



HEALTHCARE



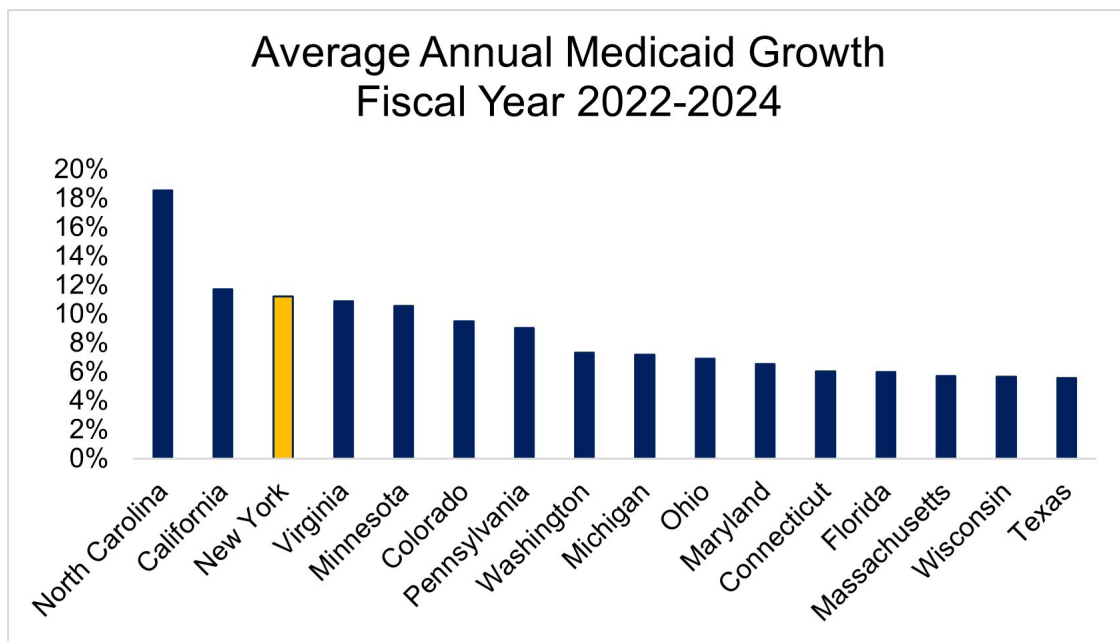
The FY 2026 Executive Budget reflects Governor Hochul’s continued commitment to improving the health and well-being of every New Yorker and increasing affordability and access to quality health care. By maintaining historic investments made over the last three years and continuing to address the challenges facing our health system, the Budget ensures the provision of care for those in need and continues the modernization of the state’s healthcare system.

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. Approximately 7 million individuals receive Medicaid-eligible services through a network of more than 80,000 healthcare providers and more than 35 fully and partially capitated managed care plans. Total Medicaid and Essential Plan spending is expected to be \$123.8 billion in FY 2026. This includes \$70.9 billion in Federal spending and \$44.1 billion in State spending. In 2012, the State first implemented the Medicaid Global Cap on DOH Medicaid spending, setting the annual growth rate to an industry-based metric in statute. The FY 2026 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 2026 Executive Budget reflects \$18.6 billion in additional Medicaid spending growth between FY 2026 and 2029 as compared to the prior Global Cap growth metric.

The Essential Plan offers comprehensive health coverage with no monthly premiums to more than 1.4 million New Yorkers with incomes below 250 percent of the Federal poverty level (FPL) (\$39,125 for a single individual).

The Child Health Plus program provides free or low-cost health insurance to over 578,000 children under the age of 19 who do not qualify for Medicaid and do not have other health insurance coverage.

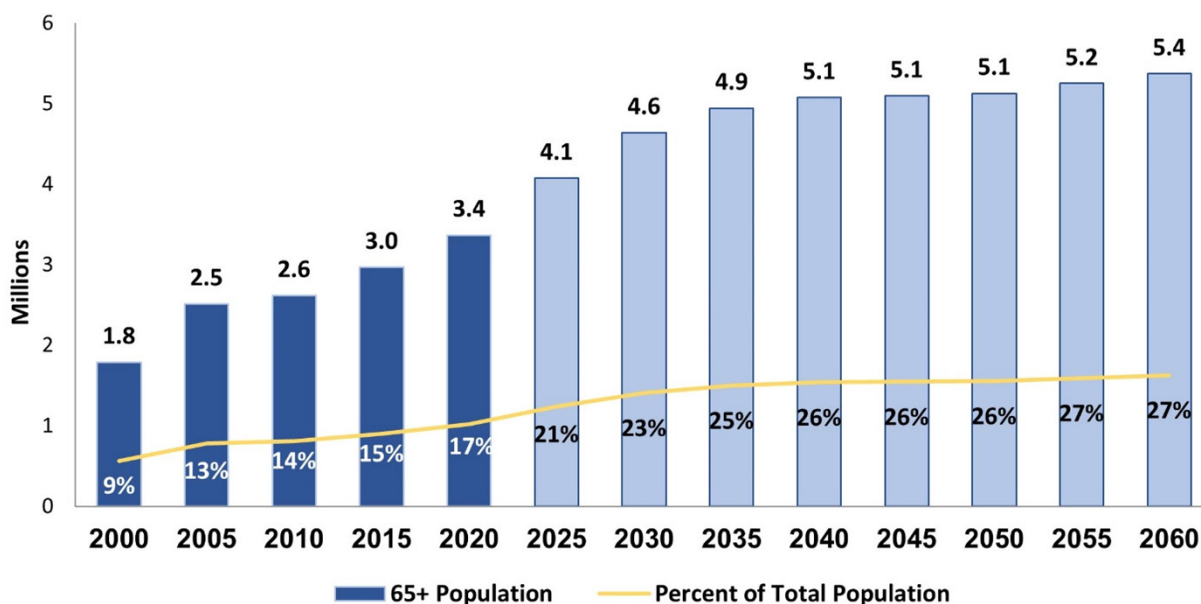
MEDICAID GLOBAL CAP

In FY 2026, the DOH State-funded portion of the Medicaid program is projected to total \$35.7 billion; more than triple the FY 2011 value – as will the average cost per capita per year of over \$4,724. Current projections indicate nearly 7 million enrollees by March 2025. While this growth reflects the State’s commitment to support its neediest residents, it continues to put pressure on the State’s finances.

Despite the Medicaid Global Cap, which is intended to limit Medicaid spending growth, the program has continued to grow at unsustainable levels, largely as a result of costs associated with long-term care services, which currently make up over 60 percent of all Medicaid spending, while only serving nearly 400,000 individuals, 6 percent of total Medicaid recipients. Programs servicing elderly and disabled populations, such as Managed Long-Term Care (MLTC), frequently cost nearly 10 times that of other Medicaid programs. Additionally, overall Medicaid enrollment has increased since pre-pandemic levels and are not expected to decline further, resulting in nearly 7 million current enrollees, 900,000 more than pre-pandemic levels.

Over the past three budgets, the Governor has made significant, overdue investments to support healthcare providers and Medicaid members by implementing the largest rate increases in 20 years for hospitals, nursing homes, and assisted living programs; supporting safety net hospitals; increasing home care worker wages; and made significant investments in primary and preventive care, while also advancing savings actions to help reduce costs and preserving critical services for New York’s neediest residents. These actions sought to constrain costs while making the Medicaid program more efficient in the areas of drug coverage and reimbursement with the NYRx transition, and streamlined administrative costs to ensure critical

New York 65+ Population Forecast



home care programs are sustainable with the transition to the Statewide Fiscal intermediary.

Despite this balanced approach, health care costs have continued to rise nationwide following the COVID-19 pandemic. This is a trend that has also impacted many similarly situated states.

Long Term Care Sector. Managed Long Term Care enrollment is projected to increase by 12 percent in FY 2026, resulting in expected spending increases of 13 percent. Both trends are unsustainable, and spending growth would singularly exceed the allowable Global Cap Metric.

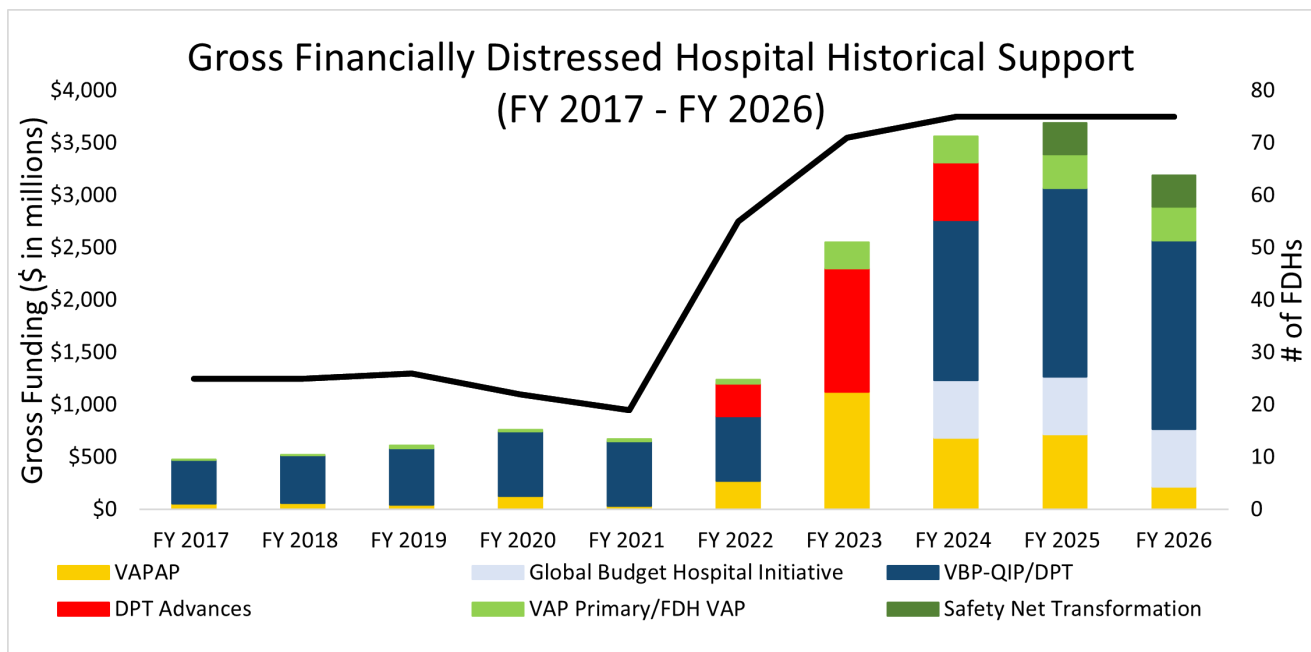
Hospital Sector. Currently, 75 of 261, or 29 percent, of New York’s hospitals are financially distressed, and overall distressed hospital spending has increased over 600 percent since FY 2017. While reforms supported by the 1115 Waiver and Safety Net Transformation program mergers may help support some of these facilities, need has continued to grow at unsustainable levels.

Despite Governor Hochul’s recent investments in the State’s health care system, many providers are struggling to remain solvent, impacted by many of the same cost pressures that are impacting businesses in other sectors.

In FY 2023, the Governor revised the Global Cap metric from the ten-year rolling average of the

medical component of the consumer price index, to the five-year average Medicaid projections as determined by the Federal Centers for Medicaid and Medicare Services (CMS) actuary. This new metric allowed for the Medicaid Global Cap to grow at an average rate of 6 percent per year, as opposed to 3 percent under the original metric, providing \$23 billion in additional growth between FY 2023 and FY 2029; more accurately reflecting the growth in health care costs. Unfortunately, prior to this adjustment Medicaid had already grown by an average of 8.7 percent between FY 2019 and FY 2023, which has made it impossible for the State to remain below the new Global Cap without significant cost containment or cash management actions.

To avoid draconian impacts on the health care industry, and to more accurately reflect DOH Medicaid spending, the Medicaid Global Cap calculation has been updated to exclude the local share of Medicaid spending associated with other state agencies (OSA), which had previously been included under the Cap. Beginning in FY 2026, costs that were previously reported in the DOH budget will now be reported in their respective agency budget. As county contributions have been capped since 2015, the State is liable for all growth in non-Federal Medicaid expenses. An estimated \$2 billion of local share spending is related to OSA services and programs that are not managed by DOH. The reclassification of this spending is cost neutral to the overall Financial Plan and more appropriately aligns



program activities and costs to agencies responsible for managing such spending.

With all of the above 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.

PROPOSED FY 2026 HEALTHCARE BUDGET ACTIONS

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. Even with the adjustment in the Global Cap metric, the Medicaid program continues to grow beyond what is indexed, further challenged by exponential year to year enrollment and cost growth in high-cost programs, such as Nursing Home Transition Diversion (NHTD) and Consumer Directed Personal Assistance Program (CDPAP). In FY 2026, the Medicaid program is not balanced under the CMS Actuary Metric. Due to these cost pressures, and in order to prevent widespread disruption to the healthcare system, the FY 2026 Executive Budget proposes maintaining Medicaid spending at current natural levels of growth while looking to fully realize the benefits of FY 2025 reforms, which are intended as the foundation of future reform measures. In the long term, actions will be required to bring Medicaid spending in line with sustainable growth levels, while still meeting the needs of vulnerable New Yorkers. Accordingly, the FY 2026 Budget includes actions in the following areas:

Safety Net Hospital Transformation Program. The FY 2025 Enacted Budget established the Safety Net Transformation Program (SNTP) and made available up to \$800 million in operating and capital resources to encourage partnerships between Safety Net hospitals and established health care facilities. In its initial year, the SNTP generated widespread interest from health care facilities with DOH receiving several letters of interest intended to form potential partnerships. The FY 2026 Budget invests an additional \$1 billion in capital support and \$300 million in operating resources to expand the existing Safety Net Transformation Program, which will

accommodate the demand beyond current resources, support additional partnerships, and enable longer-term commitments to awarded applicants.

Managed Care Organization (MCO) Tax. In December 2024, the State secured CMS approval to implement a new Managed Care Organization (MCO) tax to leverage additional Federal resources. The Budget will include language to codify the structure of the proposed tax and establish a plan for spending tax receipts over the next three years. The Financial Plan conservatively assumes only two years of MCO tax revenue, totaling \$3.7 billion in net State Share benefit. The FY 2026 Budget includes \$1.4 billion State-share, which represents the first-year installment of targeted investments, including:

- \$500 million to support the remaining Global Cap deficits, to ensure that the State does not need to make significant provider reimbursement or service reductions;
- \$305 million to support investment in hospitals, including increases to hospital outpatient rates, support for new investments in hospital quality, continued support for the hospital maternal quality programs, and additional assistance to critical access and sole community hospitals;
- \$300 million to expand operating support under the Safety Net Transformation Program to ensure that resources are available to support additional transformative projects;
- \$200 million for investment in nursing homes, assisted living programs, and hospice programs;
- \$50 million to support an increase in the Medicaid physician fee schedule to bring Medicaid reimbursement closer to the Medicare level;
- \$50 million to continue funding for the Mainstream Medicaid Managed Care Quality Program; and
- \$10 million to support enhanced rates for clinics and Federally Qualified Health Centers.

Advance Health Equity for Justice-Involved Youth.

Incarcerated youth experience disproportionately high rates of physical and behavioral health conditions, trauma, and lack of access to basic needs that exacerbate difficulties faced during reentry to community settings. To ensure a smooth transition back into the community for incarcerated juveniles, the Budget will expand Medicaid coverage to provide pre- and post-release services for juveniles in carceral settings under 21 years of age and up to 26 for those formerly in foster care. Eligible young people will receive targeted case management services, including physical and behavioral health screenings and diagnostic services to help bridge the coverage gaps related to re-entry.

Allow Paramedics to Administer Buprenorphine. In order to more effectively combat opioid use disorders, the Budget includes legislation allowing paramedics to administer buprenorphine. This critical change will allow EMS providers to more effectively treat and save lives upon contact, especially in rural areas.

Allow Practitioners to Dispense a Three-Day Supply of Opioid Use Disorder Medication. Governor Hochul signed legislation this year to allow practitioners in the Emergency Rooms of hospitals without full-time pharmacies to dispense a 3-day supply of medications for opioid use disorder to decrease likelihood of subsequent overdose. This year, Governor Hochul will introduce legislation to more fully align with Federal regulations by allowing all hospitals, including those with a full-time pharmacy, to dispense a 3-day supply of medications that a patient can take home with them while awaiting referral to treatment.

Continue the State Takeover of Local Medicaid Costs. In FY 2026, the State will assume nearly \$8.3 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. Since 2015, counties have saved \$53.6 billion due to the local takeover.

The Budget makes several changes intended to maximize efficient use of State resources, including:

Strengthen Managed Care Contracting and Performance. The Medicaid Model Contract between Managed Care Organizations (MCOs) and New York State spell out the services and benefits which MCOs must provide Medicaid beneficiaries. The Budget creates a more robust process for holding managed care plans accountable for their performance by imposing additional fines on plans who fail to meet Medicaid Model contract requirements.

Independent Dispute Resolution (IDR) MMC Carveout. The IDR process determines if fees billed by providers in emergency settings and through surprise billing are reasonable. While claims that are paid on a fee schedule are excluded, surprise billing to MMC plans is authorized. The Budget proposes to align State law with Federal law that excludes Medicaid from the Federal IDR process.

Standardize Applied Behavioral Analysis (ABA). In January 2023, New York's Medicaid program began covering ABA services for eligible members under the age of 21. The Budget ensures the viability and integrity of the ABA benefit by aligning with the national Behavior Analyst Certification Board's direct supervision rules and adjusting reimbursement methodologies so that ABA providers are compensated equitably with their experience.

Nursing Home Transition and Diversion (NHTD) Program Reforms. The Budget advances reforms associated with the NHTD waiver program, which provides comprehensive services to Medicaid-eligible seniors and people with physical disabilities residing in a community-based setting. Specifically, the Budget will take steps to curb enrollment in order to preserve the financial sustainability of this program and ensure that New York's aging and disabled population can continue to access these services. Individuals who would otherwise be enrolled in the NHTD program would remain eligible for other Medicaid long-term care services.

Discontinue Public Indigent Care Pool (ICP). The Budget proposes discontinuing the State share of the Public ICP payments to public hospitals in New

York City as a technical adjustment since New York City Health & Hospitals is pursuing a State Directed Payment (DPT) that will result in the hospitals far exceeding their facility-specific Disproportionate Share Hospital (DSH) caps. The DPT is pending Federal approval.

Restructure the Managed Care Quality Pools. The Quality Incentive Pools are designed to incentivize quality care but are based on the availability of quality metric information. The Budget achieves necessary state savings by shifting the costs of the Mainstream Managed Care organizations (MMC) quality pools from the Global Cap to the Healthcare Stability Fund.

Medicaid Managed Care to Fee-for-Service for Long-Term Nursing Home Stays. The Budget aligns policy in Managed Care with current practice in Managed Long-Term Care by requiring long-term stay nursing home residents to be transitioned from Mainstream Managed Care to Fee-for-Service.

Discontinue Prescriber Prevails. The Budget removes the prescriber prevails provision, which mandates that Medicaid approve prior authorization for a prescription drug, regardless of whether the clinical criteria are met. Eliminating this provision will reduce inappropriate prescribing, reduce the influence of pharmaceutical companies in influencing prescribers, and improve the State's ability to provide the highest level of pharmaceutical care to Medicaid members.

Support Maternal and Child Health

Expand Access to Nutrition Programs for Mothers and Children. The Budget will invest \$9.5 million to support new enrollees in the State's Women, Infants, and Children (WIC) program to meet the growing need for food and essential services.

Expand Access to Infertility Treatments. Unlike New Yorkers with private insurance, Medicaid members in New York undergoing treatment for cancer or other medical conditions lack coverage for fertility preservation services, and so must pay out of pocket or go without care. The Budget includes nearly \$5 million to extend coverage for fertility preservation services to Medicaid members undergoing medical

treatments that may lead to infertility, and expand eligibility for the Infertility Reimbursement Program. Expand Lactation Support Services. Evidence indicates that breastfeeding can improve child health, lowering rates of chronic diseases, infections, and autoimmune disorders. Medicaid members have lower breastfeeding rates than other New Yorkers, in part due to lack of breastfeeding support. To help promote breastfeeding in the Medicaid program, the Budget includes policies allowing certified lactation consultants to enroll as Medicaid providers directly and coverage for breast pump supplies.

Ensuring Access to Abortion

Sustain the Reproductive Freedom and Equity Grant Fund. The Reproductive Freedom and Equity Grant Fund was created by Governor Hochul in May 2022 to enhance abortion access and was codified in the State Fiscal Year 2025 budget. This initiative addresses the need for expanded reproductive healthcare services in New York. The budget continues \$25 million in funding to support reproductive health providers and critical support programs, to ensure equitable access to abortion care across the state.

Reproductive Health Care Improvement Funding. The Budget includes a capital investment of \$5 million to provide grants to eligible abortion care providers in support of capital projects that promote expanded reproductive health infrastructure, modernization of facilities and enhanced safety and security. This funding will contribute to Governor Hochul's ongoing mission to affirm abortion rights in New York State and ensure that all New Yorkers are able to access these critical services.

Increase Reimbursement for Providers of Abortion Services. For many years, reproductive health providers have struggled with the cost of medication abortion care and other abortion service. The Budget provides a new \$20 million flexible funding stream to support these critical services and to protect the network of reproductive health care providers.

Safeguard Abortion as Emergency Medical Care. The Federal Emergency Medical Treatment and Labor Act (EMTALA) mandates that hospitals provide

stabilizing care for patients with emergency medical conditions, regardless of their ability to pay. However, abortion is not explicitly defined as emergency medical care under New York law. To address this gap, the Budget includes language to codify abortion as protected emergency medical care, and to require hospitals to provide stabilizing emergency abortion services when they are medically necessary.

Protect the Identity of Medication Abortion

Prescribers. Medical providers in New York who prescribe medication abortion to patients in anti-abortion states face risks if their identities are disclosed. To address this, Budget includes language to allow prescription labels to avoid displaying the provider's name, protecting the identities of these providers.

Require Access to Trained Forensic Medical

Examiners at All Hospitals. The budget includes legislation requiring all hospitals to provide access to trained medical forensic examiners for sexual assault survivors, including pediatric cases. The Budget includes \$2 million to strengthen DOH's capability to enforce this requirement and potentially expand telehealth capacity in hospitals that have legitimate challenges securing their own trained examiners.

Continuing Implementation of the Groundbreaking Medicaid 1115 Waiver Amendment. On January 9, 2024, the Centers for Medicare and Medicaid Services approved a groundbreaking amendment to New York's Medicaid Section 1115 Demonstration vital to New York's continuing efforts to build a health care system that benefits all New Yorkers. The Executive Budget continues implementation of this waiver to advance health equity, reduce health disparities, and strengthen access to primary and behavioral health care across the state, including the following major highlights.

Addressing Social Needs to Improve Health Equity and Outcomes. The Executive Budget provides \$500 million for screening and navigation for Medicaid members through the new Social Care Networks to a range of social care services, including enhanced benefits for certain populations. These services include housing support, food and nutrition assistance, transportation support, and navigation to other resources for education, employment, interpersonal safety, and more.

Build New Health Planning and Data Transparency Capacity. The Executive Budget includes \$125 million to support new health planning and data infrastructure through a new Health Equity Regional Organization (HERO). Investments in the HERO will lay the groundwork for a new statewide data infrastructure that can be used to support the design and development of new policies, interventions, and targeted investments to improve outcomes, reduce health disparities, and help the State develop and evaluate metrics of success for existing and future programs, including extraordinary new investments in health-related social needs services.

Leverage Federal Support to Grow New York's Health, Behavioral Health, and Social Care

Workforce. The Executive Budget includes \$694 million for implementation of two workforce programs to support training and education for new workers as well as support career advancement for existing workers through tuition payments and student loan repayment.

Strengthening Public Health and Aging Programs, Improving Health Outcomes

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

Ensure Access to Emergency Medical Services. The Budget will invest \$5.6 million directly to counties to develop their individual EMS plans with oversight under the Statewide EMS task force.

Deploy State Funding to Support Healthcare

Training Programs. The Budget will expand support for healthcare training programs under the Increasing Training Capacity in Statewide Healthcare Facilities grant program, with a distinct focus on nursing training programs.

Encourage Swimming and the Prevention of

Drowning. The Budget provides \$5 million to create a new program to provide tens of thousands of free learn-to-swim lessons to children aged four and under. Working with community-based organizations, the Department of Health (DOH) will work with program participants to issue vouchers for swim lessons.

Invest in Home and Community-Based Services for Older New Yorkers. The Budget provides additional funding of \$45 million in non-medical in-home services provided through the Office for the Aging to reduce the number of older adults waiting for services.

Maintain Nutrition Program Funding. The Budget continues record-level investments for the Hunger Prevention and Nutrition Assistance Program (HPNAP) (\$23.3 million) and Nourish NY Program (\$5 million), maintaining their funding at the same levels as the previous fiscal year.

Enhance and Modernize New York State's Health Facilities. The Budget invests \$25 million in capital projects funding over the next 5 years to support the modernization and enhancement of four Veterans' Homes, skilled nursing facilities owned and operated by DOH, as well as the Helen Hayes Hospital, a rehabilitation hospital owned and operated by DOH. This funding will be utilized in support of projects that enhance the safety & security, quality of care, staff recruitment and retention, and overall financial stability of these institutions, which serve veterans and other individuals across the State.

Excess Medical Malpractice Reform. The Budget includes a change to reconfigure the timing of payments under the program, splitting payments over two years, as well as reducing State funding for excess medical malpractice insurance coverage by requiring a 50 percent copay from covered physicians.

Allow Healthcare Providers to Do More. The Budget includes legislation to allow New York to join the Nurse Licensure Compact, which will make it easier for 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. The budget expands the scope of practice for CNAs to administer routine medications in nursing homes and allow physician assistants to practice more independently.

Eliminate Electronic Death Registration System (EDRS) Fee. This Budget removes the \$20 fee that has been levied on New York's funeral homes for

burial and removal permits. These funds received have been used for their intended purpose of developing the EDRS system, which allows users to electronically file death records with local and State registrars. The removal of this fee has been made possible due to the successful development and implementation of the system which has streamlined the process of death registration, reducing the administrative burdens that funeral directors previously faced.

Supporting the NY State of Health

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.

NY State of Health is a fully integrated marketplace across public and private programs including Medicaid, Child Health Plus, Essential Plan – NY's Basic Health look-alike program, and Qualified Health Plans. The Qualified Health Plans offered through NYSOH are significantly less expensive than those available prior to the creation of the marketplace, and is the only place where consumers can qualify to get help paying for coverage through premium tax credits. NYSOH operates a Basic Health Program look-alike program, branded the Essential Plan, that offers lower-income New Yorkers comprehensive benefits with no premium or annual deductible and very low cost sharing.

Currently, over 6.7 million, or more than 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 the end of 2023, the share of uninsured in New York remains below 5 percent.

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 \$608 million in funding for the operation of the NY State of Health.

Update and Improve Network Adequacy

Requirements. The Budget provides funding for the Department of Health to undertake a comprehensive review of New York’s network adequacy standards, including considering regional variations, and increase enforcement of plan compliance through monitoring and penalties. This will ensure that consumers enrolling through the Marketplace have meaningful and timely access to the healthcare providers they need.

Revamp and Improve Customer Experience on NY

State of Health. The Budget provides funding for the NY State of Health marketplace to conduct a comprehensive review of the application experience, including using consumer research and feedback to inform updates designed to streamline and improve how New Yorkers apply for health insurance.

Essential Plan Actions. To make healthcare coverage more affordable, accessible, and equitable, the Executive Budget includes several changes to improve the Essential Plan and Qualified Health Insurance Plans, including:

Expand Access to Air Conditioning Units. The escalating threat of climate change poses significant risks to public health. Climate-induced health risks, such as extreme heat, can both exacerbate existing health conditions and contribute to new health issues. The Budget adds to a FY 2025 Enacted Budget action which provided air conditioning units for Essential Plan enrollees with persistent asthma by expanding eligibility for additional conditions exacerbated by heat such as diabetes, cardiovascular disease, heart disease and hypertension.

Expand Access to Dental Care. The correlation between dental care and overall health is well-established, yet many New Yorkers face substantial barriers to accessing essential oral health services. The Budget will create minimum standards for dental plans available on the Marketplace, while also exploring the use of Federal 1332 Waiver funding to subsidize the costs of purchasing dental plans. The Budget will also introduce legislation to allow dental

hygienists to practice in more settings and direct health plans to reinvest funding into initiatives that improve the availability of dental care.