



HEALTHCARE





The Executive Budget prioritizes investment in the work of healthcare and direct support workers who have continued to serve those in need throughout the COVID-19 pandemic. It also strengthens the Department of Health's capability to fight the COVID-19 pandemic, and addresses its health and social consequences through:

- Continued investment of resources to develop robust statewide diagnostic testing capacity;
- Increasing access to rapid at-home testing for individuals and families; and
- Administration of a multi-faceted statewide vaccination and booster program that ensures all New Yorkers, including communities with disparate health challenges, receive equal access.

To build the healthcare system of tomorrow, Governor Hochul will make a more-than-\$10 billion, multi-year investment in healthcare, including more than \$4 billion to support wages and bonuses for healthcare workers. Key components of this multi-year investment include:

- \$2 billion to support healthcare worker wages;
- \$1.2 billion to support healthcare and mental hygiene worker retention bonuses, with up to \$3,000 bonuses going to workers earning less than \$100,000 who remain in their positions for one year, and prorated bonuses for those working fewer hours;
- \$500 million for Cost of Living Adjustments to help raise wages for human services workers;
- \$2.4 billion for healthcare capital infrastructure and improved lab capacity; and
- Other investments in workforce and healthcare access and delivery.

With these investments, Governor Hochul proposes to rebuild and grow the healthcare workforce by 20 percent over the next five years with a program designed to strengthen home care, improve the career pipeline, expand access to healthcare training and education, and recruit healthcare and direct support professionals to care for people in underserved areas.

The Executive Budget also preserves critical social supports, promotes the long-term fiscal sustainability of the healthcare system and continues to advance important reforms aimed at improving the health of New Yorkers at a sustainable cost.

OVERVIEW

The Department of Health's mission is to ensure that high quality health services are available to all New Yorkers. Consistent with this mission, DOH manages comprehensive healthcare and long-term care coverage for low- and middle-income individuals and families through Medicaid, Child Health Plus (CHP), and the Essential Plan (EP). Combined, these programs provide affordable health insurance coverage for nearly 9 million New Yorkers, through a network of over 80,000 healthcare providers.

At the forefront of the State's response to the COVID-19 pandemic, DOH also protects public health, funds and supervises community public health activities and critical social supports, regulates healthcare facilities statewide, and operates healthcare facilities including Helen Hayes Hospital, four veterans' nursing homes, and the Wadsworth Center for Laboratories and Research.

The Office of the Medicaid Inspector General (OMIG) promotes the integrity of the Medicaid program by conducting and coordinating fraud, waste and abuse control activities for all State agencies responsible for Medicaid-funded services. The Executive Budget continues to support a workforce investment to support enhanced program integrity efforts.

The State Office for the Aging (SOFA) promotes and administers programs and services for New Yorkers 60 years of age and older. The Office oversees community-based services provided through a network of county Area Agencies on Aging and local providers. The Executive Budget continues \$23 million to support unmet need, invests \$2.9 million to combat social isolation by connecting more older New Yorkers with friends, family, and other supports, and establishes a program to expand elder abuse and financial exploitation prevention programs in up to ten counties.

The DOH Wadsworth Center Labs collaborated with laboratories sequencing SARS-CoV-2-positive samples across the state and monitored data submitted to public sequence databases to track



the spread of variants of concern which emerged throughout 2021, including Delta and most recently Omicron.

DOH's cross-functional communications and marketing teams have led the design, development, and execution of audience-based campaign strategies to launch new eligibility categories and increase vaccination rates across age groups. This includes:

- The State's multifaced #VaxtoSchool program, with over 217 pop-up sites established to date;
- Reaching parents and guardians of 5–11 year-olds under the State's #VaxForKids umbrella;
- An effective and ongoing booster and additional dose push, with a booster-specific website, direct-to-constituent messaging via SMS, robo-calling, and Excelsior Pass push notifications; and
- A multi-pronged effort to combat vaccination mis- and disinformation through the State's #GetTheVaxFacts messaging, resources, and toolkits.

New York State is closely monitoring the COVID-19 pandemic across data sources related to testing, hospitalizations, fatalities, vaccination, breakthrough infections, variants, and a variety of other topics. Online dashboards, reports, data sources, and a robust public information strategy including dedicated microsites summarizing key information on these topics.

New York State has led the nation in the largest real-world vaccine effectiveness studies to date, with the Department's research published by the CDC and the New England Journal of Medicine (NEJM).

ENSURING QUALITY HEALTHCARE FOR ALL NEW YORKERS

New York State's Medicaid program is the State's largest payer of healthcare and long-term care services and supports. Over 7 million individuals receive Medicaid-eligible services through a network of more than 80,000 healthcare providers and more than 45 fully and partially capitated managed care plans. Total Federal, State and local Medicaid spending is expected to be \$92.0 billion in FY 2023. This includes \$50.6 billion in federal spending and \$33.1 billion in State spending. In 2012, the State implemented the Medicaid Global Cap, which

statutorily sets the annual growth rate to an industry-based metric. The Executive Budget proposes to modify this existing metric to incorporate the Centers for Medicare & Medicaid Services (CMS) actuary projection of spending growth which will better accommodate pandemic spending levels identified in this sector.

PROPOSED FY 2023 HEALTHCARE BUDGET ACTIONS

The Executive Budget reflects the continuation of the Medicaid spending cap enacted in FY 2012 and recommends funding consistent with its provisions. However, the Executive Budget proposes to update the metric used to set the Global Cap spending limit from the ten-year rolling average of the Medical component of the Consumer Price Index (CPI) to the five-year rolling average of Medicaid spending projections within the National Health Expenditure Accounts produced by Office of the Actuary in the Centers for Medicare & Medicaid Services.

The Executive Budget includes targeted investments to improve and enhance the delivery of public health and aging programs, ensuring critical areas of health and social services are protected and enhanced, while also achieving modest savings through program reforms and general cost-control efforts.

INVESTING \$10 BILLION IN HEALTHCARE AND STRENGTHENING HEALTHCARE WORKFORCE

The healthcare workforce is a vital part of New York State's healthcare delivery system. All other healthcare priorities depend on a stable and strong workforce.

The Executive Budget includes a multi-year investment of \$10 billion that will rebuild and grow the healthcare workforce with a program designed to strengthen home care, improve the career pipeline and retention of the existing workforce, expand access to healthcare training and education, and recruit care workers to underserved areas, including:

Workforce Bonus. The State will invest \$1.2 billion in a frontline healthcare worker bonus program to workers earning up to \$100,000 annually program to incentivize the recruitment and retention of qualified frontline healthcare and direct support professionals. The bonuses will be tailored in varying amounts based on hours worked, and length of time in service.



Provider Rate Increases. To provide structural long-term support to providers so they are able to invest in better wages and improve their ability to compete for the most qualified healthcare professionals, Medicaid reimbursement rates will be increased, resulting in multi-year investments across all programs through the following actions:

Across-the-Board (ATB). Rate Restoration and 1 Percent Rate Increase: In order to provide flexible funding for providers to respond to market needs and compete in the labor market to attract qualified workers, and to respond to industry requests for payment reform to be operationalized via a structural long-term increase to Medicaid inpatient and outpatient rates, the State is making a multi-year investment of \$3.7 billion through restoration of the 1.5 percent reduction taken in the FY 2021 Budget, and increasing Medicaid rates across the board by an additional 1 percent.

“Safety Net” Hospitals. The State will invest \$2.8 billion in payments directed to “Safety Net” hospitals to support urgent operating needs and address pandemic-related impacts.

Additional Executive Budget highlights include:

Hospitals. The Executive Budget delays rebasing by a year due to the irregular cost base resulting from the pandemic.

Supporting Managed Care. The Executive Budget fully restores \$77 million in the Mainstream and Managed Long Term Care quality pools in order to incentivize and reward quality care. Additionally, the State will invest \$34.7 million in the Medicaid Managed Long Term Care (MLTC) program and HIV Special Needs Plans by increasing plan premiums for certain plans to the middle and high end of the rate range.

Expanding Medicaid Eligibility. New York State will expand Medicaid eligibility so that low-income New Yorkers age 65 and up, as well as those with disabilities, are able to maintain Medicaid eligibility after they become eligible for Medicare. This coverage expansion will eliminate the resource eligibility test and raise the income level to 138 percent of the Federal poverty level for these populations. Continuing the State Takeover of Local Medicaid Costs. In FY 2023, the State will assume nearly \$5.2 billion in costs that would have otherwise been incurred by localities.

SUMMARY OF ALL FUNDS HEALTHCARE SPENDING				
CATEGORY	FY 2022 (MILLIONS OF DOLLARS)	FY 2023 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT CHANGE (%)
Medicaid	83,374	91,978	8,604	10.3%
Medicaid (Global Cap)	20,572	21,538	966	4.7%
Department of Health (Excluding Medicaid and EP)*	5,467	6,079	612	11.2%
Essential Health Plan	5,741	6,161	420	7.3%
Office of the Medicaid Inspector General	48	49	1	1.6%
Office for the Aging*	267	273	5	1.8%

*Note that these values are adjusted to exclude the impact of extraordinary spending associated pandemic response efforts, including timing the impacts year-to-year spending.

MATERNAL HEALTH

The State remains committed to structural and institutional change in the healthcare system to address systemic inequality and create a safer birth experience for mothers and families across the state.

To successfully improve maternal health outcomes, reduce racial disparities and advance equity for mothers across the State, the FY 2023 Executive Budget includes over \$20 million in annual investments designed to expand access to holistic prenatal and postnatal care.

Additionally, the State will work with the Biden Administration to provide year-long Medicaid postpartum coverage for mothers for up to one year, increasing from 60 days after they give birth, leading to more equitable health outcomes across the State.

PROMOTING THE ESSENTIAL PLAN

The Essential Plan (EP) -- covers nearly 892,000 New Yorkers. The program has served as a critical safety net during the COVID pandemic for those New Yorkers who lost their job and/or income.

With the Centers for Medicare & Medicaid Services (CMS) approval, the EP would expand eligibility to raise the Federal Poverty Limit cap from 200 percent to at least 250 percent. Raising this limit will allow 14,000 currently uninsured eligible New Yorkers to enroll in the EP free of cost and increase the affordability of healthcare for an additional 92,000 New Yorkers. Healthcare. In addition, with CMS approval, the EP would be expanded to provide coverage for individuals with long-term chronic illnesses.

SUPPORTING THE NEW YORK STATE OF HEALTH

The Exchange – NY State of Health (nystateofhealth.ny.gov) – serves as a centralized marketplace to shop for, compare, and enroll in a health insurance plan.

The health plans offered through NYSOH are, on average, 55 percent less expensive than those available in 2013, prior to the creation of the marketplace.

To date, over 6.3 million New Yorkers have enrolled in coverage

through the marketplace as the number of uninsured New Yorkers declined by 1.3 million since 2010.

The Executive Budget includes \$523 million in total gross funding (18 percent increase from FY 2022) for the operation of the NY State of Health in FY 2023.



STRENGTHENING PUBLIC HEALTH AND AGING PROGRAMS

DOH and SOFA administer programs that support New York State's public health and senior care systems. The Executive Budget makes several new programmatic investments while providing additional support services to county and local governments. Key initiatives include:

Fund the "Nourish New York" Initiative to Feed New Yorkers and Support Farmers. Nourish NY supports both local farmers and underserved communities by purchasing surplus food supply and rerouting it to State food banks, providing an additional income stream for farmers while feeding families in need. To continue supporting farmers and feed residents, the Executive Budget includes \$50 million of new annual funding to support the Nourish NY program permanently.

Support Harm Reduction and Naloxone Distributions. The Executive Budget proposes to support additional Harm Reduction Services (\$9 million recurring) and Naloxone distribution (\$8 million in FY 2023 and \$10 million thereafter) under the AIDS Institute by utilizing additional resources from the Opioid Stewardship Fund and the Opioid Settlement Fund, respectively.

Ending the AIDS Epidemic. HIV incidence has declined annually since 2014. However, the COVID pandemic has delayed fully achieving



the Ending the Epidemic (ETE) goals. As a result, the state is recalibrating the ETE benchmarks and timeline to reach ETE goals by the end of 2024. The Executive Budget continues the \$200 million multi-year commitment towards these efforts.

Increase County Public Health Funding. Local health departments (LHDs) have been at the forefront of public health issues, including COVID, and serve as the first line of defense against all new and widespread public health crises. The Executive Budget recommends:

- Investing \$6.7 million in FY 2023 (\$13.4M in FY 2024) statewide to increase all General Public Health Work (Article 6) county base grants.
- Investing \$19 million in FY 2023 (\$38 M in FY 2024) statewide to allow LHDs to claim for fringe benefits expenses to assist in the hiring and retention of staff.
- In August, Governor Hochul announced a \$65 million investment to support counties in building the infrastructure necessary for quick and reliable distribution of COVID-19 booster shots.
- In December, Governor Hochul announced a separate \$65 million investment to assist with the costs associated with administering COVID-19 vaccines and boosters, as well as enforcing the mask-or-vaccine mandate for indoor public places.
- The New York State Public Health Corps is being mobilized across New York to build public health capacity to support COVID-19 vaccination operations and increase preparedness for future public health emergencies. This program will bolster the state's public health infrastructure by mobilizing up to 1,000 Fellows to provide critical support and services to local health departments.

Support New Innovative Aging Programs. The COVID pandemic has led to immediate changes in service delivery and identified new needs for seniors. In response, the State Office for the Aging has provided the leadership to innovate and test new models of care. A new \$2.9 million investment will help develop, expand on and replicate innovative services to address social isolation to combat social isolation, elder abuse, and support caregivers.

Continue the COVID Emergency Home Food Delivery (EFD) program. Beginning in 2021 and administered by the Office for the Aging, the

Executive Budget continues New York's EFD program, which supplies meals to low-income older adults and other COVID-19 vulnerable populations. Funded through FEMA, the program has served more than 250,000 unique households that otherwise would be unable to safely access food.

Increase Cost of Living Adjustment (COLA) Payment. The Executive Budget increases the FY 2023 Human Services COLA payment, investing an additional \$6 million into SOFA programming.

TRANSFORMING THE HEALTHCARE SYSTEM

The FY 2023 Executive Budget builds on prior successes in transforming the State's healthcare delivery system. To date, New York State has appropriated \$3.8 billion in capital financing for essential healthcare providers with the goal of preserving and expanding essential healthcare services in communities throughout New York State through the development of high-quality medical facilities and programs serving the inpatient, primary care, and long-term care needs of communities. Awards are also focused on projects that will help ensure the financial sustainability of safety-net healthcare providers, and the preservation or expansion of essential healthcare services.

Transforming the Future of Healthcare in New York State. The Executive Budget establishes a new \$1.6 billion capital program for the purpose of financing capital improvements for eligible healthcare facilities and nursing homes and building out ambulatory care infrastructure for financially distressed hospitals. This will bring the total capital investments for healthcare providers to a historic \$5.4 billion in total support through FY 2028.

\$750 million will be provided for health care delivery transformation via grants to health care providers for capital projects which build innovative, patient-centered models of care, increase access to care, improve care quality, and ensure healthcare provider financial sustainability.

- \$450 million will be provided for a mix of traditional healthcare capital investments, including the opportunity to finance submitted proposals under prior healthcare capital programs, and includes minimum guaranteed allocations for residential healthcare facilities and nursing homes (\$50 million),

community-based health care providers (\$25 million), and behavioral health centers (\$25 million).

- \$200 million will be provided for the modernization of emergency departments of regional significance.
- \$150 million will be provided to build out IT infrastructure and telehealth capabilities across all eligible provider types.
- \$50 million will support implementation of the Green House nursing home initiative – an innovative care model based on the delivery of nursing home level care in real homes, and movement away from the traditional institutional nursing home model in favor of small residential houses where residents both live and receive care.

Improving Laboratory Capacity in New York State. The Executive Budget includes \$750 million in funding to support the construction of a new Laboratory on the Harriman campus in Albany. In addition to upgrading the world-leading Wadsworth Laboratories facility to today's cutting-edge standards for testing and epidemiological research, this project will incorporate the lessons learned from the COVID-19 pandemic to rapidly scale up testing capacity and improve genomic sequencing.

The Department of Health is building on prior successes in transforming the State's ability to provide Medicaid services by preparing a three-year extension of the Medicaid Redesign Team (MRT) 1115 waiver. The purpose of an 1115 waiver is to give states additional flexibility to design and improve their Medicaid programs, and demonstrate and evaluate state-specific policy approaches to better serving Medicaid populations.

By March 2022, the Department of Health will submit the waiver amendment to the Centers for Medicare and Medicaid, inclusive of comprehensive feedback from CMS.

The waiver amendment proposes a framework for substantial new federal funding over five years to invest in an array of multi-faceted and related initiatives that would change the way the Medicaid program integrates and pays for social care and healthcare in the State.

OTHER INITIATIVES

Investing in Healthcare Transformation. The Financial Plan reserves \$1 billion of additional resources to further support multi-year investments in healthcare transformation and sustainability efforts.

CHP Premiums. The Executive Budget invests \$4 million in FY 2023 growing to \$8 million in FY 2024 to eliminate the \$9 monthly premium for children in families with income levels between 160 percent and 222 percent FPL, to improve healthcare access and affordability for vulnerable children.

CHP Behavioral Health. The Executive Budget invests \$11 million in FY 2023 growing to \$44 million in FY 2024 in mental health and other critical services for children in the Child Health Plus Program. These investments will align the services provided to children in CHP with the services received by children in Medicaid.

Local Distressed Hospital Funding Pool. The Executive Budget continues the Distressed Provider Relief Fund permanently to support financially distressed facilities throughout the state through the collection of a portion of sales tax revenue from counties and New York City, generating \$250 million in designated funding annually. These extraordinary resources will support distressed providers so they are better positioned coming out of the COVID-19 pandemic to manage operating expenses while also providing competitive wages and benefits to attract and retain highly qualified healthcare workers.

Drinking Water State Revolving Fund Federal Investment. The Budget includes \$300.0 million in Federal drinking water appropriation authority to provide additional resources made available under the Infrastructure Investment and Jobs Act. These new dollars will provide a significant opportunity to improve public water systems, specifically those in communities disproportionately impacted by lead in drinking water, including debt retirement and no-interest loans for public water system projects, lead line replacements, and activities to address emerging contaminants.

COVID Wastewater Surveillance. The Executive Budget invests \$5 million of Clean Water Infrastructure Act funding for each year from FY 2023 to FY 2025, to support and expand the statewide wastewater surveillance initiative, which conducts analysis of



municipal wastewater for genetic markers of COVID. This wastewater surveillance network will help guide policymaking for the COVID response, and the new expanded testing network will also be useful for monitoring the opioid epidemic and any future infectious disease threats that may arise.

Roswell Park Cancer Institute (RPCI) Lung Cancer Screening. The Budget provides a one-time investment of \$4.0 million to RPCI for the procurement of lung cancer screening mobile vans and associated medical technology. These mobile vans will be deployed in racially diverse neighborhoods and communities for early detection of lung cancer. In addition, the Budget invests \$4.0 million in additional ongoing operational support for Roswell Park to expand and enhance cancer screening operations amongst diverse and underrepresented populations.

Rashaun King Community Health and Education Center. The Executive Budget increases the capital support for the RPCI by \$2 million to provide support for the Community Health and Education Center.

LGBTQIA+ Health Services. The Executive Budget invests \$7.0 million (in addition to existing \$4.967 million funding) to support the LGBTQIA+ community with direct health services, cultural competency education and training, and organizational capacity building.

Increased Support for Newborn Screening. The Executive Budget provides an additional \$2 million in capital funding under the Wadsworth Center for Laboratories and Research. These resources will be used to procure additional laboratory equipment necessary to increase newborn screening testing capabilities.

Promulgate the Office of Gun Violence Prevention. The Executive Budget provides authority for the establishment of the Office of Gun Violence Prevention under the Department of Health. Data collected on gun violence will be used by the Office of Gun Violence Prevention to track emerging gun violence hotspots and deploy resources to those areas that need it most.

Create the New Pharmacy Benefits Bureau to Reduce Prescription Drug Costs. The Executive Budget supports the creation of the new Pharmacy Benefits Bureau in the Department of Financial Services to lead efforts to lower drug prices, the number one driver of health insurance premium increases. The new Bureau

will begin licensing Pharmacy Benefit Managers (PBMs) and will issue comprehensive regulations to ensure transparency and accountability for PBM practices. The Bureau will also hire a new compliance team to investigate PBM business practices and review complaints of misconduct.

