

THE BIG PICTURE

Impact of Federal Policies



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As we close out calendar year 2025, it is a natural moment to reflect on the year behind us and to be honest about where we stand as we look ahead.

This past year required tremendous effort to meet the daily needs of our organizations and communities. At the same time, our financial performance continues to fall short of what is necessary for long-term stability. We finished the previous fiscal year with a \$4.2 million loss from operations at Alice Hyde Medical Center and \$4.3 million loss at Champlain Valley Physicians Hospital. While we should take pride in improving our performance from recent years, the results make clear that we are not yet where we need to be.

My last fiscal update (November 2025) referenced ongoing uncertainty around the larger health care reimbursement environment. With 2026 upon us, some of this uncertainty has been resolved. Unfortunately, what's become very clear is that the new federal policies are decidedly unfavorable to hospitals and will have real consequences for both our patients and our financial stability now and in the future.

The Big Beautiful Bill (BBB) contained several provisions that will affect reimbursement — the most immediate:

- Enhanced premium tax credits were allowed to lapse, making many patients choose to forgo now unaffordable insurance coverage. This will lead to delayed care, sicker patients, and more unpaid hospital bills, putting further strain on our hospitals' finances.
- Increased Medicaid payments promised to hospitals will not happen after the federal government nullified a New York State tax on Managed Medicaid companies. The tax was intended to improve the inadequate reimbursement from Medicaid.
- Legal residents covered by New York's Essential Plan are no longer eligible. Here too we expect to see poorer or no reimbursement for patients who lose coverage.
- We can expect additional negative provisions set to go into effect in 2027 and beyond.

Despite significant advocacy efforts, we have been unable to avoid the above changes from taking place.

Two-thirds of all the patients we serve are covered by some form of government insurance. As an organization, we do not make care decisions based on a patient's coverage or ability to pay. Nevertheless, when the government makes policy decisions directly affecting two-thirds of our economic activity, we have to figure out how to allocate resources in a way that meets our mission. Our priority has been and will remain the provision of high-quality care to our patients. At the same time, financial sustainability is integral to the long-term health of our communities — and must become part of the conversation.

I realize that this is a tough outlook, especially as we continue to face increasing costs to run our hospitals. While the challenges ahead are significant, our path forward is grounded in what has carried us through difficult times before: more than 100 years of working together, staying focused on our mission and supporting one another.

Our patients need us, and our colleagues depend on us. Providing the essential services needed by our families, friends and neighbors while ensuring the future of health care in our communities will require us to be creative, collaborative and remain committed to keeping our patients at the very center of all we do. In the face of these challenges, your dedication, resilience and willingness to embrace change are deeply appreciated by our patients and our community.

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ALICE HYDE MEDICAL CENTER
CHAMPLAIN VALLEY PHYSICIANS HOSPITAL

Changes to 340B Program Bring Additional Concern

Outside of the changes brought about by the Big Beautiful Bill, the pharmaceutical industry has found a friendly ear in the federal government and is weakening the 340B drug pricing program designed to support safety net hospitals such as ours.

The program has helped organizations like ours provide care to our rural communities.

Pharmaceutical companies are hoping to restructure it to change the manner in which we are reimbursed while the federal government explores ways to increase accountability and clarify how revenue from the program can be used.

Losing even part of this funding mechanism would have a significant negative impact on our finances.



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