

FINANCING OF HEALTH CARE

Recent League Activity

In January 2009, Congress voted to expand the program after nearly two years of battling with former President George W. Bush on the subject. The federal legislation, which extended the program through 2013, provided \$32.8 billion in new financing over that period, paid with an increase in tobacco taxes. New York, which had been paying for expansions with state money, is now applying for federal matching funds.

In 2009, the League supported a number of measures, which, if enacted, would have made health care more accessible and affordable for the state's citizens. However, given the disarray within the Senate, these measures went nowhere. A measure that would have created a prescription drug discount program passed the Assembly and referred to the Senate, where it died in committee. A measure that would have given children enrolled in Child Health Plus access to school-based health centers and would have awarded grants for such centers to enroll eligible children in publically funded health insurance passed the Assembly, was reported out of the Senate Health Committee, and died in the Senate Finance Committee. A measure that would have made school-based health centers permanent passed the Assembly and died in the Senate Health Committee. A measure that would have prohibited health insurance policies from requiring greater co-pays for more expensive drugs (other than the traditional differentiation between generic, preferred, and non-preferred drugs) died in committee in both the Assembly and the Senate.

Past League Activity

Hospital case-based reimbursement passed in 1987 and was the focus of legislative hearings on the "hospital crisis in New York State," due partly to the increasing demand for services caused by AIDS and drug abuse. The League supported the legislation with reservations and testified at the hearings. Before 1987, reimbursement was on a per-diem basis.

During the 1992 legislative session, the League supported legislation in the Assembly known as "community rating" which would require health maintenance organizations accept individuals in small groups on an open enrollment basis. It passed the legislature, was signed into law, and went into effect in April 1993.

Of great concern in the 1993 session was the New York Prospective Hospital Reimbursement Methodology (NYPHRM V). This legislation sets the reimbursement rates for hospitals and health care facilities. NYPHRM has been consistently extended and is currently the statute under which hospital reimbursement is determined.

In 1996, the state ended its 13-year-old hospital rate setting system, the New York Prospective Hospital Reimbursement Methodology (NYPHRM), and enacted the Health Care Reform Act (Chapter 639, Laws of 1996) to take its place.

The Health Care Reform Act (HCRA) of 1996, that replaced NYPHRM, sought to control rising health care costs by encouraging market competition. No longer protected by the state's hospital rate setting system, health facilities would now bargain directly with insurers for services. However, HCRA continued programs to safeguard public access to health care including, notably, funding for graduate medical education, bad debt and charity care, and the Child Health Plus program.

As originally created, the state's Child Health Plus (CHP) program was an innovative but limited program offering subsidized health insurance to the children of low-income families. In 1997, the Federal Government passed Title XXI, or the State Children's Health Insurance Program (SCHIP), a 10-year, \$50 billion federal effort to develop state health insurance programs for children. Together with other child and health advocates, League supported expansion of the state's existing CHP program to make use of these federal funds. In 1998, the CHP program was greatly improved by offering dental, vision and hearing benefits, and mental health and substance abuse services. It increased eligibility to age 19, increased income eligibility, and reduced cost of coverage for families. As part of the state/federal partnership, NY is required to identify eligible children and to enroll them in the appropriate insurance programs, either Medicaid or CHP.

The League worked closely with other consumer-oriented organizations to ensure the inclusion of Family Health Plus, a subsidized health insurance program for working adults based on the state's successful Child Health Plus program, as part of HCRA 2000.

HCRA expired June 30, 2003, and was reauthorized. Pressure from the SEIU 1199 and other health advocates HCRA funds continued to include both Child Health Plus and Family Health Plus. Money derived from securitization of the tobacco funds were used to fill budget gaps.

Legislative activity between 2003 and 2005 surrounded the health care funding in the state budget. In 2003, the Assembly introduced numerous measures including Child Health Plan (CHP) and Family Health Plus (FHP). These measures would expand insurance coverage. Although the League has supported such measures, they have gone nowhere. The League continues to support expansion of measures that make health care accessible and affordable for additional New Yorkers.

The League believes that New York State has a proper role in the regulation of health care and must assure high quality care that is affordable and accessible to all. Historically, since 1965, New York State through Medicaid began its most formal role in providing public health care for individuals and families with low income and resources. In 2000, with the passage of the Health Care Reform Act (HCRA), New York State substantially increased its role in public health care by subsidizing programs for the underinsured through such programs as Family Health Plus, Child Health Plus, and Medicaid. Since 2000, HCRA has been renewed in 2003 and 2005 and will be up for renewal in 2007.

In January 2007, Governor Spitzer announced his plan to increase access to uninsured New York children by increasing eligibility for subsidized coverage to families with incomes up to 400 percent of the federal poverty level thereby extending coverage to nearly all of the 400,000 currently uninsured children in New York under age 19. In August 2007, because President Bush had announced new regulations for the State Child Health Insurance Plan (SCHIP) the Governor's efforts for expansion were impeded. In October 2007, New York and five other states were prepared to sue the federal government to block the new rules.