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**Testimony of Health Care for All New York
on
the Executive's Proposed FY25 Health Budget**

January 23, 2024

Health Care for All New York (HCFANY) would like to thank the chairs and members of the Assembly Ways and Means and the Senate Finance Committees for providing the public an opportunity to weigh in on the state budget. HCFANY is a statewide coalition of over 170 organizations dedicated to achieving quality, affordable health coverage for all New Yorkers.

The 2024-2025 Executive Budget includes many positive proposals that will help protect consumers from medical debt and enhance their ability to access affordable health coverage, including:

- Medical debt protections
 - Modernizing the State's Hospital Financial Assistance Law
 - Banning hospitals from suing patients with incomes below 400% of the federal poverty level (FPL)
 - Informed consent for payment & Medical credit card reform
- Eliminating all cost-sharing for insulin for New York State-regulated plans
- Guaranteeing continuous health coverage for children up to 6 years of age
- Improve subsidies and benefits for public health coverage

In addition to addressing these important reforms in the FY25 Budget, HCFANY also urges the Legislature to provide additional funding to ensure more New Yorkers can enroll in, and use their coverage, including:

- Ensuring coverage for low-income immigrants with Section 1332 Wavier surplus pass-through funding
- Funding Community Health Advocates at \$5.5 million
- Enhancing outreach funding for Navigators

Our detailed comments are offered below.



I. Protecting New Yorkers from Medical Debt

Over 740,000 New Yorkers have medical debt in collections.¹ Researchers at the Community Service Society have identified over 75,000 medical debt cases brought by non-profit and government-operated hospitals against New Yorkers since 2015. An analysis of random samples of these cases indicates that a disproportionate amount of medical debt lawsuits is brought in zip codes where residents are people of color, low-income, or both.² In 2023, Urban Institute researchers found that the areas of New York with high rates of medical debt are often hotspots for hospital lawsuits against patients.³ Three-quarters of some or all medical debt is owed to hospitals.⁴

Uniquely amongst all other states, New York annually provides around \$1 billion through its Indigent Care Pool to its hospitals, with the intention of incentivizing them to comply with the State Hospital Financial Assistance Law (HFAL). The HFAL which requires hospitals to offer financial assistance to patients with incomes up to 300% of FPL. But the evidence cited above indicates that this system has failed New Yorkers miserably. Governor Hochul's Executive Budget provides three excellent starting points to reform our State's broken medical debt regime.

A. The Legislature Should Adopt and Improve The Executive Budget's Proposal to Improve the Hospital Financial Assistance Law

HCFANY commends the Governor for seeking to substantially reform New York's HFAL. In addition to supporting these changes, the Legislature should improve upon the HFAL by adopting several provisions from the Ounce of Prevention Act's (S1366B/A6027A), detailed below.

The following provisions of the Executive Budget should be adopted:

- Increasing the income eligibility for hospital financial assistance. The Executive Budget suggests increasing the eligibility from 300-400% of FPL. HCFANY urges the Legislature to go further and offer discounts to patients with incomes up to 600% of FPL.

¹ Karpman, Michael, et al. Urban Institute, 2023, *Medical Debt in New York State and Its Unequal Burden across Communities*, <https://www.urban.org/research/publication/medical-debt-new-york-state-and-its-unequal-burden-across-communities>.

² Community Service Society of New York, *Discharged Into Debt* (March 2020); *Discharged into Debt: A Pandemic Update* (January 2021); *Discharged Into Debt: Racial Disparities and Medical Debt in Albany County* (March 2021); *Discharged Into Debt: Nonprofit Hospitals File Liens on Patients' Homes* (November 2021); *Discharged Into Debt: Hospital Profile – Upstate University Hospital* (2022); and *Discharged Into Debt: New York's Nonprofit Hospitals Garnish Patients' Wages* (July 2022); *An Ounce of Prevention: Reforming the Hospital Financial Assistance Law Could Save Pounds of Patient Debt* (April 2023).

³ Karpman, Michael, et al. Urban Institute, 2023, *Medical Debt in New York State and Its Unequal Burden across Communities*, <https://www.urban.org/research/publication/medical-debt-new-york-state-and-its-unequal-burden-across-communities>.

⁴ Karpman, Michael, et al. Urban Institute, 2023, *Most Adults with Past-Due Medical Debt Owe Money to Hospitals*, <https://www.urban.org/research/publication/most-adults-past-due-medical-debt-owe-money-hospitals>.



- Both the Executive Budget and the Legislature propose the following reforms be made and HCFANY urges that they be adopted in the final FY25 Budget:
 - Discount schedules should be pegged off of the Medicaid rate.
 - Monthly payments plans should be capped at 5% of a patient's gross family income. HCFANY urges the Legislature to adopt this change.
 - The existing law's asset test only for poor patients should be eliminated.
 - Patients should be able to apply for hospital financial assistance at any time during the collections process instead of the current law's 90-day time limit.
 - Hospitals should be required to report the race, ethnicity, gender, age, and insurance status of patients who apply for, receive, and are denied financial assistance.
 - Written notification of hospital financial assistance should be required during intake, registration, and discharge.

The Legislature should also incorporate the following provisions from its Ounce of Prevention Act (S1366B/A6027A):

- The HFAL should apply to ALL New York State hospitals, not just those participating in the Indigent Care Pool.
- The Ounce of Prevention also includes time-limited debt repayment plans to prevent New Yorkers from being strapped with medical debt for the rest of their lives. Individuals with incomes from 200 to 400 % of FPL would have their debts forgiven after 36 months of payments the same would be true for individuals with incomes from 400 to 600 % of FPL after 60 months of payments. All providers at the hospital should follow the hospital's HFA policy, not just those employed by the hospital.
- Hospitals should not require deposits for medically necessary care.

Finally, HCFANY offers a technical amendment. The final HFAL should incorporate last year's budget provision that requires hospitals to use an application form provided by DOH.

B. The Legislature Should Adopt the Executive Budget's Proposal to Limit Hospitals' Ability to Sue Low-Income Patients for Medical Debt

The Executive Budget prohibits hospitals from suing patients with incomes below 400% of FPL. HCFANY strongly supports this prohibition as these lawsuits are damaging to the wellbeing of New Yorkers, many of whom are low-income. HCFANY urges the Legislature to additionally prohibit state-operated hospitals from suing patients for medical debt by adopting the provisions of the Stop Suny Suing Bill (A8170/S7778).

Hospitals are always represented by debt collection attorneys while patients—who as described above are typically low-income people—rarely have representation. A systematic



sample of over 31,000 New York medical debt lawsuit court files found that the median judgment amount was just \$1,900 and that 98% of cases were won by default.⁵ A judgment will stay on a patient's record for 20 years, further contributing to the devastating and lasting impact of a medical debt lawsuit.⁶

The five State-operated hospitals that are the subject of (A8170/S7778) have sued over 15,000 patients since 2019. By contrast, most of the 210 other hospitals in New York State do not sue their patients at all or only do so very rarely. Nationally and in New York, many hospitals are discontinuing or reducing the practice of suing patients or erasing patients' medical debt.⁷ The five State-operated hospitals receive over \$530 million annually in Disproportionate Share Hospital (DSH) funding – while the other 200 hospitals in the State receive far less funds to offset their uncompensated care losses.

Suing patients does little to offset the State-run hospitals' margins. For example, the total amount SUNY Upstate sued patients for in one year is an estimated \$16 million. SUNY Upstate's annual operating budget was \$1.5 billion, indicating its life-ruining practice of suing its patients will do little to ameliorate its bottom line.⁸ HCFANY urges the Legislature to prohibit State-run hospitals from suing patients for medical debt by adopting the provisions of the Stop SUNY Suing Bill (A8170/S7778) in the Final FY25 Budget.

C. Other Medical Debt Protections Should be Reviewed and Potentially Adopted in the FY25 Budget

The Executive Budget also includes two other important medical debt protections that the Legislature should adopt: (1) informed consent for payment; and (2) medical credit card reform.

⁵ Dunker, Amanda, and Elisabeth R Benjamin. "Discharged into Debt: New York's Nonprofit Hospitals Garnish Patients' Wages." Discharged Into Debt: New York's Nonprofit Hospitals Garnish Patients' Wages | Community Service Society of New York, www.cssny.org/publications/entry/discharged-into-debt-new-yorks-nonprofit-hospitals-garnish-patients-wages.

⁶ New York State Unified Court System. "Judgments." *Judgments | NY CourtHelp*, nycourts.gov/courthelp/goingtocourt/judgments.shtml.

⁷ Jay Hancock, Elizabeth Lucas, and Kaiser Health News, "UVA Health System revamps aggressive debt collection practices after report," September 13, 2019, https://www.washingtonpost.com/health/uva-health-system-revamps-aggressive-debt-collection-practices-after-report/2019/09/13/4a381a0a-d629-11e9-9343-40db57cf6abd_story.html; Wendi C. Thomas, "Methodist Le Bonheur erases debts of more than 6,500 patients it sued," MLK50 Memphis, September 24, 2019, <https://mlk50.com/we-reported-on-methodist-le-bonheur-suing-patients-it-erased-the-debts-of-more-than-6-500-patients-ade13e8e2e6d>; Wendi C. Thomas, "The US hospitals suing the poor over bills they can't afford," MLK50, June 27, 2019, <https://www.theguardian.com/us-news/2019/jun/27/us-hospitals-lawsuits-medical-bills>.

⁸ Dunker, Amanda, and Elisabeth Ryden Benjamin. "Discharged into Debt: Hospital Profile - Upstate University Hospital." Discharged Into Debt: Hospital Profile - Upstate University Hospital | Community Service Society of New York, Dec. 2022, www.cssny.org/publications/entry/discharged-into-debt-hospital-profile-upstate-university-hospital.



The Executive Budget seeks to address the common practice of providers requiring patients to agree to pay all the costs in advance of being provided treatment—without knowing what those costs will be. This does a disservice to patients who routinely have no idea how much of or even whether their insurance will cover the procedure. HCFANY is still reviewing the Executive Budget’s technical language, but strongly endorses the conceptual framework being proposed.

Similarly, HCFANY is aware that more and more providers are offering their patients’ medical credit cards without fully disclosing the predatory nature of these financial products, whose interest rates are as much as 26 percent. HCFANY is still reviewing the Executive Budget’s technical language, but strongly endorses the conceptual framework being proposed.

II. Nation Leading Plan to Eliminate Cost Sharing for Insulin

The FY25 Executive Budget proposes to eliminate cost sharing for insulin for all plans under the Department of Financial Services’ regulatory authority. HCFANY strongly supports this initiative as it will increase access to insulin treatments which will improve the health of New Yorkers, help to close the health equity gap, and lower long-term health care costs.

According to the New York State Department of Health, 1.6 million New Yorkers have diabetes, of whom 538,000 use insulin.⁹ Over the past two decades the price of insulin has risen by more than 1,200 percent.¹⁰ In 2020, New York was one of the first states to enact a law that capped cost-sharing for insulin at \$100 per member per month to help insulate New Yorkers from these hikes—but that meant patients have to pay \$1,200 a year on insulin alone before the costs of their other diabetes medications and supplies.

The prevalence of diabetes in New York is significantly higher among Black adults (14.5 percent) than among Hispanic adults (11 percent) and non-Hispanic White adults (9.2 percent).¹¹ People of color also experience a higher burden of diabetes-related complications, such as amputation, blindness, and end-stage renal disease.¹² Black New Yorkers are more than twice as likely to die from diabetes compared to White New Yorkers.¹³ Low-income adults have a risk of

⁹ “Percentage of Adults with Diagnosed Diabetes, by county, New York State, BRFSS 2018,” *New York State Department of Health*. January 2021, 1-2.

https://www.health.ny.gov/statistics/prevention/injury_prevention/information_for_action/docs/2021-01_ifa_report.pdf.

¹⁰ Roberts, D. (2019). The Deadly Costs of Insulin. *AJMC*. <https://www.ajmc.com/view/the-deadly-costs-of-insulin>.

¹¹ “BRFSS Brief, Diabetes,” New York State Department of Health. 2018, https://www.health.ny.gov/statistics/brfss/reports/docs/2021-06_brfss_diabetes.pdf.

¹² “The Fierce Urgency of Now: Investments to Turn the Tide of the Diabetes Epidemic,” New York City Department of Health and Mental Hygiene. November 2023, <https://www.nyc.gov/assets/doh/downloads/pdf/diabetes/diabetes-working-group-report.pdf>.

¹³ “Percentage of Adults with Diagnosed Diabetes, by county, New York State, BRFSS 2018,” *New York State Department of Health*. January 2021, 1-2. https://www.health.ny.gov/statistics/prevention/injury_prevention/information_for_action/docs/2021-01_ifa_report.pdf.



diabetes that is over double that of those not living in poverty.¹⁴ The prevalence of diabetic New Yorkers is highest in the following counties: Bronx, Niagara, Genesee, Cattaraugus, Steuben, Chemung, Wayne, Seneca, Lewis, Oneida, Chenango, Franklin and Washington.

A systematic medical literature review indicates that the elimination of cost-sharing for chronic conditions significantly increases medication adherence, vastly improving health outcomes and overall health care system savings.¹⁵ One study, led by Blue Cross Blue Shield of Louisiana in 2021, found that eliminating co-pays for prescription medications that treat chronic conditions, including insulin, increased medication adherence for most enrollees, especially those with the lowest incomes. The follow-up evaluation of the program found a 10 percent decrease in medical spending, leading to an average net savings of \$63 per member per month.¹⁶

Recognizing the harm co-pays have on medication adherence, the federal Medicare program implemented a \$35 insulin co-payment cap for its beneficiaries on January 1, 2023.¹⁷ In 2023, Washington D.C. eliminated cost-sharing for insulin in its Marketplace plans and Massachusetts eliminated cost-sharing for insulin for Marketplace enrollees with incomes below 300% of FPL.¹⁸ The Minnesota state employees' health insurance plan went even further and eliminated cost sharing for a broad list of diabetes care – including insulin.¹⁹

Elimination of co-pays for insulin will profoundly improve New Yorkers lives. Take for example, Karlee, age 8, who was diagnosed with type 1 diabetes last year. The diagnosis overwhelmed her family: they had to learn how to manage the disease and cover the costs of her care. Karlee's family had employer-sponsored insurance. Paying for her insulin was a huge hit on the family budget – so much so that they switched insurance to be able to afford Karlee's care. The Executive Budget proposal will help Karlee face her future free from worrying about the cost of her insulin.

HCFANY urges the Legislature to adopt Governor Hochul's proposal to eliminate cost-sharing for insulin in the FY25 State Budget: it improves public health, helps individual consumers, and saves our health care system money.

¹⁴ “BRFSS Brief, Diabetes,” *New York State Department of Health*. 2018, https://www.health.ny.gov/statistics/brfss/reports/docs/2021-06_brfss_diabetes.pdf.

¹⁵ Fusco et al., “Cost-sharing and adherence, clinical outcomes, health care utilization, and costs: A systematic literature review,” *J Manag Care Spec Pharm*. January 2023, 4-16. doi: 10.18553/jmcp.2022.21270.

¹⁶ Cong et al., “Association of co-pay elimination with medication adherence and total cost,” *AJMC*, June 2021, 249-254. doi: 10.37765/ajmc.2021.88664.

¹⁷ “Insulin,” *Medicare.gov*, <https://www.medicare.gov/coverage/insulin#:~:text=Under%20Part%20D%2C%20the%20%2435.cost%20for%20each%20covered%20insulin>.

¹⁸ Palanker et al., “What Four States Are Doing to Advance Health Equity in Marketplace Insurance Plans,” *The Commonwealth Fund*. April 2022, <https://www.commonwealthfund.org/publications/issue-briefs/2022/apr/what-four-states-are-doing-advance-health-equity-marketplace>.

¹⁹ “Advantage Value for Diabetes,” *Minnesota Management and Budget State Employee Group*. January 2023, 1-2. <https://mn.gov/mmb-stat/segip/diabetic-mtm-management/vbid-benefit-description.pdf>.



III. Guaranteeing Continuous Public Insurance Coverage for Children up to Age 6

The Executive Budget amends the law to provide continuous Medicaid and Children’s Health Insurance Program coverage for any eligible child under six years old. Allowing children under age six to access continuous health care coverage ensures that no child in need misses out on critical health care services due to a lapse in health insurance coverage. HCFANY urges the Legislature to include coverage for any eligible child under age six in the final budget.

IV. Health Care Affordability and Access

HCFANY supports the provisions in the Executive Budget that will improve health care affordability and access for low-income New Yorkers, including premium subsidies for Qualified Health Plans. However, HCFANY urges the Legislature to allow immigrants to access affordable health care by using the remaining 1332 surplus pass-through funds to cover the cost of expanding the Essential Plan to include 150,000 immigrants.

A. Health Insurance Premium Subsidies for Qualified Health Plans

The FY25 Executive Budget authorizes the state to allocate \$315 million per year in 1332 Waiver surplus pass-through funds to support premium subsidies and cost sharing reductions for individuals who are purchasing insurance through the New York State of Health Marketplace. The Budget is silent on using passthrough funding for expanding coverage to immigrants whose immigrant status renders them ineligible for coverage. HCFANY urges the Legislature to authorize both measures in the FY25 Budget by using the \$7.8 billion surplus to improve affordability of coverage for those that are already eligible and to offer it to those who are not.

As described in the table below, which the Community Service Society of New York developed based on the State’s updated (12/18/23) Section 1332 Waiver Application, there will be \$7.8 billion in surplus funds at the end of the Waiver term in 2028. The cost of offering the subsidies, assuming 6% annual medical inflation, will be \$1.378 billion. The costs of offering coverage to up to 150,000 low-income immigrants who are otherwise ineligible for coverage would be \$4.972 billion. Together, these two provisions total \$6.350 billion, leaving \$790 million in surplus funding to spare.

Post Gov Budget Proposal	2024	2025	2026	2027	2028	Total
Federal Funding (Requested Passthrough) 12/18/23 p.92	\$ 9,795	\$ 13,184	\$ 13,352	\$ 14,281	\$ 15,274	\$ 65,886
Program Costs, Senario D, All investments	\$ 8,595	\$ 11,728	\$ 12,176	\$ 12,796	\$ 13,451	\$ 58,746
Surplus (annual)	\$ 1,200	\$ 1,456	\$ 1,176	\$ 1,485	\$ 1,823	\$ 7,140
Surplus without additional action (accrued)	\$ 1,200	\$ 2,656	\$ 3,832	\$ 5,317	\$ 7,140	
SPENDING SURPLUS ON SUBSIDIES						
Surplus with Cost Sharing (accrued)			\$ 3,517	\$ 4,668	\$ 6,137	
Cost of Premium/Cost-Sharing Subsidies (6% trend)		\$ 315	\$ 334	\$ 354	\$ 375	\$ 1,378
Surplus after Cost Sharing (accrued)		\$ 2,341	\$ 3,183	\$ 4,314	\$ 5,762	
SPENDING SURPLUS ON SUBSIDIES & IMMIGRANT COV.						
PIMPY (\$629-\$729 pmpm)		\$ 7,848	\$ 8,136	\$ 8,424	\$ 8,736	
Cost of Covering 150,000 immigrants per year		\$ 1,177	\$ 1,220	\$ 1,264	\$ 1,310	\$ 4,972
Surplus after Subsidies & Immigrant Coverage (accrued)		\$ 1,164	\$ 786	\$ 653	\$ 790	
Costs of covering subsidies + immigrants		\$ 1,492	\$ 1,554	\$ 1,618	\$ 1,686	\$ 6,350
REMAINING SURPLUS AFTER SUBSIDIES & IMMIGRANTS						\$ 790



In February of 2023, New York issued a draft federal 1332 waiver which other states have used to cover excluded immigrants. HCFANY is grateful that the Hochul Administration amended its Wavier proposal in November of 2023 to include coverage for immigrants who have Deferred Action for Childhood Arrival status. But our State can and should do more. Colorado, Washington, and California all have extended broad-based coverage to their undocumented immigrant population. New York should follow suit.

As described in the chart above, New York can offer coverage for all low-income immigrants without spending one state dollar. Moreover, in doing so, the state would actually save as much as \$500 million State dollars used to pay for the costs of Emergency Medicaid for this same group of people.

HCFANY strongly urges the Legislature to take this opportunity to use federal funds to offer coverage to immigrant, low-income New Yorkers. This step will improve the health of all New Yorkers, at no cost to the State.

B. Pregnancy and Reproductive Health Care

The Executive Budget includes several initiatives to improve access to care and health equity for pregnant New Yorkers; including a first-in-nation paid pre-natal leave program, eliminating barriers to accessible doula services, and affirming the right of minors to receive confidential reproductive health care. HCFANY urges the Legislature to include these initiatives in the final FY25 Budget.

V. Consumer Assistance and Protection

HCFANY urges the Legislature to support consumer assistance programs by increasing funding for Navigators and Community Health Advocates.

The unwinding of the public health emergency has led to changed eligibility and renewal processes for what will be a total of nine million New Yorkers. The New York State of Health Marketplace and local Social Services Districts began sending renewal notices to enrollees in impacted programs in mid-2023. New Yorkers need help managing these changes without disruptions in coverage or care. In 2023, consumer assistance programs have seen a significant uptick in the volume of cases related to the unwinding of the public health emergency. Funding for consumer assistance programs should be increased in accordance with the increased need and utilization related to the unwinding of the public health emergency as well as a cost-of-living adjustment.

A. Increase Funding for Health Insurance Enrollment Navigators

New York's Navigator program has used community-based organizations to help over 300,000 New Yorkers enroll since 2013. The 2023-24 Budget included a one-year cost-of-living increase of \$300,000, which increased the total allocation to the Navigator program to \$27.5



million in Fiscal Year 2024. However, the Navigator program has not received more than a single year cost-of-living adjustment since 2013. Under this essentially flat funding scenario, the Navigator programs have had to lose more and more staff to keep up with inflation.

The Navigator program is an important tool for handling the end of the public health emergency. Accordingly, HCFANY urges the Legislature to increase Navigator funding from \$27.5 million to \$38 million to reflect ten years without appropriate cost-of-living increases.

B. Community Health Advocates (CHA)

The Community Health Advocates program helps people with any type of health insurance access in-network care, manage billing problems, avoid medical debt, appeal coverage denials, and manage other problems that might prevent them from obtaining affordable medical care. Since 1999, CHA has assisted more than 510,000 New York clients through a diverse network of community-based organizations serving every county of New York State.²⁰ Altogether, the CHA network has help consumers save nearly \$200 million in health care costs, yielding over a 500% return on investment for the State.

In FY23, the CHA Helpline experienced a 172 percent increase in calls, which was largely driven by Medicaid enrollees who needed intensive advocacy assistance with denial cases. Unfortunately, right when CHA experienced this enormous increase in demand, CHA's funding was cut from \$5.23 million in FY23 to \$4.76 million in FY24, due to an unexpected \$734,000 decrease in the Assembly's support. This cut and inflationary pressures have forced CHA agencies to make difficult staffing and service cuts during the FY24 budget year.

HCFANY is grateful that the Governor's budget includes \$3.5 million for CHA in FY25 and urges the Legislature to allocate an additional \$2 million to fully restore CHA's funding to \$5.5 million.

C. Community Health Access to Addiction and Mental Healthcare Project (CHAMP)

CHAMP provides specialized post-enrollment services for people seeking substance use disorder or mental health treatment. Its funding should be maintained at \$3 million, as it is in the Executive Budget.

Thank you again for providing this opportunity to testify and your consideration of our concerns. Please contact Mia Wagner (mwagner@cssny.org) with any questions. We stand ready to work with the Legislature to move forward on our recommendations.

²⁰ "Community Health Advocates, Our Impact, <https://communityhealthadvocates.org/who-we-are/our-impact/>.