

Nassau Health Care Corporation

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Title: Ensuring Financial Sustainability for Nassau Health Care Corporation:

The Vital Role of Immediate State Funding

Introduction:

Public benefit hospitals play a crucial role in safeguarding the health and well-being of communities. These institutions are often the backbone of healthcare services for vulnerable populations, providing quality care irrespective of an individual's financial or legal status. The financial sustainability of public benefit hospitals is constantly challenged, making it imperative for these institutions to receive adequate state funding.

Nassau Health Care Corporation (NHCC) is the only medical facility that provides quality health care to Nassau County's underserved communities – regardless of their ability to pay. NHCC is one of three New York State Public Benefit Corporations that oversee state public hospitals. We operate Nassau University Medical Center ("NUMC"), Nassau County's only public hospital located in East Meadow designated as a Level One trauma center with 530 beds and outpatient clinics; operates A. Holly Patterson Extended Care Facility, a 589 bed skilled nursing and rehabilitation facility in Uniondale.

Nassau County's residents are treated by a number of health care centers, however, NHCC is the only safety net hospital that provides care that other facilities are unwilling to offer because of the financial consequences of treating patients who provide low or no reimbursement for services rendered. At NHCC, we treat all patients regardless of their ability to pay, including the undocumented. That is our unique mission and for decades we have worked tirelessly to meet that challenge.

NHCC serves nearly 275,000 patients annually, including 67,000 emergency department patients in our regional trauma center. The A. Holly Patterson Extended Care Facility currently has 500 residents and is the region's only public skilled nursing and rehabilitation facility.

Our patient population is 80 percent reliant on Medicaid, Medicare or the like. Seventy percent of our patients are racial minorities and 64 percent are women. Our facilities are supported by more than 3,600 dedicated employees including nurses, physicians and other staff – all of whom are State employees under the authorizing legislation for the creation of NHCC in 1999.

NHCC also manages the correctional health care in Nassau County with two infirmaries located at the correctional facility and co-operates federally qualified health centers and school based health centers throughout Nassau County serving tens of thousands of patients annually.

All told, we provide an estimated \$1 billion in health care services to our patients each year that cannot be replaced by the area's other medical facilities.

As the county's only public safety net hospital, we are the only facility that is equipped to handle major accidents, natural disasters and public health emergencies with two helipads. NHCC staff

and facilities were the designated overflow center during the Covid19 pandemic for Nassau County and Queens, home to the County's Covid Vaccine center, as well as a county shelter during Hurricane Sandy. NUMC was a local triage center after the 9/11 attacks and has responded to area plane crashes, and was designated an Ebola Center. NUMC is also federally designated as a direct treatment site for federal dignitaries including the President of the United States.

NHCC also handles required health screenings for government employees by offering expedited processes and results.

NUMC is home to Nassau County's only burn center and only multi- chamber hyperbaric unit which has been lifesaving for treating cancer patients, burn victims, autoimmune diseases, bacterial infections, gangrene, soft tissue infections, Covid-19, and scuba/divers from area beaches suffering from decompression sickness.

NUMC is also instrumental in providing mental health and substance abuse treatment in Nassau County at a time when our communities are facing increased challenges from both those health crises. There is a desperate need for increased bed and treatment capacity throughout New York State (as documented by New York State's efforts to increase total state funding and expansion of these services in the 2023, 2024 and 2025 budgets). Nassau County's only methadone clinic is housed at NUMC. One third of our patients are forensic psychiatric patients.

NHCC and NUMC are also home to a thriving medical residency program that is training more than 300 excellent physicians and fellows in a wide range of disciplines.

Ensuring access to healthcare for individuals with limited financial means is crucial for fostering a just and equitable society. At NHCC we believe that everyone deserves quality health care. Disparities in economic resources should not translate into disparities in health care and health outcomes. By catering to those with limited financial means, we not only uphold the principles of compassion and empathy but also contribute to the overall well-being of the community.

Affordable healthcare options can prevent the exacerbation of medical conditions, promote preventive care, and ultimately enhance the productivity and resilience of individuals facing financial challenges. Emphasizing preventive care, community engagement, and policy changes that prioritize health equity can contribute to building a more just and inclusive healthcare system in New York, where everyone has the opportunity to lead a healthy life, regardless of their background or socioeconomic status.

Restoration of State Aid is Critical

Fulfilling this noble mission has always required a public contribution from the State of New York. Indeed, it is the State's legal responsibility to provide aid given our unique role in providing care to the uninsured and underinsured. In 2020, without consultation with the hospital or the community, the State drastically reduced the aid provided to close the payment gap due for our safety net mission. In 2017 NHCC received \$189 million in aid and \$166 million in 2020. It had

been the longstanding practice of the State to provide the community with approaching that level of support.

By comparison, in 2023, NHCC only received \$66 million in state funding. **(See Exhibit "A"). To date, since the end of 2020, NHCC has been the victim of a cut of \$100M.**

NHCC has not received any state aid for 2024 or 2025-despite applying for every funding opportunity available.

No healthcare facility, even under the best fiscal and economic conditions could be expected to sustain such a dramatic loss of revenue.

NHCC has made significant reforms due to this dramatic loss of aid to ensure that we continue normal operations, paying vendors and expanding services. We have demonstrated that we can operate in a more fiscally sustainable way, but that does not relieve the State of its responsibility to provide gap funding. Our efforts over the last year, have shown conclusively that if the State fulfilled its obligations, NUMC would be profitable and therefore remain a valued asset for our communities for decades to come.

It is imperative that the State restore funding now so NHCC can continue to provide the high-quality health care all of Nassau County residents deserve, regardless of their socio-economic background.

Uncompensated health care poses a significant challenge for NHCC, as we strive to fulfill our mission to provide the best possible care to the residents of LI, particularly to its most vulnerable patients, and to offer the best possible education to the nation's next generation of medical professionals. We find ourselves in a difficult position of absorbing the costs associated with treating uninsured or underinsured patients.

The burden of uncompensated care has strained our financial resources, impacting our ability to invest in essential medical infrastructure, recruit and retain skilled healthcare professionals, and maintain high standards of patient care. Addressing this issue requires a multifaceted approach, involving collaboration between healthcare providers, policymakers, and the community to develop sustainable solutions that ensure equitable access to healthcare services while safeguarding the financial viability NHCC.

Our new leadership embraces the fact that we must be good stewards of resources as well. Due to the financial pressures of the drastic State cuts in aid, NHCC leadership has undertaken a comprehensive reform plan to modernize our systems, improve our financial standards and practices and update our internal processes, all in an effort to increase collections, improve efficiency and cash flow.

Our reforms are working-the data reflects that we have increased our cash on hand by over 600% in only eleven months. We've reduced expenditures and increased revenue for the first time in years.

We passed our Joint Commission Survey, receiving our Gold Seal from one of the most stringent healthcare accrediting organizations in the nation. We passed our Level one Trauma Survey- as

well as the more than dozen other surveys conducted by State and Federal agencies over the past year.

Our quality initiatives are also yielding tremendous results. Our national Leap Frog rating increased for the first time in six years-surpassing both Westchester Medical Center and Erie County Medical Center.

We are also advancing on new facilities and services to increase revenue as well. Last year we opened a new MRI center and we began construction on a new Cath Lab which will open this year.

We have increased access to care to our community in 2024 by expanding clinic hours to evenings and weekends-yielding an additional 2500 visits in a brief four months. We also added new specialty clinics that are community needs such as pediatric MRI under sedation, Colorectal Screening clinic and Reflux clinic.

NUMC's Primary care increased its visits by over 16,700 appointments compared to 2023 due to these efforts.

We also have waived all of our employees' co-payments if they seek medical services at NUMC which creates another revenue stream for the corporation.

This reform plan, which is making marked progress, is still underway and having a positive impact on the fiscal health of our facilities. However, long-term sustainability absolutely requires restoration of State aid to levels that demonstrate an appropriate commitment to the people of Nassau County.

As you may know, there have been significant policy changes to Federal DSH funding over the years that have directly decreased the amount of federal funding NHCC received after the implementation of the Affordable Care Act. Federal legislation passed gradually reduced DSH allotments during Fiscal Years 2014- 2021.

This reduction is not aligned with changes in the number of uninsured individuals, the amount of safety net hospitals' uncompensated care costs, or the number of hospitals with high levels of uncompensated care that also provide essential community services, like NHCC. All of those key drivers of costs are increasing significantly.

NHCC's reimbursement rate for services is one of (if not the lowest) in New York State. This directly negatively impacts NHCC's bottom line. Additionally, Medicaid reimbursement rates have not materially increased in fifteen years despite normal and more recent spikes in inflation.

Restoration of State aid would significantly mitigate the impact of our uncompensated care costs and low reimbursement rates, two challenges that we face more than almost any other hospital in the state.

When faced with low reimbursement rates, state funding becomes instrumental in bridging the financial gap. By supplementing the revenue generated from government programs and insurance reimbursements, state funds would enable NHCC to cover the cost of care that might otherwise be inadequately compensated.

This financial assistance is particularly vital in sustaining our hospital operations, retaining skilled healthcare professionals, and investing in necessary resources to maintain a high standard of care.

What makes this funding even more critical the fact that in 2024 NHCC leadership uncovered that NUMC has been deprived of over one billion dollars in Medicaid funding over a course of two decades by New York State.

As a participant in the Federal Medicaid program, New York State willingly chooses to participate in the Federal Medicaid program. As such, it is incumbent on New York State to pay the non-federal share of DSH funding. However, the State used NUMC's own money to serve as a trigger for the federal share. That was a violation of federal law. NUMC has fronted this massive expense year after year and only received half of the DSH money that was legally owed to the Corporation for providing health care to New York's State's most vulnerable patients. This was all done under the nose and presumably the knowledge of state-appointed financial watchdog agency-NIFA.

Nassau Health Care Corporation has brought these actions and the withholding of funds to the Federal Government, contacted legislators on all levels and filed lawsuits over this corrupt practice, which are pending.

Today we ask this committee to right this wrong. Please make New York State follow the law and add DSH funding to a budget line for NUMC as well as call for a hearing on New York's State DSH funding to New York State Public Hospitals to ensure no other public hospital is being short-changed in this way.

State funding plays a crucial role in supporting NHCC, ensuring the provision of essential healthcare services to the local community. State funding serves as a financial lifeline for public benefit hospitals such as NUMC and enabling us to maintain high-quality medical infrastructure, hire skilled healthcare professionals, and offer affordable or free medical services to those in need.

We have committed to using LESS aid and we are fulfilling our commitment to managing resources in a way that reduces our need for gap funding. However, State financial support still plays a pivotal role in sustaining the hospital's operations, covering costs related to patient care, medical equipment, and facility maintenance.

NHCC must also commence CSEA employee contract negotiations. We need our funding to offer a fair contract to our employees have been treating anyone in need of healthcare including pandemics and natural disasters. Ultimately, state funding for public benefit hospitals contributes significantly to the overall health and well-being of the community by fostering accessibility to essential healthcare services for all residents, regardless of their socio-economic status.

State funding will serve as a stabilizing force for NHCC's finances by again providing a consistent and predictable source of financial support – Support that was cut without notice in 2020 – and support to which we are legally entitled

Public benefit hospitals often face financial challenges due to the complexity of healthcare operations, the need for state-of-the-art medical equipment, and the provision of services to diverse

and often underserved populations. The allocation of state funds to NHCC will help cover operational expenses such as salaries, utilities, and facility maintenance, ensuring the seamless functioning of healthcare facilities.

In addition to day-to-day operations, state funding will play a critical role in supporting the mission of Nassau Health Care Corporation. These funds enable us to continue to expand our outreach programs, community clinics, and preventive healthcare initiatives.

New York State funding plays a pivotal role in fostering the overall health of a community, particularly the most vulnerable. By allocating resources to essential services such as healthcare, education, and infrastructure, governments make a strategic investment in the well-being and prosperity of their constituents. Adequate funding for Nassau Health Care Corporation will ensure that residents have access to quality medical services, promoting a healthier population.

Additionally, state funding will help support our residency programs, empowering individuals with knowledge and skills that contribute to the community's intellectual capital. Ultimately, state funding will serve as a catalyst for building resilient and thriving communities, addressing the diverse needs of our population and laying the foundation for a prosperous future.

The Executive Budget proposal also includes language that amends state statute related to the Department of Health's power to install a Temporary Operator in a hospital or adult care facility. This language is deeply troubling and represents a potential increase in Executive Power that would be inappropriate for consideration as part of the budget process. I would respectfully request the opportunity to discuss these proposed changes and the challenges they could pose to our health care system in more detail with all of you in the days ahead.

Conclusion

Our more than 3600 employees including physicians, nurses and staff as well as our hundreds of thousands of annual patients and first responders, are asking you for help. Everyone touched by Nassau Health Care Corporation urgently asks that you support restoration of the state aid and funding New York's State legal obligation of DSH payments to ensure all residents of Nassau County and beyond have the ability to access quality care, regardless of their ability to pay.

It is a moral imperative that our residents be given the peace of mind of knowing that NHCC and NUMC are there to meet their needs and the State is a reliable supporter of quality healthcare.

By continuing to invest resources in Nassau Health Care Corporation, the State of New York is contributing to the overall resilience and prosperity of our growing, diverse community.

Exhibit "A"

NHCC State Aid on a cash basis (2017 - 2023, in millions)

