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**Testimony of Helen Schaub, Vice President, Interim Political Director  
1199SEIU United Healthcare Workers East**

Thank you for the opportunity to offer testimony today.

Governor Hochul’s budget proposal utterly fails to recognize the crisis that our state’s healthcare system faces. Safety net hospitals are closer than ever to being forced to close their doors. Ambulances are backing up at overflowing emergency rooms, unable to deliver their patients and delayed from responding to additional calls. Nursing home residents are waiting interminably long for basic care, leaving them vulnerable to bedsores, infections and further decline. More and more caregivers are being driven away from the bedside because they are unable to provide their patients and residents with the care that they need. Home care clients are left without the services they need to live independently in the community. Parents desperately seeking mental healthcare for children in crisis are told to wait months for services. Our jails are de facto psychiatric wards with a record number of detainees dying in custody.

The structural problem driving this crisis preceded the pandemic, but COVID made it significantly worse. Medicaid is the insurer for over 7 million New Yorkers, and the primary insurer for our most vulnerable neighbors. It now only pays 65% of the cost of care. Rates for inpatient, outpatient and nursing home care have risen only 1% over the last 10 years while costs have risen exponentially. This is the Medicaid Coverage Gap: systematically underpaying for needed services. It deepens racial inequality and breaks the promise that the state makes to almost a third of New Yorkers that the care they need will be available when they need it.

Rather than begin to address these structural problems and ensure that care will be available for New Yorkers, Governor Hochul’s budget proposal makes them worse.

- The 5% increase in Medicaid rates for hospitals is entirely offset by the elimination of savings from the 340B drug pricing program and the cut to the Indigent Care Pool. Hospitals overall receive \$110 million less in funding from Medicaid.
- Last year’s desperately needed subsidy of \$700 million to safety net hospitals is entirely eliminated, despite the fact that more and more hospitals are facing financial difficulty in the wake of the pandemic.
- Nursing homes are left with just a 2% net increase in Medicaid rates when they must significantly increase spending in order to recruit and retain the staff needed to comply with the nursing home reform laws.
- Last year’s historic Fair Pay for Home Care victory, ensuring that home care is no longer a minimum wage job, is undermined by the Governor’s proposal to cut wages for downstate consumer directed workers by \$4.09 per hour and exclude home care workers from the minimum wage increase.
- The proposed 2.5% cost of living adjustment for behavioral health and OPWDD workers is far below inflation and what is needed to recruit workers.

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With this budget, the Legislature has an opportunity to change course. You can refuse to look away from the current crisis and begin to address the structural deficits which are shaking the foundations of our health care system. Fortunately, the budget surplus provides resources available to do so. We ask that you raise Medicaid rates for inpatient and outpatient care by at least 10%, *with no offsets*. Any action taken to restore 340B funding – which we strongly support – must be in addition to raising Medicaid rates. This will begin to reverse the damage of a decade of austerity and address the racial and other inequities currently embedded in the system. The additional safety net hospital funding from last year should be restored and increased, for a total of an additional \$1.3 billion in safety net funding.

We would not be here today advocating for additional resources for nursing homes if the Legislature had not taken bold action to reform the industry. We all know that some operators cannot be trusted to spend the necessary resources on resident care. With the new requirements that homes spend 70% on resident care, including 40% on staffing, in addition to the minimum staffing requirement, the State has the tools it needs to hold owners accountable. It is clear that more resources are necessary to fulfill the vision of the reform laws. Upstate rates, on average, are 25% lower than those downstate. There, workers in retail stores and fast food outlets are making several dollars more an hour than certified nursing assistants. Homes need to raise wages significantly in order to retain and recruit workers. A survey of unemployed workers downstate saw a 10% jump in interest in a nursing home career at wages of \$25-30 per hour. Nursing home rates should be raised by 20% to allow for wages to be raised and new workers to be hired.

We also ask the Legislature to preserve the vital investment you made last year in Fair Pay for Home Care and continue to raise wages for workers. At a minimum, the Governor's devastating cut to worker wages in the consumer-directed program must be reversed. Home care workers cannot be excluded from an increase in the minimum wage, and the three-dollar premium above the minimum wage must be preserved. The cost-of-living adjustment for behavioral health and OPWDD workers should be raised to 8.5%.

Our current system for delivering home care services through managed long term care plans allows far too many of the direct care dollars allocated by the Legislature to be wasted in excessive profit and administrative costs. We do not believe that the proposals put forward by the Governor go far enough in creating transparency, accountability and efficiency in the system. As one example, eliminating contracting for fiscal intermediaries will get rid of a vital tool to protect consumer-directed workers and hold FIs accountable for the dollars they spend.

The major task of this budget, we believe, is to reverse the course of austerity and finally begin to address the worsening crisis. We ask the Legislature to make this a priority.

The Governor has also included a number of policy changes as part of her budget proposal. We do support some of them, including registration of temporary staffing agencies and expansion of the scope of practice of pharmacists, nurse practitioners and physician assistants. We also support the creation of a qualified mental health associate title. We believe that certified medication aides could be part of a career pathway towards licensed practical nurses, but are opposed to creating a new permanent title. Nursing homes need more nurses on site, not less.

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