

## **Memo in support of H+H Community ICP proposal**

Section 1. Amends Subdivision 5-d of section 2807-k of the public health law:

Eliminates \$25 million of ICP funding that was used to support the ICP transition collar for voluntary hospitals. Further reduces allocations for major public general hospitals (paragraph (b)(ii)(A)) and voluntary hospitals (paragraph (b)(ii)(B)) by \$300 million. The \$300 million reduction is split between the public (12.6%) and voluntary (87.4%) ICP allocations proportional to the public/voluntary shares of ICP (after elimination of the transition collar funding).

Eliminates the ICP transition collar distribution methodology (deleted subparagraph (b)(iii)).

Extends language regarding the financial assistance law compliance pool (newly renumbered subparagraph (b)(iii)).

Changes in the section are effective for payments made April 1, 2019 through December 31, 2019 (prorated accordingly), and annually thereafter for ICP distributions to be made for calendar years 2020 and after (paragraphs (a) and (b)(ii)).

Section 2. Adds a new Subdivision 23 to section 2807 of the public health law:

Authorizes adjustments to Medicaid rates for Enhanced Safety Net hospitals as defined in paragraph (a) of subdivision 34 of section 2807-c of the public health law, and to a newly defined category of Qualified Safety Net hospitals. (paragraph (a))

Proposes a definition of Qualified Safety Net hospitals to mean a hospital, other than an Enhanced Safety Net hospital defined above, identified by the commissioner of health after taking into account the following criteria: the hospital's financial hardship, the proportion of safety net services furnished by the hospital, the needs of the community that is served by the hospital, and/or participation by the hospital in programs established by the commissioner that enable hospitals in financial distress to maintain operations and vital services. This is intended for hospitals that fall outside of the enhanced safety net definition, but provide significant indigent care, such as those that have received financial assistance through the existing VBQP/IP/VAPAP programs and hospitals on the state's financial watch list. (paragraph (b))

Requires the commissioner to increase Medicaid payments for inpatient and/or outpatient services to Enhanced Safety Net hospitals and Qualified Safety Net hospitals. Allocates \$37.7 million to Enhanced Safety Net hospitals that are major public general hospitals and \$262.3 million to all Enhanced Safety Net (other than major public general hospitals) and Qualified Safety Net hospitals. An additional \$12.5 million is dedicated to federally designated critical access hospitals. Increases may be added to rates, or paid in lump sum to providers with a methodology to be determined by the commissioner. (paragraphs (c)(i), (c)(ii) & (d))

Holds Enhanced Safety Net (other than major public general hospitals) and Qualified Safety Net hospitals harmless by requiring additional payments by further increasing rates/lump sum payments or using either VBP QIP or other supplemental programs to hospitals that lose funds compared to the current ICP distribution. (paragraphs (c)(iii) and (d))

Section 3. Amends Paragraph (a) of subdivision 1 of section 2807-c of the public health law - which provides for hospital inpatient case based Medicaid payment rates - to add to a new subparagraph (vi) allowing any adjustments to case payment rates pursuant to section 2807(23).

Section 4. Amends Subdivision 34 of section 2807-c to add a new paragraph (d) to make clear that payments to Enhanced Safety Net and Qualified Safety Net hospitals pursuant to section 2807-c(34) do not supplant funds provided for by section 2807(23) to Enhanced Safety Net hospitals.

Section 5. Amends Subsection 1 of section 211 of Chapter 474 of the Laws of 1996, to add a new paragraph (g) to allow NYC Health + Hospitals to access to an additional \$200 million in DSH payments through IGT.

Section 6. Amends Subsection 1 of section 212 of Chapter 474 of the Laws of 1996, to add a new paragraph (c) to allow all other major public hospitals, including those operated by the state of New York or the State University of New York, or Erie, Nassau or Westchester counties to access an additional \$100M DSH payments through IGT.