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Testimony
Joint Budget Hearings on Health
Senate Finance Committee and Assembly Ways and Means Committee
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Testimony Submitted

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I. Introduction and Need for Adequate State Revenue

My name is Ursula Rozum. I am the statewide lead for health care for Citizen Action of New York (Citizen Action), a membership organization dedicated to social, racial, economic and environmental justice with eight chapters and affiliates across New York State. We would like to thank the chairs and members of the Senate Finance and Assembly Ways and Means Committees for the opportunity to provide our views on the health care provisions of the Fiscal Year (FY) 2024-25 Executive Budget.

The FY 2024-25 Executive Budget include many positive proposals that will help protect patients from medical debt and support their ability to access affordable healthcare coverage including the following:

Medical debt protections

- Modernizing the State’s Hospital Financial Assistance Law
- Banning hospitals from suing patients with incomes below 400% of the federal poverty level (FPL)
- Informed consent for payment and Medical credit card reform
- Guaranteeing continuous health coverage for children up to 6 years of age
- Improving subsidies and benefits for public health coverage
- Eliminating all cost-sharing for insulin for New York State-regulated plans

In addition to addressing these important reforms in the FY 2024-25 budget, Citizen Action also urges the Legislature to provide additional funding to ensure more New Yorkers can enroll in, and use their coverage, including:

- Ensuring coverage for low-income immigrants with Section 1332 Waiver surplus pass-through funding

- Funding Community Health Advocates at \$5.5 million
- Enhancing outreach funding for Navigators

By way of introduction, we note that several of our proposals, and those of our allies in the Health Care for All New York (HCFANY) coalition request modest increases in health care spending, increases that we can anticipate will encounter some resistance due to the state's difficult fiscal situation. Already, we are seeing calls to limit existing public spending, which has resulted in proposals to reduce expenditures for vital services, including Medicaid.

There is an alternative. New York State can stabilize revenues, protect our existing public goods, and grow our investments in working-class communities if we raise taxes on the highest income New Yorkers and the most profitable corporations in our state. We will provide more detailed comments on our proposals and those of our allies in the Invest in Our New York (IONY) coalition to raise revenue at the February 14th hearing of your committees on the tax provisions of the budget.

Our detailed comments on the health care budget are discussed below.

II. Protecting New Yorkers from Medical Debt

Over 740,000 New Yorkers have medical debt in collections. Researchers at the Community Service Society (CSS) have identified over 75,000 medical debt cases brought by non-profit and government-operated hospitals against New Yorkers since 2015. An analysis of random samples of these cases indicates that a disproportionate amount of medical debt lawsuits are brought in zip codes where residents are disproportionately people of color, low-income, or both. In 2023, Urban Institute researchers found that the areas of New York with high rates of medical debt are often hotspots for hospital lawsuits against patients. Three-quarters of some or all medical debt is owed to hospitals.

Uniquely among the states, New York annually provides around \$1 billion through its Indigent Care Pool to its hospitals, with the intention of incentivizing them to comply with the State Hospital Financial Assistance Law (HFAL). HFAL requires hospitals to offer financial assistance to patients with incomes up to 300% of FPL. But the evidence cited above indicates that this system has failed New Yorkers. Governor Hochul's Executive Budget provides several excellent starting points to address our State's broken medical debt crisis, which are outlined below.

The Legislature Should Adopt and Enhance the Executive Budget's Proposal to Improve the Hospital Financial Assistance Law

Citizen Action commends the Governor for seeking to reform New York's Hospital Financial Assistance Law (HFAL). In addition to supporting these changes, the Legislature should improve upon the HFAL by adopting several provisions from the Ounce of Prevention Act (S1366B/A6027A), which are discussed below.

The following provisions of the Executive Budget should be adopted:

- Increasing the income eligibility for hospital financial assistance. The Executive Budget suggests increasing the eligibility from 300 to 400% of FPL. Citizen Action urges the Legislature to go further and offer discounts to patients with incomes up to 600% of FPL.

Both the Executive Budget and the Legislature propose the following reforms be made and Citizen Action urges that they be adopted in the final FY25 Budget:

- Discount schedules should be based on the Medicaid rate.
- Monthly payment plans should be capped at 5% of a patient's gross family income.
- The existing law's asset test only for poor patients should be eliminated.
- Patients should be able to apply for hospital financial assistance at any time during the collections process instead of the current law's 90-day time limit.
- Hospitals should be required to report the race, ethnicity, gender, age, and insurance status of patients who apply for, receive, and are denied financial assistance.
- Written notification of hospital financial assistance should be required during intake, registration, and discharge.

The Legislature should also incorporate the following provisions from the Ounce of Prevention Act (S1366B/A6027A):

- The HFAL should apply to all New York State hospitals, not just those participating in the Indigent Care Pool.
- The Ounce of Prevention Act also includes time-limited debt repayment plans to prevent New Yorkers from being strapped with medical debt for the rest of their lives. Individuals with incomes from 200 to 400% of FPL would have their debts forgiven after 36 months of payments; the same would be true for individuals with incomes from 400 to 600% of FPL after 60 months of payments.
- All providers at the hospital should follow the hospital's HFA policy, not just those employed by the hospital.
- Hospitals should not require deposits for medically necessary care.

Finally, the final HFAL should incorporate the FY 2023-24 budget provision that requires hospitals to use an application form provided by DOH.

The Legislature Should Adopt the Executive Budget's Proposal to Limit Hospitals' Ability to Sue Low-Income Patients for Medical Debt

The Executive Budget prohibits hospitals from suing patients with incomes below 400% of FPL. Citizen Action strongly supports this prohibition as these lawsuits are damaging to the wellbeing of New Yorkers, many of whom are low-income. Citizen Action urges the Legislature

to additionally prohibit state-operated hospitals from suing patients for medical debt by adopting the provisions of the Stop Suny Suing Bill (A8170/S7778).

Hospitals are always represented by debt collection attorneys while patients -- who, as described above are typically low-income people -- rarely have representation. A systematic sample of over 31,000 New York medical debt lawsuit court files found that the median judgment amount was just \$1,900 and that 98% of cases were won by default. A judgment will stay on a patient's record for 20 years, further contributing to the devastating and lasting impact of a medical debt lawsuit.

The five State-operated hospitals that are covered by A8170/S7778 have sued over 15,000 patients since 2019. By contrast, most of the 210 other hospitals in New York State do not sue their patients at all or only do so very rarely. Nationally and in New York, many hospitals are discontinuing or reducing the practice of suing patients or erasing patients' medical debt. The five State-operated hospitals receive over \$530 million annually in Disproportionate Share Hospital (DSH) funding, while the other 200 hospitals in the state receive far less funds to offset their uncompensated care losses.

Suing patients does little to offset the State-run hospitals' margins. For example, the total amount SUNY Upstate sued patients for in one year is an estimated \$16 million. SUNY Upstate's annual operating budget was \$1.5 billion, indicating its life-ruining practice of suing its patients will do little to ameliorate its bottom line. Citizen Action therefore urges the Legislature to prohibit State-run hospitals from suing patients for medical debt by adopting the provisions of the Stop SUNY Suing Bill (A8170/S7778) in the final budget.

III. Guaranteeing Continuous Public Insurance Coverage for Children up to Age 6

The Executive Budget proposes to amend the law to provide continuous Medicaid and Children's Health Insurance Program coverage for any eligible child under six years old. Allowing children under age six to access continuous health care coverage ensures that no child in need misses out on critical health care services due to a lapse in health insurance coverage. Citizen Action urges the Legislature to include coverage for any eligible child under age six in the final budget.

IV. Health Care Affordability and Access

Citizen Action supports the provisions in the Executive Budget that will improve health care affordability and access for low-income New Yorkers, including premium subsidies for Qualified Health Plans. However, we urge the Legislature to allow immigrants to access affordable health care by using the remaining 1332 surplus pass-through funds to cover the cost of expanding the Essential Plan to include 150,000 immigrants.

V. Plan to Eliminate Cost Sharing for Insulin

The Executive Budget proposes to eliminate cost sharing for insulin for all plans under the Department of Financial Services' regulatory authority. Citizen Action strongly supports this initiative as it will increase access to insulin treatments which will improve the health of New Yorkers, help to close the health equity gap, and lower long-term health care costs.

According to the New York State Department of Health (DOH), 1.6 million New Yorkers have diabetes, of whom 538,000 use insulin. Over the past two decades, the price of insulin has risen by more than 1,200%. In 2020, New York was one of the first states to enact a law that capped cost-sharing for insulin at \$100 per member per month to help insulate New Yorkers from these hikes -- but that meant patients must still pay \$1,200 a year on insulin alone before the costs of their other diabetes medications and supplies.

The prevalence of diabetes in New York is significantly higher among Black adults (14.5%) than among Hispanic adults (11%) and non-Hispanic White adults (9.2%). People of color also experience a higher burden of diabetes-related complications, such as amputation, blindness, and end-stage renal disease. Black New Yorkers are more than twice as likely to die from diabetes compared to White New Yorkers. Low-income adults have a risk of diabetes that is over double that of those not living in poverty. The prevalence of diabetic New Yorkers is highest in the following counties: Bronx, Niagara, Genesee, Cattaraugus, Steuben, Chemung, Wayne, Seneca, Lewis, Oneida, Chenango, Franklin and Washington.

A systematic medical literature review indicates that the elimination of cost-sharing for chronic conditions significantly increases medication adherence, vastly improving health outcomes and overall health care system savings.

Citizen Action urges the Legislature to adopt Governor Hochul's proposal to eliminate cost-sharing for insulin in the final budget: it improves public health, helps individual consumers, and saves our health care system money.

VI. Health Insurance Premium Subsidies for Qualified Health Plans

The FY 2024-25 Executive Budget authorizes the state to allocate \$315 million a year in 1332 Waiver surplus pass-through funds to support premium subsidies and cost sharing reductions for individuals who are purchasing insurance through the New York State of Health Marketplace. The Budget is silent on using passthrough funding for expanding coverage to immigrants whose immigrant status renders them ineligible for coverage. Citizen Action urges the Legislature to authorize both measures in the final FY 2024-25 budget by using the surplus to improve affordability of coverage for those that are already eligible and to offer it to those who are not.

In February of 2023, New York issued a draft federal 1332 waiver which other states have used to cover excluded immigrants. Citizen Action is grateful that the Hochul

administration amended its waiver proposal in November of 2023 to include coverage for immigrants who have Deferred Action for Childhood Arrival status. But our State can and should do more. Colorado, Washington, and California all have extended broad-based coverage to their undocumented immigrant population. New York should follow suit.

Citizen Action strongly urges the Legislature to take this opportunity to use federal funds to offer coverage to immigrant, low-income New Yorkers. This step will improve the health of all New Yorkers, at no cost to the State.

VII. Pregnancy and Reproductive Health Care

The Executive Budget includes several initiatives to improve access to care and health equity for pregnant New Yorkers, including a first-in-nation paid pre-natal leave program, eliminating barriers to accessible doula services, and affirming the right of minors to receive confidential reproductive health care. Citizen Action urges the Legislature to include these initiatives in the final budget.

VIII. Consumer Assistance and Protection

Citizen Action urges the Legislature to support consumer assistance programs by increasing funding for Navigators and Community Health Advocates.

The unwinding of the public health emergency has led to changed eligibility and renewal processes for what will be a total of nine million New Yorkers. The New York State of Health Marketplace and local Social Services Districts began sending renewal notices to enrollees in impacted programs in mid-2023. New Yorkers need help managing these changes without disruptions in coverage or care. In 2023, consumer assistance programs have seen a significant uptick in the volume of cases related to the unwinding of the public health emergency. Funding for consumer assistance programs should be increased in accordance with the increased need and utilization related to the unwinding of the public health emergency as well as to provide a cost-of-living adjustment.

Community Health Advocates

The Community Health Advocates (CHA) program helps people with any type of health insurance to access in-network care, manage billing problems, avoid medical debt, appeal coverage denials, and manage other problems that might prevent them from obtaining affordable medical care. Since 1999, CHA has assisted more than 510,000 New York clients through a diverse network of community-based organizations serving every county of New York State. Altogether, the CHA network has helped consumers save nearly \$200 million in health care costs, yielding over a 500% return on investment for the State.

In FY 2022-23, the CHA Helpline experienced a 172% increase in calls, which was largely driven by Medicaid enrollees who needed intensive advocacy assistance with denial cases.

Unfortunately, right when CHA experienced this enormous increase in demand, CHA's funding was cut from \$5.23 million in FY23 to \$4.76 million in FY 2023-24, due to an unexpected \$734,000 decrease in the Assembly's support. This cut and inflationary pressures have forced CHA agencies to make difficult staffing and service cuts during the FY24 budget year.

Citizen Action is grateful that the Governor's budget includes \$3.5 million for CHA in FY 2024-25 and urges the Legislature to allocate an additional \$2 million to fully restore CHA's funding to \$5.5 million.

Increase Funding for Health Insurance Enrollment Navigators

New York's Navigator program has used community-based organizations to help over 300,000 New Yorkers enroll since 2013. The FY 2023-24 Budget included a one-year cost-of-living increase of \$300,000, which increased the total allocation to the Navigator program to \$27.5 million in Fiscal Year 2024. However, the Navigator program has not received more than a single year cost-of-living adjustment since 2013. Under this essentially flat funding scenario, the Navigator programs have had to lose more and more staff to keep up with inflation.

The Navigator program is an important tool for handling the end of the public health emergency. Accordingly, Citizen Action urges the Legislature to increase Navigator funding from \$27.5 million to \$38 million to reflect ten years without appropriate cost-of-living increases.

In closing, I would like to thank you on behalf of Citizen Action for the opportunity to offer our views on health care and the FY 2024-25 state budget. Should any of your committees want more information on these issues, please feel free to contact me at urozum@citizenactionny.org or 315-414-7720 or Rebecca Garrard, Deputy Director of Campaigns and Movement Politics, at rgarrard@citizenactionny.org or 845-797-9210.