

## IMPACT OF PRESIDENT'S BUDGET PROPOSALS ON NEW YORK CITY'S PUBLIC HOSPITALS

If the President's proposals are implemented:

- The New York City Health and Hospitals Corporation (HHC) will lose more than \$550 million in federal Medicaid and \$18 million in Medicare funding in FFY 2008.
- Over the next 5 years, HHC hospitals face a cut in Medicaid funds of \$3.6 billion and \$146 million in Medicare. **A total of over \$3.7 billion in cuts!**

Specific Proposals	Description	Impact on HHC	
		FFY 2008	FFY 2008-2012
<b>Limiting public providers to cost</b>	CMS has published a proposed regulation that would place limits on state's use of Intergovernmental Transfers (IGTs) and the use of the Upper Payment Limit (UPL).	\$350 million	\$1.75 billion
<b>Eliminate GME Funds</b>	The federal government would no longer provide financial support for Medicaid graduate medical education (GME). It is unclear if NYS would continue to pay hospitals the State share of these costs if Medicaid matching funds are not available.	\$200 million (If NYS funding is lost impact will be \$400 million)	\$1 billion (if NYS funding is lost, impact will be \$2 billion)
<b>Eliminate hospital IME for beneficiaries in MA plans</b>	Medicare would no longer pay hospitals for indirect medical education (IME) for beneficiaries enrolled in Medicare Advantage (MA) plans.	\$10,816,000	\$56,937,000
<b>Cut the inpatient hospital update</b>	Would reduce the hospital inpatient market basket (i.e., its annual update) by 0.65% in FY 2008 and every year thereafter.	\$ 2,822,000	\$45,159,000
<b>Cut the outpatient hospital update</b>	The hospital outpatient market basket would be reduced by 0.65% in FY 2008 and every year thereafter.	\$ 450,000	\$ 7,205,000
<b>Phase out of Medicare bad debt payments</b>	Currently, Medicare reimburses hospitals and skilled nursing facilities a percentage of their bad debt (i.e., unpaid beneficiary co-payments and deductibles). Hospitals have been reimbursed at a rate of 70% and, as a result of the Deficit Reduction Act signed into law in February 2006, SNFs receive this reimbursement rate, as well. Under this proposal, the government would phase out these payments for all providers over four years.	\$ 1,007,000	\$15,078,000
<b>Cut the IRF provider update</b>	Would cut all payments to inpatient rehabilitation facility (IRF) providers by freezing 2007 payments for 2008. Starting in 2009 and annually thereafter, the IRF update would be reduced by 0.65%.	\$ 1,930,000	\$12,029,000

Specific Proposals	Description	Impact on HHC	
		FFY 2008	FFY 2008-2012
<b>Cut the home health &amp; SNF updates</b>	<p>Would cut all payments to home health providers by freezing payments at 2007 levels for a period of five years (2008-2012). Starting in 2013 and annually thereafter, the home health market basket would be reduced by 0.65%.</p> <p>Also would cut all payments to skilled nursing facilities (SNF) by freezing payments at 2007 levels for 2008. Starting in 2009 and annually thereafter, the IRF market basket would be reduced by 0.65%.</p>	\$ 167,000	\$ 2,606,000
<b>TOTAL IMPACT</b>		<b>\$568 million (\$768 million if NYS GME funding is lost)</b>	<b>\$2.6 billion (\$3.7 billion if NYS GME funding is lost)</b>

**NEW YORK CITY HEALTH AND HOSPITALS CORPORATION**

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