
Crain's Health Pulse

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Health industry seeks bigger allocation in budget

Gov. Andrew Cuomo's fiscal 2019 executive budget offers a "promising start" toward providing the funding that New York's hospitals, nursing homes and home care workers need to withstand federal funding cuts, Greater New York Hospital Association President Kenneth Raske and 1199SEIU President George Gresham said in a joint statement.

The Healthcare Education Project, a collaboration between GNYHA and 1199, said it was "calling for a final State budget that significantly increases its investment in New York's health care community." The group cited slow growth in Medicaid reimbursement and federal policy changes that will increase the number of uninsured patients.

Cuomo allotted \$425 million toward the third iteration of the Health Care Facility Transformation Program to support mergers, acquisitions, capital projects, debt retirement or renovations. Of the funding, \$60 million will go to community-based health centers, with up to \$20 million set aside for assisted living facilities. A \$45 million pool will be earmarked for residential health care facilities.

Another \$396 million will provide operating support to financially-distressed health care providers. The funding is contingent upon the providers creating plans to become more financially sustainable.

The budget also includes \$262 million to cover the 6.5% salary increase for direct-care workers. —J.L.

HIV/AIDS advocates seek another \$72.7M

Gov. Andrew Cuomo's executive budget for fiscal 2019 continues the state's multiyear, \$200 million commitment to "end the epidemic" of HIV/AIDS. However, advocates who have long said that isn't enough to accomplish the state's goals are seeking an additional \$72.7 million.

"We've had tremendous success in reducing the number of new HIV infections in New York," said Doug Wirth, president and chief executive of the health plan Amida Care. "The coalition working on this feels we need to double down to get us from where we are today to having fewer than 750 new infections by 2020."

The coalition wants to use the additional funds [to support 15 initiatives](#), but Wirth said there are two that should be prioritized.

The first is housing for people with HIV outside the city, particularly on Long Island, in the lower Hudson Valley and in the northwest part of the state.

The second is a jobs program to ensure that people with HIV who are certified as peer advocates can actually get jobs in the health system helping HIV-positive New Yorkers get into treatment.

Wirth said the coalition aims to convince the state that these programs will be cost-neutral by reducing new HIV infections and helping people better utilize the health care system. —C.L.

Transitional-care nurses help avoid hospitalizations

Hospitals can reduce the number of geriatric patients who are admitted from the emergency department by hiring transitional-care nurses to assess their needs and coordinate their care upon release, according to a study published Tuesday in the Journal of the American Geriatrics Society.

The study evaluated a pilot program implemented between 2013 and 2015 at Mount Sinai Hospital, St. Joseph's Regional Medical Center in Paterson, N.J., and Northwestern Memorial Hospital in Chicago. The pilot was funded by the Centers for Medicare and Medicaid Services.

At Mount Sinai, 36% of geriatric patients who visited with a transitional-care nurse in the emergency room were admitted directly to the hospital, compared with 46% in the control group. All three hospitals also saw lower rates of admissions in the 30 days following discharge among patients who met with a transitional-care nurse.

"This indirectly implies that people were not inappropriately discharged," said lead study author Dr. Ula Hwang, associate professor of emergency medicine as well as of geriatrics and palliative medicine at the Icahn School of Medicine at Mount Sinai.

Mount Sinai Hospital has continued to staff its emergency department with transitional-care nurses since the pilot ended.

"Hospital admissions are not great for patients, especially older patients," said Hwang. "The program is not only good for hospitals in terms of cost savings but also better for patient care with regards to safety and quality of life." —C.L.

AT A GLANCE

UNINSURED RATE: The percentage of Americans without insurance ticked up 1.3 points in 2017, according to Gallup. The increase, representing about 3.2 million people, is the biggest single-year rise since Gallup and Sharecare started measuring the rate in 2008.

HOMELESS DEATHS: The number of homeless people who died in New York City increased 30% in fiscal 2017, with drug use as the leading cause of death, [Politico New York reported](#). More than three-quarters of the overdose deaths were tied to opioids.

FLU RESPONSE: Hospitals around the country have been deluged with flu cases, straining resources and raising questions about how the nation's hospitals would be able to cope with a flu pandemic, [STAT reported](#).

VETS AND MARIJUANA: Veterans Affairs Secretary David Shulkin misled Democratic members of the House Veterans Affairs Committee in a letter explaining why the VA is not conducting research into medical marijuana, according to the Brookings Institute. The research group [published correspondence](#) between Shulkin and members of the Congressional committee and called Shulkin's comments "an unfortunate combination of false information, incomplete analysis and incomprehensible logic."

Insurers slam Cuomo budget proposal over new tax

Faced with a \$4 billion deficit, Gov. Andrew Cuomo proposed in his executive budget Tuesday that health insurers pay a 14% tax on their underwriting profits to help fill the gap.

Cuomo said insurers could afford the tax because they reaped a 40% cut from the federal tax overhaul, which transferred costs to the state. For instance, UnitedHealth Group told analysts Tuesday that federal tax reform would increase its earnings by \$1.7 billion this year, [Forbes reported](#).

"I think it's totally justifiable to have a tax to recoup part of their windfall," Cuomo said, adding that the new tax would generate \$140 million.

The state Health Plan Association disagreed. Its new CEO, Eric Linzer, said that levying the tax only on health insurers while other types of insurers benefited from federal tax savings "creates an uneven playing field."

"While we recognize the significant budget challenges facing the state, several of the proposals included in Gov. Cuomo's executive budget presentation will increase the cost of health care for New York residents and employers," Linzer said in a statement. He said the state should place more emphasis on measures that stabilize its insurance market.

As the state prepares its budget, several major federal health care programs have yet to be funded by Congress. Funding for the Children's Health Insurance Program, which covers about 350,000 children, expired Sept. 30, with Congress providing temporary funding to states in December. Cuomo's budget assumes Congress will reauthorize funding for the program, but if not, the state would need to contribute an additional \$1 billion to keep it going. The budget allows the state to make modifications to CHIP benefits.

Another \$1 billion is at risk if the federal government doesn't approve cost-sharing reduction payments, which fund New York's Essential Plan for low-income consumers. The state said it "continues to support this important program" despite the federal government withholding payments. More than 700,000 people are now covered under the plan for lower-income New Yorkers who don't qualify for Medicaid.

Cuomo proposed creating a health care shortfall fund of about \$1 billion that would "make up for these federal cuts that are coming down the pike," he said.

The reserve fund would be supported, in part, through money paid to the state when a nonprofit insurer converts to a for-profit status or is sold to a for-profit company.

"This is about not-for-profit health care companies that we financed through Medicaid primarily," Cuomo said.

One such deal is the pending \$3.75 billion sale of Queens-based nonprofit health plan [Fidelis Care to Centene](#). Cuomo didn't mention the deal by name, but few other transactions are large enough to generate the \$750 million Cuomo described during his address. His [briefing book](#) said the state expects to reap \$500 million a year for four years from these types of transactions because the state "believes that such activity is likely in the current health insurance market."

Cuomo's ability to use the money generated from that deal should not be seen as a foregone conclusion, according to a person close to the transaction. The Archdiocese of New York had planned to use the estimated \$3.5 billion in proceeds to create a health care foundation. It would operate "in conformity with Catholic values" and serve vulnerable populations regardless of their religion statewide, according to a letter Cardinal Timothy Dolan, archbishop of New York, sent to supporters in September.

The person close to the transaction said the foundation was "instrumental" to the archdiocese's decision to sell the health plan and that Cuomo's plan could cause Fidelis to reevaluate the deal or consider litigation.

Other notable items in Cuomo's budget proposal:

State Medicaid spending under the global cap will rise 3.2% to \$18.9 billion. The state's contribution, including spending outside the cap, will be \$20.6 billion. Total federal, state and local Medicaid contributions will reach \$70.2 billion.

In addition to insurers, Cuomo proposed a new tax on drugmakers. Manufacturers would pay 2 cents per milligram of active opioid ingredients, generating \$170 million, "to offset the costs that we're spending to fight opioid abuse," Cuomo said. He would also extend by one year the Medicaid cap on projected prescription drug spending. The cap allows the Department of Health to negotiate rebates with pharmaceutical companies if spending is expected to exceed the limit.

The budget authorizes the creation of retail practices that provide treatment in settings such as pharmacies, grocery stores or shopping malls. —J.L.

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