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JOINT LEGISLATIVE BUDGET HEARING ON HEALTH/MEDICAID

Testimony of the New York Immigration Coalition Presented by Max W. Hadler, Senior Manager of Health Policy

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Good afternoon. My name is Max Hadler, and I am the Senior Manager of Health Policy at the New York Immigration Coalition. The NYIC is an advocacy and policy umbrella organization for more than 200 multi-ethnic, multi-racial, and multi-sector groups across the state working with immigrants and refugees. The NYIC Health Policy program and its Health Collaborative bring together immigrant-serving organizations and other stakeholders from the frontlines of the battle to improve health access for all New Yorkers.

On behalf of the NYIC, I extend my thanks to the chairs and members of the Assembly Ways and Means Committee and the Senate Finance Committee for the opportunity to submit our testimony on the 2018-19 New York State Executive Budget.

Since the 2016 presidential election, the current federal administration has leveraged an existing false narrative about the dangers of immigration and prompted unprecedented levels of fear and anxiety in immigrant communities. Immigration policies have included threats and attempts to create a mass deportation force, wall off the United States' southern border, ban the entry of immigrants based on their religion, suspend the refugee resettlement program, and prevent immigrants from obtaining public benefits to which they are legally entitled. Most recently, many of immigrants' worst fears were realized with the September 2017 announcement of the end of the successful Deferred Action for Childhood Arrivals (DACA) program, and terminations of Temporary Protected Status (TPS) for people from El Salvador, Haiti, Nicaragua, and Sudan.

Much has been done in New York State to support immigrant communities during this time of rapid and alarming change, most recently with Governor Cuomo's announcement that DACA recipients will remain eligible for Medicaid in New York State even if their DACA expires in the absence of a permanent federal solution. The NYIC is grateful to Assemblymembers Gottfried, Solages, Crespo, and a bipartisan group of 43 Assembly colleagues who worked with advocates to urge Governor Cuomo to make this decision.

Many other key programs and services support immigrant health throughout the state, but

there are critical gaps requiring sustained action and leadership at the state level. Threats to health care financing and access at the federal level make state measures to protect and sustain health access for immigrants even more important than before. We cannot go backwards on the progress we have made to make health care available to New York State residents, and indeed need to move the needle forward during this time of unprecedented anti-immigrant attacks from Washington.

I. Health Coverage

In the wake of these enormous challenges, the NYIC has joined with health care consumer and immigrant advocacy groups to identify health coverage solutions for the 433,000 undocumented individuals who remain uninsured because of federal exclusions.¹ We have undertaken this work through Coverage 4 All, a campaign of Health Care for All New York which we co-lead with Make the Road New York. Creating a coverage program to ensure that individuals excluded from federal programs are able to access health insurance is not only good for immigrant communities; it also strengthens the fiscal stability of the health care providers that care for them, thereby strengthening the fiscal health of municipalities across New York State. Expanding coverage with state dollars represents an investment with ample population health returns. Individuals with insurance are more likely to receive timely and preventive care, are less likely to incur medical debt, and on average experience improved mental health and reduced mortality.² The healthcare system will work better for everyone if New York State continues to be a leader in working toward insuring everyone.

For all of these reasons, we request that the Legislature advocate as part of budget negotiations for the expansion of the Child Health Plus (CHP) program to individuals through age 29. CHP is a national model for providing coverage to all children, regardless of status, through age 18. It is an ideal platform for offering equal access to coverage to those who are ineligible for Medicaid or Marketplace coverage. By increasing the upper age limit from 18 to 29, the state can make nearly 100,000 additional young adult immigrants eligible for high-quality coverage, at a cost of \$83 million.³ We propose age 29 as a cut-off in order to be consistent with the New York State provision that extends coverage to young adults whose parents have insurance on the private market.⁴

We further request that the Legislature undertake efforts to protect the existing coverage of New Yorkers with Temporary Protected Status (TPS). The federal administration is moving to end TPS for most of the 33,600 New Yorkers who currently benefit from it, many of whom have been

¹ <http://www.migrationpolicy.org/data/authorized-immigrant-population/state/NY>

² For a concise review of the literature on the benefits of coverage see:

<http://www.cssny.org/publications/entry/covering-new-yorks-uninsured-immigrant-residents>

³ <http://www.cssny.org/publications/entry/covering-new-yorks-uninsured-immigrant-residents> (adjusted for 3% annual inflation)

⁴ http://www.dfs.ny.gov/consumer/faqs/faqs_S6030_Age29_young.htm

integral members of their communities for nearly 20 years, have U.S-born children, and work with authorization to the benefit of all New Yorkers. In addition to losing their immigration relief and work authorization, TPS holders stand to lose their health insurance coverage. Prior to the Affordable Care Act (ACA), TPS holders who met income requirements were enrolled in state-financed Medicaid through the New York State Court of Appeals' *Aliessa v. Novello* decision. Under the ACA, TPS holders are considered "lawfully present" and thus eligible for tax credits and subsidies to purchase marketplace plans. Lower-income TPS holders were moved from state-financed Medicaid into the Essential Plan upon its creation, providing the state with significant savings generated by drawing down federal funds for Essential Plan enrollees. Now that misguided federal executive action threatens the protection of these individuals, it is incumbent upon New York State to at least restore the state-funded coverage these individuals received prior to the ACA. We strongly support two proposals – Assembly bill 9594 and Senate bill 7569 – that would achieve this by affirming state-funded Medicaid eligibility for TPS holders even if their TPS expires. The fiscal impact of these proposals has not yet been finalized. We urge the Legislature and the Governor's office to finalize fiscal impact analyses in time to include protection of health insurance coverage for TPS holders in this year's budget negotiations.

II. Financing of Safety Net Health Care Services

New York State's safety net hospitals provide both inpatient and outpatient services to immigrant communities across the state, particularly for those who remain uninsured because of the aforementioned damaging restrictions on their eligibility for coverage. The NYIC thus strongly supports efforts to redirect existing resources and identify new funding streams for true safety net hospitals that provide the most care for low-income New Yorkers.

New York currently distributes \$1.13 billion in state and federal disproportionate share hospital (DSH) funding to public and non-profit hospitals each year through the Indigent Care Pool (ICP). DSH funds are intended to support hospitals that serve more than their share of patients who are uninsured or insured through Medicaid. In 2012, New York made changes to the distribution of ICP funds to increase accountability and comply with the ACA, but gave hospitals three years to transition to the new system by implementing a "transition collar" that limits the amount of funding a hospital can gain or lose year-to-year under the new formula. In 2015, over consumer opposition, this transition collar was extended for an additional three years.

A recent study by the Community Service Society of New York, *Unintended Consequences: How New York State Patients and Safety-Net Hospitals are Shortchanged*, found that the transition collar results in significant windfalls for some hospitals. Between 2013 and 2016, hospitals received windfalls of over \$558 million. A close review of transition winners and losers shows that hospitals that received windfalls, on average, provided about half as much financial assistance to eligible patients as hospitals that lost funding under the collar. Moreover, the collar extends ICP reliance on

bad debt, which is no longer permitted under federal DSH regulations.

Several other recent reports also urge the state to end the transition collar, including: *Funding Charity Care in New York: An Examination of Indigent Care Pool Allocations*, by the New York State Health Foundation; and *Hooked on HCRA: New York's 20-Year Health Tax Habit and Indigent Carelessness: How not to subsidize hospital charity care*, by the Empire Center.

Federal cuts to DSH funding increase the need for New York to target scarce DSH dollars to the hospitals that provide the most care to uninsured and Medicaid patients. These cuts, mandated in the ACA, were delayed for several years but took effect in October 2017 and will increase each year through 2025. Under current law, the entire first year's cut of \$329 million will come from New York City's public health system, Health + Hospitals, the state's most important system for immigrant New Yorkers. Even if DSH cuts are ultimately delayed again, New York must redesign a distribution mechanism that causes a single health care system to bear the entire brunt of these federal funding cuts.

The Legislature should allow the ICP transition collar to sunset once and for all. The ICP program should ensure the ICP funding methodology is re-calibrated so that it more equitably supports *true* safety net hospitals who are providing meaningful amounts of financial assistance to needy patients.

In addition to ending the ICP transition collar, the NYIC strongly supports the proposed budget reallocation of \$20 million to provide enhanced reimbursement for safety net hospitals that are facing devastating cuts in DSH payments from the federal government. The NYIC also supports the Enhanced Safety Net Hospital Reimbursement Bill (A.7763/S.5661-B) that passed both houses unanimously in 2016 and 2017 but was vetoed by Governor Cuomo. We urge the Legislature to continue to support this provision in this year's budget to ensure adequate funding streams for these critical providers.

III. Mental Health and the Impact of Chronic Stress

NYIC member organizations report that the clients and communities they serve are experiencing heightened emotional distress and anxiety in the wake of the anti-immigrant tone of the federal government. The health impacts of chronic stress and trauma have been well-established, and we are concerned about the population health impact of pervasive fear during this chaotic time.⁵ Families live in fear of being separated, and the mixed status of many families has a pervasive and damaging effect on undocumented and U.S. citizen family members alike. Our member organizations have described moments in which the communities they serve are paralyzed by fear, hesitant to send their children to school or keep health care appointments. Members also

⁵ <https://www.ncbi.nlm.nih.gov.cn/cny-proxy1.libr.cny.cuny.edu/pmc/articles/PMC3753075/>

describe a spike in requests for behavioral health support to help cope with increased stress and anxiety. In the lead-up to the September 5 announcement of the end of the DACA program, Thrive NYC and NYC Well were prepared to receive calls from young people affected by the news in New York City, but it is not clear how widely the hotline has been utilized by immigrants since then as a resource for dealing with mental distress. Outside of New York City, we do not know of any accessible resource designed to help immigrants and refugees cope with the immediate mental health impact of the current anti-immigrant environment. One immediate avenue to fill this gap is to emulate the NYC Well helpline model statewide. This could be achieved by linking the Office of New Americans helpline to New York State's network of mental health crisis lines as a resource for immigrant communities. This type of collaboration would benefit from resources from the Legislature to support cross-training for immigrant helpline and crisis line staff, as well as for support for immigrant-serving community-based organizations that can let communities know of the availability of crisis line support. We request \$1.5 million in the FY 2019 budget specifically dedicated to expanding existing behavioral health service and coordination capacity for immigrant New Yorkers.

IV. Economic impact

As we find ourselves mired in a tight state budget, it is important to note that New York State's nearly 4.5 million immigrants are among the key economic drivers of the state economy. This is particularly true of the approximately 850,000 undocumented individuals who contribute their labor in a wide array of sectors, especially in service occupations, leisure and hospitality, construction, and agriculture.⁶ The Fiscal Policy Institute estimates that undocumented individuals contribute \$1.1 billion per year in combined sales and excise, personal income, and property taxes.⁷ They make up 5% of the labor force. Overall, immigrants contribute more than \$40 billion to the New York State economy.

Despite their contributions, immigrant communities are on the receiving end of a host of hostile federal actions and policy changes. We are gravely concerned about the impact of this environment on health care utilization and long-term population health outcomes for immigrants.

The New York Immigration Coalition is deeply grateful to the Legislature for the opportunity to provide this testimony, and for your consideration of our recommendations and concerns. Please do not hesitate to contact me (mhadler@nyic.org, 212.627.2227 ext. 250) with any questions.

⁶ <http://fiscalpolicy.org/wp-content/uploads/2017/03/fpi-brief-on-undocumented.pdf>

⁷ <https://itep.org/immigration/>