

Crain's Health Pulse

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State must pick up \$2.9 billion tab for higher wages, providers tell legislators

Hospitals and other providers have long voiced concerns over a proposed statewide \$15 minimum wage. But at yesterday's health and Medicaid budget hearing in Albany, industry representatives appeared to accept that the wage hike is coming. They were specific about what they will need from the state in order to cover the new expenses.

The salary increase would cost hospitals, nursing homes and home care providers \$2.9 billion annually once fully implemented in July 2021, HANYS estimated. That figure accounts for accompanying benefits and the boost to higher pay grades that would be needed to keep workers' salaries commensurate with their responsibilities, said Dennis Whalen, the trade group's president. His testimony is [online here](#).

"I'm concerned about how you folks view the \$15 minimum wage," Sen. Gustavo Rivera, D-Bronx, told Whalen. "It's something a lot of us have been fighting for."

Whalen told legislators he was not opposed to the concept of a wage hike. But he said he wanted to be sure that any funding that the state offered providers to cover it would not affect the global Medicaid cap.

HANYS estimates a \$15 minimum wage will cost hospitals \$570 million annually and nursing homes \$600 million.

Home care agencies, which often employ low-wage workers for 24-hour shifts, would see the highest wage hike: more than \$1.7 billion per year, according to HANYS' calculations.

Recent changes to federal and state regulations that improved worker compensation at home care agencies in New York already have put those providers under financial distress, said Laura Haight, vice president for public policy at the New York Association of Health Care Providers. She said many home care agencies haven't received funds the state promised to help offset the higher wages, and some have cut workers' hours or refused new cases.

"We operate under very narrow margins," said Haight. If the \$15 minimum wage goes through, she said, the state should reimburse providers in advance for complying.

In its testimony, [online here](#), the Home Care Association of New York State testified about the fragile financial condition of home care agencies and managed long-term care plans, and noted that the wage hike would "also raise the cost of home care for individuals paying privately, and create an unrecognized/unreimbursed cost for Medicare-covered patients."

Community-based providers could benefit from the ability to offer workers higher salaries, [according to testimony](#) by Daniel Lowenstein, senior director of public affairs at the Primary Care Development Corp. Better wages would help CBOs address the recruitment and retention issues they face in hiring workers for new positions that deal with care management and patient outreach, he said. He added that until the costs of raising the minimum wage are covered by value-based payment arrangements or DSRIP payments, other public funding must be made available.

Rock stars belong on stage.



Not in the courtroom.



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DFS is no-show at budget hearing

State Department of Health Commissioner Dr. Howard Zucker and state Medicaid Director Jason Helgerson answered questions yesterday for four hours at a joint legislative hearing on health care proposals in the executive budget. But it was the absence of DFS Acting Superintendent Shirin Emami, who was listed on the agenda, that sent ripples through the room. When it came time to discuss insurance regulation, DFS' absence was conspicuous. "They were invited to speak today, to get everybody on the same page, and they're not here, unfortunately," said Sen. Catharine Young, R-Olean. A spokesman for the agency said DFS was given short notice of the hearing and is arranging another date to testify. "We didn't get invited until Friday afternoon for a Monday hearing," he said. The agency's no-show was raised several times by lawmakers, particularly during discussions of the nearly \$200 million in debts owed by Health Republic. There was no funding to cover those provider losses in the \$154 billion executive budget. At least one legislator seemed to suggest that DFS be stripped of some of its regulatory authority over health insurers. "Are you willing to take on regulation of these health plans?" Sen. Kemp Hannon, R-Garden City, asked Zucker. "Maybe that's what we should do." The DFS spokesman declined to comment on Hannon's suggestion. DFS Deputy Superintendent for Health Troy Oechsner did speak at a Jan. 6 state Senate roundtable on Health Republic, answering questions from Seward and Hannon.

Healthfirst sued for cutting home care services

Three Medicaid beneficiaries [filed a complaint](#)  naming Healthfirst and other companies that provide home care services through managed long-term care plans Senior Health Partners and Healthfirst CompleteCare. The plaintiffs, who seek class-action status, allege in their complaint that the plans reduced or threatened to reduce beneficiaries' home care services without proper notice by setting arbitrary limits on the amount of time aides could spend on each task and the number of times they could be performed. In the case of Alejandra Negron, a 71-year-old woman who lives alone in Manhattan, Healthfirst allotted two hours per week for her aide to prepare and clean up after all her meals, leaving about six minutes for each one, according to the complaint. The fact that the state pays plans a set rate per beneficiary regardless of the amount of care they offer "creates a perverse incentive" for Healthfirst providers to reduce care and earn more, the plaintiffs argue. Health Commissioner Dr. Howard Zucker and Samuel Roberts, commissioner of the Office of Temporary and Disability Assistance, are also named in the lawsuit for not properly overseeing the plans and responding to members' complaints. The state Health Department would not respond to a request for comment on pending legislation. Healthfirst said it has not yet been served. In a statement, it said the company "is committed to providing appropriate and compassionate care to all of its members and will respond to any lawsuit as warranted."

New leader for New York State Health Foundation

David Sandman will succeed James Knickman on March 1 as president and chief executive of the New York State Health Foundation, a nonprofit that spent its first decade under his leadership. Knickman [announced his departure](#)  in September. Sandman has been the foundation's senior vice president since 2008, after serving as executive director of the Berger commission; he also held senior positions at Manatt Health Solutions, Harris Interactive and the Commonwealth Fund. NYSHHealth was a behemoth foundation at its birth. It was created to redirect the charitable funds that resulted from Empire Blue Cross Blue Shield's conversion to a for-profit insurer. A 2002 state statute allocated 5% of Empire's market value to the foundation, and the nonprofit has since given away \$100 million in grants. But the next decade may bring a shift in the foundation's funding priorities, given the changes of the past 10 years, including the ACA, Medicaid reforms and the city's attempts to legislate healthier eating habits at restaurants. NYSHHealth does not have a political agenda, but its nine-member board has three members each appointed by the governor, state Senate and Assembly.

AT A GLANCE

MEDICAID: State Medicaid Director Jason Helgerson [discussed Gov. Andrew Cuomo's proposal](#)  to shift Medicaid costs to New York City, explaining that the city accounts for more than 50% of Medicaid expenditures.

and...

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