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TOP STORY SPOTLIGHT

Prospectus: How Kaleida, Catholic Health and ECMC are navigating change, preparing for 2027

From the Complete Prospectus 2026: Dealing with uncertainty series

Jon Harris

Feb 18, 2026



Erie County Medical Center is developing a new inpatient behavioral health wing that should alleviate some of the backlogs in its **Comprehensive Psychiatric Emergency Program** for patients waiting for a bed.

Derek Gee, News file photo

Jon Harris



or Western New York's health systems, 2026 will be a year of controlling costs,

By Jan. 1, 2027, states must implement Medicaid work requirements, which could lead to a rise in the uninsured population and cause uncompensated care costs to increase at hospitals and other providers.

The work requirements are one of the many provisions in last year's federal reconciliation bill (H.R.1), which is expected to reduce federal Medicaid spending by about \$1 trillion nationwide by 2034.

"We understand the challenge. We understand it is significant," said Kaleida Health President and CEO Don Boyd.

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"It's more significant than it's ever been and more significant than any of us has ever seen in our careers," he said. "But we've got phenomenal teams, we've got phenomenal talents, we've got great governance. We're going to get after this, but it is going to mean change."

Kaleida last year decided to accelerate a \$200 million systemwide improvement plan in response to the federal bill. That led Kaleida to announce closures for its Millard Fillmore Surgery Center in Amherst, two Buffalo Therapy Services clinics, its Ear, Nose and Throat Center at Buffalo General Medical Center and its Family Planning Center at 1100 Main St. in Buffalo.

Erie County Medical Center Corp., meanwhile, in late January announced it was cutting about 150 employees, or 3% of its workforce. That was on top of a hiring freeze for nonclinical positions that ECMC started in late 2025. ECMC is budgeting for a \$35 million loss in 2026.

"We were already in crisis before H.R. 1," ECMC CEO Thomas J. Quatroche Jr. said. "The changes that we've been implementing, really, we were going to be doing regardless



'Financial realities' cause ECMC to announce job cuts, furloughs

of H.R. 1. H.R. 1 is only making things worse for us."



Thomas J. Quatroche Jr., CEO of Erie County Medical Center, which announced in late January that it was cutting about 150 employees, or 3% of its workforce. That was on top of a hiring freeze for nonclinical positions that ECMC started in late 2025.

Buffalo News file photo

As of early February, Catholic Health had not yet announced major cuts or service changes, though President and CEO Joyce Markiewicz said the system has "identified some areas that we're going to have to make some serious decisions about."

"A lot will change in 2027 for the organization, but we're going to use this time to really kind of batten down the hatches and figure out how to make sure we're prepared for 2027," she said.

The three CEOs, whose systems collectively employ more than 25,000 people, are encouraged by Gov. Kathy Hochul's executive budget proposal to counter some of the federal cuts. The question will be whether the final state budget is enough to offset the cuts.

Once 2027 hits

With the federal cuts to Medicaid, New York State officials have estimated about 1.5 million New Yorkers could lose their health insurance coverage, which could cause uncompensated care costs to hospitals and providers to rise to more than \$3 billion annually statewide.

That's a big concern for Kaleida, Catholic Health and ECMC, all of which have improved financially year after year following huge losses during the Covid-19 pandemic.

"You have to be able to pay the bills, and you have to be able to cover your overhead," Markiewicz said. "We are very concerned about the number of patients that we're going to see going forward that will be uninsured and underinsured."



"A lot will change in 2027 for the organization, but we're going to use this time to really kind of batten down the hatches and figure out how to make sure we're prepared for 2027," said Joyce Markiewicz, president and CEO of Catholic Health.

Joshua Bessex, Buffalo News

ECMC, a safety-net hospital, already is struggling to get patients efficiently through the hospital and discharged to other settings, such as nursing homes. On Jan. 21, for example, ECMC had 60 alternative level of care patients, who are patients who occupy a hospital bed but no longer need to be there. Pre-pandemic, ECMC would only have about 12 to 15 patients on the alternative level of care list at any given time.

With issues freeing up beds, that leads to high volumes and long waits in ECMC's Emergency Department, considered in many ways the hospital's front door. Those who end up uninsured or underinsured may bypass primary care and end up seeking emergency care only when something urgent arises.

"We're very, very concerned about underinsured and uninsured, because they're going to end up in the Emergency Department," Quatroche said. "And again, we already have a high volume of patients presently."

It's not the only challenge

Forgetting about the federal changes for a second, the region's health systems have a list of other struggles.

Catholic Health, for one, has come a long way from 2022, when it recorded a \$190 million loss on revenues of \$1.2 billion. Markiewicz said Catholic Health is "doing OK financially as it relates to paying the bills," but the system doesn't have many leftover dollars for reinvestment. And that could potentially be an issue as its hospitals age.

"I would say that's what keeps me up at night the most is not having dollars to reinvest in the physical sites and the physical plants," she said. "So that will help to guide us moving forward as to what we're going to be able to do, what we will be able to maintain going forward, because what we need to have are safe places for patients to come and that will be part of our decision making going forward."

Another major issue is reimbursements, with hospitals' expenses rising faster than revenues coming in. For health care, the two primary funding sources for reimbursement are the federal government, through Medicare and Medicaid, and the commercial insurers.



Don Boyd, president and CEO of Kaleida Health, says New York State hospitals were already facing challenges before the One Big Beautiful Bill Act and the upcoming federal reduction in Medicaid spending.

Libby March, News file photo

Boyd pointed out that leaders already know less revenue will be coming in from the federal government. But if the costs increase for commercial insurance, which affects employers and employees in the region, that hurts the area's overall economic viability, he noted.

And given that local and regional health plans also have seen financial losses in recent years, those insurers also are trying to keep costs in check during negotiations with health systems.

"We're in a vicious cycle right now that one isn't going to solve for the other," Markiewicz said.

"We've got to figure this out together, especially with all the changes from the bill that we're going to face in 2027. I've never seen a time like this before. Usually one of us is doing OK, but I don't think anybody's doing OK anymore."

Not all bad news

Despite the challenges, area health systems also are moving forward with several projects, most of which received funding support from the state and probably would not happen without it.

Kaleida is **getting started on its planned \$223 million hospital** in Fredonia, a one-story, 133,000-square-foot facility that will take 32 to 36 months to complete.

Kaleida and ECMC also are planning **mental** health projects. While Kaleida is **adding a Comprehensive Psychiatric Emergency Program at Olean General Hospital**, ECMC is developing a new inpatient behavioral health wing that should alleviate some of the backlogs in its psychiatric emergency room for patients waiting for a bed.

Golisano Children's Hospital of Buffalo, meanwhile, will use some of billionaire Tom Golisano's \$50 million gift to develop a behavioral health center, with a partial hospitalization program, on the sixth floor of the Conventus Building.

ECMC is early on in developing a Community Healthcare Pavilion and Learning Center, which will be constructed on ECMC's Grider Street campus. That center, which Quatroche said may come to fruition in 2027 or 2028, will have a heavy emphasis on primary care and help train more primary care physicians in Buffalo.

Kaleida, ECMC and UBMD Physicians' Group are all transitioning to an electronic medical record system powered by Epic Systems. While Kaleida plans to go live



with Epic in May, ECMC and UBMD will likely transition to Epic in the fourth quarter. Once that occurs, most of the hospitals in Western New York will use Epic, since Catholic Health invested \$135 million several years ago to convert to Epic.

By being on the same platform, Boyd, Quatroche and Markiewicz all said they expect it will lead to more collaboration and also help resident doctors to learn the same electronic medical record as they rotate through area hospitals.

"There is so much more conversation and collaboration that I see happening across the region, especially among the health systems, that I've never experienced before," Markiewicz said. "And that's how we're going to dig our way out. We're going to do it together, because not one health system is going to do something different that's going to impact everything for this region."

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