

NYS Joint Legislative Budget Hearing for Health

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Written Testimony

Submitted By

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Thank you, Chairs Krueger, Pretlow, Rivera, and Paulin, and Members of the New York State Senate and Assembly for the opportunity to provide testimony for the 2026-27 Budget. I am David Linehan, CEO of the University of Rochester Medical Center (URMC), dean of the School of Medicine and Dentistry (SMD), and senior vice president for Health Sciences at the University of Rochester.

As you may know, the University of Rochester, and its Medical Center (URMC) is one of the nation's top research institutions, the largest private employer outside of New York City and home to the largest and most comprehensive academic health system in upstate NY.

UR Medicine has eight hospitals with a catchment area that spans 27 counties and includes more than 3 million people across the Finger Lakes and Southern Tier Regions living in rural, suburban, and urban communities. Across our facilities, Medicare and Medicaid patients make up an average of 66% of all hospital admissions and 60% of all outpatients provided care. UR Medicine is also home to 7 non-profit nursing homes, a regional Children's Hospital, the nation's newest National Cancer Institute designated cancer center – the Wilmot Cancer Institute, and is the leading source of new physicians for the Finger Lakes and Southern Tier regions.

We are the region's safety-net provider serving some of New York's and the nation's poorest communities. In 2024, our Medical Center alone provided \$660 million in community benefit, including \$313 million in charity and uncompensated care to patients – a number that continues to increase due to under reimbursement. Of the 27 counties we serve, all but one have a higher poverty level than the U.S. average, including the City of Rochester in Monroe County, which ranks third in overall poverty among the nation's 75 largest metropolitan areas, and Allegany County, which has among the lowest income levels in New York. As is often the case in communities grappling with poverty and low-income, our region faces significant rates of chronic conditions like heart disease, high blood pressure, and kidney disease affected by social determinants such as higher rates of smoking, obesity and physical inactivity. Our communities also face unaddressed mental health and substance use disorders, high teen birth rates, and lower rates of preventative screenings like mammography. If our catchment area were a separate state, it would have the second highest cancer incidence in the nation behind only Kentucky. To help address these disparities, our rural affiliate hospitals have preserved and expanded care into parts of our region that had previously lacked access to many necessary services.

Our region has also suffered from a significant shortage of acute care hospital beds for many years. Over the last two decades, we have had three hospitals close in our region. As a result, the Finger Lakes region has the fewest beds per 1,000 population in NYS and among the lowest in the nation too (the Rochester-Finger Lakes region has 1.6 beds / 1,000 population versus the national and state averages that range 2.3 -2.4 beds / 1,000 population). COVID exacerbated this, but occupancy rates regularly exceed 110% on any given day at our two largest hospitals in Monroe County - Strong Memorial and Highland Hospitals. In fact, Strong and Highland both have set record census counts in the last few weeks with Highland reaching 152.5% occupancy.

Our non-profit long-term care facilities have felt this at a seismic level. Nearly 1,000 skilled nursing home beds are unavailable due to staffing shortages and under-reimbursement. Furthermore, a report published by Common Ground Health indicated that the Finger Lakes

region has one of the largest, if not the largest, aging populations within NYS. They found that a 44% increase in the population aged 65 and above is expected by 2040 in our region. The significant aging population will drive healthcare utilization substantially. The limited support for long-term care facilities, coupled with staffing ratio mandates that provide no incentives for recruitment and harmful cuts, has helped create the boarding issues you see in hospital settings. At any given moment, we have roughly 100-120 patients at Strong Memorial Hospital who could be discharged to a nursing home but cannot be transferred due to the lack of available space in our regional nursing homes. With a bed capacity shortage, this backs up our Emergency Departments (ED).

Given this, we are pleased to see in the budget continued support for hospitals and nursing homes, including the Healthcare Stabilization Fund, the 10% Medicaid outpatient rate increase, Medicaid Rate Add-On for long term care, \$127 million for the Medical Indemnity Fund to maintain the Fund's solvency through FY 2027, and restoration of the Nursing Home Capital Rate. We are also pleased to see funding maintained for many of the public health programs we administer for the Rochester-Finger Lakes Region and in the Southern Tier. We strongly encourage the Legislature to build on this support in their one-house proposals given the continued financial and operating challenges providers face as well as the severe reductions in support and uncertainties we are weathering from Washington.

I did want to highlight a few specific budget priorities and concerns for your attention and support. Our health system continues to struggle due to under-reimbursement from Medicaid in our hospitals, nursing homes, and at the Eastman Institute of Oral Health (EIOH). Although we welcome the Executive's \$1.5 billion investment in hospitals and nursing homes and additional \$1 billion for the Safety Net Transformation Program, we are disappointed to see that dentistry continues to be deprioritized. While the Legislature has provided billions of dollars in health care capital through the Statewide Health Care Facility Transformation Program and Safety Net Transformation Program, there has been no targeted investment in dentistry.

There are currently six academic dental centers in all of NYS, and only two in upstate. EIOH at the University of Rochester is one of them and is the largest provider of dental care for Medicaid-eligible patients outside of NYC. About 77% of the patients seen at EIOH are covered by Medicaid. More than 40% of the patients who are seen at EIOH have complex diseases and conditions that usually cannot be treated elsewhere.

In its original form, the current EIOH clinic was equipped to serve 40,000-50,000 patient visits annually. Today, EIOH sees over 200,000 patients annually. **EIOH has more than 35,000 patients on the waitlist to receive dental care, with a wait time of roughly 2-3 years to be seen. These patients on the waitlist represent 55 of New York's 62 counties.** The waiting time for children requiring treatment under general anesthesia is approximately one year. For patients with intellectual and developmental disabilities (IDD) or other conditions, such as Alzheimer's, who need treatment under general anesthesia, the wait time extends to 3.5 to 4 years. These waitlists are unconscionable.

Currently, due to the extended waitlist and inability for a patient to be seen elsewhere, patients often end up in the ED for oral care, where treatment typically involves opioids. A dental visit

costs approximately \$259, compared to \$1,800 for an ED visit. This means that, in Rochester alone, the services provided by EIOH save the healthcare system and NYS an estimated \$46 million annually.

We urge the Legislature to include \$20 million in capital funding for EIOH in the FY 2026-27 budget to allow us to expand our clinical space for general dentistry and urgent care support that will allow us to care for an additional 10,000 patients a year. Providing \$20 million in capital support will allow us to decompress overcrowded conditions, shorten wait times, reduce ED visits, and ensure that care is high-quality and provided in an accessible and cost-effective outpatient setting.

We understand that the Legislature may be reluctant to make such an investment in a single provider; however, there are simply no other providers in upstate that provide these services. EIOH is, for all intents and purposes, the sole provider of Medicaid dental services for the 55 counties in Upstate New York. Our reach is statewide; our programs are statewide; and we view this investment as a statewide investment. A dollar spent now for this vital project equates to many dollars saved for NYS.

We also want to bring your attention to another statewide program that has had a negative impact on UR Medicine. In the FY 23/24 Enacted Budget, the Executive implemented the removal of the pharmacy benefit from Medicaid Managed Care plans and, simultaneously, committed to transition funding for impacted providers, specifically, Strong Memorial Hospital, the flagship hospital of UR Medicine. It was clear at the time that such funding would be available over a three-year period. That understanding is confirmed by projected spending on the Enacted Medicaid Scorecard from the FY23/24 Enacted Budget.

The purpose of the transition funding was to mitigate the loss of 340B support Strong had historically received, which is now unavailable due to State management of the benefit. UR Medicine had used 340B to fund charity care, provide oncology care, mental health care, reproductive health services, supportive transitional housing, substance abuse treatment, school-based health clinics, and discounted or no-cost prescriptions to our patients, among support for many other programs. These critical initiatives are at risk because of reduced revenues to Strong due to the carveout. Moreover, the revenues that were supposed to support Strong in the pharmacy carve-out transition have not materialized. The transition funding for Strong Memorial Hospital has been limited to one year, despite the prior three-year commitment from New York State. **We urge you to continue the commitment to this funding.** The past year has seen significant federal cuts to the Medicaid program that will exacerbate our financial and operational challenges and threaten our ability to care for our patients and to meet the healthcare workforce needs now and into the future. The federal attacks on the 340B program pose another significant Washington threat. Further, a decade of disinvestment in Medicaid from prior administrations has eroded Medicaid providers' ability to meet need. Failing to follow through on this funding that we had budgeted for and counted on ultimately harms Medicaid recipients the most.

We welcome the opportunity to speak with you on these issues at greater length. Thank you for the opportunity to submit testimony and your past support.