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Testimony of Bridget Devane, HPAE, Public Policy Director
Assembly Budget Committee
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Thank you Chairman Schaer and members of the Assembly Budget Committee for the opportunity to speak with you today. My name is Bridget Devane and I am the Public Policy Director for the Health Professionals and Allied Employees, representing more than 12,000 nurses and health care professionals in both private and public health care institutions. I want to speak today to the impact this budget has on health care quality and access, on worker safety and workplace conditions and public workers' benefits and retirement security.

First, Charity Care and Graduate Medical Education Funding

For the second year in a row, hospital charity care is taking a substantial cut as proposed in the FY 2017 budget: \$150 million, a 30 percent reduction from FY 2016. The \$502 million allocated to charity care in FY 2016 did not even begin to cover the more than \$1 billion in uncompensated claims generated so far by treating uninsured patients and from Medicaid reimbursements that only provide for 70 percent of the full cost.¹ Now with even further reductions, and while New Jersey still has almost one million people without insurance,² with over 100,000 of those uninsured children,³ such drastic cuts to charity care do not seem justified. Whether you believe that charity care should provide parity for uncompensated claims or not, it is obvious that New Jersey's hospitals, are being forced to accept greater financial losses that could eventually affect their ability to provide services.

¹ Lilo H. Stainton. "New Jersey's charity-care hospitals could be battling budget cuts." NJSpotlight, 16 February 2017, <http://www.njspotlight.com/stories/16/02/15/new-jersey-s-charity-care-hospitals-could-be-battling-budget-cuts/#>

² Colleen O'Dea. "Interactive Map: Subsidizing charity care for NJ's poorest residents." NJSpotlight, 22 January 2016, <http://www.njspotlight.com/stories/16/01/21/hospital-charity-care/>

³ Kathleen O'Brian. "Why do so many N.J. kids not have health insurance?" NJ Advance Media for NJ.com, 11 February 2016, http://www.nj.com/healthfit/index.ssf/2016/02/why_do_so_many_nj_kids_have_no_health_insurance.html

Both University Hospital and Bergen Regional Medical Center saw large cuts in charity care, \$13 million and \$16 million respectively; both hospitals provide more charity care in the state than most hospitals. The Medicaid and CHIP Payment and Access Commission (MACPAC) recently reported to Congress that only ten states account for more than two-thirds of total Disproportionate Share Hospital (DSH) spending in the country, and New Jersey is the fifth highest⁴ on that list of ten states; New Jersey is also among the top ten states in total Medicaid services spending.⁵ Despite the best efforts of the Affordable Care Act and its Medicaid expansion, there is still a huge shortfall. Reducing charity care does not help our hospitals, our communities, or our citizens.

Graduate Medical Education received a 48 percent increase in funding over FY 2016 and overall has seen an 88 percent increase since FY 2015. I must state that while HPAE supports the GME grants, this allocation must not be viewed as a trade-off for providing charity care to patients. And in the case of Bergen Regional Medical Center, it saw a 49 percent decrease in its GME allocation when the majority of GME hospitals (39 of 42) received up to a 50 percent increase. With a decrease in both charity care funding and GME grants such cuts will have a significant impact on Bergen Regional Medical Center. HPAE recommends the Legislature preserve charity care funding for safety net hospitals which provide significant level of care for the uninsured and underinsured in NJ.

Second, funding for state agencies and enforcement of patient safety laws

The Department of Children and Families sees a modest increase of \$7.1 million over FY 2016, but none of that increase is allocated for DCF Safety and Security Services. HPAE has advocated for stronger security services for worker protection particularly in light of the stabbing of social worker Leah Coleman by a client in November 2014 and more recently with an attack on two caseworkers in Salem County last July. Governor Christie vetoed Leah's Law in January, legislation that would have provided greater protection for DCF workers in the face of workplace violence. It is unconscionable that the Governor failed to see the need to

⁴ The Kaiser Foundation website, accessed 9 March 2016; reporting on 2015 "Federal Medicaid Disproportionate Share Hospital (DSH) Allotments," <http://kff.org/medicaid/state-indicator/federal-dsh-allotments/>

⁵ MACPAC. "Report to Congress on Medicaid Disproportionate Share Hospital Payments." February 2016, p. 7, <https://www.macpac.gov/wp-content/uploads/2016/01/Report-to-Congress-on-Medicaid-Disproportionate-Share-Hospital-Payments.pdf>

protect state workers most vulnerable to attack. We ask you to allocate funding in this budget for worker and client safety.

The nurses and health professionals in HPAE and throughout New Jersey rely on the Department of Health to hold up its mission to ensure access to quality health care for all of New Jersey. Yet, over the past five years, there has been a long, steady decline in enforcement and inspections. Hospital inspections are no longer conducted regularly by the Department of Health for license renewals, but rather renewals are made on the basis of private accreditation entities whose reports are not available to the public, unlike DoH inspections that are subject to the Open Public Records Act.⁶

The healthcare landscape continues to change dramatically, with new hospital and health system mergers being announced almost daily. But the DoH hasn't consistently monitored the impact of these changes, or enforced conditions on sales or mergers that would protect patients and the community. The Department of Health is less transparent and less proactive when we need it to be more so. Many NJ hospitals have received financial penalties from CMS (Center for Medicare and Medicaid Services) for low patient satisfaction scores, and higher than average infection and readmission rates, indicators directly linked to inadequate nurse staffing. Last year New Jersey again led the nation for having 97 percent of its hospitals penalized by CMS for readmissions.⁷

Given that DoH's State appropriation increased by 28 percent, we ask the Legislature to step in and ensure adequate funding for hospital inspections and for oversight and enforcement of patient safety laws. We want the DoH to be an advocate for our communities and for taxpayers when hospitals are sold, or merged, or recommended to close. These are challenging times in health care, and we need and deserve a Department that will be real advocates for patients, our communities, and our workforce.

Third, Lead Hazard Control Assistance Fund

⁶ Andrew Kitchenman. "Healthcare workers union accuses state of inadequate monitoring." NJSpotlight, 26 March 2014, <http://www.njspotlight.com/stories/14/03/25/healthcare-workers-union-accuses-state-of-inadequate-monitoring/>

⁷ Susan K. Livio. "N.J. leads nation for number of hospitals penalized for high readmissions." NJ Advance Media for NJ.com, 4 August 2015, http://www.nj.com/politics/index.ssf/2015/08/nearly_every_nj_hospital_to_be_penalized_for_high.html

Lead poisoning has devastating consequences on children's health and on the communities affected. Just two weeks ago, lead levels in the water of 30 Newark schools were found to exceed levels set by the EPA, causing Newark schools to immediately truck in bottled water for students. A report released by Isles, Inc., a Trenton based non-profit advocacy group last year, stated that elevated levels of highly toxic lead were found in more than 3,100 children under the age of six in New Jersey.⁸ While the number of cases of childhood lead poisoning is dwindling, every year more than 3,500 more children in New Jersey test positive for some level of lead poisoning.⁹

In every year of Governor Christie's administration, funding allocated to the NJ Jersey's Lead Hazard Control Assistance Fund (LHCAF) has been diverted to other budget items. The report highlights data from 11 New Jersey municipalities, including Newark, Jersey City, and Trenton, with higher incidents of children affected by lead poisoning than Flint, MI, where lead in the drinking water has become a national story. The Legislature has passed legislation (S-996/A-1378) that would appropriate \$10 million to the LHCAF was introduced by Senator Ronald L. Rice and Assemblywoman Grace Spencer (D-Essex). We ask the Legislature to make sure that the proper amount of funds are dedicated to the LHCAF and not diverted for other uses.

Fourth, public pension funding and health insurance

Governor Christie has allocated \$1.85 billion for the public sector workers' embattled pension plan for FY 2017. While this is \$550 million more than last year, it still falls short by 40% of what actuaries recommend and \$2 billion short of what Christie was scheduled to contribute under his own 2011 pension reform law.¹⁰ At the current rate that Governor Christie is funding the pension, by the end of his term in January 2018 he will have underfunded it by

⁸ FAQs on Child Lead Poisoning, February 3, 2016

http://isles.org/sites/default/files/ChildhoodLeadPoisoningFAQFinal_0.pdf

⁹ NJ Spotlight Staff. "Poll: New Jersey's lead problem – 'over-dramatized' or underfunded?" NJSpotlight.com, 10 March 2016, http://www.njspotlight.com/stories/16/03/09/poll-new-jersey-s-lead-problem-overdramatized-or-underfunded/?utm_source=NJ+Spotlight++Master+List&utm_campaign=7eaa44424c-Daily_Digest2_5_2015&utm_medium=email&utm_term=0_1d26f473a7-7eaa44424c-398644217

¹⁰ Samantha Marcus. "7 big numbers from Christie's state budget plan." NJ Advance Media for NJ.com, 16 February 2016,

http://www.nj.com/politics/index.ssf/2016/02/christies_proposed_budget_by_the_numbers.html

\$23.7 billion, almost twice as much as the aggregate of all previous administrations before him over a 14 year period.¹¹

The Governor requested a \$250 million cut to public sector workers' health care, that he said would then be invested in the pension fund holding public employees hostage to their own benefits. New Jersey state employees already pay more for individual health insurance than any other state employees in the nation, as well as a higher percentage of their salary than private sector workers in New Jersey for an individual plan.¹² The percentage that a New Jersey state employee pays for an individual health insurance plan is almost two and a half times the national average for state government employees' premium share.¹³

Of HPAE's 4,000 public sector members, 3,500 participate in the State Health Benefit Plan but only 1000 of our members are in the Public Employees Retirement System. We believe Governor Christie's proposed cut to health benefits is unjust and will force many public sector workers to pay for a pension plan they are not going to benefit from, in addition to increasing their medical care costs in the form of high deductibles, higher co-pays, and higher premiums.

Thank you for the opportunity to speak today, and share our concerns and priorities with this committee.

¹¹ Mark J. Magyar. "The truth about N.J.'s pension crisis and how to fix it." The Star-Ledger, 5 January 2016, http://www.nj.com/opinion/index.ssf/2016/01/the_truth_about_njs_pension_crisis_and_how_to_fix.html

¹² Mark J. Magyar. "Analysis: NJ Public Employees Pay High Percentage of Healthcare Costs." NJ Spotlight, 18 November 2014, <http://www.njspotlight.com/stories/14/11/18/analysis-nj-public-employees-pay-high-percentage-of-healthcare-costs/>

¹³ *Supra.*