Testimony of the New York Health Plan Association

to the

Senate Finance Committee
and the Assembly Ways & Means Committee

on the subject of
2022 Executive Budget Proposals on Health Care

February 25, 2021

INTRODUCTION

The New York Health Plan Association (HPA), comprised of 28 health plans that provide comprehensive health care services to more than eight million fully-insured New Yorkers, appreciates the opportunity to present its members' views on the Governor's budget proposals.

HPA members include plans that offer a full range of health insurance and managed care products (HMO, PPO, POS, etc.), public health plans (PHPs) and managed long term care (MLTC) plans. The New Yorkers who rely on these plans are enrolled through employers, as individuals, or through government sponsored programs — Medicaid Managed Care, Child Health Plus — and through New York's exchange, the NY State of Health (NYSOH).

Our member health plans have long partnered with the state in achieving its health care goals. These partnerships include collaborating on efforts to develop affordable coverage options for individuals, families and small businesses, providing access to care that exceeds national quality benchmarks for both commercial and government program enrollees, and improving access to quality care in its government programs.

During this past year as we've all had to deal with the global coronavirus crisis, health plans have worked closely with Governor Cuomo's administration to protect the health of New Yorkers, combat the spread of the virus, and address the economic impact of the pandemic. This has included eliminating cost-sharing for COVID-19 testing and treatment and for telehealth services, providing financial support to hospitals, physicians and others in the delivery system, and extending grace periods to individuals and small business. While all of these efforts have fiscal implications for health plans, HPA's members remain committed to continuing to work with New York policy makers and lawmakers to support consumers and employers and confront the ongoing challenges of the continuing public health crisis.

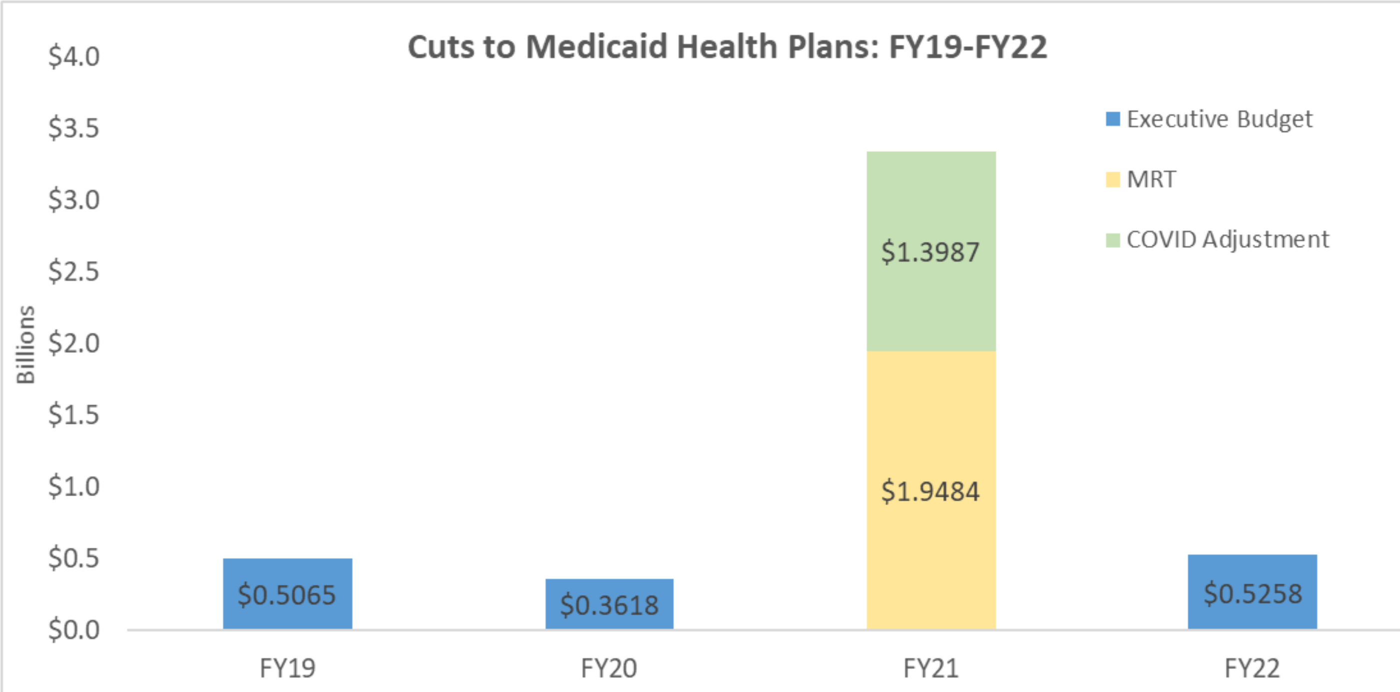
We appreciate the opportunity to offer our view on the proposed 2022 Executive Budget in relation to its application for health care spending in New York.

PRESERVING MEDICAID MANAGED CARE

For nearly 30 years, New York's managed care plans have been partners with the state, establishing and growing the extremely successful Medicaid managed care program, working together to expand coverage, increase access and improve quality of care. With plans' leadership, New York's Medicaid managed care program routinely meets or exceeds the national average on quality measures and improving patient satisfaction. At the same time, plans have helped New York control the growth in spending for its Medicaid program. New York State's annual Medicaid spending growth rate has been cut in half—from 13% in 2011 to 6% today.

Today, more than 5.3 million of New York's Medicaid beneficiaries – 78 percent – receive their care through a Medicaid managed care plan. It is with those 5.3 million New Yorkers in mind that we offer our thoughts about the Medicaid spending plan in the Executive Budget.

The Governor's budget proposal includes a broad range of cuts to health plans totaling more than $1.7 billion. This is on top of hundreds of millions of dollars in cuts in the Medicaid rates paid to health plans that the state has implemented over the last several years. The ongoing cuts to health plan rates, coupled with other budget proposals, are creating a rising level of concern among plans regarding the adequacy of the Medicaid rates that could destabilize the program, potentially disrupting care to millions of Medicaid enrollees.



Restore the Medicaid COVID-19 Rate Adjustment

The Governor's budget proposes cutting rates to Medicaid health plans (Mainstream and Managed Long Term Care) by nearly $1.5 billion. Health plans have expressed concerns about the actuarial soundness of the Governor's proposed rate adjustment, as it is based solely on a comparison of utilization between the first half of 2019 and the second quarter (Q2) of 2020, but applies it to the entire rate period from April 2020 to March 2021. In essence, this is extrapolating from a three-month period characterized by enormous aberrations in health care utilization patterns to the full year of rates, and is not reflective of actual medical claims experience.

We do not believe that the reduction is justified or necessary. The suspension of elective and non-urgent procedures and resulting reduction in medical utilization during Q2 2020 merely delayed the delivery of care into the latter half of 2020 and into 2021 as plans experienced a return to normal and increased utilization beginning in the third quarter of 2020. Further, the US Department of Health and Human Services recently announced that it was extending the enhanced federal matching aid for Medicaid (eFMAP) through June of 2022, whereas the Governor's budget proposal only counted on enhanced aid through June 2021. When coupled with further proposed increases to the level of eFMAP funds that Congress is considering and other additional federal aid for states, the necessity and size of the cut is unwarranted. We would urge that a portion of the eFMAP the state is anticipated to receive be utilized to offset these proposed cuts.

Reverse the Pharmacy Carve Out

The FY2020-2021 budget included a provision that would shift the Medicaid pharmacy benefit out of managed care and into the State's fee-for-service program. While the proposal is projected to save the state $87 million in the upcoming fiscal year, there is a strong argument that it will actually add significant new costs to the Medicaid program. Further, and more importantly, it will decrease the quality of care for the state's most vulnerable individuals and have a devastating impact on community health centers, hospitals and other safety net providers.

An October 2020 analysis by the Menges Group for HPA and the Coalition of New York State Public Health Plans found that instead of saving the state money, the carve-out will actually cost the state an additional $154 million in FY2021-2022 if implemented. Over the next five years, carving out the drug benefit will increase costs for the Medicaid program by $1.5 billion.

In addition to failing to generate savings for the state, the carve-out will limit access to care and decimate the resources safety net providers rely on to fund critical programs. It is estimated that New York's health centers will lose more than $100 million per year and hospitals serving low-income and indigent populations will lose more than $87 million next year as a result of this policy change. Hospitals, health centers, clinics, community-based organizations, patient advocates and health plans are united in opposing the state's plan to carve the Medicaid pharmacy benefit out of managed care, as it will hurt patients and devastate the delivery system while failing to reduce costs for the state or rein in the prices drug companies charge.

Restore the Quality Pools

New York has been a national leader in delivering high-quality care to its Medicaid beneficiaries – largely as a result of efforts by managed care plans and their provider partners. The Medicaid Managed Care Quality Incentive Program is an essential resource in advancing quality in Medicaid as it rewards managed care plans for the quality of care that they deliver to the more than five million New Yorkers covered by Medicaid. The measures incentivized by the quality program are at the core of health disparities experienced by low-income communities and people of color and have been essential to New York State's achievement of better health outcomes for underserved populations. Yet, funding for this program has been consistently reduced over time and is now at risk of elimination. The SFY 2020-21 budget cut the mainstream managed care incentive program in half, from $240 million to $120 million, and reduced the MLTC incentive to $103.5 million. The Governor's SFY 2021-22 budget would eliminate the funding for both programs entirely.

The elimination of the quality incentive funding has a direct impact on the delivery system, resulting in corresponding cuts in plan payments to providers, negatively affecting the state's Medicaid quality rankings and stalling statewide efforts to move toward value-based payment. Without funding for this program, Medicaid members are more likely to fall through the cracks because Medicaid plans and their providers will lose resources as well as a clear incentive to focus on the measures of greatest significance to the population. We would urge the legislature to reject the Governor's proposal to cut the Medicaid managed care quality program and that full funding be restored and that the program be codified in statute.

OTHER BUDGET PROPOSALS

While addressing the proposed cuts in the Medicaid program is a primary focus, there are other health care proposals we would also like to address.

As we approach the one-year anniversary since New York issued a state of emergency in response to the coronavirus pandemic, the health and well-being of millions of New Yorkers remains our members' highest priority. We are proud of the work of our member health plans to protect patients, support our partners in the delivery system, and assist employers throughout this global health crisis. This has included:

- Eliminating cost-sharing for telehealth services to ensure New Yorkers could access the care they needed while limiting the exposure of hospital personnel and patients to the coronavirus;
- Providing financial support to hospitals and others in the delivery system to mitigate the economic damage the pandemic has inflicted on providers;
- Extending premium grace periods to individuals and small business to help them maintain coverage;
- Working with the state to establish a Coronavirus Special Enrollment Period to further protect the public health of New Yorkers and ensure that coverage is available to everyone who needs it;
- Early in the pandemic, hundreds of clinical staff members from HPA's member plans responded to the state's call for nurses, medical directors and other clinical staff to assist at hospitals and serve on the frontlines as part of New York's COVID-19 response efforts; and
- Donating tens of millions of dollars to nonprofit and human service organizations to support a range of community needs related to coronavirus.

Further, making sure New Yorkers are immunized against the coronavirus is a public health imperative that will save lives. Health plans have been working with the state, local public health authorities and our partners in the delivery system to ensure that residents have the information they need on the importance of the COVID-19 vaccines and that they receive a vaccination at no cost.

We remain committed to working with the Administration and lawmakers on ongoing efforts to ensure that New York patients have access to needed care. Some key budget provisions support these goals.

Expand Access to the Essential Plan

HPA supports the Governor's proposal to eliminate the monthly premium for more than 400,000 essential plan enrollees, waiving the $20 monthly premium for family incomes that fall between 150-200% of the federal poverty level. The Essential Plan has been an extremely successful state program to provide high quality coverage to low-income individuals and certain immigrants, which now covers more than 800,000 New Yorkers. This has been an extremely successful public-private partnership between the state and health plans, helping to expand coverage, bolster services for some of the state's most vulnerable residents and improve the quality of care. These efforts underscore the strength of our current system and the public's preference that New York should build on and improve on it, allow residents to keep their current coverage rather than requiring they get it through a New York State government-run system. Eliminating the $20 monthly premium will make coverage more affordable for thousands of New Yorkers and is likely to increase coverage to an additional 100,000 people, moving New York even closer to achieving universal coverage.

Telehealth Reform – Interstate Licensure

In response to the pandemic, health plans have greatly expanded the types of services available through telehealth and other innovative technologies that support remote care, and plans are committed to building on these efforts to improve the quality and availability of health care throughout the state. While health plans have taken steps to increase access to virtual care, state restrictions limit the ability to unlock the full potential of this important technology. One approach would be to allow for multi-state licensure for telehealth services.

Currently, to be eligible to practice in multiple states, a provider must have a license in each state, either through a reciprocal agreement with another state licensing body or by independently being licensed in other states. Sections 3 and 4 of Part F would amend the education law and the public health law to create an interstate licensure program with contiguous states and states in the Northeast region to support telehealth access for specialties with historical provider access issues. By allowing for an expedited pathway to licensure for those who wish to practice across multiple state, Sections 3 and 4 would be an important step to improve access to care for all patients regardless of where they live.

CONCLUSION

We recognize that New York is facing significant budget difficulties as it works to bridge a multi-billion dollar deficit while also combating a pandemic. HPA and its member plans are proud of the role they continue to play in helping New York improve access to affordable health coverage and quality of care for its residents. Plans remain committed to working with you and your colleagues on initiatives and strategies that help ensure New York individuals, families and businesses continue to have access to high-quality, affordable health insurance.

We thank you for the opportunity to share our views today.