



Joint Legislative Budget Hearing on Health, which will be held on Thursday, February 25, 2021

Testimony from Anthony Feliciano, Director of the Commission on the Public's Health System (CPHS)

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My name is Anthony Feliciano; I am the Director of the Commission on the Public's Health System (CPHS). We believe in putting the public back in public health. For over 25 years, we have been addressing inequities in the care, treatment, delivery and distribution of health care services, programs, and resources. Thank you for this opportunity to testify not only on behalf of CPHS, but for many of our partners in the Save NY Public Health Campaign and advocates on the reforms needed on the Indigent Care Pool funding distribution.

A smart New York State recognizes the benefits of treating problems before they escalate. A compassionate governor and state government also tries to limit human misery and suffering wherever possible. Penny-pinching that leads to early deaths and preventable physical and mental anguish is a form of social psychopathy, and impossible to do without toughening hearts and treating empathy as a weakness.

The Governor's wanton destruction of human potential and the safety net system relied upon many New Yorkers is only possible because of whom it most commonly afflicts; those on low incomes. If you come from – or with – enough wealth, you can get the best healthcare, and afford all the care you need in retirement. Stress causes many of people to reach for tangible substances to cope, from perhaps a beer, cigarette to fatty foods and stimulants. But the consumption habits of the wealthy are treated very differently for people who are the poorest: the rich work hard and deserve their vices, while the poor would be better off if only they spent less on unhealthy choices. What this has to do with the state budget- you may ask. It is about how low-income, immigrant and communities of color are perceived and valued and therefore the services like Medicaid, community based public health programs and the health care facilities that serve as safety-net provider. Austerity hits the poorest hardest, but the lie that this is a temporary tightening of the purse strings for a later generosity or reaping the benefits is now clear – and no more obviously than in public health. There are no real high times of public spending for the working class under any form of future under this governor, only the endless pursuit of tax breaks for the very well off, immunity for health care nursing home execs, and no true use of power to address accountability and transparency issues, equity, and fairness of funding distribution.

What we have now are the consequences of cutting money for public health and Medicaid for far higher costs in future and will harm people in the long term, especially Black and Latinx, people with

disabilities, women, and children, and much more. We can prevent this, but do we have the courage and the political will to fund healthcare in more equitable and compassionate ways. Call it what it is – class war through budgeting: we already know poor people die younger, even in similar postcodes.

We need to be reminded that some people pass the doors of a hospital as a last resort. By the time you have access to a bed, you have most likely made many smaller decisions that, if they did not cause you harm, may have exacerbated your symptoms. So, cutting Medicaid, Article 6, enhance safety net funding, and Indigent care pool to our public hospitals only compounds the issue and creates less options for people to make decisions.

The Legislature must protect enhanced safety net hospitals from budget cuts by:

- 1. Fully restore funding for NYC's Article VI program, and work to ensure that this full state reimbursement of 36% is included in the state's enacted budget to strengthen the city's public health system during and After COVID-19.**

Background: The General Public Health Works Program more commonly known to advocates as the Article VI funds are the state matching dollars to localities like NYC for local specified public health programs and services conducted by the NYC Department of Health & Mental Hygiene. Article VI provides a level of supportive funding for NYCDOHMH to contract community-based organizations and health providers with the expertise and capacity to provide preventive services that meet the cultural and language needs of low-income and immigrant New Yorkers, communities of color and women, children, youth, seniors, formerly incarcerated, people with disabilities, and homeless New Yorkers. Communities rely on Article VI for services impacting maternal and child, HIV, Viral Hepatitis, TB, STi, substance use, chronic disease management, and many more vital public health services.

Governor Cuomo needs to give New Yorkers an answer to why he is cutting funding to public health when COVID is still devastating communities in NYC. This is a time when the state is needed the most. The Governor's cut will decimate community-based organizations' ability to provide comprehensive services and COVID-19 19 mutual-aid that promotes health and wellness. We deserve respect as key employers of a workforce that is majority women and people of color. Cuts will expose people of color to more inequities, worsen and halt progress in addressing social determinants of health.

The Governor's attack on public health reinforces systemic racism which has been at the root of poor outcomes for low-income individuals and families, and people of color living in underserved neighborhoods. Doors will close, New Yorkers will go without care, and more people will get sick or die from preventable causes.

NYC does not have the ability to draw down federal funds to cover these losses. NYC has been at the center of a public health crisis this year.; the idea that the city is not seeking every available federal funding is deeply misguided. The types of targeted, rapidly issued, flexible. funding provided by Article VI are simply not available through any federal funding source.

2. Rejecting the Governor's Health & Mental Hygiene Part D proposal to eliminate the state share of the Indigent Care Pool (ICP).

Background: NYS distributes a total of \$3.6 billion in Disproportionate Share Hospital (DSH) funds, including a subset of ~\$1 billion called the Indigent Care Pool (ICP). DSH is federal, state, and local funding intended to support hospitals providing a disproportionate share of healthcare services to low-income Medicaid and uninsured patients. The Executive budget eliminates the state funding of the ICP for all public hospitals for a total cut of \$139 Million (M). The proposal shifts the burden of providing these funds to local governments; however, the local governments face their own budget crises and are unlikely to fund the local share. This proposal could result in a loss of \$120M for H+H as one of the major public hospital systems impacted. Remember we have public hospitals in other parts of the state that will be hurt by this cut.

Some hospitals reap the benefit of getting ICP Funds while continually and insufficiently provide care to immigrant and low-income people of color. Access to health care has been seriously reduced and will continue to be if more hospitals continue to financially bleed, especially public hospitals. The way the state's share of ICP care funding is determined must be changed, so that it more closely matches where uninsured and people on Medicaid are provided treatment and care.

3. Adding language to the budget that would protect enhanced safety net providers, from the proposed 1% across the board Medicaid cut.

Background: The Executive budget has proposed a 1% Across the Board (ATB) cut to Medicaid providers defined by Public Health Law §2807-c (34) as Enhanced Safety-net (ESN) providers. The 1% ATB Medicaid cut is on top of last year's 1.5% reduction. This 1% cut could result in the loss of \$26M for H+H. An ATB Medicaid cut will hit H+H and other enhanced safety net providers disproportionately hard. Safety net providers will be penalized because they serve lower-income communities that are reliant on Medicaid. H+H is an enhanced safety net provider-one with a high percentage of revenue coming from Medicaid. Approximately 70% of H+H's patients are Medicaid or uninsured.

4. Repeal the Medicaid Global Spending Cap

Background: In January 2011, Governor Cuomo took office and started his attack on addressing a \$10 billion projected gap in his first budget –He targeted Medicaid costs as a major cause of the state's ballooning and chronic financial troubles. As enacted in 2011 and regularly renewed every fiscal year, the cap limits the growth of state Medicaid spending to the 10-year rolling average by use of complicated formula called the Consumer Price Index that looks at excess or deficits from past years to the current year for health facilities. Basically, tracking goods and services spending withing the Medicaid program. But there has been significant shortcoming of the cap impacting services and programs and has never really been adjusted for enrollment increases in the Medicaid program. State Medicaid spending has a significant federal match. Rather than we have an arbitrary funding per beneficiary, disconnected from need. A lost of potential dollars from the federal government to bolster our response during this pandemic including protecting the over 6 million New Yorkers on Medicaid struggling at greater levels than ever before. The Center on Budget and policy priorities has indicated that a Medicaid Per Capita

Cap is no different from conservative states implementation of a block grant with similar harmful effects.

5. **Reject the Governor's 340B Cuts.**

Background: Governor proposed New York State Medicaid Carve-Out Plan that will strip away an estimated \$250 million in 340B prescription drug program savings. The 340B program is a federal drug discount program that allows safety-net community-based health care providers to purchase prescription medications from drug manufacturers at considerably impactful and reduced prices. The savings also support critical service, including healthcare for people who are uninsured persons, and “wrap-around support services”. The impact is Fewer affordable medication, access to preventative services, and workforce to serve low-income, immigrant, communities of color with underlying medical conditions. It will mean higher cost on the patients served by community health centers and a weaken community health safety-net infrastructure at a time when the state needs a strong public health system to address existing problems occurring in this pandemic but also elimination of any barriers that does not allow for a just economic and health recovery.

6. **Rejecting the Governor's proposal to eliminate \$99 million in funding for the Vital Access Provider Assurance Program (VAPAP)**

Background: The Executive budget has proposed eliminating \$99 million in funding for VAPAP. VAPAP is a program established as part of the DSRIP waiver to aid private and public safety-net hospitals to restructure and make themselves financially viable. The VAPAP program covers public and private safety net hospitals (except for NYCHH, Erie County and Westchester County) that are (a) critical access hospitals, (b) sole community providers, (c) or provide services exceeding 35% Medicaid outpatient and 30% Medicaid inpatient. ***The elimination of the funding may impact safety net hospitals that continue to need support in carrying out their transformation plans. For example, One Brooklyn.***

Courage will require an act to do other things besides cuts and some of it should be about: Penalizing wasteful executive pay and non-patient care spending; supporting the various proposals to tax the ultra-rich; Passing The New York Health Act; and ensure safe nurse staffing ratios in nursing homes and hospitals by support S.1168 and A.108-A.

Sources

1. Chapter 59 of the Laws of 2011, Part H, Sections 91 and 92
2. <https://www.empirecenter.org/wp-content/uploads/2019/10/Busting-the-Cap-Final.pdf>
3. <https://www.cbpp.org/medicaid-per-capita-cap-has-same-damaging-effects-as-block-grant>