

April 26, 2021

Medicaid
Medicaid Matters New York
Matters
Memorandum of Support

A.6883, Gottfried / S.5954, Rivera

AN ACT to amend the Public Health Law, in relation to the general hospital indigent care pool and funding for safety net and enhanced safety net hospitals; and to amend Chapter 474 of the Laws of 1996 amending the Education Law and other laws relating to rates for residential health care facilities, in relation to additional payments for certain inpatient hospital services.

Medicaid Matters New York, the statewide coalition representing the interests of people who are served by New York's Medicaid program and the safety-net providers they rely on, supports A.6883 / S.5954 and urges the Legislature to enact it. This legislation would address longstanding Medicaid and Indigent Care Pool (ICP) funding inequities by redistributing existing ICP funding to better support safety-net hospitals that provide more care and services to people who are uninsured or insured by Medicaid.

The bill would convert \$300 million of the total current ICP pool funding of about \$1.1 billion into increased Medicaid reimbursement rates for Enhanced Safety Net hospitals (as defined in PHL Section 2807-c(34)) and for newly-defined "qualified" safety-net hospitals, which together provide the highest rates of care to low-income Medicaid patients and the uninsured. It would also increase funding for public hospitals, rural critical access and sole community hospitals, and urban safety-net hospitals, and reduce unnecessary distribution of ICP funds to profitable hospitals that neither need nor deserve this scarce funding.

The bill would also address the inadequacy of current Medicaid hospital reimbursement rates, which disproportionately impact safety-net hospitals with high Medicaid payer mixes, which do not have large numbers of privately insured patients to offset the losses caused by low Medicaid reimbursement rates.

The targeting of funds to safety net hospitals and reduction in the distribution of ICP funds to financially secure private hospitals is consistent with federal policy put forth by the Affordable Care Act and the Medicaid Disproportionate Share Hospital (DSH) program to expand access to care for underserved communities and protect the availability of safety-net services.

This legislation would fix longstanding inequities in the distribution of ICP and DSH funds, without hurting hospitals that provide services to low-income and at-risk communities. Increasing Medicaid reimbursement rates for enhanced safety net and qualified safety net hospitals would more efficiently distribute funding to the hospitals that need it the most while optimizing the drawdown of new federal matching Medicaid funds and retaining all existing federal DSH funds to support these essential services.

This legislation would rebalance the distribution of existing Medicaid funding, but will entail no additional state expenditures, since it would merely redistribute existing state and federal funds. There would be no net financial impact to the State.

For these reasons, Medicaid Matters supports this legislation and urges the Legislature to enact it.