

- These state-operated medical schools are a pipeline for many of New York's primary care physicians and health specialists. They will prove to be the best response to the Medicaid Redesign Team's recommendation to increase the number of quality primary care services in New York.

#### **Economic Benefits for Communities and the State**

- Upstate Medical University—Central New York's largest employer.
- Stony Brook Health Sciences Center—employs more than 5,000 health care professionals.
- Downstate Medical Center—Brooklyn's fourth-largest employer.
- University of Buffalo Health Sciences Centers—employs more than 1,000 faculty and staff.

**With a workforce of more than 25,000, SUNY's hospitals and health sciences centers are indispensable economic components of the local and regional communities they serve.**



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## **A Renewed Commitment to SUNY's State-Operated Hospitals and Health Sciences Centers**



SUNY's teaching hospitals and health sciences centers were established as public entities with the promise that all New Yorkers would have access to quality health care regardless of the ability to pay.

With that promise was the provision of state funding to fully support that public mission. As state support has diminished over time, deficits have surfaced that, if not corrected, will undermine the capacity of these vital state-operated institutions to serve their communities, act as hospitals of last resort, and educate tomorrow's doctors and medical professionals.

# SUNY STATE-OPERATED HOSPITALS AND HEALTH SCIENCES CENTERS

## THE OBJECTIVE

To end decades of significant and inequitable state underfunding of SUNY's three state-operated teaching hospitals and four health sciences centers (HSCs).

## THE HISTORY

Twenty years ago, the state paid the cost of hospital employee fringe benefits and debt service on capital bonds.

Fifteen years ago, the state provided the hospitals with an annual operating subsidy of about \$153 million to help defray the cost of providing vital medical care to a population with large numbers of uninsured and underinsured patients.

Yet, state financial support for SUNY hospitals and health sciences centers has eroded over the past two decades.

In recent years, the state systematically slashed the annual operating subsidy from \$153 million to \$69 million—a cut of more than 50 percent.

In 2001-02, the state ended its commitment to support its public hospitals and HSCs, which it owns, operates and staffs with state employees.

The state shifted the full cost of debt service and employee fringe benefits from its General Fund onto the hospitals, a total annual expense today of about \$477 million.

Now, the state has begun to restrain and delay funding for the hospitals under the federal Medicaid Disproportionate Share Hospital (DSH) Payments—a crucial federal funding supplement matched by the state under its Medicaid program to help “safety net” institutions that serve large indigent populations.

At the same time, the state has put limitations on the amount of Medicaid appropriations it will use as a federal funding match. These actions pose serious risks to hospital solvency and to patients the state is obligated to serve in these facilities.

## THE 2017-2018 REQUEST

Begin a multiyear process for the state to resume its clear-cut responsibility to ensure its three teaching hospitals and health sciences centers are fully and adequately funded.

- In 2017-18, restore the annual hospitals' subsidy to its original \$153 million level.

- Enact a new \$600 million capital program (\$200 million for each hospital). The state would assume debt service for this program and all previously issued hospital bonds.
- Enact legislation to require the state to fully match federal DSH allocations for the three teaching hospitals and ensure they receive full federal and state matching entitlements without delay.
- Implement a phased, five-year funding program allowing the state to reinstate its payment of hospital employee fringe benefit costs—beginning in 2017-18 with employer Social Security payments at a cost of about \$64 million.



## THE BENEFITS

### Access to Quality Care

- As public institutions, these state-operated hospitals and health sciences centers are the providers of last resort for millions of New York residents.
- These public teaching institutions would achieve financial stability if the state were to increase its hospitals' operating subsidy and cover employee fringe benefits and hospital debt service payments.
- They would also be prepared for statewide health emergencies, such as the potential influx of hundreds of thousands of patients who would lose health care coverage if the Affordable Care Act is repealed without the availability of an appropriate alternative.
- SUNY's public teaching hospitals are the only state institutions/agencies that receive zero state funding for debt service and fringe benefits. It is a matter of equity that this be reversed.

### Access to Quality Medical Education

- SUNY's four state-run medical colleges are among the largest medical schools in the U.S. Years of inadequate state support for the schools has forced the hospitals to subsidize the medical colleges with more than \$200 million from hospital revenues. The future of the medical schools depends directly on the solvency of the hospitals, and the solvency of the hospitals depends on an influx of state aid.

