

Testimony on Governor Cuomo's 2019-20 Executive Budget Proposal

Health/Medicaid Joint Budget Hearing

Tuesday, February 5th

Thank you for the opportunity to comment on Governor Cuomo's 2019-20 Executive Budget Proposal on Health/Medicaid. 1199SEIU represents 400,000 members, including 300,000 in New York State. Our members provide quality care to New Yorkers in every kind of healthcare setting, including hospitals, nursing homes, community-based clinics and their clients' own homes. They are nurses, physician assistants, pharmacists, social workers, dietary aides, environmental services workers, certified nursing assistants and home health aides, among many other titles and duties.

Quality Care for ALL New Yorkers.

We strongly support the proposed 3.6% increase in the Medicaid global cap, because we believe your zip code should not determine your quality of care. Over time, Medicaid and Medicare funding has fallen further and further behind the actual cost of care. We thank the Legislature for enacting the Health Care Transformation Fund last year, which is providing for Medicaid rate increases for the first time in 10 years. There is an opportunity to build on that progress this year by increasing the Medicaid Global Cap by 3.6%, ensuring that there are resources that safety net providers need to keep providing vital care to their communities.

Many of those safety net hospitals receive funding through the Indigent Care Pool. Following the passage of the Affordable Care Act, New York was required to change the formula for the pool to eliminate reliance on bad debt and focus resources on hospitals that care for the uninsured and Medicaid patients. After a workgroup process, it did so through a "transition collar" that limited the yearly per-hospital losses. That collar is now expiring. While we support fully ending any use of bad debt in the formula, simply removing the collar will lead to large losses for true safety net institutions like Brookdale Hospital in East New York. As you consider various approaches to reform the pool, we urge you to ensure that vital safety net institutions, which already require significant state subsidy to keep their doors open, are not hurt.

The Healthcare Transformation Fund also made a much-needed investment in nursing home rates. However, this is threatened by the administrative action contained in the Executive Budget which cuts \$244 million in revenue to nursing homes through a revision to the case mix index methodology. If the projection accurately predicts the change, this is a very significant cut, representing almost 30% of the total case mix payment. We believe that the case mix methodology should accurately capture the acuity of nursing home residents. If the current methodology does not do so, we are not opposed to revising it, but doing so should be done in concert with an industry and labor workgroup to ensure that the new version is not inaccurate in other ways. Any new methodology must take into account both current practices and future requirements for documentation and reimbursement.

Greed and corruption have no place in healthcare. Stop bad actors from hurting our care.

Return Control of Consumer-Directed Home Care to the Disability Community

The Governor's budget proposes changes to the Consumer-Directed Personal Assistance Program (CDPAP), requiring Fiscal Intermediaries to have a contract with the Department of Health or be authorized by the Commissioner. We believe the contracting process is necessary to return the program to the control of the trusted and experienced disability providers who originated that model of care.

The CDPAP program provides a valuable option for consumers who want to direct their own care, including by employing a trusted friend or relative as a caregiver. As envisioned and created by the disability advocacy community, the program remains the gold standard for its consumer-centered approach.

However, a series of decisions made as the CDPAP moved from local county supervision into managed care left it largely unregulated, attracted hundreds of providers with no connection or fealty to the program's original mission and significantly raised administrative costs.¹ Since the move to managed care in 2012, the number of fiscal intermediary (FI) providers has exploded, from less than 50 to almost 600.² These new entrants to the market include a significant number of notorious bad-actor licensed home care services agencies.³ While a bigger program should be more efficient, loose regulation and the huge number of providers has resulted in unnecessary administrative expenses for the Medicaid program. Reducing the number of providers through the contracting process is warranted to maintain the integrity of the consumer-directed model and increase efficiency.

Strengthen Oversight over Medicaid Managed Care

Public dollars need public oversight. Almost all Medicaid services are now delivered through managed care insurance companies. Some providers have tried to shield themselves from accountability by claiming that once the insurance company receives the payment it is no longer public money. The Governor's proposals to strengthen Office of the Medicaid Inspector General oversight would ensure that we have public accountability over all Medicaid dollars.

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¹ 1199 analysis of MMCOR cost reports.

² https://www.health.ny.gov/health_care/medicaid/redesign/mrt10003/2018-01-12_fiapplication.htm

³ For example, Dependable Home Care d/b/a Hopeton Home Care, the subject of this recent Daily News story: <https://www.nydailynews.com/new-york/ny-metro-hopeton-farrah-rubani-richard-tricario-rose-lawson-20190118-story.html>. Hopeton is also one of the agencies cited by the New York City Department of Consumer Affairs for sick leave violations: <https://www1.nyc.gov/site/dca/media/pr090518-DCA-Announces-Findings-of-Investigations-42-Home-Care-Agencies.page>, along with at least three others who have applied for FI authorization.