

Testimony of Dr. James V. McDonald, MD, MPH
Commissioner
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On the FY25 Executive Budget

January 23, 2024

Good morning, Chairpersons Krueger, Weinstein, Rivera, Paulin, and members of the Senate and Assembly health and finance committees. Thank you for the opportunity to testify. While the entire budget affects the health and safety of New Yorkers, since every state agency has some public health role, my comments today will focus on the Department of Health's budget.

Joining me is our Acting Executive Deputy Commissioner, Johanne Morne, and our Medicaid Director, Amir Bassiri.

Last year, I traveled widely throughout the state to listen and learn from healthcare professionals, members of the legislature and regular New Yorkers. In fact, all told I took 59 trips in 2023, from Far Rockaway to Awkwasane, and visited the Tuscarora, Tonawanda-Seneca and St-Regis-Mohawk Nations. I was particularly pleased to welcome legislators from the Rochester area to our regional office there, and that's something I'd like to do more of in 2024.

At every meeting, I emphasized two things: 1) I am here to listen; and 2) our goal in everything we do is to eliminate health disparities. The FY25 Executive

Budget will build on the progress we have made since Governor Hochul took office to support our public health system and improve health outcomes for all New Yorkers.

Distressed Hospitals

State funding for distressed hospitals tripled between FY21 and FY24, and the Health Department will provide an additional \$984 million to distressed hospitals in FY25. And under the recently approved 1115 Medicaid waiver, New York will provide up to an additional \$2.2 billion in multi-year funding to support our safety-net hospitals while encouraging them to transform in ways that will improve care and financial sustainability. Under this \$7.5 billion agreement, New York will invest nearly \$6 billion in federal funding into our healthcare system over three years, establishing social care networks to integrate health, behavioral and social care services that connect people to nutritional and housing support and services for substance use disorders while increasing our investment in primary care.

Workforce

In my visits with hospitals, nursing homes, federally qualified health centers and other healthcare providers, the workforce shortage is always the number one issue. We need your help to solve this problem.

As Governor Hochul outlined in her State of the State address, we need to change outdated laws that prevent healthcare professionals from working in New York. These limitations contribute significantly to our workforce shortage and rising costs. New York is one of only 11 states that hasn't joined the Interstate Medical Licensure Compact, and one of just 9 states and territories that hasn't joined the Nurse Licensure Compact. We're proposing legislation to change this so physicians and nurses licensed in other states can practice in New York, either physically or virtually.

We will also seek legislation to allow some healthcare workers to perform more tasks that we know they are able to do. For example, Certified Medication Aides should be allowed to administer basic medications in long-term care settings, which would free up time for licensed nurses to do more complex tasks. Physicians' Assistants should be allowed to practice independently in primary care settings and hospitals after appropriate training. And finally, Medical Assistants, should be allowed to administer immunizations under appropriate supervision. We are the *only* state in the country that does not allow this.

Essential Plan

While we take steps to support our healthcare workforce, we will also make health insurance easier to obtain. Last year, we submitted a 1332 State Innovation

waiver request to the federal government to raise the income limit for Essential Plan eligibility from 200% to 250% of the federal poverty line, meaning someone earning \$37,650 could obtain this affordable coverage with no premium. This change will help an additional 100,000 New Yorkers get affordable coverage.

In addition, Governor Hochul has proposed that our New York State of Health marketplace offer subsidies to New Yorkers with incomes up to 350% of the federal poverty line who are enrolled in Qualified Health Plans, to ensure more people have access to affordable insurance coverage. We will also eliminate cost-sharing in both the Essential Plan and Qualified Health Plans for office visits, laboratory work, pharmaceuticals, and other supplies and services to promote better management of chronic conditions such as Type 2 Diabetes.

Maternal Health

The budget also increases our commitment to maternal health in several ways. It adds \$700,000 to our Perinatal Quality Collaborative, which helps participating hospitals develop multi-disciplinary approaches to eliminating racial disparities in birth outcomes. The budget also adds doula coverage for New Yorkers enrolled in the Essential Plan, eliminates out of pocket medical costs for pregnancy-related benefits via the Essential Plan and other qualified health plans,

and uses financial incentives to get hospitals to reduce unnecessary C-section births.

Children's Health

As a pediatrician, I'm pleased with the investments that the executive budget makes in children's health. We will seek federal approval to provide continuous Medicaid and Children's Health Insurance Program coverage for any eligible child between the ages of 0 and 6 years old. This will eliminate an administrative burden for an estimated 635,000 children enrolled in Medicaid and Child Health Plus and prevent 30,000 children from having gaps in coverage. In addition, we will increase funding for school-based health centers.

The budget will also increase reimbursement rates for in-person visits under the Early Intervention program in underserved rural and urban areas by 9%, while increasing the rates overall by 5%.

Emergency Medical Services

Emergency medical services are rightly regarded as essential in every community across the state, but technically, emergency medical services are not an essential service. As a result, response times can vary wildly, especially in rural areas. We will seek legislation to change that. We are also working to provide

counties with the authority to coordinate the organization of EMS services while encouraging them to work with their local governments and other counties to ensure that there is sufficient coverage for patients. We will also establish a first-in-the-nation Paramedic Telemedicine Urgent Care program to connect rural New Yorkers with paramedics and providers via telemedicine, increasing access to care while reducing unnecessary emergency room visits.

Primary Care

Strengthening primary care across the state remains a priority for this administration. In addition to the investments in the just-approved 1115 waiver, building on last year's actions, New York will increase Medicaid rates for providers participating in New York's innovative primary care model, called Patient-Centered Medical Homes. The rate for adults will increase by \$2 per member per month, and the rate for children will increase by \$4 per member per month, with the goal of strengthening our primary care infrastructure.

Disability

I am also pleased that the budget increases reimbursement rates to 50% above the base rate for providers who treat people with physical, intellectual, or developmental disabilities.

Opioid Epidemic

Combatting the opioid epidemic remains a priority for the Health Department and this administration. In 2022, approximately 5,300 New Yorkers died from an opioid-related overdose, up from about 4,200 in 2020. In the last year, we have worked with our partners at the Office of Addiction Services and Supports to use opioid settlement funds quickly and effectively. In fact, New York has disbursed settlement funds more quickly than any other state.

We also recognize that it is not just opioids that are problematic. It is important that we add xylazine to the list of controlled substances and improve education aimed toward preventing diversion of xylazine.

Oral health

Oral health is critical to overall health and well-being, yet low-income New Yorkers are significantly more likely to face a dental issue and less likely to have visited a dentist in the last 12 months. Whereas 70% of adult New Yorkers have visited the dentist in the last year, only 30% of Medicaid enrollees have. In addition to adding dental services at school-based health centers, we will support the dentistry workforce by launching a new loan repayment program, supported by the 1115 waiver, for up to \$100,000 for dentists who make a four-year commitment to serve the Medicaid population in New York. When I visited the

Tuscarora Nation, I was struck by how beautiful their dental clinic was, but they couldn't offer dental care because they had no staff. The budget adds \$4.5 million to address critical oral health needs and disparities experienced by Tribal Nations.

Veterans

Finally, I am thankful for our veterans and for the staff at our four Veterans Homes, and I'm grateful that the FY25 budget includes an additional \$22.5 million investment to ensure that our veterans receive the best possible care. I enjoyed meeting with residents and staff at St Albans and Batavia last year, and I look forward to meeting the folks at Oxford and Montrose in 2024.

Conclusion

In closing, I want to thank Governor Hochul for her commitment to supporting healthcare and public health. But I also want to acknowledge that budget-making involves making difficult choices. I know that finding \$200 million in savings from long term care and another \$200 million elsewhere will be hard. But this is the beginning of the process, and I look forward to working collaboratively with the legislature to identify how to achieve these savings without jeopardizing care for the New Yorkers who need it most.

Thank you again for the opportunity to testify. I look forward to your questions and our work together over the next few months.

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