



# NEWS RELEASE

41 State Street • Suite 900  
Albany, NY 12207-  
518.462.2293  
www.nyhpa.org

**FOR IMMEDIATE RELEASE:**  
January 16, 2020

**CONTACT:**  
Leslie S. Moran  
518.462.2293  
(cell) 518.588.6655

## **New York Health Plan Association Outlines Medicaid Reform Proposal**

*Common-Sense Measures Would Save Nearly \$900MM  
To Close the Budget Gap & Protect the State's Most Vulnerable Citizens*

With the state facing an estimated \$4 billion shortfall in the Medicaid program for the current fiscal year, the New York Health Plan Association (HPA) today outlined a comprehensive series of measures to decrease the structural deficit and protect the state's most vulnerable citizens by eliminating programs that are outdated or do not add value to improving the health of New Yorkers.

“Given the fiscal challenges the Medicaid program faces, it’s critical to make the most efficient use of limited state dollars to ensure that they’re achieving the goals of expanding coverage, improving quality, or reforming the delivery system,” said HPA President and CEO Eric Linzer. “When taken together, these common-sense reforms – many of them long overdue – have the potential to close the Medicaid gap by nearly \$900 million, helping to ensure New York can maintain its high rate of coverage and, ultimately, protect the citizens the program serves.”

Among the measures that HPA has recommended:

### **1. Eliminate or Substantially Reduce Supplemental Payment Pools – Potential Savings: \$581.5MM**

More than \$1 billion is provided to hospitals, Performing Provider Systems and other providers each year through a variety of supplemental payment programs, including the state’s Equity Pools, Excess Medical Malpractice Pool, the Workforce Recruitment & Retention Pool, and the Quality Incentive Vital Access Provider Program. In many instances, these supplemental pools merely boost payments to providers without delivering additional benefits to patients. Given the current fiscal challenges, the state should assess the ongoing necessity of each program to determine whether the investments are actually helping to address the goals of increasing coverage, enhancing access to care, or improving quality, and eliminate those pools that either have achieved their goals or are no longer necessary.

### **2. Realign the Indigent Care Pool (ICP) Funding – Potential Savings: \$138MM**

As the uninsured rate in New York has dropped from 10% in 2014 to roughly 5% today, funding from the ICP should support hospitals that provide the majority of care to vulnerable low-income and uninsured individuals, and whose financial stability is challenged. A number of institutions that have positive operating margins and are not dependent on ICP payments currently receive funding regardless of their need. The state should implement a proposal from the Governor’s FY20 30-day amendments to limit payments of ICP funds to \$10,000 for any downstate hospital with an operating margin of more than 2.98% or a net operating income of more than \$68 million.

-more-

### **3. Reform the Health Home Program – Potential Savings: \$150MM**

The health home program now accounts for over \$600 million in annual Medicaid spending, but after seven years there is little detail on outcome and performance measures or cost analysis regarding the effectiveness of the program. A May 2018 report on the program by Citizens Budget Commission noted that enrollment has been well below initial projections and most other states' health home programs concentrate on a much narrower population than New York. Given the structural deficit in Medicaid, the state should reduce the size of the health home program by \$150 million, eliminating low-performing health homes and adopting meaningful outcome measures to focus on a more targeted population than it does today.

While HPA and its member plans recognize the significant budget difficulties New York is facing, Linzer noted that the state has cut health plans' Medicaid rates by hundreds of millions of dollars in recent years and that closing the budget gap should be shared by the entire health care community.

“Our member health plans have been consistent, reliable partners in the state’s health reform and coverage expansion efforts while operating on extremely thin margins in the Medicaid program. Decreasing the structural deficit should focus on eliminating funding that doesn’t meet the goals of expanding access or reforming the delivery system to protect the coverage and services for the millions of New Yorkers who rely on our member Medicaid plans. The recent across-the-board cuts will jeopardize their ability to continue to serve the state’s most vulnerable residents and support the ongoing measures the state expects in the transition to value-based payment arrangements.”

*The New York Health Plan Association represents 29 managed care health plans that provide comprehensive health care services to nearly 8 million New Yorkers.*