

# Hospital slash jobs, stall growth amid Trump cuts

- By Ethan Geringer-Sameth || July 14th 2025



Stony Brook Hospital, a large safety-net provider in Suffolk County, is facing a \$55 million annual hit from new Medicaid cuts, plus an additional \$53 million in expired funding for hospitals that serve a large portion of low-income patients. | STONY BROOK UNIVERSITY HOSPITAL NY BROOK UNIVERSITY

New York hospitals are cutting staff, scaling back research and bracing for service reductions in the wake of a newly signed federal spending bill that is expected to drain \$7 billion a year from the state's health care system. The spending package, passed by President Donald Trump and congressional Republicans, is already triggering layoffs and other cost-cutting at hospitals across the state, from elite academic medical centers to rural safety-net providers. The new reality has forced even the wealthiest systems to reevaluate their priorities. "The volatility of the market hurts everybody, and all of these things are really causing an already somewhat challenging industry to be challenged further," said Dr. Daniel Baker, executive director of Lenox Hill Hospital on the Upper East Side. At least 34,000 health care jobs are expected to disappear in New York under the new federal tax and spending package. The law slashes Medicaid funding and public insurance coverage for 1.5 million low-income New Yorkers, cancels hundreds of millions of dollars in federal research grants and threatens reimbursements to hospitals that provide gender-affirming care — a suite of changes executives say could destabilize emergency departments, specialty care and long-term expansion plans for facilities.

The Medicaid cuts are especially damaging for safety-net and rural hospitals that rely on government funds to stay afloat. While the city has few rural providers, 14 private hospitals in the metro New York area have more than a third of in-patient and outpatient services covered by Medicaid, out of 18 statewide, the state Department of Health said. In total, roughly two-thirds of hospitals in the city, Westchester and Long Island receive more than half of their revenue from government payers, according to an analysis from Greater New York Hospital Association, a trade group of hospitals and health systems in the north-east. “I’d like to think the state will step in and help fill some of those gaps but in truth [there] could also be further reductions,” said Dr. William Wertheim, executive vice president of Stony Brook Medicine, which serves 25% of the Medicaid beneficiaries in Suffolk County.



In May, New York-Presbyterian, one of the city’s most profitable health systems, laid off 1,000 employees, or about 2% of its workforce | NEW YORK-PRESBYTERIAN

## Staff: The first to go

In May, New York-Presbyterian, one of the city’s most profitable health systems, laid off 1,000 employees, or about 2% of its work- force. Among them was Stella Maniquis, a nurse practitioner who had spent eight years in a neurology unit dedicated to monitoring children with epilepsy. “I didn’t think it would be us because we’re highly specialized,” said Maniquis, who took the job at Presbyterian during Trump’s first administration. Just one day earlier, Columbia University, an affiliate at the Irving Medical Center in Washington Heights, eliminated 180 employees, about 20% of the positions funded through research grants that had been canceled by Trump and Health and Human Services Secretary Robert F. Kennedy Jr. The next week, Catholic Health, a mid-sized health system on Long Island, said the group was laying off 1% of its staff, about 170 people, citing “unprecedented challenges facing health care.”

Unlike closing departments or selling assets, laying off staff is one of the fastest ways for a health system to build a financial cushion, according to Dr. Ge Bai, professor of accounting, health policy and management at Johns Hopkins University. “If you want to have the biggest impact, you’re going to cut the biggest cost items, which is almost always labor,” she said.



Memorial Sloan Kettering Cancer Center recently scaled back an expansion project | MEMORIAL SLOAN KETTERING CANCER CENTER

## A safety net at risk

Public and safety-net hospitals face a different set of constraints than major private systems. They rely more heavily on federal dollars and must maintain critical services, like emergency and surgical care, regardless of cost. Stony Brook Medical Center is the only children's hospital and pediatric emergency room in Suffolk County, a critical hub for burn, trauma, cardiac and transplant care, and one of the largest safety-net providers in the region. Now, it's facing a \$55 million annual hit from new Medicaid cuts, plus another \$53 million in expired funding for hospitals that serve a large portion of low-income patients, said Wertheim. Stony Brook, part of the state university system, is also one of the biggest recipients of National Institutes of Health funding in the state; last fiscal year, it took in \$65 million, according to NIH records.

To absorb the losses, Stony Brook has slowed hiring for non-clinical staff to preserve patient care, Wertheim said. But he warned that more disruption is inevitable if cuts continue at this scale.

In the city, Health and Hospitals President and CEO Dr. Mitchell Katz told the City Council he may be forced to cut specialty services like cardiology to protect emergency rooms and primary care. The 11 hospital public system expected to lose at least \$300 million annually under the House version of the federal tax bill, before Senate Republicans deepened cuts. The health system did not provide an updated estimate.

Gov. Kathy Hochul and state lawmakers did not address the looming cuts in the \$254 billion state budget passed in May, but left open the possibility of calling a special session later this year to revisit spending. Hochul has repeatedly stated that the state cannot replace all the lost funding.

## **Reassessing growth plan**

The hospital construction boom of recent years may be another casualty of the new federal landscape. Northwell Health is eyeing the effect Trump's steel tariffs will have on the price of construction materials as it pushes ahead with rezoning for a proposed new 40-story tower at Lenox Hill Hospital, a project with a \$2 billion price tag that could balloon. "Is there going to be an effect? Absolutely," said Jonathan Cogswell, assistant vice president of Facilities Services for Northwell Health's western region, which includes Lenox Hill. It is too early to predict what material prices will be when Northwell begins purchasing, he said, noting that those considerations will come into play when designing the building.

Memorial Sloan Kettering Cancer Center recently scaled back the height of a similar expansion project nearby, after already receiving the needed approval from the City Council. The health system said the change was driven by community needs and denied any link to financial pressures. But the estimated \$2.3 billion cost of the building is higher than previous projections despite the smaller footprint, a reflection of changes in design and market conditions, according to the health system. Health systems across the board may soon follow suit, said Bai, the Johns Hopkins professor. "A household facing revenue pressure would be less likely to buy a vacation house or a third car," she said.