Legislation Details (With Text)

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Date	Ver.	Action By	Action	Result
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6/8/2023	*	City Council	Introduced by Council	
12/31/2023	*	City Council	Filed (End of Session)	

Res. No. 667

Resolution calling on the federal government to create a national database compiling hospital audited financial statements

By Council Members Menin, Schulman, Cabán, Farías, Riley, Brewer, Ung and Restler

Whereas, According to a 2020 analysis by the National Nurses United, national healthcare expenditures in the United States (U.S.) rose every year between 1999 and 2018, from roughly $1.3 trillion in 1999 to about $3.7 trillion in 2018; and

Whereas, Per the 2020 National Nurses United analysis, national healthcare expenditures as a percentage of U.S. National Gross Domestic Product (GDP) also increased between 1999 and 2018, from 13.27 percent of GDP in 1999 to 17.73 percent of GDP in 2018; and

Whereas, National Nurses United data indicate that as of 2018, hospital services accounted for 33 percent of overall national healthcare expenditures in the U.S., for a total of approximately $1.2 trillion; and

Whereas, National Nurses United data also reveal that national hospital-services expenditures increased

every year between 1999 and 2018, from nearly $394 billion in 1999 to roughly $1.2 trillion in 2018; and

Whereas, National Nurses United data further show that hospital profits in the U.S. also grew between 1999 and 2018, from over $16 billion in 1999 to more than $83 billion in 2018; and

Whereas, Data from the U.S. Bureau of Labor Statistics disclose that between 1999 and 2018, prices for both inpatient and outpatient hospital services tripled; and

Whereas, Per the 2020 National Nurses United analysis, average Charge-to-Cost Ratio (CCR) among U.S. hospitals rose between 1999 and 2018, from about 200 percent in 1999 to over 417 percent in 2018, which means that for every $100 in costs to provide care, hospitals charge on average more than $400 to expand their profit margins; and

Whereas, In a study published in 2019 in the Journal of General Internal Medicine, 56 percent of adults in the U.S., or over 137 million Americans, reported medical financial hardship, such as medical debt, which resulted for them in psychological distress, assets depletion, and delaying or forgoing needed medical care; and

Whereas, Policymakers need credible, timely, comparable, and comprehensive financial information about healthcare systems to inform a range of health policy issues, including the desirability of caps on rates for hospital services, priorities for the distribution of federal and state financial aid during public emergencies, insurer premium rate setting, early surveillance of potential or impending hospital bankruptcies, and non-profit tax policy; and

Whereas, Presently, health policy is impeded because the only national source of hospital financial information is the Medicare Cost Report, which is widely acknowledged to have inaccurate, incomparable, unaudited financial accounting data, and because most analyses focus on income statement-related metrics, such as the size of revenues and profit margins, instead of a more comprehensive picture of financial position, which encompasses liquidity, solvency, capital adequacy, and non-operational investment revenues; and

Whereas, For example, in 2019, New York-Presbyterian hospital system in New York City had $301 million in operating income from the provision of care to patients, but its total net income was $906 million;

and

Whereas, As another example, in 2019, Northwell Health hospital system in New York City had $188 million in operating income, but its total net income was $672 million; and

Whereas, Another issue with current hospital financial data is the focus on a facility, rather than on a health system to which it belongs as a whole, which can significantly distort the actual financial position of a given hospital; and

Whereas, A report published in 2021 in the Journal of Health Care Finance and 2021 data by the American Hospital Association show that 92 percent of all U.S. hospital beds are in health systems, and 68 percent of community hospitals nationwide are system-affiliated; and

Whereas, As of 2023, there were 96 hospital systems in New York State, with large entities like Kaleida Health, Northwell Health, Episcopal Health Services, Montefiore Health System, and Albany Medical Center accounting for 79 percent of combined non-profit hospital systems' revenues; and

Whereas, As of 2023, there were 86 hospital systems in the greater New York City metropolitan area, with large organizations like Atlantic Health System, RWJBH Corporate Services, Northwell Health, Episcopal Health Services, and Montefiore Health System accounting for over 90 percent of combined non-profit hospital systems' revenues; and

Whereas, According to the Commonwealth Fund, a health policy organization, during the COVID-19 pandemic, financial distributions to hospitals authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES) should have been need-based, but neither Congress nor the Centers for Medicare and Medicaid Services had the necessary data to accurately assess the financial need of intended recipients of financial distributions; and

Whereas, The inability to assess need for CARES distributions resulted in a mismatch, whereby large grants were awarded to many health systems with substantial and readily available surplus funds, while cash-strapped health systems serving low-income populations received smaller grants; and

Whereas, For example, Northwell Health hospital system in New York City with a net income of $672 million in 2019 and liquidity of 95 cash-on-hand days received $1 billion in CARES funding; and

Whereas, As another example, New York-Presbyterian hospital system in New York City with a net income of $906 million in 2019 and liquidity of 314 cash-on-hand days received $567 million in CARES funding; and

Whereas, In contrast, NYC Health & Hospitals system in New York City with a net loss of $5.4 billion in 2019 and liquidity of 37 cash-on-hand days received $745 million in CARES funding; and

Whereas, Audited financial statements are required of most health systems by creditors and federal and state governments and are the gold standard of financial data due to the depth of meaningful disclosure, certification by outside auditors, descriptions of financial performance of all entities constituting the health system, and a more timely publication within three to six months of the close of a system's fiscal year; and

Whereas, A national database compiling and publishing hospital systems' audited financial statements would be an important tool to inform policymakers about a range of health policy issues, as illustrated by CARES distributions; now, therefore, be it

Resolved, That the Council of the City of New York calls on the federal government to create a national database compiling hospital audited financial statements.

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