



Testimony of the

Iroquois Healthcare Alliance

Presented to the

Joint Legislative Public Hearing

regarding

Fiscal Year 2023-2024 Executive Budget on Health

by Gary J. Fitzgerald
President & CEO, Iroquois Healthcare Alliance

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Introduction

Chairs Weinstein, Krueger, Rivera and Paulin and other distinguished members of the legislature, thank you for the opportunity to speak about this year's proposed budget and the items within it that have such an impact on the future of health care especially as it relates to Upstate Hospitals and the New Yorkers they serve.

I am Gary Fitzgerald, President and CEO of the Iroquois Healthcare Alliance (IHA). IHA represents the independent and unified voice of Upstate and rural hospitals. We are a membership organization representing more than 50 hospitals and health systems in 32 counties across Upstate New York, spanning nearly 28,000 miles. Our membership is diverse, comprising 32 rural hospitals, 13 Critical Access Hospitals and 14 Sole Community Hospitals. We represent the smallest hospital in the state, as well as some of the largest teaching hospitals in Upstate New York.

It is no secret that health care has been in peril since March of 2020, and as the infection rates and news stories about heroic health care workers subside, it may seem as if we are returning to normalcy. The reality tells a wildly contrasting story. Our member hospitals are experiencing some of the worst financial and workforce challenges they've faced in decades, if ever. Much of it has to do with lasting effects of the pandemic, the impact of wildly increased costs of staffing agencies, well-meaning yet harmful regulations coupled with burdensome fines and longstanding staffing shortages.

The Governor's proposed \$227 Billion spending plan includes provisions to aid hospitals with capital, legislation to expand clinical roles, and programming to provide relief to Emergency Medical Services (EMS). Although this is a hopeful start, it is not nearly sufficient to stabilize and sustain upstate health. IHA has worked with our members to determine what will be the most beneficial for them in their current state, and how we can work together to overcome the challenges that threaten their operations on a daily basis.

Medicaid Reimbursement

The Governor has proposed a 5% Medicaid rate increase. This is intended to offset losses that are expected for hospitals impacted by the 340B program carve-out. IHA has long been calling for a significant increase in the Medicaid reimbursement rate, a change that is sorely needed in this new and developing landscape.

5% does not nearly reflect the permanent changes in cost structure that hospitals have seen over the last fifteen years since the rate was last seriously increased. IHA calls for a Medicaid rate increase on the order of 25% as that demonstrates the magnitude of the financial challenges we face.

Supportive Funding

Last year's budget included a great deal of hospital supportive funding. Including the Upstate Directed Payment Template (DPT) Program/Enhanced Safety Net Program. This has been a very useful program for our members. We call on policymakers to increase available funding for this program and ensure that for hospitals that are awarded funding based on the percent of combined public payers (Medicaid and Medicare), that percentage should be adjusted to include additional hospitals.

In addition, IHA urges the Legislature to add resources for supportive funding as it did in the current fiscal year. In doing so, IHA urges that a fair share of that supportive funding be specifically designated for Upstate Hospitals and Health Systems.

Staffing Challenges

The staffing crisis Upstate has continued unabated. In our most recent staffing vacancy survey we found;

- Vacancies continue at rates 2.5X higher than pre-pandemic years.
- The average number of vacant positions in CY 2022 was 11,188.
- For CY 2022, the average vacancy rate among all reported positions was 15.2% compared to 6% at the end of CY 2019.
- The average vacancy rate for registered nurse's was 19.5% in CY 2022.

The lack of available staff has forced our members to rely on staffing agencies. Alarmingly, some hospitals are spending several millions of dollars per month to keep their beds staffed. The absence of staff threatens the ability of hospitals to provide care to their communities. Many have had no choice but to reduce capacity and limit services in areas that struggle to provide sufficient healthcare resources.

We commend the Governor for including measures in the budget to increase transparency of staffing agency practices with the goal of remedying dependence on their services. These agencies have been and continue to charge exorbitant rates which has negatively impacted our members and their fiscal fragility. Thoughtful policymaking in this area is critical to ensure that these agencies don't flee the state, further exacerbating the staffing crisis.

Workforce & Economic Development

Hospitals need every available avenue to secure the staffing for which they are desperate. IHA fully supports the move to expand scope of practice and join the Interstate Medical Compact and the Nurse Licensure Compact to grow our labor pool and increase access to employee resources.

IHA is advocating for the state to go even further in the pursuit of a robust workforce by investing in a permanent Upstate Healthcare workforce recruitment and retention fund. This fund would support education and pipeline programs to supply the next generation of health care professionals. IHA also supports initiatives such as Senate bill S2923 NYS Nursing Shortage Act which would award appropriated funds to schools of nursing, other educational institutions and health care providers to develop initiatives to improve the capacity to prepare future generations of entry and advanced level nurses.

IHA firmly supports the EMS and Community Paramedicine initiatives outlined in the budget. In partnership with the Home Care Association of New York (HCA), IHA has piloted three Community Paramedicine programs in rural counties across the state, giving them insight to the immense success that these types of programs can achieve.

IHA has long been a proponent that investment into health care is investment into economic development. This has never been made more abundantly clear than now, as areas of New York are on the cusp of being new centers of innovation, but their health care systems are struggling to keep up. In order to ensure the vitality of new economic opportunities the state must safeguard the functionality of our hospitals.

Finally, IHA is supportive of the Office of Healthcare Workforce Innovation. We are eager for it to become fully operational. Moreover, IHA is hopeful that the appropriation authority given to it for "Contractual Services" will be made available to organizations like IHA to build on the successes we have had with many of our pilot programs aimed at improving and expanding Upstate's Healthcare workforce labor pool.

Conclusion

The fall-out of the pandemic is deep-rooted and unremitting. Hospitals need program and capital support in this year's budget to continue operating at the level that is demanded by their communities. IHA is eager to work with the legislature and the Governor to guarantee that Upstate and rural hospitals receive the urgent support they require.

I leave you with this parting observation. In Upstate New York, where hospitals are fewer and further between than they are in the New York metropolitan area, they function as their communities' healthcare safety net providers, no matter their statutory or regulatory designation. Without swift and appropriate support- services will continue to be cut, operations will continue to be squeezed and a deepening crisis that could have been averted will be unavoidable - all at the cost of the health of Upstate New Yorkers.