The Budget supports Medicaid services provided to more than 6 million New Yorkers through 80,000 health care providers.

**BENDING THE COST CURVE**

Since the beginning of Governor Cuomo’s Medicaid Redesign Team in 2011, New York Medicaid spending per recipient has dropped from $9,556 to $9,066, a 5 percent drop.

**IMPROVED OUTCOMES**

In 2017, the Commonwealth Fund’s Scorecard of Health System performance ranked New York 12th among states in overall health quality, improving 10 spots from the 2009 measurement.

New York has been designated the first age-friendly state by the AARP and the World Health Organization for efforts to support healthy aging across the lifespan.

Since 2014, nystateofhealth has enrolled more than 4.1 million New Yorkers in affordable health coverage.

The number of uninsured New Yorkers has declined by nearly 900,000.
Budget Highlights

Establish Healthcare Shortfall Fund. The Budget establishes a fund to ensure the continued availability and expansion of funding for quality health services to New York State residents and to mitigate risks associated with the loss of Federal funds.

Establish a Healthcare Insurance Windfall Profit Fee. The Federal tax plan gives health insurers a 40 percent cut on their corporate taxes while also transferring health care costs to the State. Accordingly, the Budget imposes a 14 percent surcharge on health insurer gains and reinvests it in vital health care services for New Yorkers.

Advance the Governor’s Women’s Agenda. The Budget advances legislation that will codify Roe v. Wade, protect access to contraception, and create a board to review every maternal death in New York State.

Promote the First 1,000 Days of Life. The Budget supports the development of a new initiative to expand access to services and improve health outcomes for young children covered by Medicaid and their families. Studies show that the basic structure of the brain is developed within the first 1,000 days of life.

The FY 2019 Executive Budget advances the Department of Health and the Medicaid Redesign Team’s (MRT) critically important reforms aimed at improving the health of New Yorkers at a sustainable cost. It does this by delivering more effective models of care, sustaining the State’s health benefit exchange, encouraging health care transformation and transition to value-based payment arrangements, promoting the State’s Prevention Agenda, and building on investments in health care infrastructure. The Budget also creates a fund to preserve vital services in the face of Federal reductions.

Overview

The Department of Health’s (DOH) mission is to ensure that high quality health services are available to all New Yorkers. Consistent with this mission, DOH manages comprehensive health care and long-term care coverage for low- and middle-income individuals and families through the Medicaid, Child Health Plus (CHP), the Essential Plan (EP) and the Elderly Pharmaceutical Insurance Coverage (EPIC) programs.

In addition to its health insurance programs, DOH protects public health, supervises public health activities throughout the State, and operates health care facilities including Helen Hayes Hospital, four veterans’ nursing homes, and the Wadsworth Center for Laboratories and Research. The Department also regulates all health care facilities in the State.

The Office of the Medicaid Inspector General preserves 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. In 2017, New York was designated as the first age friendly state in the nation by the American Association of Retired Persons (AARP) and the World Health Organization.
Assuring Quality Health Care for All New Yorkers

New York’s Medicaid program is the State’s largest payer of health care and long-term care. Over six million individuals receive Medicaid-eligible services through a network of more than 80,000 health care providers and over 85 fully and partially capitated managed care plans. Total Federal, State and local Medicaid spending is expected to be $70.2 billion in FY 2019.

Prior to 2011, Medicaid spending grew at an unsustainable rate, despite years of attempted cost containment, while the program failed to deliver quality outcomes for New Yorkers.

Recognizing the need to control spending growth and improve health care outcomes, Governor Cuomo commissioned the MRT, a new and inclusive approach to developing health care policy. Composed of individuals representing virtually every sector of the health care delivery system, and with widespread public input, the MRT advanced proposals that create models of care to significantly improve health outcomes and tie future spending to a rational measure of growth – the 10-year rolling average of the Medical Consumer Price Index (currently estimated at 3.2 percent).

The MRT’s innovative and collaborative work has bent the cost curve for the Medicaid program, reducing per recipient spending by 5 percent since 2011. In addition, these efforts have significantly improved the health care quality. In the Commonwealth Fund’s 2017 Scorecard of Health System Performance, New York State improved, achieving a rank of 12th among states in overall health system performance compared to 22nd in 2009. Additionally, NY’s performance improved on health care access (ranked 13th compared to 18th in 2009) and achieving healthy lives (ranked 11th compared to 17th).

The Executive Budget builds on this success through continued program reforms and targeted investments that will help introduce integrated models to transform care delivery, expand access to cost effective models of care and improve health outcomes at lower cost through New York’s Medicaid program.

Performance Profile
Extending Coverage in the New York State of Health Marketplace. Since its inception in 2014, the NY State of Health has enrolled more than 4.1 million New Yorkers in affordable health coverage. The number of uninsured New Yorkers has declined by nearly 900,000. Between 2013 and 2017 the rate of uninsured in the State declined from 10 percent to 4.7 percent, the lowest ever reported per the Centers for Disease Control.

Bending the Cost Curve. Between 2011, when the MRT began, and 2017, State Medicaid spending per recipient dropped from $9,556 to $9,066, or 5 percent. This has made it possible for the State to take over growth county Medicaid costs, saving them $3.3 billion in FY 2019.

Improving Outcomes. In 2017, the Commonwealth Fund’s Scorecard of Health System performance ranked New York 12th among states in overall health quality, ten spots better than the 2009 measurement. Additionally, NY has improved on health care access and achieving healthy lives.

Supporting Healthy Aging. New York has been officially designated the first age-friendly state in the nation by the AARP and the World Health Organization for efforts to support healthy aging across the lifespan.
Table 8: Summary of Health Care Spending
(All Funds Unless Otherwise Noted)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2018 (millions)</th>
<th>FY 2019 (millions)</th>
<th>Change</th>
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<tr>
<td></td>
<td></td>
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<td>Dollars (millions)</td>
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<td>Medicaid (Total All Funds)</td>
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Proposed FY 2019 Health Care Budget Actions

The Executive Budget reflects the continuation of the Medicaid spending cap enacted in FY 2012 and recommends funding consistent with its provisions. The cap ties growth to the 10-year rolling average of the Medical Consumer Price Index (currently estimated at 3.2 percent). The Budget achieves modest savings from public health and aging programs through program reforms and general cost-control efforts. The Budget also creates a fund to preserve vital services in the face of Federal reductions.

Health Care Transformation

The success of the MRT and other State initiatives demonstrates that through constructive collaboration, unsustainable spending trends can be reversed while improving care delivery and health outcomes. A groundbreaking Federal waiver positioned the state to reinvest $8 billion in Federal savings generated by Medicaid Redesign Team (MRT) reforms. The waiver is enabling New York to fully implement the MRT action plan, facilitate innovation, lower health care costs over the long term, and save scores of essential safety net providers from financial ruin. In the first three years, $3.4 billion has been paid out under the waiver, which has been extended through March 31, 2021. This includes $2.1 billion to 25 Performing Provider Systems (PPSs) statewide so that these consortia of regional providers can implement approved Delivery System Reform Incentive Payments (DSRIP) program transformation projects; $401 million for Health Homes and other reform initiatives; and $500 million for financially distressed safety net hospitals whose viability is critical to achieving ongoing reforms.

Over the next year, these PPSs will continue to build upon their value-based payment arrangements. They will also continue to receive performance-based payments reflecting system transformation, clinical management and population health improvements, and progress toward the goal of reducing avoidable hospital use by 25 percent by 2020.
In addition, the State will continue implementation of the State Health Innovation Plan (SHIP) under the terms of a $100 million Federal award, extended in December 2017 through 2020. Currently, in the third year of a multi-year phase-in, this plan will foster statewide access to high-quality coordinated primary care. SHIP develops resources within the health care system that will complement and build upon Medicaid reform efforts, including DSRIP, and translate these efforts to improved outcomes across New York’s entire health care system.

Protecting Health Care from Federal Threats

In 2017, New York State faced unprecedented and repeated assaults from Washington aimed at crippling the State’s health care system. These attacks included attempts to repeal the Affordable Care Act, putting health care for millions of New Yorkers at risk along with billions of dollars in Federal Medicaid funding. Additionally, Federal funding for CHIP expired in September with no long-term solution in place. Further, the President took unilateral Executive action to withhold Cost Sharing Reduction (CSR) payments, threatening low-cost health insurance coverage for income eligible recipients when purchasing a Qualified Health Plan or Essential Plan coverage through the New York State of Health, New York’s official health plan marketplace. The Budget assumes the continuation of these important programs and takes actions to protect the health care of New Yorkers, including:

- **Establishing Healthcare Shortfall Fund.** The FY 2019 Executive Budget creates a new fund to ensure the continued availability and expansion of funding for quality health services to New York State residents, and mitigate risks associated with the loss of Federal health care funds. This fund will be initially populated with funds from any insurer conversion.

- **Authorizing program modifications.** If necessary, to preserve vital service levels in the face of Federal reductions, the Budget allows for modifications in CHIP.

- **Establishing a Healthcare Insurance Windfall Profit Fee.** The Federal tax plan gives health care companies a 40 percent cut on their taxes while also transferring health care costs to the State. The Executive Budget imposes a 14 percent surcharge on health insurer gains to recapture $140 million of those corporate tax savings and reinvest it in vital health care services for New Yorkers.
Medicaid Redesign

The Executive Budget continues the implementation of MRT recommendations. These reforms represent critical modifications to the Medicaid long-term care program to ensure access to long-term care services and supports for a growing aging population, continued controls on Medicaid pharmaceutical costs, and incentives supporting the transition to value-based payment arrangements.

Medicaid Budget highlights include:

- **Managing Enrollment Growth in Managed Long Term Care (MLTC).** The MLTC benefit is streamlined by reducing administrative costs, banning contracted provider marketing, eliminating contracts with poor performing social adult day care providers, and increasing the eligibility threshold for providing MLTC services. The improvements also limit the number of contracts health plans can have with licensed home care service agencies, which organize the delivery of home care service, to bring consolidation to the marketplace and reduce variation in serve authorization.

- **Efficiencies in Long Term Care.** Consistent with Federal law, the Budget requires legally responsible relatives to support the cost of caring for an non-institutionalized family member receiving Medicaid, and limits the minimum level of resources retained by the spouse of a Medicaid recipient to qualify for long term care services and supports. Additionally, nursing home reimbursement will be reformed to encourage performance and the State will transform the nursing home patient acuity data collection process to provide improved rate adequacy.

- **Assisted Living Program Expansion (ALP).** The Budget invests in the expansion of the ALP across the state by re-deploying authorized, but un-used slots and developing new capacity to further the goal of providing care in the least restrictive setting and avoid unnecessary nursing home placement. Additionally, this expansion will facilitate readiness for the inclusion of the ALP benefit in Managed Long Term Care and develop access in underserved regions of the State.

- **Care Management for All.** The Budget continues the goal of Medicaid care management for all enrollees by 2019. Proposals will incentivize providers and Medicaid Managed Care plans to establish new value-based payment arrangements and strengthen existing ones. Care management will improve benefit coordination, quality of care, and patient outcomes over the full range of health care, including mental health, substance abuse, developmental disability, and physical health care services.

- **Pharmaceutical Pricing Efficiencies.** With enactment of the FY 2018 Budget, New York became the first state in the nation to pass sweeping legislation to control the skyrocketing cost of prescription drugs by setting an annual projected spending limit and providing the DOH with enhanced authority to negotiate additional rebates with manufacturers to maintain
spending within the spending limit. Negotiations have already resulted in several rebate agreements. Manufacturers that don’t reach rebate agreements are subject to Drug Utilization Review (DUR) Board referral for a value-based review and recommendations for targeted supplemental rebates.

The FY 2019 Budget continues efforts to limit the rising cost of prescription drugs by extending the pharmacy drug cap within the Medicaid program for an additional year. Further, the budget enhances pharmacy oversight by creating a comprehensive medication management program, eliminating “prescriber prevails” and coverage for certain over-the-counter products, and implementing a medication adherence program.

- **Retail Practices.** The Budget authorizes the establishment of retail practices that would provide treatment and referral for common health care complaints in a retail setting such as a pharmacy, grocery store, or shopping mall. Studies have shown that retail clinics are 40-80 percent less expensive than alternate sites of care while providing commensurate quality. Retail practices offer extended hours with no appointment needed, increasing access to primary care services and providing an alternative to emergency room care.

- **Expand Telehealth and Community Paramedicine.** The Budget expands Medicaid covered telehealth services to home settings to allow for greater access to remote patient monitoring and alternative health care delivery models, which will facilitate the continued transformation of New York’s health care delivery system. Additionally, the Budget creates a collaborative program among health care providers that would allow emergency medical personnel to provide non-emergency care in residential settings. The expansion of telehealth and the creation of the community paramedicine program implement recommendations from the Regulatory Modernization Initiative (RMI) and reduces unnecessary health care utilization.

- **Support Essential Health Care Providers.** The Budget provides $396 million in continuing funding to support critical health care providers through the State’s Vital Access Provider (VAP), Vital Access Provider Assurance Program (VAPAP) and Value Based Payment Quality Improvement (VBP QIP) programs. This funding provides transitional operating assistance to financially distressed health care providers to facilitate the redesign of health care delivery systems, improving financial stability and the availability of vital health care services.

- **Medicaid Integrity.** The Budget supports initiatives to expand the authority of the Office of the Medicaid Inspector General (OMIG) to recover overpayments to Medicaid managed care organizations (MCO) by expanding OMIGs fining authority, requiring MCOs to report all potential fraud, waste, or abuse, and allowing for the recovery of overpayments from MCO subcontractors or providers.

- **Certified Registered Nurse Anesthetists.** The Budget codifies the practice of nurse anesthesia and authorizes Certified Registered Nurse Anesthetists to practice to the full extent of their education and training, consistent with other States, to increase access to cost-effective anesthesia services while maintaining high quality of care.
Health Care

- **Overutilization of Laboratory Services.** The Budget continues the effort to reduce unnecessary and avoidable health care costs by identifying overutilized laboratory services and reducing them to clinically appropriate levels. Reducing State payments to managed care plans that recommend unnecessary laboratory testing will encourage a more careful review of laboratory test ordering, and ensure that only medically necessary tests are performed.

- **Health Home Quality, Innovation, and Performance Improvement.** The Budget supports efforts to reform the Health Homes program by requiring background checks for care managers who interact with children and developmentally disabled Health Home members. Additionally, the Budget supports initiatives that would incentivize Health Home members who make proactive decisions to access preventative care, stay engaged in Health Home care management, and avoid unnecessary use of the Emergency Department. The Budget also incentivizes managed care plans and health homes to enroll high-risk enrollees into the Health Homes program to ensure that these individuals receive comprehensive care management for all their physical, behavioral health, and social needs, including access to Home and Community-based services.

- **Transportation Reforms.** The Budget supports investments in emergency ambulance reimbursement rates for Medicaid providers. Through these investments, the Budget ensures access to critical services for New York’s Medicaid enrollees. Additionally, the Budget continues the success of the State’s transportation manager by adding additional populations to the program. These efforts will ensure the most efficient and cost-effective modes of transportation for New York’s Medicaid beneficiaries.

- **First 1,000 Days of Life.** The Budget supports the development of the First 1,000 Days initiative, which will expand access to services and improve health outcomes for children covered by Medicaid and their families. Studies have shown that the basic structure of the brain is developed within the first 1,000 days of a child’s life. This makes it important to address the health needs of children and families, including social determinants impacting health.

DOH convened a workgroup with partners from the Department of Education and over 200 stakeholders from the health and mental health, education, early childhood, and child and family sectors. The workgroup developed a 10-point plan to strengthen the support network for children through initiatives such as statewide home visiting for expecting mothers, promoting early literacy, and a developmental inventory upon entry into kindergarten. Investments for this initiative will be largely effectuated through the State’s Medicaid program, which provides coverage to nearly 60 percent of children aged 0-3 in the State.
**Essential Plan**

Essential Plan was launched in January 2016 as a more affordable health insurance option for low- and moderate-income New Yorkers. The program has been extraordinarily successful, with over 700,000 New Yorkers enrolling in two years. It has also generated over $1 billion in State savings. The program is under threat from a Federal Government that is determined to disrupt and dismantle the health care delivery system and erode gains in health insurance coverage. Despite the withholding of Federal cost-sharing reduction payments, the State continues to support this important program.

**New York State of Health**

In 2013, in accordance with the Federal Affordable Care Act, the Governor issued Executive Order #42 to establish a New York Health Benefit Exchange. The Exchange – NY State of Health – serves as a centralized marketplace to shop for, compare, and enroll in a health plan. The health plans offered through NY State of Health are, on average, 55 percent less expensive than those available in 2013, prior to the creation of the marketplace. To date, over 4.1 million New Yorkers have enrolled in coverage through the marketplace. The number of uninsured New Yorkers declined by nearly 900,000 between 2013 and 2017. In June 2017, the United States Centers for Disease Control and Prevention reported that the uninsured rate in New York dropped to 4.7 percent, the lowest ever reported. The Executive Budget includes $694 million in total funding for the operation of the NY State of Health.

**Public Health and Aging Programs**

DOH and SOFA administer programs that support New York’s public health and senior care systems. The Executive Budget provides more than $370 million to support services provided by local governments, makes new investments, and reduces costs by restructuring programs and implementing administrative efficiencies. These actions will save an estimated $67.4 million in FY 2019 and $104.9 million in FY 2020. Key initiatives include:

- **Consolidate Health Care Resources to Achieve Savings.** DOH separately administers multiple public health awareness and prevention programs for a variety of priorities, including disease prevention, maternal and child health, public health workforce support, and programs that serve the health care needs of individuals. These programs range in size, have different contract periods, and allow for limited coordination to address emerging public health needs or improve health outcomes. The Budget recommends consolidating 30 public health appropriations that are duplicative and overlap into 4 pools. This will provide DOH with the flexibility to address emerging threats to public health while achieving a 20 percent spending reduction.

- **Reform Early Intervention (EI) Program.** The EI program provides a comprehensive array of therapeutic and support services to children under the age of three with confirmed disabilities (e.g., autism, cerebral palsy) or developmental delays. The program serves approximately 69,000 children annually and is jointly financed by Federal, State and local governments. The Budget includes a series of reforms to increase reimbursement from third-party insurers and streamline the evaluation process that will result in a State savings of $3.2 million in FY 2019.
and $11.9 million in FY 2020. These actions also provide fiscal and administrative mandate relief to counties, and will generate cumulative local savings of more than $69.5 million over five years without impacting service levels. Reforms include decreasing the time from referral to the provision of services for children referred to EI with a previously diagnosed condition, maximizing appeals of insurer payment denials, requiring insurers to maintain an adequate network for EI providers, and increasing provider rates.

- **Modernize the American Indian Health Program (AIHP).** AIHP provides pharmacy services to approximately 5,000 Native Americans living within Native Americans Nations. There are currently no cost-sharing, formulary, or generic substitution requirements. Increasing drug costs have led to substantial average annual growth (5 percent) from FY 2014 to FY 2017. The Executive Budget brings the AIHP pharmacy benefit in-line with other State supported pharmacy programs by implementing a co-pay and formulary structure, mandating generic substitution, and accessing drug rebates and discounts, saving $1.5 million in FY 2019 and $5.9 million in FY 2020.

- **Discontinue Cost of Living Adjustment (COLA) Payments.** The Budget discontinues DOH COLA payments saving $19.9 million in FY 2019 and $45.4 million on an annualized basis.

- **Continue Funding for the Nurse Family Partnership Program.** The FY 2019 Executive Budget shifts funding for the Nurse Family Partnership Program from the Office of Temporary and Disability Assistance (OTDA) to DOH.

- **Capital Financing for Essential Health Care Providers.** The FY 2019 Executive Budget includes an additional $425 million capital investment for health care providers to transition into fiscally sustainable systems and to support capital projects, debt retirement, working capital and other non-capital projects. Of this amount, $60 million will be directed to community based providers (i.e., clinics, home care, Assisted Living Programs (ALPs), primary care providers), and $45 million will be directed to Residential Health Care Facilities. This investment will bring the total amount of capital support provided to health care providers for transformation efforts to $3.7 billion over 5 years.

- **Life Sciences Laboratory Public Health Initiative.** The FY 2019 Budget continues support for a life sciences laboratory public health initiative, which will develop life science research, innovation and infrastructure through a joint effort between Empire State Development and the DOH. Building upon the $150 million included in FY 2018, the FY 2019 Budget includes $600 million to construct a new life sciences laboratory in the Capital Region. This initiative positions New York to attract private investment and jobs, a key component of the life science initiative.

- **Ending the AIDS Epidemic.** New York’s investments in the prevention and care for individuals with HIV/AIDS have linked more people to care and decreased new infections. The number of people newly diagnosed with HIV has fallen to historic lows, with the number of new cases dropping nine percent from 2015 to 2016. The decrease is more than double that of the five years leading up to the 2014 launch of the Ending the Epidemic initiative. The FY 2019 Executive Budget continues the $200 million multi-year commitment towards these efforts.
• **Maintain Funding for Elder Abuse Investigations.** The Budget continues the Governor’s commitment to fighting elder abuse by including $500,000 to expand Enhanced Multidisciplinary Teams (EMDTs). EMDTs bring together local entities with unique resources to investigate financial exploitation of the elderly. This funding will be used to draw down $2 million in Federal funding through the Office of Victim Services to maintain and expand the EMDT program.

**Other Initiatives**

• **Defending Reproductive Rights.** As part of Governor Cuomo’s Women’s Agenda, the Budget includes legislation that codifies the Supreme Court’s Roe v. Wade decision and subsequent rulings into State law to secure women’s access to reproductive health options. The legislation safeguards the right of women to make personal health care decisions to protect their health in addition to their life and ensures that health care professionals can provide these crucial services without fear of criminal penalty.

• **Ensuring Comprehensive Contraceptive Coverage.** As part of Governor Cuomo’s Women’s Agenda, the Budget includes legislation that protects the rights of New Yorkers to access contraception, including emergency contraception. Contraception has been a critical tool for women to gain economic and social independence. The use, accessibility, and availability of contraception also reduces the rate of unintended pregnancy and abortion.

• **Establish the Maternal Mortality Review Board.** As part of Governor Cuomo’s Women’s Agenda, the Budget includes the creation of a Board of experts within the Department of Health that will implement an enhanced multidisciplinary analysis to review each and every maternal death in the New York State and to develop actionable recommendations to improve care and management.

• **Protect our Children from Exposure to Lead Paint.** The FY 2019 Executive Budget implements measures in to help reduce the risk of exposure to lead paint. This includes municipalities reporting on the outcomes of inspections and remediation conducted in designated high risk areas. Local code enforcement will also be required to inspect residential rental property to assess for deteriorated paint as well as establish remedies for any violations.