



# HEALTHCARE



The FY 2024 Executive Budget reflects Governor Hochul's continued commitment to the health and well-being of every New Yorker by addressing the challenges facing our health system; improving quality, outcome, and equity; and building on the historic healthcare investments made in 2022.

# \$34 BILLION INVESTMENT IN HEALTHCARE WORKFORCE AND MEDICAID



## NEW YORK STATE MEDICAID

The Executive Budget represents a historic moment for the NYS Medicaid program. In FY 2024, the State-funded portion of the Medicaid program will be the largest in history (\$34.7 billion; nearly double the FY 2011 value), as will the average cost per member per year of over \$9,531 (over \$1.6K higher than FY 2017) and total enrollment in the program (7.9 million enrollees by June 2023). The biggest Medicaid challenge facing New York, and the nation, is redetermining Medicaid eligibility as required by the federal decision to wind down the COVID-19 public health emergency declaration. Due to the COVID-19 public health emergency, Medicaid enrollment is projected to peak at a historic high of nearly 7.9 million enrollees in June 2023, and then decline over the next 12 months as COVID enrollment unwinds. New York has the second largest program in the country (7.9 million in Medicaid) and eligibility will need to be re-determined for over 9 million people on the State's various public health insurance programs. The uncertainty around future Medicaid enrollment puts risk on Medicaid spending in future fiscal years.

These are not the only challenges facing the NYS Medicaid program: the State's population is aging and driving significant growth in the Medicaid program, as costs for those who need long term care are ten times that of a typical Medicaid enrollee. Base Medicaid growth trends continue to outpace the

allowable growth index, attributable to increased Managed Long-Term Care (MLTC) enrollment and price growth as well as nursing home price and utilization as compared to COVID. Additionally, Public health insurance coverage for asylum seekers and other migrants may drive further costs to the State. Additional fiscal pressure is exerted by inflation and increased labor costs.

Last year, Governor Hochul initiated a historic \$20 billion, multi-year investment in health care in 2022. Key components of this multi-year investment include:

- \$1.2 billion of State support for health care and mental hygiene worker retention bonuses, with up to \$3,000 bonuses going to full-time workers who remain in their positions for one year, and prorated bonuses for those working fewer hours.
- \$7.7 billion to be spent over four years to increase the home care worker minimum wage by \$3 per hour
- \$500 million for Cost-of-Living Adjustments (COLAs) to help raise wages for human services workers.
- \$2.4 billion for health care capital infrastructure and improved lab capacity, along with other investments in workforce and health care access and delivery
- Other investments in workforce and health care delivery.

Building on these investments, the Executive Budget proposes several targeted and transformational changes to ensure the long-term solvency and sustainability of the Medicaid program, while also stabilizing our healthcare system. The Budget:

- Increase Medicaid rates, including five percent increases for hospitals, nursing homes and assisted living providers.
- Supports the expansion and enhancement of primary care and preventive Medicaid services, including establishing multiple new Medicaid benefits to improve health equity.
- Makes significant investments utilizing available federal Essential Plan resources by reducing cost sharing, increasing reimbursement rates and expanding coverage.
- Provides capital funding for infrastructure improvements in health care, including \$1 billion

for the creation of a new Statewide Health Care Facility Transformation Program (Statewide V) and \$967 million for the reconstruction and consolidation of the Wadsworth Center.

- Reforms the delivery of public health, including an investment in emergency medical services that increases to an average annual value of over \$30 million per year and new improvements to the certificate of need process.
- Bolsters programs to improve public health outcomes through the following initiatives: expanding upon the State’s ban on flavored tobacco products, protecting reproductive right and access, and addressing childhood lead poisoning in high-risk areas.
- Supports a series of investments to ensure access to aging services and high-quality long-term care to support New York’s aging population.
- Replaces wage parity in the Consumer Directed Personal Assistance Program (CDPAP) with subsidies so that these workers can purchase comprehensive health insurance on the New York State of Health (NYSOH).
- Implements of the pharmacy benefit transition from managed care to fee-for-service, and re-invests savings in Ryan White Clinics, Federal Qualified Health Centers, and hospitals; the reinvestments will backfill the loss of 340B revenues so these facilities are made whole and can continue providing care to vulnerable populations.
- Allows pregnant and post-partum individuals to remain in the Essential Plan (EP), a health plan for New Yorkers with no premium for those who qualify, instead of transferring to the Medicaid program.
- Re-evaluates the use of enhanced federal funding available to the State to support Medicaid investments.

These changes are intended to help transform the healthcare system while preserving access and sustainability and improve the overall health of New Yorkers.

## **BUILDING A HEALTH CARE SYSTEM FOR NEW YORK’S FUTURE**

As we recover from the pandemic, there are challenges to meet in the Health area outside of Medicaid as well. Through wise investments, careful planning, and the devoted efforts of the health care workforce, the state has one of the strongest health care systems in the U.S, but there is still much to do.

The pandemic taxed an already strained health care system, exacerbating disparities and systemic health care delivery issues, as well as causing entirely new problems. The State continues to invest in the system, and has provided increasing subsidies to hospitals and nursing homes even as the growth in necessary subsidies becomes unsustainable.

- Since 2020, the proportion of hospitals that require State financial support is up 223 percent, and the total amount of State subsidy provided to hospitals is up 286 percent.

To address the immense challenges facing our health system over the next four years and to improve quality, outcomes, and equity — and build on the historic health care investments made in 2022, the FY 24 Executive Budget prioritizes:

- building a comprehensive and evidence-based strategy for the health care system statewide and deploying capital to support transformation;
- addressing the most pressing health needs facing New Yorkers, with a particular focus on those living in underserved communities;
- establishing a nation-leading public health disease response and surveillance system; and
- making other critical investments in healthcare access and delivery.

With these investments, the Budget supports improved access and quality of care and health outcomes, and long-term stability, including a plan for struggling hospitals; and the replacement of the State’s reporting infrastructure with a nation-leading health monitoring and surveillance system to inform targeted and appropriate responses to public health crises and drive broader health care insights.

## OFFICES AND RESPONSIBILITIES

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.

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 nursing homes specifically for veterans' and their families, 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 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.

New York State's Medicaid program is the State's largest payer of healthcare and long-term care services and supports. Over 7.8 million individuals receive Medicaid-eligible services through a network of more than 80,000 healthcare providers and more than 44 fully and partially capitated managed care plans. Total Federal, State and local Medicaid spending is expected to be \$94.4 billion in FY 2024. This includes \$52 billion in federal spending and \$34.7 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 FY 2024 Executive Budget reflects the continuation of the Medicaid spending cap enacted in FY 2012 and recommends funding

consistent with last year's update to the allowable growth calculation. The Global Cap spending limit is set by 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. Consistent with the index, the FY 2024 Executive Budget reflects \$11 billion in additional Medicaid spending growth between FY 2023 and 2027 as compared to the prior Global Cap growth metric.

The Essential Plan offers comprehensive health coverage to more than one million New Yorkers with incomes below 200 percent of the federal poverty level (FPL) (\$29,000 for a single individual).

The Child Health Plus program provides free or low-cost health insurance to over 405,000 children under the age of 19 who do not qualify for Medicaid and do not have other health insurance coverage.

## PROPOSED FY 2024 HEALTHCARE BUDGET ACTIONS

**Improve Essential Plan Coverage.** To make healthcare coverage more affordable, accessible, and equitable, the Executive Budget includes several changes to improve the Essential Plan, including:

- Reducing cost sharing.
- Ensuring access by increasing reimbursement rates for healthcare providers,
- Expand funding for health plans to broaden coverage of mental health and social services,
- Requiring health plans to spend more on patient care, and
- Expanding the pregnancy/postpartum benefit to all women with incomes of 138 percent of the Federal Poverty Level (FPL) to 250 percent FPL.

**Medicaid.** The Budget makes critical investments to address the needs of vulnerable New Yorkers, stabilize the health care delivery system and improve health outcomes. The Medicaid program continues to grow beyond indexed growth, further challenged by Medicaid enrollment that is no longer assumed to return to pre-pandemic levels. Over the life of the Financial Plan, the Budget reflects over \$1.6 billion in new costs associated with Medicaid enrollment estimates above prior projections. There is a

great deal of uncertainty with regard to Medicaid enrollment and the State – working with outside, independent experts - will continue to test and refine the Medicaid enrollment projections utilizing available administrative data. In the short term, the Medicaid program is balanced with the Medicaid Global Cap, supported by critical savings and targeted investments. In the long term, Medicaid spending will need to be further reformed to align with allowable growth, while still meeting the needs of vulnerable New Yorkers. Accordingly, the FY 2024 Budget supports:

#### **Continuing the State Takeover of Local Medicaid**

**Costs.** In FY 2024, the State will assume nearly \$6.4 billion in costs that would have otherwise been incurred by localities. This is an annual multi-billion-dollar relief package to the localities that continues to grow by billions of dollars, annually. Since 2015, the counties have saved \$37.9 billion due to the local takeover.

#### **Expanding Medicaid Coverage of Preventative Health Services.**

The Budget supports critical preventative care for Medicaid enrollees that will help improve population health and reduce hospitalizations, including: increasing supportive housing funding; expanding Adverse Childhood Experiences screening; expanding coverage for nutritionist services; expanding coverage for therapies; increasing dental care rates; increasing rates for children’s vaccine administration; expanding coverage of spinal muscular atrophy prenatal screening; expanding screening for social determinants of health; and expanding coverage for Doula services.

#### **Expanding the Medicaid Buy-in Program for New Yorkers with Disabilities.**

The FY 2024 Executive Budget expands the existing Medicaid Buy-In program for the Working Disabled, so that more New Yorkers with disabilities can work and still qualify for Medicaid coverage.

**Expanding Access to Primary Care.** The FY 2024 Executive Budget supports evidence-based interventions to improve access to primary care for Medicaid enrollees and reduce preventable hospitalizations and emergency room visits by:

- Increasing overall Medicaid reimbursement rates for all primary care, and specifically for nurse practitioners, who are critical providers of primary care;
- Expanding Medicaid coverage of primary and urgent care within the shelter system, which is expected to help tens of thousands of New Yorkers facing housing insecurity to access care;
- Expanding Medicaid coverage of community health workers to help hundreds of thousands of New Yorkers navigate the health and social services systems;
- Increasing Medicaid reimbursement rates for school-based health centers, which increase access to primary care and other health services for children and their families;
- Expanding Medicaid screenings for Hepatitis C and third trimester Congenital Syphilis screenings for all pregnant persons; and,
- Supporting several initiatives to promote the integration of primary and mental health care, including allowing Medicaid reimbursement for additional types of licensed mental health providers in community health centers, establishing a working group on integrated care, and relaxing licensure restrictions for hospitals, outpatient clinics, and behavioral health clinics.

**Investing in Provider Reimbursement.** The Budget provides a 5 percent rate increase to hospitals, nursing homes and assisted living providers, a total investment of \$379 million State share, inclusive of \$157.5 million to enable New York’s nursing home staff to provide high-quality care to residents.

**Financing SUNY Hospital Uncompensated Care.** The Budget provides an additional \$72 million, growing to \$106 million for Disproportionate Share Hospital (DSH) payments for under and uncompensated care provided by the three State University of New York teaching hospitals. These hospitals are at SUNY Upstate Medical Center, SUNY Downstate Medical Center, and Stony Brook University Hospital. The Budget makes changes to insurance law related to site of service review to ensure coverage of services provided at hospital-based outpatient clinics.

**Integrating Managed Long Term Care Plans and Other Managed Care Reforms.** The Budget provides authority for DOH to reform Managed Long Term Care Partial Capitation plans and the option to competitively procure Managed Care Organizations participating in managed long term care product lines. Partial capitation reform will produce \$65 million in savings, beginning in FY 2025.

The Budget also makes the following managed care reforms:

- Requiring plans to pay a claim as billed by a provider and limit the reviews of scope in good faith medical necessity disputes. When a payer questions the medical necessity of the services, the claim will be reviewed by a joint committee composed of clinicians representing both the payer and the general hospital and if the dispute prevails, then ultimately the claim will be determined by an independent third party. This proposal will cost \$7.7million in FY 2024 and \$31.8 million in FY 2025.
- Requiring plans to spend more on patient care.
- Discontinuing supplemental funding for managed care quality pools. This proposal will provide savings of \$111.8 million State-share in FY 2024 and FY 2025.

**Subsidize Comprehensive Health Insurance for Eligible CDPAP Workers.** The Budget provides eligible CDPAP workers between 250-400% of the FPL State-funded supplemental premium assistance to offset the elimination of wage parity in CDPAP.

**Pharmacy Actions.** The Budget implements the pharmacy benefit transition from managed care to NYRx (fee-for-service) to improve transparency, streamline administration and maximize the State’s ability to leverage pharmacy rebates from pharmaceutical manufacturers through the states purchasing power. The Budget will re-invest savings achieved from directly to in 340B providers including Ryan White Clinics, Federal Qualified Health Centers, and hospitals. The reinvestments will backfill the loss of 340B revenues, which have been increasingly diverted to for profit intermediaries and pharmacy benefit managers in Managed Care so these facilities are made whole and can continue providing care to vulnerable populations.

Additionally, the Budget enhances pharmacy oversight by eliminating “prescriber prevails” and reducing coverage for certain over-the-counter products while eliminating copays.

**Utilize enhanced Federal funding.** The Budget utilizes enhanced Federal funding available to the State to fund additional costs in the Medicaid program.

**Health Delivery System Reform.** The Budget makes a series of investments to strengthen and stabilize the State’s healthcare delivery system as follows:

**Investing in Statewide Health Care Facility Transformation.** To drive transformative projects that support the State’s healthcare objectives, the FY 2024 Executive Budget proposes a new \$1 billion in capital investments through funding a new round of the Statewide Health Care Facility Transformation Program, which includes \$500 million dedicated to enhancing NYS healthcare IT infrastructure.

**Allowing Healthcare Providers to Do More.** The FY 2024 Executive Budget includes legislation to allow New York to join the Interstate Licensure Compact and the Nurse Licensure Compact, which will make it easier for physicians and nurses licensed in other states to practice in New York, either physically or virtually, and make it easier for New York providers to offer virtual care to their patients who travel to other states.

**Reform Approval Processes of Healthcare Projects.** The FY2024 Executive Budget modifies the Certificate of Need (CON) process, including raising the cost threshold for projects that need to file a CON and revisiting the definition of “public need” used in the application process and slightly increasing rates for certain CON projects, resulting in an estimated \$1 million per year in revenue, which will be used towards a \$2.1 million investment to improve the CON application process.

**Revitalizing Emergency Medical Services (EMS) and Medical Transportation.** The FY 2024 Executive Budget provides investments to enhance the EMS statewide, including:

- Ensuring emergency transportation providers are appropriately reimbursed for trips, by increasing Medicaid reimbursement for more complex patients;
- Establishing a working group to recommend ways to expand access to non-emergency medical transportation;
- Establishing nine regional EMS organizations that can better coordinate all the EMS agencies and providers operating within their region;
- Establishing a statewide EMS disaster response system that can rapidly deploy personnel and equipment when and where it is needed during an emergency;
- Allowing EMS providers to perform expanded clinical care in the community; and,
- Permitting ambulances to treat patients in place or take patients to urgent care clinics without sacrificing payment for the trip, decreasing the number of unnecessary emergency room visits.

As a result, the FY 2024 Executive Budget provides \$7.6 million in increases to the EMS special revenue fund, which is anticipated to increase to \$20.1 million in FY 2025 before reaching the full annual value of the investment of \$26.3 million in FY 2026. Capital equipment resources will also be provided to enhance the statewide fleet of EMS vehicles, including ambulances and fly-cars, as well as non-transport treatment vehicles.

**Strengthening New York’s Public Health Emergency Readiness Capacity.** The FY 2024 Executive Budget will commit additional resources to work with other state agencies, as well as key local and national partners, to build more robust emergency response plans, conduct emergency response training, and ensure appropriate stockpiling of medical equipment and supplies.

**Modernizing our Health Reporting Systems.** The FY 2024 Executive budget will support the replacement of the State’s reporting infrastructure with a nation-leading health monitoring and surveillance system to

inform targeted and appropriate responses to public health crises and to drive broader healthcare insights.

**Strengthening Regional Health Department Infrastructure.** The FY 2024 Executive Budget supports ensuring regional offices are more integrated into public health policy making and that they prioritize the needs of local health departments. Investments for this purpose include \$3.1 million in FY 2024 and \$2.9 million in FY 2025.

### ***Supporting the New York State of Health***

**The Exchange** – NY State of Health, [nystateofhealth.ny.gov](https://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, nearly 6.9 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 \$584 million in total gross funding, a 12 percent increase from FY 2023, for the operation of the NY State of Health in FY 2024.

### ***Strengthening Public Health and Aging Programs***

New York State will continue to focus its efforts on responding to the COVID-19 pandemic and new public health threats by incorporating lessons learned on key areas of ongoing COVID-19 management and activities associated with specific areas of COVID-19 response.

**Rebuilding the Wadsworth Laboratories.** The Budget provides \$967 million in additional funding to complete the consolidation of Wadsworth’s five unconnected sites located throughout the greater Albany area into one new, state-of-the-art facility on Albany’s W. Averell Harriman Campus to ensure Wadsworth remains at the forefront of international public health research and is well equipped to respond to new public health threats.

### Improving Health Outcomes.

The Budget makes a series of investments to support a healthier New York, with better outcomes and improved health equity, including:

#### Leading the Way for a Tobacco-Free Generation.

The Budget bans the sale of all flavored vaping and tobacco products. In addition, the Budget increases the cigarette tax from \$4.35 to \$5.35 per pack.

#### Protecting Reproductive Rights and Access.

The Budget will increase reimbursement rates for reproductive health providers, implement over-the-counter contraception access, and safeguard abortion access through data privacy protections. In addition, the Executive Budget continues funding to expand abortion provider capacity within the State .

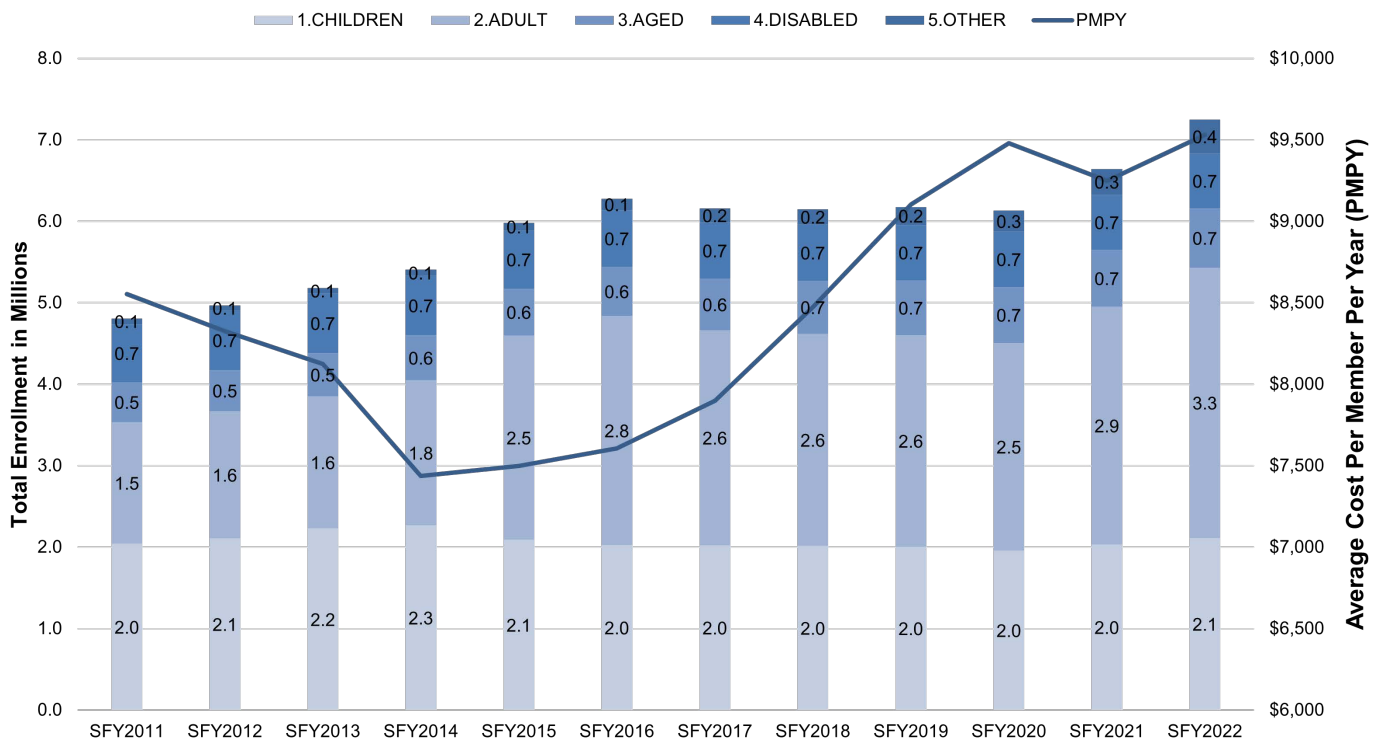
**Addressing Childhood Lead Poisoning in High-Risk Areas Outside of NYC.** The Budget provides \$38.8 million per year to reduce the risk of lead exposure in rental properties.

**Ending Preventable Epidemics.** The Budget requires third trimester screening during pregnancy expands access to Hepatitis C screening, to include all pregnant persons, and invests \$1 million in Medicaid to accomplish this.

**Continuing Investments for Sexuality-Related Programs and the LGBTQ+ Community.** The Budget continues the prior year action of a \$12 million annual investment in sexuality-related programs, which includes \$2 million dollars of funding to support the programs of the Lorena Borjas Trans Wellness and Equity Fund.

**Assisting Small and Underserved Communities in Protecting Drinking Water Quality.** The Budget provides \$10 million (\$2 million per year) for the creation of a new program under the Department of Health which will assist small and underserved communities by supporting laboratory testing of municipal water samples for emerging contaminants and per- and polyfluoroalkyl substances (PFAS) chemicals, often referred to as “Forever Chemicals”.

New York State Medicaid Enrollment and Annual Spending per Member





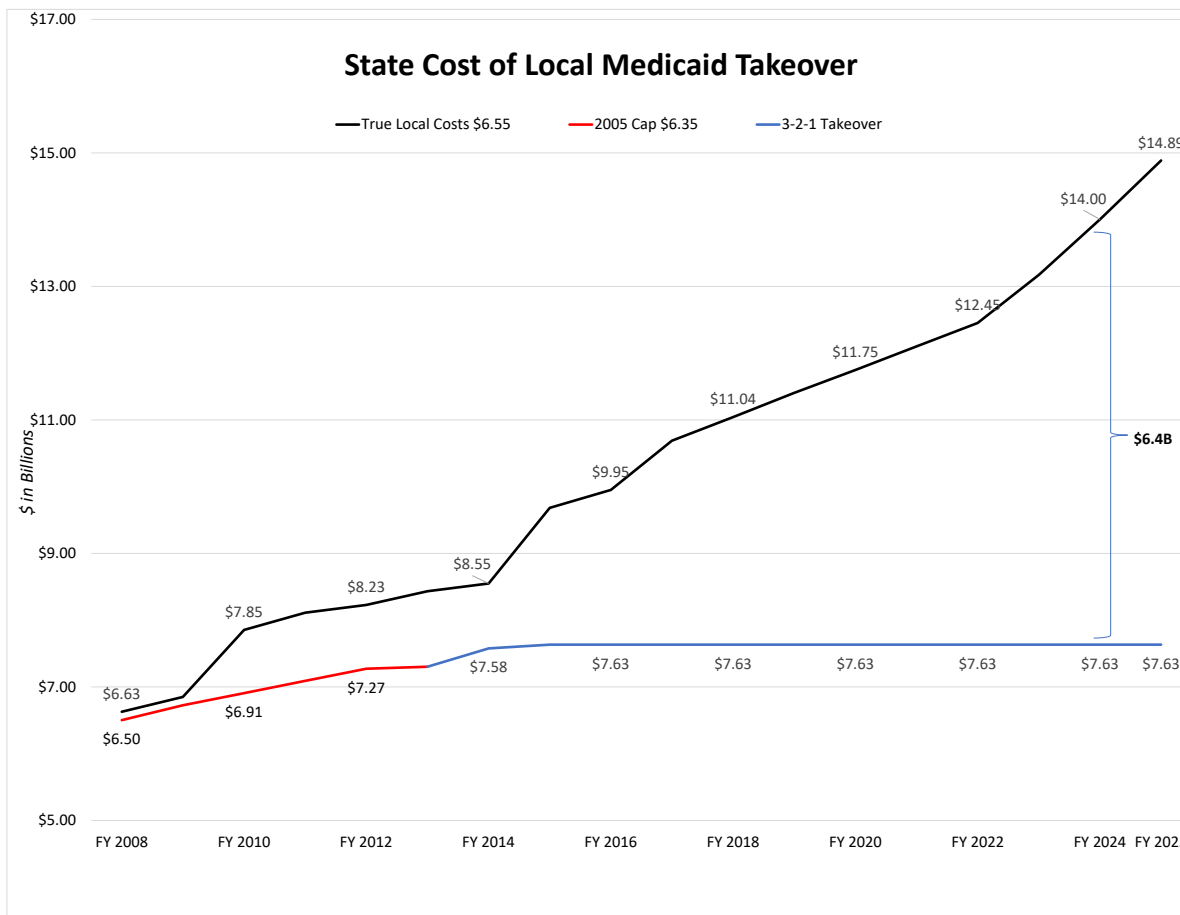
**Ensuring Access to Aging Services and High-Quality Long-Term Care.**

Last year, Governor Hochul directed the creation of the first-ever statewide Master Plan for Aging to ensure New Yorkers can age with dignity and independence wherever they choose. The Budget:

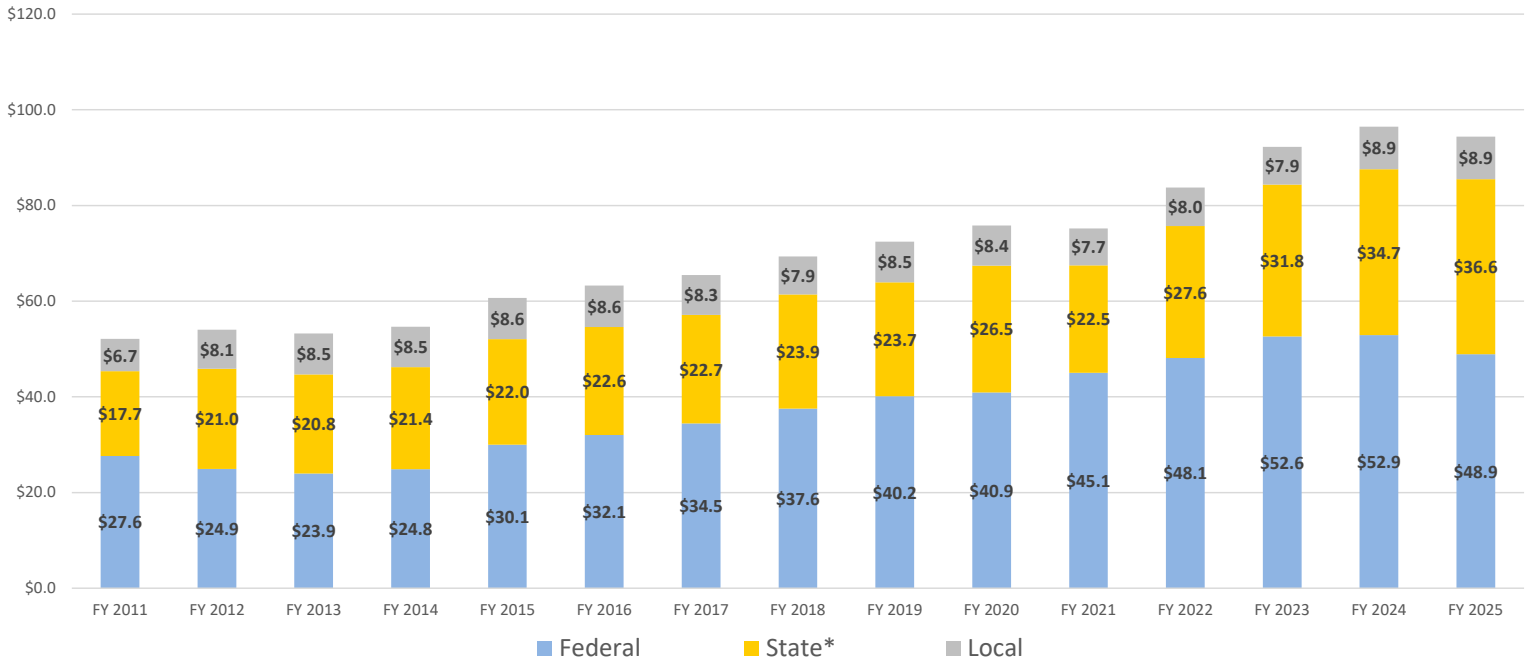
- Provides respite care for high-need family caregivers, granting relief for those who oversee care of their loved ones through the investment of \$7.2 million in respite services;
- Invests \$2.1 million in FY 2024 (\$6.3 million annually) in care teams to provide care for low-income adults in their home, helping to ensure New Yorkers can age in place;
- Establishes quality reporting and accreditation for assisted living residences (\$275,000) and implement quality improvement initiatives in nursing homes to promote transparency and make it easier for New Yorkers to make informed choices (\$250,000).
- Permits Area Agencies on Aging to serve more individuals by allowing individuals whose income is at or above 250 percent of the federal poverty level to pay for certain services, thereby

generating revenue that must be reinvested back into service provision, ultimately reducing waiting lists and meeting new and emerging needs.

- Invests \$2.5 million in additional funding, annually, for the Long-Term Care Ombudsman Program (LTCOP) to provide additional coverage of long-term care facilities across the state. LTCOP funding helps address complaints and advocate for improvements in the long-term care system.
- Provides for a 2.5% COLA for not-for-profits that provide services on behalf of the multiple health and human services agencies, including SOFA.
- Requires healthcare facilities to notify an individual, upon discharge, of the possibility of placement into a Veterans Nursing Home, rather than a traditional nursing home. This proposal will generate \$1.5 million in savings in FY 2024 and FY 2025.
- Provides \$500,000 (\$200,000 in FY24 and \$300,000 in FY25) for the development of a strategic and modernization plan for the five State Veterans’ Homes. This plan will help the facilities recover from COVID-19 and aid in the creation of a sustainable operations model.



New York State All Funds Medicaid Spending  
(\$ in billions)



\*Includes Department of Health and Other State Agency Medicaid spending

