



New York City Comptroller
Scott M. Stringer

NEWS

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COMPTROLLER STRINGER: PLANNED CUTS BY FEDERAL GOVERNMENT UNDERMINE CARE FOR UNINSURED, THREATEN HHC'S FINANCIAL HEALTH

Loss of \$827 million in "DSH" funding set to drain HHC's reserves, expand deficits

*Stringer calls for undocumented immigrants to be allowed to enroll in the Affordable
Care Act*

(New York, NY)— New York City's Health and Hospitals Corporation (HHC) is facing substantial financial risks because of federal funding cuts for providing health care to the uninsured, according to a new report, "Holes in the Safety Net: Obamacare and the Future of HHC," released Monday by New York City Comptroller Scott M. Stringer. The report provides the first public assessment of how the proposed cut in Disproportionate Share Hospital (DSH) funds, in combination with a lower-than-expected reduction in uninsured patients at HHC, threatens the future of the City's public hospitals.

"The Feds are cutting holes in the safety net, and we can't allow HHC to fall through," Comptroller Stringer said of HHC, the largest municipal healthcare system in the nation. "The Affordable Care Act has expanded access for many, but hundreds of thousands of uninsured New Yorkers remain without coverage. Our hospitals serve all New Yorkers regardless of their means, but without adequate federal funding, HHC is heading toward a very dangerous financial position."

Obamacare has helped hundreds of thousands of New Yorkers access high-quality, affordable insurance. As a result, the federal government made the assumption that the ACA would substantially reduce the number of uninsured patients hospitals must serve. However, that assumption has proven to be flawed in cities like New York, where large numbers of undocumented immigrants are ineligible for coverage under the ACA and thousands more face barriers to accessing affordable insurance.

The Comptroller's analysis reveals the impact that the cut in DSH funds, money provided to the states to distribute to hospitals that provide care to the uninsured, will have on HHC.

- HHC expects to absorb a 24 percent reduction by 2019 in the DSH program, which it planned to offset by a projected future decline of 7.2 percent in its uninsured population.
- However, in the first year of the ACA when the largest drop in the uninsured population could be expected, HHC saw only a 1.3 percent reduction in these patients.
- With revenue from new enrollees in HHC's MetroPlus private health insurance plan projected to offset only about 28 percent of the DSH cut, HHC estimates that it will finish FY 2019 with a precarious cash position of only \$44 million, down from \$1 billion at the end of FY 2015.

"Because undocumented immigrants are excluded from the ACA, much of the expected benefit of increased coverage hasn't materialized for HHC. We need to find ways to stem the tide of decreased funding and expand access to insurance for all New Yorkers in order to safeguard HHC's financial future," Stringer said.

In an effort to secure HHC's finances, protect New York taxpayers, and enhance care for the uninsured, Comptroller Stringer urged Congress to:

- Postpone implementation of the DSH cuts until a fuller picture of the remaining uninsured emerges and the impact of the proposed cuts can be accurately assessed; and
- Allow undocumented immigrants to enroll in health insurance offered through the ACA exchange, with access to the tax credits available under the law to make buying and using coverage affordable.

While Congressional action is critical, the Comptroller believes that we cannot wait for Washington to act. As a result, the report proposed additional steps that should be considered at the state and city level, including:

- Creating a state-funded insurance program for undocumented immigrants and others who do not purchase health insurance. The FY 2016 New York State budget authorizes a new health insurance option, known as the Basic Health Plan (BHP) to provide very low cost insurance to lower-income New Yorkers who don't qualify for Medicaid and/or find it difficult to afford insurance through the exchange;
- Exploring the feasibility of covering undocumented immigrants through the BHP;
- Implementing a more equitable intra-state distribution DSH formula that targets DSH funding to hospitals treating the highest proportions of uninsured patients; and
- Requiring HHC to collect and disseminate the costs associated with treating the uninsured to enhance transparency and enable the City to better advocate for policy changes at the federal

and state levels.

New York City taxpayers are ultimately on the hook for HHC, which served 431,000 uninsured individuals last year – more people than live in the city of Miami, Florida. Most recently, the City opted to cover the costs of collective bargaining increases and the write-off of \$300 million in payments owed to the City from FY 2013. In the event that HHC experiences severe budget shortfalls in future years, it is likely that the City will need to provide additional financial support.

“At the end of the day, this is about more than dollars and cents,” Comptroller Stringer said. “It’s about honoring our history as a city of immigrants and our promise to care for all those in need – regardless of their status or ability to pay.”

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