
TESTIMONY

TO: JOINT LEGISLATIVE BUDGET COMMITTEE

FROM: MICHAEL C. BACKUS, EVP/COO, OSWEGO HEALTH

SUBJECT: FY2023 NYS BUDGET TESTIMONY

DATE: FEBRUARY 4, 2022



While everyone has been impacted in some way by COVID-19, healthcare professionals and healthcare entities across the state have uniquely been challenged by the pandemic in a myriad of ways. Some of these challenges existed before the outbreak, however, all have been exacerbated by these unprecedented times. I appreciate the opportunity to testify today on behalf of Oswego Health, a sole community hospital and health system, to share the potential impact the 2023 state budget will have on the future of healthcare in upstate New York.

First, Oswego Health like many other health systems serves a population that is heavily reliant on Medicaid. While we appreciate the Governor’s restoration of the 1.5% cut from previous budgets and the increase of 1% in Medicaid funding, this does not fill the payer gap that remains due to industry specific cost escalations. Organizations like Oswego Health have diversified their healthcare offerings to provide other services that help offset the cost of care, however, such services like “elective procedures” have been greatly curtailed either by staffing necessity or state mandate during the pandemic. Without these services, organizations like Oswego Health are not able to balance the growing costs, which has risen more than seven (7) percent in the past year, with the reimbursement it receives from payers like Medicaid. We strongly encourage the legislature to consider a further Medicaid rate increase beyond the 1% and restoration of the previous 1.5% cut as proposed by the Governor. In addition to the cost of direct care, as a sole community hospital, the financial responsibility of recruiting and employing physicians needed to care for our community is added to our bottom line. With the shortcomings of Medicaid reimbursement and the escalating cost of recruiting providers, the costs of care will soon impact our ability to recruit and retain the next generation of providers. Again, closing the gap on the Medicaid rate will help us build our provider network as a health system.

Second, the sole community hospital rate add-on removal reduced reimbursement to Oswego Health by \$730,000. This 2020 budget cut uniquely affected Oswego Health and I believe our performance during this global pandemic speaks to the importance of care where communities need it such as what we provide. Oswego Health has scaled up staffed beds, when other facilities in our region have closed not only beds, but floors of beds due to staffing. Oswego Health has not compromised staffing ratios throughout this pandemic delivering quality outcomes for our community. Oswego Health has gone further than others, at its own cost, working with affiliated skilled nursing facilities such as Seneca Hill Manor and other congregate care facilities to protect those at great risk of infection through our infectious disease management professionals. As a sole community hospital, Oswego Health can nimbly make decisions to care for our community

and lead through this pandemic. Consideration should be given to restoring this cut and helping recognize the work done by sole community hospitals such as Oswego Health.

Third, the executive budget contains funding supporting further investment in managed care. From a hospital standpoint that is concerning. Our experience is that managed care organizations largely pay hospitals at Medicaid rates allowing what are often for-profit, shareholder owned organizations to reap significant profits, while hospitals have to fight claim denials and suffer extraordinary administrative burdens to close cost gaps created by the MCO. This increases the downstream cost of care and further burdens already over stretched hospital staff struggling to contain costs.

Lastly, Oswego Health greatly appreciates and supports the proposed investment in healthcare infrastructure. Oswego Health at the end of 2020 celebrated the opening of our Lakeview Center for Mental Health and Wellness, which was partially made possible by a NYS Transformation grant. Oswego Health is currently considering several projects of great significance that will similarly revolutionize the healthcare landscape in Oswego County including an expansion in primary care.

Thank you for the opportunity to testify today and I look forward to being a collaborative partner to the legislature as you craft the 2023 state budget.