

Testimony
NY State Legislature Joint Hearing on Health
Clerical-Administrative Employees Local 1549
By Ralph Palladino, 2nd Vice President

Good day. Local 1549 represents 14,000 employees working for the city of New York. This includes 5,000 employees of the New York City Health and Hospitals (NYC H+H) and the Metro Plus HMO. I am offering testimony today for Local President Eddie Rodriguez.

Local 1549 is in opposition to the cuts in the state budget that will adversely affect the operations of NYC H+H and its ability to properly service the neediest communities in New York City. It is NYC H+H that primarily service patients in the poorest communities, overwhelmingly consisting of people of color in the city. These are very communities that have been hit hardest by the COVID Pandemic. There is no evidence presented that this crisis would end soon and is likely to be with us for several years to come.

NYC H+H has already been short-changed by the state budget over the course of decades. Note that that the operating administrative overhead for this public system runs from 1 to 3 % compared to private hospitals and insurance companies that often have over a 20% operating administrative overhead. These private “non-profits” operate as “for profits.” Their CEO’s draw down salaries in the millions and some have more than one CEO who does.

This totally unfair. I must remind all that the Black Lives Movement raises issues of Disparities in Healthcare in communities of color as one of its demands. NYC H+H is in the forefront of delivery of services and needs the proper funding to expand its ability to service these communities.

Cutting the budget of public and other true safety net hospitals is NOT the answer to solving the disparities in healthcare. Cutting the budgets of those institutions means cutting the jobs of the very people who are currently in the front lines of the COVID War.

NYC H+H Cuts Proposed despite Serving the Communities

Front line workers including Nurses, Doctors, Aides, Technicians and Clerical employees all risked their health and lives in fighting this COVID War.

Over 8000 COVID patients’ lives were saved in H+H facilities after being admitted and successfully discharged prior to last September. Overcrowding did exist in most institutions and 850 COVID patients had to be transferred because of this across the system. The system was able to absorb them. H+H continues to service COVID patients and will continue to do so.

The traditional Medicaid rates were used to pay the cost of care for the COVID patients and they traditionally are at least \$100 less than the actual cost of care for “normal” cases. Of course, uninsured patients' cases that are a high number in our hospitals are not reimbursed by Medicaid. Other forms of reimbursement fall far shorter as reimbursement.

NYC H+H received a \$100 million *CUT* thanks to last April’s state budget. H+H lost approximately \$1.2 billion just in fighting this war. This is all after the city already has provided billions of dollars in support of H+H over the past several years.

The state is now proposing cutting in the Indigent Care Pool (ICP) of \$139 million that is earmarked for public hospitals. They want to eliminate their share of funding and have the localities, like New York City pay the 50% portion of the funding they currently pay. Since the city is already proposing steep cuts and is not allowed to raise income taxes or to borrow this cannot happen. There most certainly would be cuts to NYC H+H.

Raising Revenues Instead of Cuts

Every \$1 spent on Medicaid raises \$2 for local communities. It means hiring of healthcare workers, not cuts. These workers then continue to spend in local businesses and in turn they can hire more employees. This all increases the taxes contributions to the state.

Besides these revenues that would increase employment and tax revenues there are other ways to balance the state budget. Primarily Local 1549 supports **The Invest in New York Coalition Package** for raising taxes on the wealthiest individuals.

New York billionaire's wealth increased by \$87 billion during this Pandemic. The head of Amazon added to his penthouse in Manhattan he bought for \$80 million by adding two more floors for an additional \$18 million about six months ago. The head of Goldman Sax got a 20% raise in March 2020 and now makes almost \$28 million a year! You are telling us that these people cannot afford to pay more in taxes to help our state and economy?

Business journals, politicians and pundits say these rich people will leave the state if taxed more. But a Stanford University study states, "...there is little systematic evidence about elite mobility or the likelihood of tax flight among millionaires." There is no poll on why people move from New York that shows people move because of taxes. Most people leave because their employment changes or they retire. The only poll saying otherwise was one quoted by the business favoring New York Post. But they never reported that those figures were because of the Trump tax cuts at the Federal level that were unfavorable to northeastern states and not state income tax rates. The argument that rich people would leave if taxed more is not evidence based.

We ask you to do what neighboring New Jersey has just done and is being proposed in neighboring Connecticut. That would be to raise the taxes on the wealthy and corporations and allow for the city borrow.

What Principles Must the State Follow in Budgeting for Safety Net Hospitals?

- 1- Medicaid dollars should follow where the Medicaid patients are.**
- 2- Medicaid reimbursement rates should be based on true cost of care.**
- 3- Fairness in distribution of funds to care for the indigent patients is a must.**
- 4- Inclusion of public entities such as NYC H+H and stakeholders such as union in design, planning and reform efforts for the state's healthcare is a must. This did not happen with the last MRT team set up by the state.**

Specifically --What is Asked for in this Budget?

- 1. Protect enhanced safety net hospitals defined by Public Health Law 2807-c (34) from more Medicaid cuts!**
- 2. Reject the Governor's proposal; (see Health and Mental Hygiene Part D) To eliminate the state share of the Indigent Care Pool!**
- 3. FAIR TAXATION!**

We hope that you will strongly consider our Local 1549 request for support for the public hospital systems and other safety net partners. We are the key to solving the problem of the disparities in care. But need the proper public funding to carry out this mission.

THANK YOU.