



**Department
of Health**

**Testimony of Howard A. Zucker, M.D., J.D.
Commissioner of Health**

**Joint Legislative Public Hearing
on the State Fiscal Year 2017-2018 Executive Budget Proposal**

**February 16, 2017
Legislative Office Building
Hearing Room B**

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Commissioner of Health**

Good morning Chairpersons Young and Farrell, Hannon and Gottfried, and members of the New York State Senate and Assembly.

I am here today to discuss Governor Andrew Cuomo's 2017-18 Executive Budget as it relates to Health. I am joined by Jason Helgerson, the State's Medicaid Director.

In the last six years, New York has made remarkable progress improving the health of New Yorkers and at the same time, controlling costs. We are transforming the health care delivery system; improving the quality of care provided; expanding access to health insurance through the success of the New York State of Health; promoting the State's Prevention Agenda; and all the while, responding to emerging priorities such as infectious diseases, weather emergencies, water quality, and the devastating effects of opioid abuse and heroin and synthetic cannabinoid use.

In a health care environment that is ever challenged to maintain spending within sustainable limits, the Governor is proposing to confront one of the biggest drivers of premium rate increases for New York's commercial health insurance market – soaring prescription drug prices. Not only do these rising prices drive up commercial health insurance premiums, but there are implications for New York taxpayers who have subsidized a 1.7 billion dollar drug-related cost increase in the Medicaid program over the last three years.

The Governor's Budget proposes a three-point plan to protect consumers and taxpayers from the consequences of the rapidly rising cost of prescription drugs. The plan insulates taxpayers by preventing prescription drug price gouging in the Medicaid program; imposes a surcharge on drug manufacturers that charge exorbitant prices and reallocates that money to insurers and businesses to lower premiums for the following year; and protects ratepayers from abusive business practices by intermediaries that drive up drug prices.

The Governor's Budget also proposes significant actions to promote and improve public health. The Executive Budget proposes a comprehensive tobacco control and prevention strategy by incorporating the use of electronic cigarettes into the definition of "smoking," thereby including electronic cigarettes within the Clean Indoor Air Act and Adolescent Tobacco Use Prevention Act. This will prevent the use of electronic cigarettes in most public places and allow DOH to regulate electronic cigarettes in the same way as other tobacco products. Also, vapor products used in e-cigarettes will be taxed along with other tobacco products. This proposal is significant because tobacco use remains the number one cause of preventable disease and death in New York State.

The Office of the Surgeon General, in a report released at the end of 2016, states that, "e-cigarette use among U.S. youth and young adults is now a major public health concern." E-cigarette use among youth and young adults is associated with the use of other tobacco products. In New York State, the rate of high school-age youth e-cigarette use has doubled in just two years between 2014 and 2016, increasing from 10.5% to 20.6%. Because most tobacco use is established during adolescence, actions to prevent our young people, who are sensitive to price increases, from the potential of a lifetime of smoking and addiction, are critical.

In order to support ongoing public health programs, or achieve flexibility to support new investments to meet emerging public health priorities, the Executive Budget proposes to consolidate some of the many public health appropriations into pools, and to reduce the overall funding for each of the pools. This action achieves savings, but will also allow the Department of Health to coordinate, streamline, and prioritize our public health spending.

Governor Cuomo's Executive Budget seeks to establish New York's Capital Region as a hub for life sciences innovation. This economic development proposal will complement the Governor's 650 million dollar life sciences initiative announced in December 2016. The 150 million dollar appropriation and authority to build using more efficient approaches, represents the first step in the development of a new, modern, public health laboratory facility in the Capital Region that is designed to enhance partnerships and encourage growth in the life sciences and health data sectors.

The Wadsworth Center Laboratory is a tremendous asset with an international reputation and a robust history of collaboration with private business, academic institutions, health care providers, and research facilities. Through the efforts of the Department, the Empire State Development Corporation and the Dormitory Authority of the State of New York we will improve our readiness to respond to public health priorities and to position the lab as a core element in the development of a life sciences cluster in the Capital Region.

New York, along with states across the country, are working to confront emerging contaminants in our drinking water. Governor Cuomo is taking an aggressive approach to this issue by proposing the Clean Water Infrastructure Act of 2017 – an investment of 2 billion dollars in critical water infrastructure across New York State. These funds will support drinking water infrastructure, wastewater infrastructure and source water protection actions.

There are an estimated 1.1 million private wells in New York State, providing drinking water to as many as 4 million residents, yet there is no requirement to test that water. The Executive Budget proposes to require the testing of private well drinking water upon the sale of a residential property and the construction of a new well. In addition, the Governor proposes to require landlords to conduct periodic testing of private well water and notify tenants of the results. We will work with our partner agencies to ensure the testing includes contaminants of local or regional concern, and we will make hardship funding available for low-income homeowners and seniors.

The Governor has taken decisive action towards ensuring New Yorkers have access to clean drinking water, and addressing unregulated contaminants is one of our top priorities. The Water Quality Rapid Response Team has been working to identify and address drinking water quality issues across the state. To enhance the effort, the Executive Budget proposes to require the testing of additional public water supplies for unregulated contaminants. Fewer than 200 of the over 9,000 public water supplies in New York are required to test for unregulated contaminants. The state will use the model of the emerging contaminant testing required by the federal EPA for large public water supplies to require testing for smaller public water supplies, but consideration

will be given to specific issues affecting localities when establishing the requirements. As with the private well testing proposal, the Governor will make funding available for small community water systems with financial hardship.

From clean water to health care providers, the Governor proposes investments to support essential activities. The Executive Budget provides 500 million dollars in additional capital support for essential health care providers, including a minimum of 30 million dollars directed to community-based providers. These funds will be used for capital projects, debt retirement, working capital and other non-capital projects that facilitate health care transformation. The total amount of capital support provided to health care providers for transformation efforts, between the current and the last two state budgets, will now be 3.3 billion dollars.

It is not enough however, to provide investment. We must continue to reimagine the structure in which care is delivered. New York has made great progress with Medicaid Redesign and with the State Health Innovation Plan (SHIP), and now it is time to take a comprehensive approach to modernize the regulations that serve the core purposes of ensuring access and protecting safety. The Department will undertake a stakeholder engagement process to review existing health care regulatory structures and recommend appropriate changes.

With the uncertainty that now exists in federal health care policy, Governor Cuomo is taking decisive action in New York to ensure access to high quality, cost effective health care for all New Yorkers. Thank you and I'm glad to take your questions.