

Health providers predict big trouble from \$15 minimum wage

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Joseph Spector, Poughkeepsie Journal

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Demonstrators rally for a \$15 minimum wage before a meeting of the state Wage Board in New York on June 15. (Photo: Seth Wenig/AP)

ALBANY -- A \$15 an hour minimum wage would cripple hospitals and health-care companies, they warned Monday.

Hospitals, nursing homes and home-care associations estimated that [a \\$15 an hour minimum wage by 2021 proposed by Gov. Andrew Cuomo](#) ([/story/money/business/2015/11/10/cuomo-minimum-wage/75526270/](#)) would cost them at least \$2.9 billion annually.

The groups were testifying Monday at a budget hearing, and they were urging state lawmakers to provide greater state aid to the health-care industry in the state budget for the fiscal year that starts April 1.

"While understanding the need for hardworking New Yorkers to achieve a decent wage, we must also make sure health-care providers receive adequate reimbursement so they can pay the higher salaries a minimum wage increase will create," Kenneth Raske, president of the [Greater New York Hospital Association](#), said in prepared remarks.

Cuomo wants the [Legislature](#) to approve a minimum wage that would phased in over the next several years and hit \$15 an hour by July 2018 in New York City and statewide by 2021.

The Healthcare Association of New York State estimated that the \$15 an hour minimum wage would have a \$570 million impact on hospitals and health systems; \$600 million on nursing homes; and more than \$1.7 billion on home-care agencies.

The health-care groups also estimated that the demise of Health Republic, [a health-care co-op that shuttered last year](#) ([/story/news/2015/09/25/state-feds-shut-major-insurer/72839928/](#)), will cost health-care companies \$200 million in unpaid bills. They want reimbursement for that, too.

Health-care providers are affected more acutely by a higher minimum wage because they can't just pass the cost onto consumers because of regulatory hurdles, such as [Medicaid](#) and [Medicare](#) payments, said Dennis Whalen, the president of the Healthcare Association, which represents hospitals.

"[New York state's](#) health care providers are affected by this proposal differently from other business sectors because a labor cost increase cannot easily be passed onto consumers, and tax breaks to offset these increased costs do not help non-profit providers," he said in testimony. "Public payers—Medicare and Medicaid—pay for the care of most hospital patients in New York."

Health commissioner Howard Zucker said the state would look to address the concerns raised by the groups. He testified Monday at the budget hearing on the proposed health-care spending plan.

Sen. [Diane Savino](#), D-Staten Island, said she was concerned that the \$145 billion budget doesn't include funding for a higher minimum wage for state and local workers, such as those at county-run nursing homes.

"There is no allocation for them to be able to pay that minimum wage," Savino said.

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