



action
FOR HEALTH



January 23, 2024

Submitted electronically to financechair@nysenate.gov and wamchair@nyassembly.gov

The Hon. Liz Krueger
Chair
Senate Finance Committee
172 State Street, Capitol Building
Room 416 CAP
Albany, NY 12247

The Hon. Helene E. Weinstein
Chair
Assembly Ways and Means Committee
Legislative Office Building
Room 923
Albany, NY 12248

Re: Written Testimony: Health Joint Public Hearing, State Fiscal Year (SFY) 2024-25 Executive Budget Proposal

Dear Chairs Krueger and Weinstein:

Thank you for the opportunity to submit this written testimony for today's Health Joint Public Hearing on the State Fiscal Year (SFY) 2024-25 Executive Budget Proposal. I am founder and president of Action for Health¹ and its affiliated State Care Network.²

Upon reading the Budget Proposal and analyzing current trends in New York's healthcare marketplace, our comments below focus on three specific areas. We appreciate you, the Committees, and your staffs taking the time to consider them.

Part H, Article 7: Health and Mental Health Budget Bill (A.8807 / S.8307)

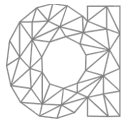
Our most significant concern with this year's Budget Proposal, this Article would **exclude managed Medicaid plans from the state's independent dispute resolution (IDR) process. In no uncertain terms, this would be disastrous if enacted.**

A large number of less fortunate New Yorkers now have these plans. In fact, as of last month, there are 5.08 million managed Medicaid beneficiaries statewide.³ Additionally, physicians rely on the ability to access the IDR process to receive payment for the care they provide. This Budget Proposal provision is in particularly bad faith, as the Department of Financial Services (DFS) just agreed to change this back in regulations. This would cause

¹ Action for Health, www.action4health.org.

² State Care Network, <https://www.action4health.org/state-care-network>. A special project of Action for Health, the State Care Network monitors, investigates, and provides recommendations on healthcare issues in states nationwide.

³ New York State Department of Health, "Recipients Enrolled in Mainstream Medicaid Managed Care by Country, Plan, Aid Category, and NYSoH", accessed: https://www.health.ny.gov/health_care/managed_care/reports/enrollment/monthly/2023/docs/en12_23.pdf.



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remaining independent physicians to stop offering care to these patients, who are often the most in need. It would also be harmful to the state's hospitals' negotiating power with health plans.

The Hochul administration tried to give this hand-out to health plans by changing the regulation, but ultimately, and thankfully, relented. This was illegal, and it was not supported by the Senate and Assembly. However, now the Governor's team is trying to slip this major item into her Budget Proposal.

Ultimately, enacting this provision would provide a giant gift to the state's health plans, and represent a gigantic threat to patients and physicians.

Health Plan Market Dominance

We devote a significant amount of energy scrutinizing how large health insurance companies not only prevent patients from accessing the care they need, but also unfairly use their monopolistic power to not pay the state's medical providers. Make no mistake, UnitedHealthcare – the nation's fifth largest corporation⁴ and administrator of New York's Empire Plan – would love nothing more than to keep driving down reimbursement rates for New York's physicians.

One egregious development that has caught our attention is the fact that the state's venerable Mount Sinai health system cannot even receive an acceptable contract with UnitedHealthcare.⁵ The system will be out-of-network with United come March 1. Founded in 1852, the system has over 7,400 physicians. This is proof that the state's healthcare pendulum has swung too far in favor of health plans.

Medical Malpractice Insurance

We are opposed to forcing physicians to pay for half of their excess malpractice insurance. This burden would mainly fall on independent medical specialists at a time when they are already struggling significantly. If Albany wants to reduce malpractice expenses, the Senate and Assembly should work in concert to reform tort laws. New York's tort system is arguably the nation's worst, and one that causes billions of dollars to be spent on defensive medical costs.

⁴ Ranked by annual revenue. Fortune 500, accessed: <https://fortune.com/ranking/fortune500>.

⁵ Mount Sinai Health System, "Protecting Patient Access at Mount Sinai", accessed: https://keepmountsinai.org/?_ga=2.225375770.103483507.1706045220-1557816997.1706045218.



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Again, we appreciate the opportunity to provide this written testimony. We look forward to the Senate and Assembly's continued work not only on approving the State Budget, but also hopefully addressing these healthcare concerns. Should you require additional information relative to this testimony, or if you have any questions, please do not hesitate to contact me at (202) 823-2333 or contact@action4health.org.

With best wishes,

Sincerely,

Christopher G. Sheeron
President
Action for Health
State Care Network

Cc: The Hon. Carl E. Heastie
Speaker, State Assembly

The Hon. Andrea Stewart-Cousins
Senate Majority Leader