

HPAE. Putting care first.

Testimony of Debbie White, RN
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Senate Budget and Appropriations Committee
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Thank you Chairman Sarlo and members of the Senate Budget and Appropriations Committee for the opportunity to make specific requests for the revised FY2021 budget. My name is Debbie White. I am the President of Health Professionals and Allied Employees – the state's largest union of healthcare workers – representing almost 14,000 nurses and health care professionals in both private and public health care institutions. I worked as an RN for 27 years prior to my current position.

Many of HPAE's FY2021 revised budget priorities are based on the concerns and needs brought to light by the State's experience with the COVID-19 pandemic over the past six months. Some of HPAE's requests are in direct relation to the horrific conditions our members experienced as frontline healthcare workers during the first wave of the pandemic.

Although we are cognizant of the revenue shortfalls during this pandemic, we understand that a second wave of COVID is likely. Therefore, we are still adamant about our request for continued funding in healthcare. We are asking for greater budget funding for University Hospital and charity care funding for all hospitals and increased funding to New Jersey's Department of Health. In a time of a global pandemic, New Jersey cannot afford to ignore these concerns.

University Hospital and Charity Care:

HPAE represents 1,300 healthcare professionals working at University Hospital (UH) in Newark. University Hospital is the only public acute care hospital in the state, one of three Level One Trauma Centers, and the only Level One hospital in North Jersey. Government payers – Medicare, Medicaid, and health care subsidies – make up the primary source of the hospital's revenue, for an average of 73 percent since 2014.¹

¹ University Hospital Audited Financial Statements 2014-2019.

We know that a disproportionate number of black and brown people were sickened and died from COVID-19. University Hospital played a significant role, during the first wave of the pandemic, in providing care to some of New Jersey's most uninsured and underinsured people of color. UH also served as one of the three State Coordination centers for distribution of PPE to the state's hospitals. We simply cannot afford to defund the only public hospital in the state, especially in light of the second wave looming here in New Jersey.

New Jersey has ranked fifth highest on the list of Federal Medicaid Disproportionate Share Hospital (DSH) allotments since 2008², further evidence that New Jersey and University Hospital in particular are in great need of charity care support.³ Beginning December 1st of this year New Jersey has approximately 630,000 uninsured citizens⁴ and despite New Jersey's best efforts with implementation of an individual healthcare mandate and lower prices, in the past two years almost 40,000 fewer residents signed up for ACA plans.⁵ Reductions to DSH payments go into effect with a \$4 billion cut nationally through September 30, 2021.⁶ The cuts will increase to \$8 billion for each successive year through 2025⁷ with New Jersey slated to lose \$1.1 billion between 2021 and 2025.⁸ New

With large cuts to DSH forthcoming from the federal government and the undeniable fact that New Jersey has a large uninsured/underinsured population, the State must provide the

² The Kaiser Family Foundation database currently provides DSH data from 2008 through 2018.

³ Kaiser Family Foundation website, accessed 2 September 2019,

<https://www.kff.org/medicaid/state-indicator/federal-dsh-allotments/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

⁴ Kaiser Family Foundation, Health Insurance Coverage of the Total Population, New Jersey, extrapolated from a 2018 rate of 7% uninsured based on a state population of approximately 9 million based on BLS data.

⁵ Kaiser Family Foundation. Market Enrollment, 2014-2019, New Jersey, <https://www.kff.org/health-reform/state-indicator/marketplace-enrollment/?currentTimeframe=0&selectedRows=%7B%22states%22:%7B%22new-jersey%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

Nicole Leonard. "Uninsured residents at risk for penalties as N.J. law takes effect Jan. 1." Press of Atlantic City, 31 December 2018, https://www.pressofatlanticcity.com/news/breaking/uninsured-residents-at-risk-for-penalties-as-n-j-law/article_d44e6f70-a603-554f-9b94-5bcd10c4af76.html.

⁶ Alison Mitchell. *Medicaid Disproportionate Share Hospital Reductions*. Congressional Research Service, 1 April 2020, <https://crsreports.congress.gov/product/pdf/IF/IF10422>

⁷ Alison Mitchell. *Medicaid Disproportionate Share Hospital Reductions*. Congressional Research Service, 1 April 2020, <https://crsreports.congress.gov/product/pdf/IF/IF10422>

⁸ Morgan Haefner. *Hospital Alliance of New Jersey CEO: State needs to reduce federal charity care cuts.* Beckers Hospital Review, 15 February 2019, <https://www.beckershospitalreview.com/finance/hospital-alliance-of-new-jersey-ceo-state-needs-to-reduce-federal-charity-care-cuts.html>

financial support necessary to maintain University Hospital. UH is the only caregiver of public health care to New Jersey's neediest, most vulnerable populations. Every public health service that UH provides is critical to the wellbeing of the community it serves and helps to combat disparities in healthcare access.

Overall, total state aid to University Hospital has decreased by almost 8 percent (\$11.5 million) between FY2014 and FY2018.⁹ University Hospital has operated at a deficit since 2015¹⁰ and suffered deep cuts to charity care.¹¹ The Governor has proposed a decrease of \$1 million to the UH line item appropriation, a cut that while not huge, will hurt an already suffering institution. HPAE urges you to invest at least an additional \$4 million in the FY2021 Budget for the University Hospital line item appropriation in order to meet inflationary cost increases based on the rate of inflation since 2015.

If the State is truly serious about addressing healthcare disparities, it must appropriately fund University Hospital's charity care and line item allocation – decreasing the line item by a million dollars is not appropriate funding, especially during an active pandemic. Given the magnitude of its mission, the \$106 million that UH requested for FY2021 is more in keeping with the services UH provides and for the lives it saves every day. We understand the State is in desperate times financially and that kind of increase is not feasible. But, we also know that any decreases only serve to increase the health disparities to a population largely made up of people of color and immigrant populations. UH must have the proper funding to continue the valiant struggle of providing healthcare to those who can least afford it, and those who are chronically underserved.

NJ Department of Health:

New Jersey's Department of Health needs and deserves adequate funding so it can carry out its mission of hospital safety for patients and workers as well as increase its role in public health after years of having its budget and staff gutted. If this pandemic has taught us

⁹ University Hospital Audited Financial Statements 2014-2018. This includes charity care, GME, budget line item, mental health, and HRSF/DSRIP. Draft Unaudited Financial Statement for 2019 does not include all details of state aid.

¹⁰ University Hospital Audited Financial Statements 2014-2018 and Draft Unaudited Financial Statement 2019.

¹¹ New Jersey Department of Health Funding Pool Summary, FY2015, FY2016, FY2017, FY2018, and FY2019 and University Hospital FY2018 Audited Financial Statement Table of State Appropriations, p. 19.

anything, it is that public health has been woefully ignored as we were lulled into the complacency of believing that a pandemic would never happen in America, let alone, in New Jersey.

As front-line healthcare workers, we cannot overstate the need for better enforcement of patient safety laws. Nurses and health professionals rely on the Department of Health to uphold its mission of ensuring access to safe, quality health care for all of our residents. We warned in February of the potential for another major viral or bacterial outbreak happening as it did at Wanaque Nursing & Rehabilitation in 2018, when 11 young patients died¹² or at University Hospital where three babies died, thus prompting the appointment of a monitor.¹³ However, we had no idea of the enormity looming on the horizon as COVID-19 swept through our state and now, more than ever, we must increase capacity within our Health Department to enforce patient safety laws.

Adequate funding will make it possible to hire the staff necessary in a timely manner to create an appropriate, effective public health division for facing crises such as the COVID-19 pandemic. Underfunding DOH challenges its ability to enact and enforce a public health agenda within the agency; given what the state has been through in the past six months, we do not want to repeat this scenario. DOH needs to have the ability to hire more nurse surveyors and infection prevention response teams that can deal efficiently and effectively with inspections and infection control.

Under previous administrations, the DOH was reduced to inconsistent monitoring of facilities and enforcement of conditions placed on sales or mergers that would protect patients and the community. It is critical the FY 2021 appropriations make it possible for the DOH to reinstate transparency and a pro-active enforcement agenda for the benefit of all New Jerseyans. We request a DOH funding increase to allow the Department to staff up in order to conduct thorough inspections, monitor hospital finances, and to enforce health and safety laws effectively.

¹² Lindy Washburn. “*I knew we had a problem after the 4th death’: Failures led to 11 Wanaque center deaths.*” North Jersey Record, 27 February 2019, <https://www.northjersey.com/story/news/watchdog/2019/02/27/wanaque-center-for-nursing-and-rehabilitation-failures-contributed-adenovirus-deaths/2952837002/>.

¹³ Lindy Washburn. “*Two more premature babies die in connection with bacterial outbreak at Newark hospital.*” North Jersey Record, 27 November 2018, <https://www.northjersey.com/story/news/health/2018/11/27/two-babies-die-bacterial-outbreak-university-hospital-newark/2125177002/>.

An indispensable part of DOH's mission is to advocate for our communities and for taxpayers during hospital sales, mergers, or closures, as well as when hospitals desperately need regular department inspections and enforcement of regulations. In addition, public health officials advocate for consistent, intelligent responses without politicizing a deadly virus. New Jersey can and should do better by all of its citizens.

Public pension funding:

HPAE is heartened to see the Governor increase the public pension appropriation so that it meets 80% of the Actuarial Determined Contribution in the FY2021 budget. According to a study conducted by New Jersey Policy Perspective and Keystone Research Center, New Jersey ranked last among the 50 states – by a large margin – for the share of required pension contributions made from 2003-12.¹⁴ An April 2017 report found that New Jersey again ranked last in 2015 for contributions made as a percentage of Annual Required Contributions (ARC).¹⁵ The same report released a year later found that New Jersey was one of four states with funding at less than 50 percent.¹⁶

New Jersey is the second lowest funded public pension plan in the country, a slight improvement over the previous year, when it was *the* lowest.¹⁷ This means that the pension is operating on just slightly more than a third of the funds it needs to pay retirement benefits.¹⁸

Millionaires Tax

HPAE is encouraged that Governor Murphy is committed to pursuing increased taxes on NJ's millionaires and large wealthy corporations to generate additional revenue. We respectfully request that the Legislature support this measure as a way of generating much needed

¹⁴ Stephen Herzenberg, "New Jersey Has Modest Public Pension Benefits." New Jersey Policy Perspective, 17 December 2014, <https://www.njpp.org/budget/new-jersey-has-modest-public-pension-benefits> .

¹⁵ Pew Charitable Trusts, "The State Pension Funding Gap: 2015." April 2017; <http://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2017/04/the-state-pensionfunding-gap-2015>

¹⁶ Pew Charitable Trusts, "The State Pension Funding Gap: 2016." April 2018, <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2018/04/the-state-pension-funding-gap-2016>

¹⁷ Danielle Moran. "Pension Fund Outlook Brightens in 41 States." Bloomberg, 12 October 2018, <https://www.bloomberg.com/graphics/2018-state-pension-funding-ratios/> .

¹⁸ *Supra*, see table in article. NJ has approximately 35 percent of the funds needed to pay benefits.

revenue that will ensure New Jersey public workers will have the retirement security promised to them after dedicating their careers as public servants.

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