

GREATER NEW YORK HOSPITAL ASSOCIATION

PRESIDENT, KENNETH E. RASKE • 555 WEST 57TH STREET, NEW YORK, NY 10019 • T (212) 246-7100 • F (212) 262-6350 • WWW.GNYHA.ORG

March
Five
2024

Dirk McMahon
President and Chief Operating Officer
UnitedHealth Group
P.O. Box 1459
Minneapolis, MN 55440-1459

Dear Mr. McMahon:

I am writing on behalf of the over 200 not-for-profit and public hospitals and health systems that make up the Greater New York Hospital Association (GNYHA).

The consequences of the cyberattack on your Change Healthcare (CHC) systems are being felt by patients and providers of all types nationwide. In New York, where most GNYHA members operate, the most significant, immediate-term impact is cash flow disruptions. While many of your hospital customers across the country are similarly impacted, the situation in New York is notable because we have many hospitals that are especially fragile. New York State hospitals chronically have among the lowest financial margins in the US. In 2022, the median operating margin for New York hospitals was -2.5%, and 63% had negative operating margins.

Approximately 20% of New York hospitals have received extraordinary subsidies from the State over the past two years due to their dire financial condition, defined as having less than 15 days cash on hand. With some of these hospitals expecting to run out of cash by the end of next week, any cash disruption puts them and their patients in severe jeopardy.

These disruptions are caused in the first instance by hospitals having no choice but to disconnect from your systems to avoid security intrusions into their own networks. The ongoing nature of the downtime reflects 1) the paucity of competitors in the markets that CHC and Optum dominate and 2) the real-world difficulty of implementing new workflows and entering into new vendor relationships in a crisis atmosphere. Implementing workarounds is far easier said than done, contrary to your website's offensive assertion that it is merely a matter of "choice."

Cash flow disruptions will quickly turn into patient care disruptions for cash-strapped hospitals and eventually for all hospitals. I am sure you agree that sustaining patient care operations is and must be the number one goal of everyone concerned.

With that in mind, I am adding GNYHA's voice to that of the American Hospital Association (AHA). I have reviewed AHA president Rick Pollack's March 4 letter to you and agree with his key point—the UHG funding program is woefully insufficient to address the massive needs this outage has created. And as Rick said, the terms and conditions for participation are "shockingly



GNYHA is a dynamic, constantly evolving center for health care advocacy and expertise, but our core mission—helping hospitals deliver the finest patient care in the most cost-effective way—never changes.

onerous.” Regardless of your intent, the combination of such unreasonable terms with the prospect of financial doom facing many of our members creates a state of extreme duress.

I am calling on you to accept AHA’s invitation to reconfigure the funding program to meaningfully address the financial impacts of the outage. While it is somewhat hard to believe that a company of UHG’s size and sophistication could be affected the way that it has, perhaps the silver lining is that a company with the vast financial resources of yours is better able than most to withstand this crisis and help those affected by it.

I urge you to use those resources to do the right thing by your customers—our hospitals and their partners who rely on your products—and those they serve.

Sincerely,

A handwritten signature in black ink, appearing to read "K. E. Raske". The signature is fluid and cursive, with a large initial "K" and a distinct "E" and "R".

Kenneth E. Raske
President

cc: Hon. Charles E. Schumer
United States Senate

Richard J. Pollack
President
American Hospital Association