

# Health Pulse

## HEALTH PULSE COPYRIGHT INFO

No part of Crain's Health Pulse may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of Crain Communications, Inc., except in the case of brief quotations and certain other noncommercial uses permitted by copyright law.

April 02, 2018

 [@crainshealth](#) 

To inquire about corporate user or multi-user license,

please contact Jen Mosley

### Health care industry gets boost in capital funding

The state Legislature's \$168 billion budget for fiscal 2019 provides more money for health system transformation than was initially proposed by Gov. Andrew Cuomo.

The budget makes \$525 million in capital funding available to hospitals, nursing homes, clinics and other providers, reserving \$60 million for community-based health care providers. It also allocates \$45 million of that capital funding to nursing homes.

The funding, to be administered through the Statewide Health Facility Transformation Program, is \$100 million more than Cuomo initially allocated in his executive budget.

Providers can use the money on capital projects, debt retirement or mergers and acquisitions that improve the financial sustainability of the health system, preserve essential services, modernize facilities or help them prepare for value-based payment.

The state also created a \$2 billion shortfall fund to guard against potential cuts in federal aid, which had been a major priority of the state's largest hospital trade groups. It will be funded by \$1.5 billion from the sale of nonprofit Fidelis Care to for-profit insurer Centene.

That shortfall fund, which is called a "health care transformation fund" in the budget, also includes money taken from certain health insurers whose reserves exceed 150% of the statutory level. Fidelis Care is expected to be affected by the law change.

To address the opioid epidemic, the budget includes a \$100 million "opioid stewardship fund" paid for by drug manufacturers and distributors, replacing a proposed tax on opioids. "Language in the budget ensures the costs are borne by industry, not by consumers," the Cuomo administration wrote in its budget announcement.

Another boost for health care comes from Cuomo's plan to offset recent changes to federal tax law. The budget created two charitable funds for health care and education that will allow taxpayers who itemize deductions to reduce their federal and state tax burden. These contributions will also reduce donors local property taxes.

The budget reduces Medicaid payments by 2% to nursing homes with poor quality scores in two consecutive years. Cuomo proposed the move to lower Medicaid costs and tie payments to performance. The state health commissioner can waive the penalty if a facility is in financial distress.

Some of Cuomo's proposals were stripped from the budget entirely. The American Heart Association said it was pleased the Legislature rejected the governor's proposal to consolidate public health programs into fewer pools and cut funding by 20%. Instead, funding for programs was preserved, with \$39 million going to the state's tobacco-control program, \$5.9 million for obesity and diabetes prevention and \$692,000 for the hypertension program.

A proposal by Cuomo to expand the ability of for-profit chains, such as CVS and Walgreens, to own retail medical clinics was rejected. Those retailers lease space to medical practices within their stores because of New York's prohibition on the corporate practice of medicine.

The Legislature also rejected a plan to allow nurse anesthetists with more than 3,600 hours of practice to work without a written practice agreement, though they still would have had to collaborate with physicians. —J.L.

2018 NY HIT  
SYMPOSIUM  
APRIL 28, 2018 - [Learn More](#)



### PULSE ARCHIVES

**04/03/18**

Salary Series: Interfaith Medical Center,...

**04/03/18**

Mount Sinai Hospital's operating profit tops ...

**04/02/18**

Health care industry gets boost in capital...

**03/30/18**

State investigates home-care agencies for...

[See Health Pulse archives >](#)

### Health bill consolidates home care

The state Legislature on Friday passed a health and mental hygiene budget bill that includes several strategies for consolidating New York's sprawling home care industry, which currently includes nearly 1,500 licensed agencies.

The executive budget had proposed capping the number of licensed home care services agencies each managed long-term care plan could contract with at 10, but the current bill lays out a formula for plans to determine the number of contracts they may have.

Starting in October, MLTC plans in the city, Long Island and Westchester will have to limit the number of licensed

### HEALTH PULSE EXTRA

**04/03/18**

Salary Series: Interfaith Medical Center,...

agencies they contract with to one for every 75 members. The following year the number of allowable contracts will be reduced to one for every 100 members. But plans still have to maintain enough home care contracts to meet network adequacy standards.

In addition to measures aimed at cleaning up the constellation of smaller agencies, legislators included language requiring the public health and health planning council to consider public need when issuing new home care licenses. Starting in January, all LHCSAs will have to register with the state health commissioner annually in order to continue operating. —C.L.

## How a Walmart-Humana deal would impact NY

If Walmart purchases Humana, the resulting insurance company would cover about 178,000 New Yorkers, according to financial statements for Humana's New York division.

The Wall Street Journal [reported](#) on March 29 that Walmart was in preliminary talks to acquire the insurer, which is based in Kentucky. Any deal would be subject to regulatory scrutiny by state and federal agencies, including the New York State Department of Financial Services.

The deal would help Walmart, which already operates its own pharmacies, enter the Medicare Advantage and pharmacy benefit management business. Humana has a market value of \$37 billion.

Walmart has 116 retail locations statewide, including its Sam's Club brand, with locations in White Plains and on Long Island. But political and union opposition has kept the company from opening a New York City store.

"This would be a big leg up for Humana in New York to grab Medicare share, particularly upstate," said Dr. David Friend, chief transformation officer in BDO's health care advisory practice. He noted that insurers are increasingly looking for a retail presence to connect with customers.

Partnering with a health insurance company would give Walmart greater access to data on its older customers—which could help it target them to buy other products, Friend said. In turn, Humana would have more information about its members' buying habits and could steer them toward cheaper drugs, he said.

"The big picture," he said, "is that Walmart is in the pharmacy business. At a minimum, it helps them expand that business." —J.L.

## Brooklyn Hospital Center plans second dialysis clinic

The Brooklyn Hospital Center is seeking state approval for a \$5.2 million extension to house a 25-station chronic hemodialysis center for patients with end-stage renal disease.

The hospital, which already owns the Rockwell Dialysis Center, plans to locate the new facility a couple of blocks away, on Myrtle Avenue. The new center, to be known as the Myrtle Avenue Dialysis Center, is set to sign a 15-year lease with the Red Apple Group, according to the hospital's certificate-of-need application.

Dr. Wootack Chang has been named medical director of the new center.

Money for all project costs and working capital requirements will be provided through existing funds of The Brooklyn Hospital Center, the hospital said.

"The Brooklyn Hospital Center has a long and successful history as an operator of an end-stage renal dialysis center in Brooklyn," the hospital wrote. "The operators bring their dedication and experience to this project and are committed to bringing the same level of expertise and care to all residents in Brooklyn who are on dialysis." —R.S.

## AT A GLANCE

**DELIVERING CHANGE:** New York state officials, including Medicaid Director Jason Helgeson, authored a [Health Affairs blog post](#) describing how it used the Medicaid Accelerated Exchange program to help providers around the state improve outcomes for people who frequently visit the emergency room.

**ADVANCE DIRECTIVE:** End of Life New York has approved a new document allowing people to stipulate that if they develop severe dementia they want to be denied food or water in order to hasten death, [Kaiser Health News reported](#).

The document says: "My instructions are that I do NOT want to be fed by hand even if I appear to cooperate in being fed by opening my mouth."

**SUPER GONORRHEA:** A British man has contracted the first known case of drug-resistant super gonorrhea, according to British health officials. The sexually transmitted infection was resistant to two separate antibiotics, which are the first line of defense against the disease, [BBC News reported](#).

**DIGITAL HEALTH:** Crain's May 2 summit on investing in digital health innovation will explore the growth of the sector in New York, City, what it takes to help startups succeed and the most promising areas for growth. The event will feature a one-on-one interview with Zocdoc founder and CEO Dr. Oliver Kharraz, followed by two panel discussions. For more information and registration click [here](#).

**03/29/18**

People born in other countries fuel NY's TB...

**03/27/18**

Salary Series: NY Health Plan Association,...

[See Pulse Extra archives >](#)

### CRAIN'S AUTHORS



**Robin Schatz**  
@robin\_schatz



**Jonathan LaMantia**  
@JonLaMantia



**Caroline Lewis**  
@clewisreports

Permission/reprint requests: contact [Crain Reprints](#)

For site license subscriptions, please call 1-800-669-6562

For subscriptions/technical issues please contact customer service at 1-877-824-9379

# 2018 NY HIT SYMPOSIUM

APRIL 28, 2018 - [2018HITSymposium.com/register](http://2018HITSymposium.com/register)



Medical Liability Mutual Insurance Company