



IROQUOIS
Healthcare Alliance

Testimony of the

Iroquois Healthcare Alliance

Presented to the

Assembly Standing Committee on Health

Assembly Standing Committee on Mental Health

Assembly Standing Committee on People with Disabilities

Assembly Standing Committee on Higher Education

Assembly Standing Committee on Labor

regarding

The status of the health care workforce in New York State

by Gary J. Fitzgerald

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Upstate Hospitals' Fiscal and Workforce issues are slow to improve.

The outlook remains bleak.

Chairs Paulin, Fahey, Gunther and Seawright – Thank you for holding this critically important hearing and for allowing the Iroquois Healthcare Alliance (IHA) to provide you with data and information about the challenges faced by Upstate and Rural Hospitals.

IHA represents more than 50 hospitals and health systems across Upstate New York. IHA has conducted a pair of mid-year surveys revealing that the dual challenges of fiscal sustainability and workforce stability persist among its member hospitals. It is imperative that further action be taken to effectively address these pressing issues, including immediate action to release funds already appropriated, and ensure that funds flowing through insurance companies are processed quickly. Delays serve no public purpose and jeopardize access to care.

Based on our latest survey findings, the financial health of Upstate New York hospitals remains unstable. They are in the throes of critical financial distress and are striving to sustain essential services. To illustrate, 64% of our hospitals have negative total operating margins even with supportive funding from state and federal sources. Half of these hospitals are operating with margins ranging from -2% to -6% and the remaining 50% are operating with margins below -7%. This is a crisis that is profoundly affecting healthcare access for communities throughout Upstate New York.

Another critically important measure that continues to decline is the number of days Cash on Hand (COH). As of June 30, 2023, 76% of IHA members had fewer than 100 days COH, alarmingly below the target benchmark of 150 days.

Adding to this financial strain is the increasingly harsh reality of severe workforce shortages. A recent IHA survey found that Upstate New York hospitals are projected to spend more than \$825 million on contingent or travel staffing in 2023. This expenditure represents 14% of our respondents' total labor costs, despite contingent staff comprising only 8% of their workforce.

We have heard the rhetoric that there is no staffing shortage. This is plainly false. Especially in Upstate New York. As you can see from our most recent vacancy data, which is attached, and which Iroquois has been collecting for years. I can share that respondents report that 20% of all RN positions are currently vacant. This is a 164% increase since 2018. Moreover, 16% of all staff positions are currently vacant. This is a

138% increase in vacancies since 2018. The narrative that there is no staffing crisis is wrong.

We are grateful to you and your colleagues for the state Medicaid rate increase and federal Medicare rate increase due to wage indexing. At first glance this may seem like welcome news, but the reality is that it falls considerably short of resolving the long-standing and systemic underfunding of the healthcare system by both the state and federal government. It is only a beginning, not a comprehensive solution.

Moreover, the continued threat of state budget cuts and the uncertainty surrounding yearly changes to, or the possible elimination of, the Medicare wage index means that Upstate New York is far from resolving the issue of adequately funding our hospitals.

These hospitals serve as anchor institutions, often the communities' largest employers and vital safety-nets for those they serve. Chronically and systemically underfunding Upstate's healthcare system is unsustainable and directly reduces access to services in our communities. This is not hypothetical; it is happening right now with tangible consequences such as the loss of emergency and maternal services, emergency department back-ups, increasing numbers of patients no longer needing acute care unable to be served by an over-burdened long-term care system, along with significant layoffs.

What's more, the State must recognize as part of any effective economic development strategy the paramount need for strong, well-staffed, viable hospitals, modern hospital infrastructure and the full milieu of hospital services. Economic development opportunities will be lost without investment in our Upstate and rural New York hospitals.

Even though we have seen a modest increase in rates it is simply not enough to offset the prolonged history of chronic underfunding and the skyrocketing and unrelenting cost increases of recent years. When you factor in the recent and costly policy mandates, it becomes easy to see that any perceived "gains" are quickly swallowed up, underscoring the need for adequate and sustained funding.

You don't have to take our word for it. Comptroller Dinapoli recently released a report that further supports the concerns raised by IHA. In this report, his office found:

- The populations of the rural counties are declining.
- The populations of the rural counties are aging at a faster rate.

- Rural counties have a shrinking labor force and low labor force participation rates.
- Rural counties have diverse economies but are more reliant on government employment.
- Rural counties have declining housing units and high vacancy rates.
- Rural counties have lack access to health care and food.

These findings show that there are ample opportunities available. Some that involve funding and others that involve sensible policy changes. Among them are:

- Giving hospitals funding in the State's next 1115 Waiver Demonstration Project to emphasize their role as community anchors and employers.
- Establishing a funding system that acknowledges the vulnerability of healthcare access in Upstate.
- Acknowledging the economic importance of improving access to healthcare in Upstate by supporting its hospitals and health systems.
- Rationalize staffing requirements to account for vacancy rates experienced by hospitals that are tirelessly recruiting to fill vacant positions.
- Pass the original version of A6697 (Fahy) In relation to temporarily authorizing certain applicants for licensure as a nurse or physician to practice.
- Pass A.8368 (Woerner) Take-A-Look Healthcare Professionals Recruitment Program for Upstate New York

Nearly two years ago Governor Hochul announced that the State would be investing \$10 billion dollars to grow the health care workforce by 20% over 5 years. IHA is very supportive of this initiative and lauded the announcement. Since then, we have seen few signs of progress or even policy to support the goal.

From licensing, to allowing professionals to perform at the top of their license to pipeline programs. There is so much that can be done, much of which is at little or no-cost to the State.

At a minimum, New York must act to join the Interstate Compact for Nurse Licensure and the Interstate Medical Licensure Compact. Nearly 40 other States are members of these compacts. We learned during the pandemic that New York can benefit from allowing out of state licensed professionals to practice in New York. Given the declining population in Upstate we must make participation in these Compacts a reality. It is a reasonable no-cost policy step that can be done safely for the benefit of all New Yorkers.

Nearly one year ago, Governor Hochul announced the establishment of her Commission on the Future of Health Care and made comments about their intended activities in late September. However, there is a lack of clarity regarding the make-up of the Commission and why its work and deliberations are not being made public. It is crucial for stakeholders and the public to be informed about the significant work being undertaken by this Commission. We cannot afford a repeat of the Medicaid Redesign Team or the Berger Commission scenarios, both of which have contributed to the current situation, as predicted. Cuts and consolidation are not the answer to improving healthcare outcomes in Upstate New York.

IHA supports initiatives to improve Upstate healthcare long into the future, however the problem is compounding and immediate action is needed. Hospitals cannot wait until the next budget. Funding pools promised in years past need to be released and extra support needs to be prioritized for the present.

The data, along with experiences of both hospitals and patients, consistently underscores the enduring staffing crisis in Upstate New York hospitals. The future of these hospitals and the health of the communities they serve hangs in the balance. Policy makers must act to ensure consistent, long-term, and reliable funding. This is crucial to safeguard the well-being of Upstate communities. The untenable alternative is the loss of hospital services.

Thank you for the opportunity to address these important issues as we all prepare for the coming year. We look forward to continue our work together to ensure access to safe, quality healthcare in Upstate and Rural New York.

Attachments

2023 Mid-Year Financial Survey Report

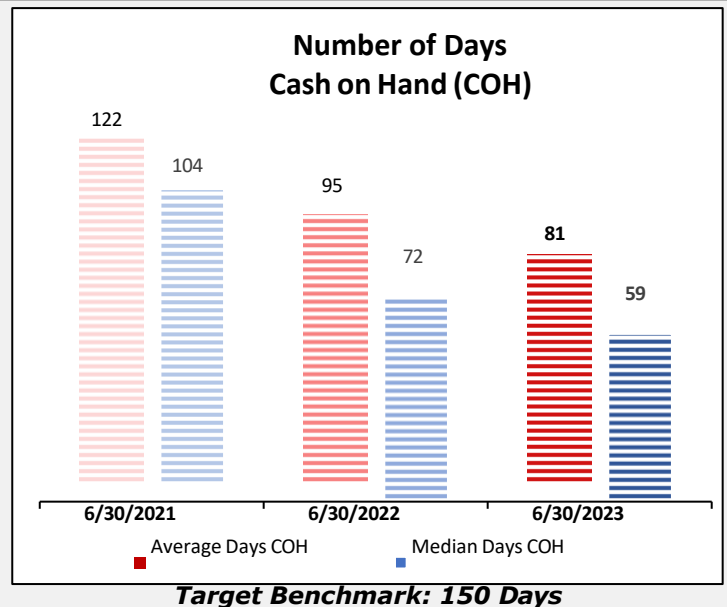
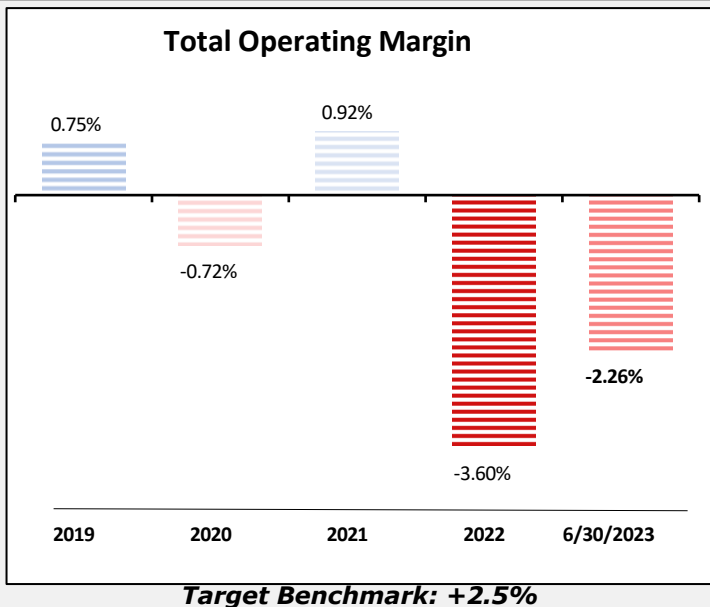
42 Individual Facilities Represented | 95% of IHA Members

The healthcare landscape remains in constant flux as we transition from pandemic response to preparing for potential future emergencies, all the while grappling with significant financial challenges. Upstate New York hospitals, in the throes of critical financial distress, are striving to sustain essential services.

Based on our latest survey findings, the financial health of Upstate New York hospitals remains precarious. To illustrate, **64% of the surveyed hospitals have negative total operating margins** even with supportive funding from state and federal sources. Within this group, half of these hospitals are operating with margins ranging from **-2%** to **-6%** and the remaining 50% are operating with margins below **-7%**. An additional 76% of IHA survey participants had less than 100 days Cash on Hand (COH), 50 days below the target benchmark of 150 days.

Adding to this financial strain is the unrelenting reality of severe workforce shortages. According to participating IHA members, Upstate New York hospitals are projected to spend more than \$825 million on contingent staffing in 2023. This expenditure represents 14% of our respondents' total labor costs, despite contingent staff comprising only 8% of their workforce.

The data continues to highlight the longstanding staffing crisis in Upstate New York hospitals. The future of these hospitals and the health of the communities they serve hangs in the balance. Policy makers must act to ensure consistent, long-term, and reliable funding. This is crucial to safeguard the well-being of Upstate New York communities and prevent any adverse effects resulting from the loss of hospital services.

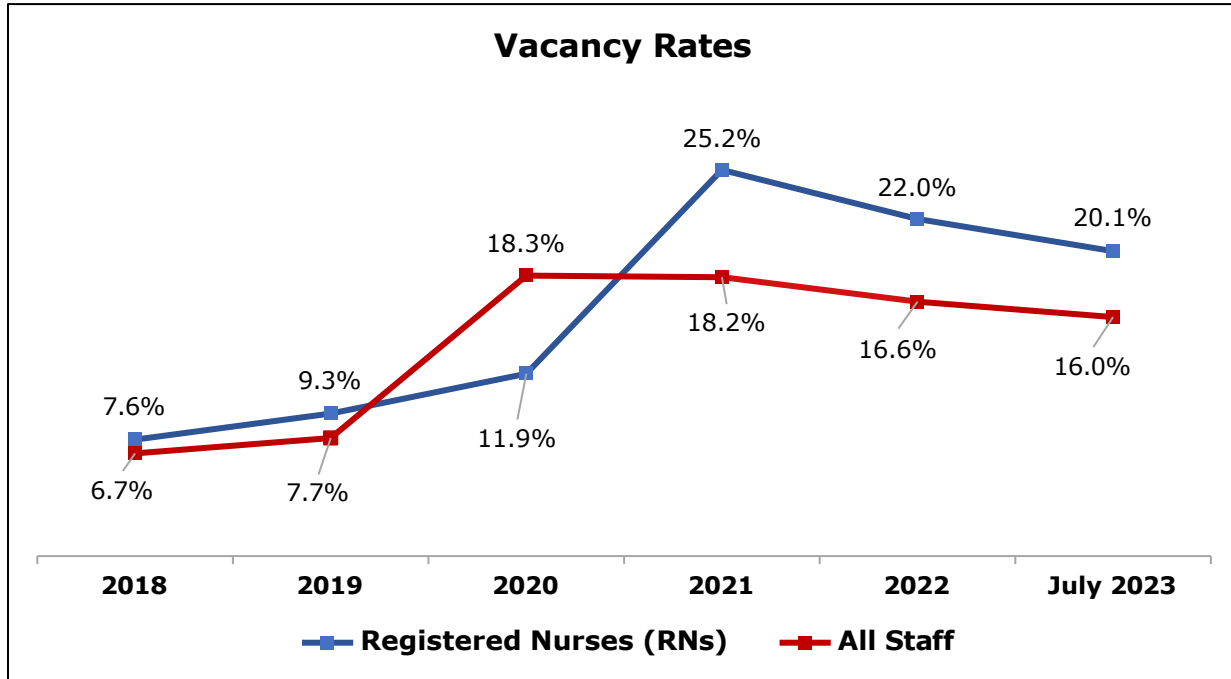


Participating IHA members have experienced an **over 400%** decrease in their aggregate operating margin since 2019.

Participating IHA members saw an overall **31.5%** decrease in the average number of days cash on hand since June 30, 2021.

Semi-Annual Vacancy and Turnover Survey | July 2023 Highlights

36 Facilities Represented | 82% of IHA Members



Job Titles with the Highest Rates of Vacancies as of July 1, 2023

	Job Title	Total # of Individuals Employed	Total # of Vacant Positions	Vacancy Rate
1	Medical Assistant - Inpatient	306	207	40.4%
2	Certified Nurse Assistant - LTC	987	412	29.4%
3	Licensed Practical Nurse - LTC	358	147	29.1%
4	Operating Room Technician (Surg. Technician)	365	149	29.0%
5	Registered Nurse - LTC	182	69	27.5%
6	Licensed Practical Nurse - excluding LTC	1,718	552	24.3%
7	Lab Clinical Support Technician	273	72	20.9%
8	Registered Nurse - excluding LTC	12,628	3,177	20.1%
9	Registered Nurse - Outpatient	1,885	473	20.0%
10	Nurse Assistant - non-certified, excluding LTC	2,259	556	19.8%

Sources

NYS Department of Health, NYS Hospital ICR Data, 2019, 2020, & 2021

IHA, 2023 Mid-Year Financial Survey, August 2023 (42 Respondents)

IHA, [Semi-Annual Vacancy and Turnover Survey Report](#), July 2023 (36 Respondents)

Moody's Investor Services, Days COH Benchmark (150 Days), [Not-For-Profit Healthcare Rating Methodology](#), December 24, 2018

S&P Global Ratings, U.S. Median Operating Margin (+2.5%), [U.S. Not-For-Profit Health Care System Median Financial Ratios--2021](#), August 24, 2022