

February 22, 2024

The Honorable Kathy Hochul
Governor of New York State
NYS State Capitol Building
Executive Chamber, Second Floor
Albany, NY 12224

Dear Governor Hochul,

We write to you today with profound concern regarding the recent changes outlined in your budget proposal, specifically regarding Medicaid drug reimbursement policy. The proposed adjustment reimburses drugs provided by medical practitioners at the lower of four amounts, with one of these amounts pegged to the acquisition cost of the drug. We urge you to reconsider this particular proposal due to its harmful impact on healthcare accessibility and quality, particularly for vulnerable New York patients.

Under this proposal, medical practices would, at best, break even on the drugs administered, and often would find themselves reimbursed below the cost of acquisition. This creates an unsustainable economic model for drug administration within any practice dedicated to caring for New York's vulnerable populations. Private physician offices, which are essential components of our healthcare infrastructure, cannot viably operate under conditions where reimbursement falls below the costs incurred for procuring and administering necessary medications. Moreover, the current persistent delays in Medicaid payments to providers in New York only compound financial strain, further burdening the care of enrolled patients.

Should this proposal be enacted, it would become increasingly difficult for medical practices to continue treating patients. This would particularly affect clinics specializing in crucial fields such as oncology, gastroenterology, rheumatology, urology, and neurology. The consequence of such a shift would force migration of patient care to hospital settings, which are inherently less efficient and pose additional challenges for vulnerable Medicaid recipients, including transportation barriers. Hospital facilities may not efficiently absorb the substantial volume of patients previously cared for in private practices.

We are currently witnessing a long-overdue emphasis on ensuring health equity, and private physician offices play a pivotal role as lifelines for vulnerable Medicaid patients. These clinics, strategically located within communities and accepting Medicaid insurance coverage, are essential in promoting accessibility to quality healthcare services. Regrettably, the proposed changes to drug reimbursement would represent a significant regression in our collective efforts toward achieving health equity.

Governor Hochul, we implore you to reconsider this proposal in light of its adverse consequences for our healthcare system and, more importantly, the lives of countless New

Yorkers who rely on Medicaid for their healthcare needs. We stand ready to engage in constructive dialogue and collaborate on solutions that uphold the principles of fairness, accessibility, and quality in healthcare delivery.

Thank you for your attention to this urgent matter.

Sincerely,

New York Cancer & Blood Specialists
Community Oncology Alliance
Medical Society of the State of New York
Large Urology Group Practice Association
Empire State Hematology Oncology Society
Hematology Oncology Associates of Central New York
Integrated Medical Professionals
Lupus and Allied Diseases Association, Inc.

Honorable Karen Persichilli Keogh, Secretary to the Governor
Honorable Kathryn Garcia, Director of State Operations
Honorable Elizabeth Fine, Counsel to the Governor
Honorable Blake Washington, New York State Budget Director
Honorable Angela Profeta, Deputy Secretary to the Governor for Health and Human Services
Honorable Jack Marzulli, Assistant Secretary for Health