



HEALTHCARE



The FY 2025 Executive Budget reflects Governor Hochul’s continued commitment to improving the health and well-being of every New Yorker by increasing health care affordability and access, while building on the historic healthcare investments made over the last two years. Through a series of cost-effective and innovative initiatives, the Budget seeks to continue modernization of the healthcare industry, address the challenges facing our health system, and reform how we approach whole person care.

OFFICES AND RESPONSIBILITIES

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 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. DOH also 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.

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 regional Area Agencies on Aging (AAA) 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 7.6 million individuals receive Medicaid-eligible services through a network of more than 80,000 healthcare providers and more than 37 fully and partially capitated managed

care plans. Total Federal, State, and local Medicaid spending is expected to be \$96.4 billion in FY 2025. This includes \$52 billion in Federal spending and \$35.5 billion in State spending. In 2012, the State first implemented the Medicaid Global Cap, setting the annual growth rate to an industry-based metric in statute. The FY 2025 Executive Budget reflects the continuation of the Medicaid spending cap enacted in FY 2012, as updated, 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 2025 Executive Budget reflects \$15.6 billion in additional Medicaid spending growth between FY 2024 and 2028 as compared to the prior Global Cap growth metric.

The **Essential Plan** offers comprehensive health coverage to more than 1.2 million New Yorkers with incomes below 200 percent of the Federal poverty level (FPL) (\$29,000 for a single individual), and the State has requested Federal authorization to expand this program to include individuals with incomes up to 250 percent of FPL.

The **Child Health Plus** program provides free or low-cost health insurance to over 446,000 children under the age of 19 who do not qualify for Medicaid and do not have other health insurance coverage.

CREATING A STRONGER HEALTHCARE SYSTEM

With more than \$300 billion in spending across all payers, New York’s healthcare system is one of the largest and most complex in the nation, comprising the full spectrum of medical services that New Yorkers need – primary care, specialty care, emergency care and hospital visits, long-term care, pharmacy benefits, mental health and substance abuse treatment, and more. Over the last two years, Governor Hochul has made multi-billion-dollar investments in safety-net hospitals, passed the largest Medicaid rate increases in more than a decade, and announced \$2.6 billion in capital funding to help transform and modernize

New York's healthcare facilities. Last year, Governor Hochul announced New York's Future of Healthcare Commission, a group of leading healthcare experts who will play a critical role in developing a long-term vision for New York's healthcare system.

Despite these efforts, New York's healthcare delivery system still faces significant challenges. The state trails the nation on key access, quality, and safety measures, which disproportionately impact vulnerable populations. New York ranks 46th in the nation in emergency department wait times. Hospital quality and safety ratings rank similarly low – 45th and 40th in the nation, respectively. Health outcomes are worse for New York's communities of color. Black New Yorkers' rates of maternal mortality are five times higher, and rates of diabetes-related deaths are two times higher, when compared to those of white New Yorkers. Additionally, low-income New Yorkers rely heavily on access to the state's critical safety-net hospitals, which continue to experience worsening financial instability despite subsidy funding that has tripled since 2021. New York's long term care system, which already spends nearly twice as much per capita as the national average, faces mounting pressure from an aging population where nearly a quarter of the state will be over 60 by 2025. And while New York proudly remains at the forefront of health technology and innovation, cyberattacks targeting healthcare facilities in recent years have exposed new vulnerabilities that threaten patient safety, security, and privacy.

Building on the investments of the last two years, this year's Executive Budget addresses the significant challenges facing New York's delivery system through multiple targeted and transformational changes, designed to ensure long-term solvency and sustainability. The Budget:

- Includes \$7.5 billion in funding over the next three years through an amendment to New York's Medicaid Section 1115 Demonstration program to support a comprehensive series of actions to advance health equity, reduce health disparities, and strengthen access to primary and behavioral health care across the state.
- Makes available capital support and provides regulatory flexibilities to help transform safety net hospitals to achieve sustainability.
- Invests \$42.2 million to increase reimbursement for services provided in DOH-licensed facilities and private practices treating mental health conditions.
- Invests \$74 million in Patient-Centered Medical Home enhancements for adults and children.
- Invests \$10.4 million to increase reimbursement rates for healthcare providers serving individuals with physical, intellectual, or developmental disabilities.
- Invests \$1 million to expand coverage for Adverse Childhood Experiences Screenings to all adults enrolled in Medicaid.
- Includes \$13.9 million in funding to support a 5 percent Early Intervention reimbursement rate increase, and a 4 percent Early Intervention rate modifier targeted to support rural & underserved areas.
- Invest a recurring \$14.8 million to eliminate Hepatitis C by 2030 (\$3 million), include HIV testing in routine blood work to help initiate treatment sooner (\$3.5 million), increased distribution of PrEp (\$4 million), increased distribution of harm reduction materials (\$3 million), allow pharmacists to administer vaccines (\$1.2 million), screen for diseases and dispense medication including PrEP and Mpox vaccinations, and allow registered nurses to screen for HBV (\$100 thousand).
- Invests \$20 million in capital funding and \$5 million in operating funds targeted towards catalyzing innovation in research and treatment for ALS and other rare diseases.
- Permits health care providers in emergency rooms to dispense up to a three-day supply of buprenorphine and \$2 million to support DOH data innovations to address the opioid crisis.
- Advance a comprehensive plan to further increase access to quality care during the pre- and post-natal period, including issuing a standing order to increase access to doula services, adding doula coverage to the Essential Plan, establishing new oversight mechanisms to avoid unnecessary c-sections, and eliminating cost sharing for most pre-natal and postpartum pregnancy-related care in both the Essential Plan and Qualified Health Plans.
- Invests \$315 million per year to provide health

insurance subsidies on the Exchange for individuals up to 350% Federal Poverty Level (FPL).

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

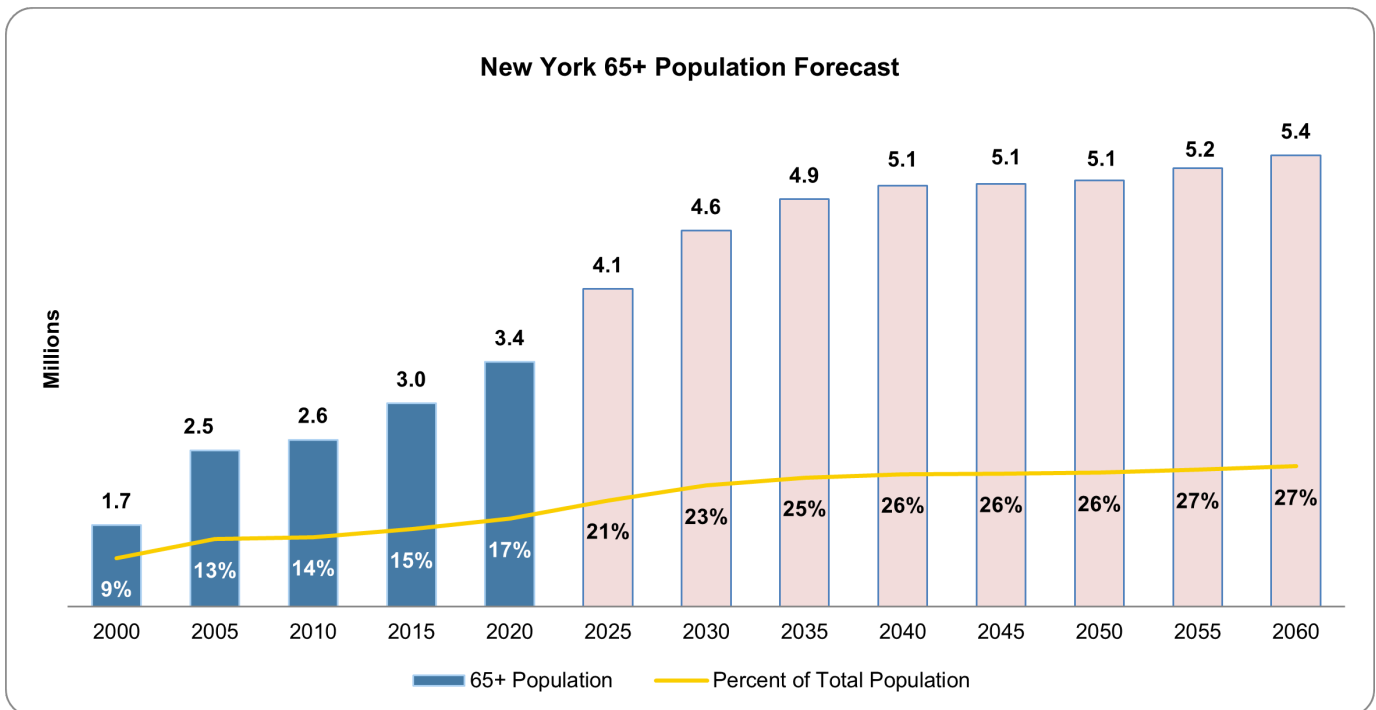
New York State Medicaid

In FY 2025, the State-funded portion of the Medicaid program will total \$35.5 billion; more than double the FY 2011 value - as will the average cost per member per year of over \$10,047 - and total enrollment in the program - 6.8 million enrollees by March 2025. While this growth reflects the State’s commitment to support it neediest residents, it also continues to put pressure on the State’s finances. New York currently has the second largest program in the country (7.6 million in Medicaid enrollees) and is in the middle of a 14 month federally required eligibility redetermination of over 9 million people on the State’s various public health insurance programs. This process began in May 2023 and will be completed by June 2024. The uncertainty around the outcome of these redeterminations and

their effects on 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 increased home and personal care utilization and costs. Additionally, public health insurance coverage for asylum seekers and other migrants may result in additional costs to the State, as well as the impacts of inflation and increased labor costs.

With these challenges in mind, 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 reflects the nation’s largest investment in health-related social care needs (HRSN), which includes a historic Federal investment of \$5.8 billion over 3.5 years.



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

PROPOSED FY 2025 HEALTHCARE BUDGET ACTIONS

Implement the Groundbreaking Medicaid 1115 Waiver Amendment. The Executive Budget implements the recently approved amendment to New York's Medicaid Section 1115 Demonstration, which allows New York to make investments in Medicaid initiatives that will improve health equity and strengthen New York's continuing efforts to build a healthcare system that benefits all New Yorkers.

The demonstration bundles a comprehensive series of actions to advance health equity, reduce health disparities, and strengthen access to primary and behavioral health care across the state, and will be supported through \$7.5 billion in funding over the next three years.

- CMS' approval allows New York to make large investments across a series of wide-ranging Medicaid initiatives, including establishing Social Care Networks to integrate health, behavioral, and social care services that connect high-need members to critical nutritional and housing support services; enhancing access to coordinated and comprehensive treatment for substance use disorders; investing in primary care and making long-term, sustainable investments in the state's health care workforce.
- The demonstration amendment also includes funding to support the implementation of a Medicaid Hospital Global Budget Initiative for a subset of financially distressed safety net hospitals looking to transition to reimbursement system that rewards value rather than volume of care provided. This initiative will support essential safety net hospitals that help serve the most vulnerable populations and have significantly more adverse health risk factors and poorer health outcomes.

- The demonstration will address significant health care workforce shortages in safety net settings through innovative career pathways training programs for front-line health and social care professionals that will increase access to culturally appropriate services. These career pathways training programs will train and educate for the purpose of creating a reliable healthcare workforce pipeline to address workforce shortages, as well as increasing opportunities for employment and career advancement.
- The workforce initiatives also include a loan repayment program for certain healthcare workforce professionals who commit to working in community-based practices in underserved areas, including dentists, psychiatrists, and clinical nurse specialists.
- New York will also submit a new 1115 waiver amendment to allow children to remain continuously enrolled in Medicaid and Child Health Plus up to age six, with the goal of preventing gaps in coverage during important developmental years and improving outcomes for long-term health and well-being.

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:

- Utilizing 1332 pass through funds to offer supplemental insurance subsidies to qualified health plan (QHP) eligible individuals up to 350% of the FPL.
- Eliminating cost-sharing for care and treatment related to certain chronic conditions.
- Increasing funding for substance use disorder treatment.
- Expanding coverage for services related to mitigating the health risks of climate change for persons with asthma.
- Eliminating all cost-sharing for pregnancy-related benefits and adding coverage of for doula services.
- Eliminating all premiums for Essential Plan enrollees.

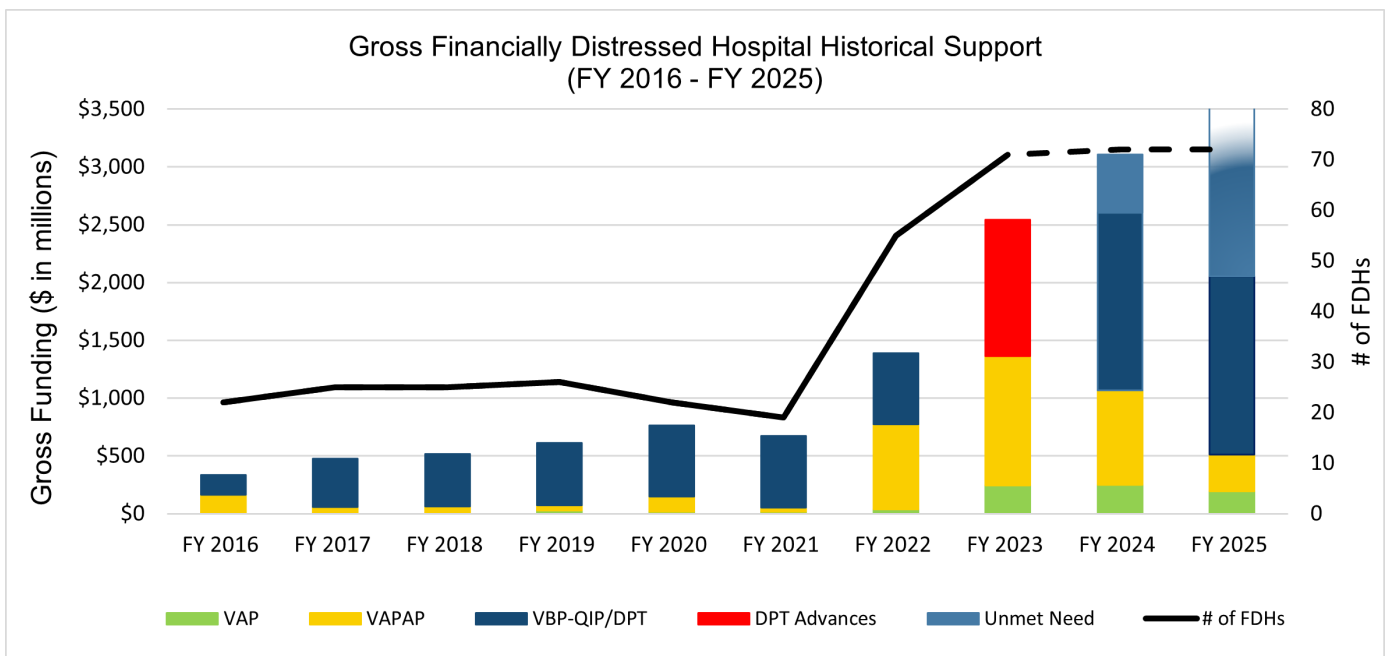
Medicaid. The Budget makes critical investments to address the needs of vulnerable New Yorkers, including stabilization of the health care delivery system and driving improved health outcomes. The Medicaid program continues to grow beyond indexed growth, further challenged by Medicaid enrollment that 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 will continue to test and refine the Medicaid enrollment projections as new data becomes available. In FY 2025, the Medicaid program is balanced within the Medicaid Global Cap, supported by critical savings and targeted investments. In the long term, actions will be required to bring in line Medicaid spending with sustainable growth levels, while still meeting the needs of vulnerable New Yorkers. Accordingly, the FY 2025 Budget includes:

Long Term Care Sector. Managed long term care enrollment is projected to increase by 10 percent in FY 2025, and spending is expected to increase by

20 percent. Both of these trends are unsustainable and this spending growth would singularly exceed the allowable Global Cap Metric. In response, the Budget includes a proposal to discontinue Wage Parity for CDPAP producing State share savings of \$200 million in FY 2025. In addition, the State will maximize the use of available resources while working with long term care stakeholders to identify at least \$200 million in recurring State share savings across New York’s many long term care programs, while ensuring services are available for the most vulnerable populations.

Hospital Sector. Currently, 75 of 261, or 29 percent, of New York’s hospitals, are financially distressed, and overall distressed hospital spending has increased by over 400 percent since FY 2017. While the 1115 Waiver will help support some of these facilities, this need has continued to grow at unsustainable levels.

Unallocated Reduction. In lieu of more specific cuts, the Executive Budget includes a \$200 million unallocated State share reduction outside of community-based long term care services, that will be achieved through one or more savings proposals



developed in the consultation with the health care industry and other stakeholders.

Safety Net Hospital Transformation Program. The Budget makes available financial resources and regulatory flexibilities to encourage partnerships that improve the resilience of and preserve long-term access to safety-net institutions.

Reduce Infant, Child and Maternal Mortality. The Budget will take several actions to reduce infant and maternal mortality in the State, including:

- Requiring managed care plans to report on prenatal and postpartum care, filling in information gaps that can be used to develop targeted interventions.
- Convening regional stakeholder groups to develop recommendations for reducing infant mortality.
- Providing new Medicaid financial incentives for hospitals to reduce unnecessary C-sections.
- Allowing access to doula services without the need for a physician referral.

Improve Maternal Mental Health. The Budget will focus on mental health and substance abuse issues during pregnancy, some of the leading causes of poor birth outcomes, by increasing access to comprehensive mental health screening tools in pregnancy and postpartum.

Ease Access to Gender-Affirming Care. The Budget takes several actions to ensure access to gender-affirming care for adult transgender and nonbinary members in the Medicaid program, such as removing or reducing barriers to accessing gender affirming surgery.

Improve Access to Primary Care. The Budget builds upon the historic primary care investments in the FY 2024 Budget, continuing to invest in access to preventive care. The Budget:

- Increases funding for adult and pediatric enhancements for Patient-Centered Medical Homes (PCMH).
- Expands coverage for Adverse Childhood Experiences (ACES) screening to all adults in Medicaid.
- Increases rates for providers serving Medicaid

members with intellectual, developmental, or physical disabilities.

- Increases reimbursement rates for adult and children’s mental health services provided in a hospital setting or private physician practice.

Expand Access to Quality Dental Care. The Executive Budget takes several steps to increase access to oral health services. First, New York will support the dentistry workforce by expanding their scope of practice and launching a new loan repayment program, supported by a federal waiver, for dentists who make a four-year commitment to serve the Medicaid population in New York. The Budget also increases access to high quality dental care by expanding access to dental care in school-based health centers, increasing quality oversight of dental care within Medicaid – and implementing a provider education campaign.

Streamline and Modernize New York’s Healthcare Approval Process. The Budget makes a series of investments to strengthen and stabilize the State’s healthcare delivery system. These include:

- Streamlining the certificate of need (CON) process.
- Strengthening hospital cybersecurity through support from a newly created NY Hospital Cybersecurity Roundtable.
- Creation of five “Emergency Medical Service (EMS) zones” across the state, overseen by the newly established EMS statewide Task Force to augment the EMS workforce.
- Establishing a Paramedic Telemedicine Urgent Care program, to expand care in rural areas and reduce preventable emergency department visits.
- Allowing general hospitals to provide care in a patient’s home and allowing emergency medical technicians (EMTs) to provide non-emergent care in the community.
- Establishing quality reporting and accreditation requirements for assisted living residences, which will be published by DOH.
- Making the Special Needs Assisted Living Residence (SNALR) program permanent.

Allow Healthcare Providers to Do More. The 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. Additionally, the Budget expands the scope of practice of dentists, dental hygienists, certified medication aides, physician assistants, and medical assistants—allowing more licensed and credential health care workers to provide critical care where patients need it most.

Continue the State Takeover of Local Medicaid Costs. In FY 2025, the State will assume nearly \$7.4 billion in costs that would have otherwise been incurred by localities. This is an annual multibillion-dollar relief package to the localities that continues to grow by billions of dollars, annually. Since 2015, the counties have saved \$45.1 billion due to the local takeover.

Supporting the NY 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 through public programs and subsidized and unsubsidized commercial coverage.

The health plans offered through NYSOH are significantly less expensive than those available in 2013, prior to the creation of the marketplace. NY State of Health is the only place where consumers can qualify to get help paying for coverage through premium tax credits.

Currently, over 6.7 million, or over one in three New Yorkers, are enrolled in coverage through the marketplace. Commensurate with increased enrollment in NY State of Health, the number of uninsured New Yorkers has declined by over 1.3 million since 2010, and as of 2022, the share of uninsured in New York fell below 5 percent for the first time ever.

New York has been among the top five states in keeping families and children enrolled in Medicaid during the Public Health Emergency unwind,

according to a report released by the Centers for Medicare & Medicaid Services.

The Executive Budget includes \$612 million in funding for the operation of the NY State of Health.

Increase Marketplace Affordability. The Budget proposes several measures to increase the affordability of qualified health plans (QHPs) obtained on the marketplace exchange, including enhanced premium subsidies, eliminating cost-sharing for care related to type II diabetes, and establishing a workgroup to augment network adequacy standards.

Eliminate Cost-Sharing for Pregnancies. The Budget eliminates cost-sharing for most pregnancy-related benefits.

Strengthening Public Health and Aging Programs, Improving Health Outcomes

New York State continues its efforts to return to normal operations after the height of the COVID-19 pandemic, and ensure the State has robust capacity to respond to new public health threats.

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

Alleviate Data Privacy Concerns for Abortion Providers. The Budget will direct the Department of Health to modernize technology for the electronic reporting of induced abortions, eliminating the need for paper records, and better providing safeguards of sensitive health information.

Expand the American Indian Health Program (AIHP). The Budget makes critical investment in AIHP to address inequities in access, with a heightened focus on access to quality dental care. The AIHP program will also begin a process to update its pharmaceutical management program to reduce costs.

Increase Funding for School-Based Health Centers. The Budget further invests in access to primary care by increasing funding for school-based health centers to provide increased services, including dental services.

Increase Rates in Early Intervention. The Budget recognizes the importance of the Early Intervention Program by providing for a 5 percent rate increase for in-person services, as well as a 4 percent rate modifier for rural areas and underserved communities.

Modify Early Intervention Billing. The Budget makes various administrative changes to align billing requirements with federal regulations resulting in savings.

Excess Medical Malpractice Reform. The Budget includes a change to reconfigure the timing of payments under the program, splitting payments over two years.

Invest into New York's Aging Population. The Budget will invest an additional annualized \$3.4 million to provide a 1.5 percent Cost-of-Living Adjustment for SOFA programming. The Budget also invests \$1.0 million to strengthen New York's Enhanced Multidisciplinary Teams to enable them to better address cases of elder abuse and exploitation.

Modernize Vital Records. The Budget will support efforts by the Department of Health to digitize records that are not yet electronic and implement intelligent document software, with the goal of creating a searchable system that automatically extracts information.

Mobile Prostate and Breast Cancer Screening Services. The Budget will invest \$4.0 million in the Roswell Park Cancer Institute (RPCI) to finance new mobile breast and prostate cancer screening vans and expanded cancer screening activities.

Appoint Director of Patient Advocacy. The Budget supports the appointment of a Director of Patient Advocacy (DPA) to work across programs advocating for patient issues, such as billing and financial assistance, and uphold the NY Hospital Patient Bill of Rights.

End Preventable Epidemics. The Budget includes a series of proposals to end preventable epidemics by:

- Requiring labs to report all negative HIV, syphilis, Hepatitis B and C (HBV/HCV) testing results to inform targeted intervention and address gaps in testing.
- Making testing for HIV part of a routine annual exam.
- Allowing pharmacists to administer vaccines, screen, and dispense medication for Mpox and PrEP.
- Expanding the role of registered nurses to facilitate HBV testing without a patient-specific standing order.
- Promoting and increasing access to PrEP.
- Investing in Hepatitis C prevention.

Increase Investment into Hepatitis C Prevention. The Budget will invest an additional \$2 million into Hepatitis C Prevention and an annualized \$3 million thereafter to assist in the integration of Hepatitis C prevention in opioid prevention services, provide funding to local health departments to support disease surveillance, and invest in innovative Hepatitis C care models to support people who inject drugs.

Investment 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, while including an additional \$1 million in the fund for workforce development for Transgender, Gender Non-Conforming, Non-Binary, & Intersex individuals.

Establish an Elder Justice Coordinating Council. Last year, Governor Hochul expanded access and increased services for the aging community. Building on that progress, the Budget creates an interagency Elder Justice Coordinating Council tasked with developing strategies to defend elders from abuse.