

**Testimony for the New York State Senate and Assembly Committees on
Health and Investigations/Oversight, as well as the Commissions on
Administrative Regulations Review- August 13, 2020
By Ralph Palladino, 2nd Vice President Clerical-Administrative Employees
Local 1549**

The Black Lives Matter protests taking place in New York and around the world speak to the life and death needs of communities of color facing all forms of racial discrimination. The COVID-19 Pandemic has focused the light on the healthcare disparities in New York City. The NYC Health and Hospitals (NYC H+H) plays a central role in these communities in saving lives and providing decent jobs. This in turn helps keep the local economies alive.

In the front lines

The heroic work of our NYC H+H front-line healthcare workers including 5000 Local 1549 clerical members also live in the communities they serve. They are the first to greet COVID-19 upon entry to our facilities. They must be recognized and rewarded properly. The duties and functions are key to generating income for NYC H+H and wellbeing of patients.

Over 8000 COVID patients' lives were saved in H+H facilities after being admitted and successfully discharged. Overcrowding did exist in most institutions and 850 COVID patients had to be transferred because of this across the system. The system was able to absorb them.

Clericals perform the registration duties of patients that takes 15-20 minutes of face to face contact with patients entering the system. Their work generates the medical records and insurance gathering information. Other clericals such as Outpatient Financial Counselors assist patients in person to help them secure health insurance.

Their other duties include being responsible for: Providing information to patients and families; Securing patient medical records; Providing translation services; Make new and follow up appointments for patients. Given their role of greeting patients they are responsible for generating good will, comfort and security for patients entering the healthcare settings.

The current plans for NYC H+H to re-open is inclusive of the needs of clerical employees. They have been provided proper PPE. Masks and goggles have been and will be made available. Plexiglass and other types of guards have either been put in place or will be. Our clericals have been involved in staff discussions. We were provided childcare during the crisis and that is likely to continue if needed. The administration of NYC H+H and the union has been working cooperatively together. When problems have arose, we have brought them to management's attention and found that they have been dealt with. Despite this our members have experienced depression, felt stress, burn out and experience tears because patients were dying.

And if not for the NYC H+H need to employ private temporary workers to fill our staff positions because of lack of funds there would be a staffing shortage. Temporary workers performing our work is problematic. In addition, these workers are exploited low wage workers receiving no employee benefits but who have worked hard and deserve regular decent paying jobs. H+H is seeking ways to convert these workers to regular employees, and we will continue to work with them in this endeavor.

NYC H+H is \$1.1 Billion additionally under-funded now due to the COVID crisis due to the additional scope that the system was required to undertake for staffing, supplies and space utilization. The traditional Medicaid rates were used to pay the cost of care for the COVID patients and they traditionally are at least \$100 less than the actual cost of care for "normal" cases. Of course, uninsured patients' cases that are a high number in our hospitals are not reimbursed by Medicaid. Other forms of reimbursement fall far shorter as reimbursement.

More budget cuts will be deadly

Calls by some for reducing any public services, furloughing and layoff of workers, especially in public hospitals is wrong! This is especially true given the likely slow rebuilding processes and likelihood that COVID-19 will be with us for a while. The flu season is right around the corner and we can expect our Emergency Rooms to be at full capacity.

We believe that the state of New York needs to step up to help and assist our public hospitals. The state distribution of funding has always been unfair to public hospitals. *This is the subject of the recent Wall Street Journal article that is Addendum #1 to this testimony.*

Underfunded hospitals had three times more COVID-19 related fatalities than others.

State Revenues Must Increase.

The state budget passed on April 1 meant a \$200 million cut to the NYC H+H budget. We can expect more of a cut in the state's "savings allocation plan" when it is announced that is supposed to deal with the projected state deficit of \$13B exacerbated by the COVID-19 pandemic. The governor now says \$30 billion will be needed over the next two years in order to meet state needs. *You will find specifics relating to NYC H+H needs in Addendum #2.*

NYC H+H has an administrative overhead of from 1% to 3% only! Over the years the system has downsized staff by a third and cut beds. Local 1549 has cooperated with management to streamline finances gathering. No assistance to recoup funds lost the past few months and further cuts only mean CUTTING JOBS AND SERVICES in the communities hit hardest by the Pandemic and economic crisis. People will be more likely to die as a result.

The city administration has poured in billions of tax dollars to support NYC H+H over the past four years. There has been a big expansion in health insurance outreach and in access to healthcare facilities. Much more is needs to be done though. The city cannot possibly be expected to do increase its' funding. Additional revenues are badly needed but the city is not allowed to borrow and can't raise taxes on those who can afford to pay without Albany's ok.

No evidence that the rich will move if taxed more

New York billionaire's wealth increased by \$77 billion during this Pandemic. The head of Amazon added to his penthouse in Manhattan he bought for \$80 million by adding two more floors for an additional \$18 million a couple of months ago. The head of Goldman Sax got a 20% raise in March and now makes almost \$28 million a year! You are telling us that these people cannot afford to pay more in taxes to help our state and economy?

Business journals, politicians and pundits say these rich people will leave the state if taxed more. But a Stanford University study states, "...there is little systematic evidence about elite mobility or the likelihood of tax flight among millionaires." There is no poll on why people move from New York that shows people move because of taxes. Most people leave because their employment changes or they retire.

The New York City Health and Hospitals (NYC H+H) system holds the key to lessen health disparities in this city. It has been and will continue to be in the epicenter of the fight to protect the public's health. This is especially true given the apparent collapse of the employer based health insurance system. H+H helps all who need help regardless of ability to pay, especially immigrants. We cannot afford to lose any funding with an overhead of just 1%.

Our members are asking, "Where is the shared sacrifice in this crisis? We are not properly compensated, face layoffs and disease while the rich and corporations do not even pay their fair share of taxes!" Thank you.

SPECIAL ADDENDUM TO WRITTEN **TESTIMONY**

Verbal additions based on discussion/questions asked

1-Senator Rivera asked about the Governor and our panel's contact with him and the level of coordination between the state and hospitals.

I answered that since we are a city entity that our contact was non-existent. The city administration and DC 37 leadership were in contact though. Local 1549 had good communication with NYC H+H and there was solid cooperation and give and take on issues.

2-Assemblyman Gottfried asked about the response from the state during the crisis on issues of concern to members or safety/health.

I answered that I could not answer since we directly dealt with NYCH+H and had good responses.

But that the issue of "assistance" is better answered saying that the short comings of the system and supplies was a direct result of years (25 since I have been involved directly) by the state. They favor the "Medical Empires" over public and community institutions.

What should have take place over the years and what should in the future is:

- 1- **Medicaid dollars should follow where the Medicaid patients are.**
- 2- **Medicaid reimbursement rates should be based on true cost of care.**
- 3- **Fairness in distribution of funds to care for the indigent patients is a must.**
- 4- **Inclusion of public entities such as NYC H+H and stakeholders such as union in design, planning and reform efforts for the state's healthcare is a must. This did not happen with the last MRT team set up by the state.**

I added that despite some disagreements with the Governor on some issues we were very proud of him for taking the lead in holding the state and public together and standing up for us in relationship to President Trump's views.

THANK YOU

***LOCAL 1549** represents 14,000 employees of the City of New York, 5,000 of whom work for the NYC Health and Hospitals, and Metro Plus HMO.*

***Ralph Palladino is** 2nd Vice President of Local 1549. He has worked at Bellevue Hospital for 41 years and has been a patient there for the past 34 years. He served on Governor Spitzer's Healthcare Transition Team and was the Legislative Chair of the Bellevue Community Advisory Board.*

Addendum 1



Coronavirus Takes Financial Toll on New York City's 'Safety-Net' Hospitals

Melanie Grayce West and Joe Palazzolo

The hospitals serving New York City's neediest and most vulnerable patients face a financial reckoning as a resu...

Coronavirus Takes Financial Toll on New York City's 'Safety-Net' Hospitals

Institutions reel from uncertainty about future of federal stimulus aid, longtime reliance on Medicaid reimbursements

The hospitals serving New York City's neediest and most vulnerable patients face a financial reckoning as a result of the new coronavirus outbreak and uncertain stimulus funding from Washington, officials at the institutions say.

New York City's Health + Hospitals system is running with about 18 days of cash on hand, officials say. The 11-hospital system will go lean on cash in June and July if more federal funding doesn't begin to flow, including from the Federal Emergency Management Agency. Officials say they are holding off decisions on internal cuts or layoffs until they have a stronger sense whether more federal funding is in store.

Typically, Health + Hospitals operates with a 1% margin, officials said. Revenue losses have been roughly \$20 million a week since the outbreak began in March, but officials are hopeful they will rebound as the institutions resume elective surgeries and ambulatory care.

In all, the expected cost of treating patients with coronavirus is \$1.1 billion, said Health + Hospitals officials. The system has received \$824 million from federal relief programs.

At the height of the coronavirus crisis, Health + Hospitals had more than 3,000 hospitalized patients, with 900 patients on ventilators. The hospitals are in some of the hardest hit areas in Queens and the Bronx. They have been forced to absorb costs for equipment, staffing, supplies and testing equipment, among other things.

"Where it's going to get difficult for us is now we gotta pay those bills," said John Ulberg, Health + Hospitals chief financial officer.

The federal government has pumped more than \$70 billion to hospitals across the U.S. The money included \$12 billion to hospitals in coronavirus hot-spots like New York City.

Health + Hospitals and several other independent nonprofit hospitals are known as safety-net hospitals because they care for the city's poorest and most vulnerable, including the uninsurable. Out of the \$12 billion for hotspot hospitals, they received about \$1.3 billion, according to data published by the U.S. Department of Health and Human Services. Roughly \$100 billion in funding has yet to be allocated, and officials at the safety-net hospitals are hoping that more of the remaining money flows their way.

On Tuesday, the Health and Human Services Department said it would distribute an additional \$10 billion to safety-net hospitals that have already received relief funds. The money will be sent later this week, the agency said.

New York safety-net hospitals don't yet know, however, how much is coming to them.

"We believe it was tailor made for us, however we are unsure about how much we will receive," said David Perlstein, president and chief executive of SBH Health System, the nonprofit organization that operates St. Barnabas Hospital in the Bronx, another safety-net institution that primarily serves patients insured by Medicaid.

A spokeswoman with HHS said eligible hospitals would receive at least \$5 million each and at most \$50 million.

Decades of policy decisions have led to perennial funding challenges for safety-net hospitals, their leaders say, but the Covid-19 crisis has been a tipping point, especially because it disproportionately affected patients of color and low-income communities.

The formulas used to distribute the first \$50 billion in funds to hospitals were calculated based on history of billing Medicare fees for service and patient revenue. That formula largely benefited wealthier hospital systems that treat a larger share of patients with Medicare and commercial insurance, which pay more than Medicaid, according to leaders at the city's safety-net hospitals.

By contrast, safety-net institutions largely serve the uninsured or people using Medicaid.

Some version of parity is now needed—preferably a funding method weighted to Medicaid volume, say leaders of the city's safety-net operators.

"I have talked till I'm blue in the face about the inequality that has existed in this system for years," said Dr. Perlstein of St. Barnabas. "I don't think anybody cares about poor people of color."

New York state is home to 27 hospitals with at least 50% of Medicaid or self-pay patient discharges, and most of them are in the city, according to data compiled by the Community Service Society, a group that advocates for low-income New Yorkers.

The Brooklyn Hospital Center, a 464-bed independent hospital in downtown Brooklyn that also serves many Medicaid patients, received about \$7 million from the first tranche of relief funds tied to patient revenue, according to HHS data.

By contrast, the 450-bed Lenox Hill Hospital on Manhattan's Upper East Side got about \$13 million, the data showed. Lenox Hill is part of the larger Northwell Health system, and it received patients from its sister institutions.

A spokeswoman for Northwell Health said Northwell has treated more Covid-19 patients than any other hospital system, including 15,000 admitted patients.

About half of Brooklyn Hospital Center's annual revenue comes from patients insured by Medicaid. The hospital lost about \$3 million to \$4 million a month before the pandemic, said chief executive Gary Terrinoni. Since March, it has lost as much as \$20 million a month and is projected to take a \$100 million revenue hit for the year, Mr. Terrinoni said. He said the Brooklyn Hospital Center needed government aid to have a "fighting chance" to avoid cutting staff or services.

The current budget shortfall—in a best-case scenario—is some \$20 million, he said. The hospital received about \$6.5 million from the federal government in initial disbursements, and took an advance of \$32.7 million from the Centers for Medicare & Medicaid Services, and if unpaid there is a 10% interest rate Targeted federal funding netted another \$46.9 million.

About 88% of St. Barnabas patients are insured through Medicaid, which doesn't reimburse hospitals for the full cost of care.

"The structural problems with the payment system are clear and they're old," Dr. Perlstein said.

Addendum 2

ADDENDUM ON NYC H+H and State's COVID-19 Allocation Plan

As you may know, the State is expected to release its savings allocation plan to deal with the projected State deficit of \$13B exacerbated by the COVID-19 pandemic. This is in addition to cuts of \$200 million already affecting NYC H+H due to the April 1 budget.

The cuts to NYC H+H are a slap in the face to the First Responders who are the real heroes in fighting the Pandemic.

NYC H+H and MetroPlus HMO operate with a 1-3% administrative cost! This leaves no other option than to lay off healthcare workers. This will hurt our ability to provide safety and health to all needy patients, not just COVID-19. Yet the private non-profits whose CEO's make millions

of dollars running act more like for-profits and received more funding than they were entitled to based on patient mix. The tax dollars and Medicaid dollars are not following the patients.

- **The future of the health care system must address structural inequities.**
- **Safety net providers and the communities they serve need to be part of the discussion.**
- **They were not part of the Medicaid Redesign Team. Reinstate the enhanced safety net funds!**
- **No new cuts for enhanced safety net providers!**
- **Distribute DSH funds to H+H on a monthly schedule rather than in lump sum payments.**

Background: Safety net hospitals are at the front line of battling COVID-19, the worst public health crisis in this country in a century. We need support more than ever – not cuts!

“Re-imagine the health care system” should focus on:

- At a press conference, the Governor cited the need to “reimagine the healthcare system” in order to prepare for future challenges. The State should focus on:
- Addressing health care disparities, including the financing structure.
- Addressing the disparity between well-resourced and needier hospitals, by establishing a tiered Medicaid payment for safety net hospitals.
- **Solution: The future of the health care system must address structural inequities. Safety net providers and the communities they serve need to be part of the discussion on the future of health care.**

Reinstate Enhanced Safety-Net (ESN) Funds:

- The Legislature established the ESN definition in statute (Subdivision 34, of PHL 2807-C) and appropriated these funds for the past 3 years.
- Since 2017 the money was not distributed.
- In January 2020, DOB swept the funds saying CMS would not approve; we don’t agree. We believe there is a way to distribute these funds (via the plans) in a more straight-forward approach.
- The ESN hospitals need a tiered rate system just to keep more equity within the system—the Legislature recognized that and we shouldn’t let it go without more consideration.
- With the virus crisis, there is a need for permanent and targeted funding for enhanced safety net hospitals now more than ever.
- **Solution: Reinstate the enhanced safety net funds!**

Ensure safety net providers are held harmless from additional across the board (ATB) cuts:

- The enacted budget increased the ATB cuts to 1.5%, this disproportionately hits ESN providers who care for more patients who are in the Medicaid program or uninsured.
- **Solution: No new cuts for enhanced safety net providers!**

Timeliness of DSH Funding:

- DSH funds are intended to support hospitals unreimbursed costs of providing medical care to uninsured patients and Medicaid enrollees.
- Other public hospitals have first access to IGT DSH funds in state law.

- Since there is no required timeline for most H+H DSH, payments can be delayed pending estimates of other hospital needs or other issues.
- The sequencing of NYS DSH funds allocations means the hospital which provides the most care to Medicaid and uninsured people – NYC H+H gets paid last, not first.
- H+H is primarily reliant on a pool of leftover DSH funds, leaving it subject to fluctuating payment amounts/timing and first in line for devastating federal DSH cuts.
- **Solution: Distribute DSH funds to H+H on a monthly schedule rather than in lump sum payments.**

end