

NEW YORK STATE FISCAL YEAR (SFY) 2024–25 EXECUTIVE BUDGET HEALTH CARE PROPOSALS, GNYHA POSITIONS

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The below table summarizes the key health care provisions in the Executive budget.

ISSUE	EXECUTIVE PROPOSAL SFY 2024–25	GNYHA POSITION
MEDICAID: ALL PROVIDERS		
<p>Medicaid Rates</p>	<p>The Executive budget maintains hospital and nursing home operating rates at their current levels. It imposes an additional 10% cut to the hospital inpatient capital add-on (for a total 20% reduction) beginning October 1 (\$42.5 million annually).</p> <p>The budget also reduces the nursing home capital rate add-on (for a total 20% reduction) beginning April 1 (\$28.5 million annually). It also suspends updates to the operating component of skilled nursing home rates while the New York State Department of Health (DOH) develops a patient acuity model in concert with stakeholders.</p>	<p>New York’s Medicaid program funds hospitals 30% less than the actual cost of delivering care and has, effectively, barely changed rates over the past 15 years. The SFY 2023–24 budget’s 7.5% Medicaid rate increase was largely negated by various hospital cuts, including reductions to the Indigent Care Pool and the 340B drug program, leaving an effective rate increase of only 1.66%.</p> <p>Nursing homes are also paid 30% less than the actual cost of care. Last year’s rate increase of 7.5% (6.5% has been paid, the incremental 1% will be paid subject to approval by the Centers for Medicare & Medicaid Services [CMS]) was offset by the elimination of the \$187 million minimum staffing compliance pool, leaving a residual rate increase of 4%. GNYHA is concerned that this and other proposed cuts would disproportionately target not-for-profit continuing care providers, devastating high-quality post-acute care options.</p> <p>We call on Albany to increase Medicaid reimbursement rates to 100% of the cost of care by 2028 and strive for health care justice by reducing health care disparities and improving health outcomes for low-income, predominantly Black and Brown communities.</p>



GNYHA is a dynamic, constantly evolving center for health care advocacy and expertise, but our core mission—helping hospitals deliver the finest patient care in the most cost-effective way—never changes.

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<p>Medicaid Global Cap</p>	<p>The Executive budget extends the Medicaid global cap through SFY 2025–26 and would continue to base cap increases on the five-year rolling average of the CMS Medicaid annual growth rate within the national health expenditures. After global cap index re-estimates, the budget outlines actions to reduce spending by \$1.2 billion (State-share), including \$400 million in unspecified cuts (\$200 million in general reductions and \$200 million in long-term care reductions), and investments of nearly \$500 million. The bulk of the investments are related to New York’s recently approved 1115 Medicaid waiver.</p>	<p>GNYHA urges the Legislature to reexamine the utility of the Medicaid global cap. We are concerned about the \$400 million in “unspecified” savings on our member hospitals and not-for-profit nursing homes, as the Executive has not yet outlined a process for identifying or achieving these reductions.</p> <p>At a minimum, GNYHA believes that it would be appropriate to fund the time-limited Medicaid waiver investments outside of the global cap.</p>
<p>Primary Care</p>	<p>The Executive proposes increasing Medicaid rates for Patient-Centered Medical Homes (\$74 million) and increasing support for DOH-licensed facilities treating mental health conditions.</p>	<p>GNYHA supports this proposal.</p>
<p>MEDICAID: HOSPITALS</p>		
<p>Financially Distressed Hospitals</p>	<p>The Executive budget continues existing funding levels for the Direct Payment Template but reduces funding for the Vital Access Provider (VAP) program and the Vital Access Provider Assistance Program (VAPAP) by more than \$500 million. According to the Executive budget, the combination of the continued financial deterioration of hospitals receiving State subsidies and the VAPAP reduction leaves an “unmet” financial need of more than \$1.25 billion.</p> <p>The Executive also proposes a “Healthcare Safety Net Transformation Program” that would allow safety net hospitals or their “partners” to apply for certain funding and petition the State to waive regulatory barriers. The budget sets aside up to \$500 million of previously allocated capital funding in the Statewide Health Care Facility Transformation Program (SHCFTP) for this purpose that would be available on a noncompetitive basis and provide flexibility for the State to dedicate operating funds within appropriated amounts.</p>	<p>GNYHA strongly opposes the proposed cuts to VAP/VAPAP, the combination of which leaves more than \$1.25 billion in unmet financial need for hospitals in SFY 2024–25. The State should invest further in financially distressed/safety net hospitals so they can address structural financial gaps and not only sustain services, but make critical transformational investments to better serve their communities. The \$550 million in annual Medicaid waiver funding for financially distressed/safety net hospitals is not “swappable” with this funding. The Medicaid waiver funding is dedicated to a Hospital Global Budget Incentive program.</p> <p>GNYHA supports initiatives to support the transformation of the health care delivery system.</p>

GNYHA | SFY 2024–25 EXECUTIVE BUDGET HEALTH CARE PROPOSALS

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Indigent Care Pool (ICP)	The Executive proposal maintains the existing \$235 million annual cut to the ICP contained in last year’s final budget, including the \$85 million cut enacted in SFY 2023–24. Hospitals defined as essential safety net hospitals are excluded from this cut.	GNYHA continues to oppose this cut, which reduces uncompensated care funding for hospitals.
LONG-TERM CARE		
CINERGY Funding	The Executive budget includes \$30 million for the CINERGY Collaborative.	GNYHA supports this provision and asks that it be increased to recognize the financial challenges facing not-for-profit nursing homes and support staff training initiatives.
Financially Distressed Nursing Homes	The Executive reduces nursing home VAPAP funding by \$75 million.	GNYHA strongly opposes this provision. This cut would dramatically reduce the available funding to support financially distressed nursing homes.
Assisted Living Requirements	The Executive budget proposes new quality reporting and oversight requirements for assisted living facilities.	While GNYHA supports quality improvement efforts and recognition of national accreditation standards, our continuing care members are concerned about unfunded reporting mandates and burdensome inspections.
CAPITAL		
Capital Funding	The Executive does not include any new capital funding.	GNYHA strongly urges Albany to increase capital support to bolster transformation initiatives. There are billions of dollars of unmet capital funding needs across New York’s health care system—a system with limited capital access.
WORKFORCE		
Interstate Licensure Compacts	The Executive proposes authorizing New York to join the Interstate Medical Licensure Compact and the Nurse Licensure Compact, which would allow physicians and nurses to relocate to and practice in New York.	GNYHA strongly supports this proposal. It would remove administrative redundancies, facilitate the exchange of information around adverse actions, enable physicians and nurses licensed in other states to more easily practice in New York State, and allow New York State clinicians to practice in other Compact states (such as New Jersey and Pennsylvania).

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<p>Health Care Worker Scope of Practice</p>	<p>The Executive proposes several changes to health care worker scope of practice, including:</p> <ul style="list-style-type: none"> • Authorizing nurse aides to become certified medication aides in residential health care facilities under the supervision of RNs • Permitting experienced physician assistants to independently practice in primary care and hospital settings • Allowing licensed physicians, nurse practitioners, and physician assistants to assign and supervise medical assistants' tasks related to immunizations in outpatient settings 	<p>GNYHA supports these proposals.</p>
<p>Community Paramedicine</p>	<p>The Executive budget authorizes mobile and integrated community paramedicine programs through March 31, 2031, and allows up to 200 new or expanded programs.</p>	<p>GNYHA supports this provision.</p>
<p>Hospital at Home</p>	<p>The Executive budget creates additional flexibility for provider collaboration to serve patients within their homes and communities with funding available through grants or positive adjustments to Medicaid rates. This change includes allowing general hospitals to provide patient care within a patient's home without obtaining a license as a home care agency. The budget requires hospitals providing care outside of the hospital to report annual operating cost data associated with "offsite" programs to DOH to inform associated Medicaid rates.</p>	<p>GNYHA supports this provision. Many GNYHA members either have or are exploring hospital-at-home programs. GNYHA will continue to advocate for DOH to align Medicaid hospital-at-home reimbursement with "in-hospital" Medicaid reimbursement.</p>
<p>COVID-19 Sick Leave Law</p>	<p>The Executive budget repeals the COVID-19 sick leave law, which required employers to provide sick leave benefits, paid family leave, and benefits due to disability for paid time off over and above regular paid time off banks to employees subject to a mandatory or precautionary order of quarantine or isolation due to COVID-19.</p>	<p>GNYHA strongly supports this provision. Mandatory COVID-19 sick leave was a useful tool early in the pandemic, especially in sectors that do not provide paid leave to employees, unlike hospitals; it is now time for the policy to sunset.</p>

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Collaborative Drug Therapy Management (CDTM)	The Executive proposes permanently authorizing the CDTM program, which allows qualified pharmacists to enter into agreements with physicians, enabling them to monitor drug therapies and modify regimens in accordance with a written protocol.	GNYHA supports this proposal, which will allow pharmacists to continue practicing to the full extent of their license and ensure a higher quality of care for New Yorkers, reduce hospital readmissions, and decrease health care costs.
Empire Clinical Research Investigator Program (ECRIP)	The Governor’s budget does not include any new funding for ECRIP, which provides grant funding for institutions to foster junior researchers’ careers in biomedical research.	We are working to learn more about this proposal and its effect on ECRIP but oppose any cuts to the program. ECRIP plays a critical role in helping GNYHA members recruit early career researchers and strengthens the State’s global biomedical footprint.
Nurses Across New York	The Executive proposes continuing support for the Nurses Across New York Loan Repayment Program, which encourages nurses to practice in underserved areas of the State, and prioritizing those who provide care to high-need patient populations, including behavioral health.	GNYHA supports this proposal.
Health Care Worker Financial Burden Relief	The Executive proposes continuing support for this program, which funds grants to health care facilities or institutions of higher learning to defer the cost of tuition, instructional costs, stipends, and wraparound services.	GNYHA supports this provision.
Training Capacity Expansion	The Executive proposes continuing support for this program, which funds grants to Article 28 health care facilities to cover the costs of new programs, provide compensation to allow workers to train full-time support staff, and develop new training techniques to increase training capacity of medical institutions.	GNYHA supports this proposal.
Workforce Innovation Center	The Executive proposes continuing support for this investment.	GNYHA supports this investment.
INSURANCE / MANAGED CARE		
Premium and Cost-Sharing Subsidies	The Executive budget would allow the State to apply for a Federal 1332 waiver to increase eligibility for Exchange plan premium and cost sharing subsidies to individuals at 350% of the Federal Poverty Level (FPL) at a cost of \$315 million per year. Funding for this initiative would come through Federal funding available through the Essential Plan (EP).	GNYHA supports this proposal.

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<p>Medicaid Managed Care</p>	<p>The Executive budget establishes a moratorium on, and competitive bid process for, Medicaid mainstream managed care (MMC), managed long-term care (MLTC), and Health and Recovery Plan behavioral health plans. It also eliminates the MMC and MLTC quality pools and removes the 1% uniform rate increase applicable to qualifying fee-for-service Medicaid rates from premiums. Notably, the budget would allow the DOH Commissioner to seek liquidated damages ranging from \$250 to \$25,000 per violation from MMC plans that fail to meet contractual obligations and performance standards.</p>	<p>GNYHA supports efforts to control Medicaid managed care program administration costs and to foster administrative efficiencies. However, it is vital that enrollee coverage and care is not disrupted in doing so.</p> <p>GNYHA strongly supports fortifying DOH’s ability to ensure MMC plans meet their contractual obligations and performance standards.</p> <p>GNYHA is concerned about the potential impact of the managed care procurement (both mainstream and MLTC) on New York’s not-for-profit plans, as well as the elimination of the quality pools.</p>
<p>Children’s Health</p>	<p>The Executive budget would provide continuous Medicaid and Child Health Plus program coverage for children aged zero to six, regardless of any change in the income of the child’s family. The recently approved 1115 waiver supports this program.</p>	<p>GNYHA supports this provision.</p>
<p>School-Based Health Center (SBHC) Carveout</p>	<p>SBHCs are currently carved out of Medicaid managed care until April 1, 2024. Governor Hochul vetoed a bill making the carveout permanent and stated she would address the SBHC carveout in the budget. However, there is no proposal in the Executive budget.</p>	<p>GNYHA supports a permanent SBHC carveout (A.8862/S.7840, Paulin/Rivera). Mandatory SBHC participation would impose a costly administrative burden on critical safety net clinics with little benefit for the children they serve.</p>
<p>FUNDING: NON-MEDICAID</p>		
<p>School-Based Health Centers</p>	<p>The Executive budget proposes an additional \$3 million for SBHCs compared to last year’s proposal, bringing total SBHC grant funding to \$20.1 million.</p>	<p>GNYHA commends the Executive for this additional investment in SBHCs. We urge Albany to also include \$3.8 million to address an SFY 2017–18 budget cut and subsequent DOH administrative redistribution that disproportionately harmed many urban, hospital-sponsored SBHCs. (For the past six years, the Legislature has provided these funds in the final budget.)</p> <p>SBHCs provide critical primary care services to underserved public school children across the State.</p>

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MEDICAL LIABILITY		
Excess Insurance	<p>The Executive proposes to alter the Physicians’ Excess Medical Malpractice Program by, for the first time, requiring physicians and dentists eligible for excess coverage to pay half the cost. It would also delay reimbursement to carriers that provide the coverage, over two years, for the remainder of the cost.</p>	<p>GNYHA opposes this provision. Many hospitals cover medical malpractice costs for their physicians, and we have concerns about how the Executive proposal may affect their liability exposure. Asking providers to pay 50% of the premium will severely damage hospital finances and fall the hardest on distressed hospitals with fewer resources. GNYHA is concerned that many physicians will choose not to obtain excess coverage rather than pay half the premium; this would shift liability exposure to hospitals in cases involving hospitals. GNYHA is further concerned that some carriers will choose to leave the market rather than tolerate a delay in reimbursements.</p> <p>New York has among the highest medical liability premiums in the entire country. The State should investigate ways to reduce those costs, not shift even more of the burden on to individual practitioners and hospitals.</p>
Rate of Interest on Judgments	<p>The Executive budget ties the rate of interest on certain judgments and accrued claims to the one-year US Treasury bill rate rather than the current statutory provision of 9%.</p>	<p>GNYHA supports this provision. The current 9% rate amounts to a windfall for litigants. It may impede defendants’ exercise of due-process rights, as it adds to the cost of seeking a post-judgment appeal and litigating wrongful death claims.</p>
Medical Indemnity Fund (MIF)	<p>Continues funding for the MIF, which covers the ongoing medical needs of neurologically impaired newborns, at \$52 million.</p>	<p>GNYHA strongly supports full funding for the MIF, a landmark medical liability reform.</p>
BEHAVIORAL HEALTH		
Behavioral Health Initiatives	<p>Governor Hochul proposes:</p> <ul style="list-style-type: none"> • A 1.5% cost-of-living adjustment for outpatient mental hygiene programs • Opening 200 new State psychiatric beds • Increasing Medicaid reimbursement for DOH facilities and private practices • Requiring commercial insurers to pay at least Medicaid rates for outpatient services and cover mental health screenings 	<p>GNYHA strongly supports these investments in mental health. We especially urge Albany to increase Medicaid rates for hospital inpatient and outpatient mental health services, which are woefully underfunded.</p>

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Behavioral Health Initiatives (continued)	<ul style="list-style-type: none"> Stepping up mental health parity law enforcement and enhancing network adequacy standards (administrative) Permitting emergency room providers to dispense up to a three-day supply of buprenorphine 	
Evaluation and Discharge Guidance	The Executive proposes codifying joint Office of Mental Health (OMH)-DOH guidance on hospital evaluation and discharge practices.	GNYHA will work with OMH and DOH to refine these requirements to include validated screening tools and evidence-based interventions, define the complex needs population, and use scarce resources appropriately and as clinically indicated.
REGULATORY		
Hospital Financial Assistance Law	<p>The Executive proposal makes several changes to the Hospital Financial Assistance Law (HFAL), including:</p> <ul style="list-style-type: none"> Raising the financial assistance eligibility threshold to 400% of the FPL from 300% Requiring hospitals to provide financial assistance to “underinsured” individuals Significantly modifying sliding scale requirements based on Medicaid rates Eliminating asset tests (currently permitted for individuals who earn less than 125% of the FPL) Requiring hospitals to accept applications at any time during the collections process 	GNYHA is studying these proposals in consultation with our members. New York’s hospitals are committed to helping uninsured and low-income New Yorkers receive the care they need. GNYHA has engaged in significant discussions with the Legislature in recent years about updating HFAL. We look forward to continuing these discussions as part of the budget deliberations.
Medical Debt	The Executive would prohibit hospital lawsuits against patients earning below 400% of the FPL and require chief financial officers to sign affidavits saying patients earn more in all legal actions seeking to recover debt. It also prohibits the denial of treatment for unpaid medical bills.	GNYHA is studying these proposals.
Pharmacy Reforms	The Executive budget proposes making changes to physician-administered drugs (PADs) to develop a State-imposed State Maximum Allowable Cost or formulary management for PAD/specialty drugs.	We are studying the PAD proposal but are concerned it could impose unfunded costs on hospitals and restrict their ability to provide patients with the appropriate treatment.

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Cybersecurity	The Governor plans to establish a New York Hospital Cybersecurity Roundtable to share best practices. This would build on the recently released \$650 million health information technology/cybersecurity capital funding (funded through SHCFTP IV and V) and the recently released cybersecurity regulations (administrative).	GNYHA supports efforts to help hospital preparedness.
Gun Violence	The Governor will convene a Health Systems for Gun Violence Prevention Taskforce to focus on data infrastructure, firearm injury risk assessment screening, and hospital violence intervention strategies. The Executive also plans to assist hospitals in aligning their programs with the recently signed Medicaid Reimbursement for Violence Prevention Programs legislation (administrative).	GNYHA supports measures to prevent gun violence.
MATERNAL CARE		
Maternal Health	The Executive budget proposes permitting a standing order allowing doula access without physician recommendation and a universal prenatal and postpartum home visitation program.	GNYHA supports these proposals.
Paid Family Leave	The Executive proposes expanding paid family leave by an additional 40 hours for prenatal care, in addition to the 12 weeks currently provided.	GNYHA supports the intent of this proposal; we are studying the funding implications.
Insurance	The Governor proposes eliminating cost sharing for maternal care in the EP and Exchange.	GNYHA supports this proposal.
Quality	<p>The Governor has announced several proposals related to maternal health care quality, including:</p> <ul style="list-style-type: none"> • Implementing a Medicaid incentive to reduce unnecessary c-sections (established in the SFY 2023–24 enacted budget) • Identifying “physicians whose behavior is out of line with clinical best practices” to reduce unnecessary c-sections • Requiring providers to secure consent before drug testing 	We believe all these new proposals are administrative. GNYHA strongly supports efforts to improve maternal health and related disparities and is engaged, along with our members, in various ongoing efforts to accomplish that goal. GNYHA supports the financial incentive to reduce c-sections. While we do not have the details of the proposal to identify physicians related to unnecessary c-sections, we will work to ensure it is implemented in a fair, clinically sound way.