



Stony Brook University Hospital (SBUH) Issues of Concern in the 2009-2010 Executive Budget

Reduction in Hospital funding of 16.5 percent (\$25.4 m)

The Executive Budget Proposal would reduce \$10.5 million paid to SBUH to offset the approximately 18 percent higher costs of fringe benefits that result from being a State facility with benefits negotiated by the Governor's Office of Employee Relations. The cumulative result of such cuts since 2004-2005 is \$54 million. This decrease in funding impinges on the hospital's ability to continue to provide its Safety Net Hospital mission services such as the Regional Trauma Center, Neonatal Intensive Care Unit, and services for Mentally Disabled. The cut will also drastically reduce the SBUH's ability to staff its newly-expanded emergency services.

Hospital Deficit Reduction Provision

The hospital is challenged with an \$8.6 million cut as part of the Medicaid deficit reduction plan. Additionally, this affects payments from Medicaid Managed Care, Workers Compensation and No Fault payers whose rates are based upon the Medicaid rate. This will cost an additional \$2.5 million. SBUH will have to reduce services to offset these rate decreases. It is paradoxical that this provision would decrease No-Fault rates for an under funded Trauma Center where most of the cases result from automobile accidents.

Hospital Short Term Investment Pool Loans

The hospital repays \$7.8 million annually to the State for loans that were advanced to cover previous years' (2001-2002 and earlier) under funding of the fringe benefit costs of State sponsorship. Given the magnitude of the other proposed budget reductions, SBUH petitions for forgiveness or restructuring of this loan.

State Plan Amendment Medicaid Ambulatory Payment Groups (APG)

To provide Medicaid patients access to care, SBUH pays physicians to see patients in its clinics. The State's recent conversion to APGs would eliminate reimbursement for physician clinic coverage, severely limiting Medicaid patients' access to care. SBUH respectfully requests that the State reconsider this section of the APG payment system to prevent limited access to care.

Federal Income Contribution Act (FICA) Payroll Taxes on Interns & Residents

Recent court rulings have affirmed that educational institutions are not required to pay FICA taxes for interns' and residents' wages. The hospital requests that it be given the flexibility to cease the payment and collection of these taxes, thus decreasing SBUH's fringe benefit expense by \$1.5 million.

Conversion of Professional Education Pool to Indigent Care Pools- \$13.1 Million

The proposal to discontinue the Professional Education Pool and convert the funding to the Bad Debt and Charity Care (BDCC) Pool would cut \$13.1 million from SBUH. Additionally, BDCC funds apply to the hospital's Medicaid Disproportionate Share Hospital (DSH) payment caps and would cause an additional corresponding decrease in federal Medicaid DSH payments.