively doubled through the lost federal matching funds. If these cuts happen, I fear we will see the loss of needed healthcare services throughout this state.

We cannot let that happen. I thank you for joining the governor in efforts to secure these much needed federal funds.

Tremendous efforts and sacrifices

On behalf of New York’s healthcare providers, thank you again for giving me the opportunity to discuss the tremendous efforts of our membership.

I also want to thank the Legislature for acknowledging the challenges our hospitals have faced and continue to face. Your work during this pandemic has helped support New York’s healthcare institutions and the dedicated professionals who serve in them.

I want to conclude my remarks by expressing again my utmost appreciation to our healthcare workers – nurses, doctors, other direct care providers and all who provide essential services, from food service and laundry to housekeeping, administration and otherwise.

Their sacrifices have saved countless lives and provided compassionate care to those in need and their families. We should all applaud and honor their work.

Thank you.