



January 23, 2024

Testimony to:

Senate Finance Committee  
Assembly Ways and Means Committee  
Senate Health Committee  
Assembly Health Committee

### FY 2024-25 Executive Budget Would Cut \$228.3 Million in Funding

iHealth submits this testimony to the New York State legislature on behalf of care management programs across the state that are facing a massive \$228.3 million cut in funding for the state's Medicaid Health Home program. We believe this cut, combined with the cuts sustained in previous years, is unwise and counterproductive to the state's own goals of improving health care coordination for Medicaid recipients and is contrary to the goals of the recently approved 1115 Medicaid waiver extension.

iHealth, Inc. is a coalition of community-based organizations providing care management services for chronically ill Medicaid recipients. iHealth providers reach New York's most marginalized residents who are faced with chronic illnesses such as HIV/AIDS, substance use disorder, mental illnesses, and other behavioral health challenges.

Created in 2012, New York State's Medicaid Health Homes program is a key component of the health care delivery system, with care coordinators in the program helping individuals with multiple health challenges to better coordinate their care and improve health care access. The Health Homes (HH) program was designed to address the social determinants of health, such as food insecurity, housing instability, substance use disorder, mental illness, trauma, violence, illiteracy and others. This program is a key ingredient for individuals with complex lives and costly health conditions. Currently, about 176,000 New Yorkers rely on this program, including 35,500 children. Many are dually or triply diagnosed, with no connection to any one provider, necessitating community based HH care managers experienced in navigating them through the system. It is remarkable to note that even during the COVID-19 pandemic, Health Home care management agencies continued to be on the front lines, conducting in-person visits, and providing critical supports and services to this vulnerable population.

The NYS Medicaid Health Home program is designed to coordinate and manage care for individuals with complex medical needs, particularly those with chronic conditions, including HIV and Hepatitis C, heart disease, hypertension, diabetes, substance use disorder, and/or serious mental health issues. Individuals in the Health Home program are some of the most complex, challenging individuals on Medicaid who rely on the program to help coordinate their care and avoid expensive emergency room and hospitalization incidents.

The results of the program speak for themselves. iHealth partner Community Care Management Partners (CCMP) Health Home did an evaluation of the population it serves, and the results are very impressive. CCMP's Health Home members experienced a 60% reduction in alcohol abuse among those with severe alcohol abuse, a 56% reduction in drug abuse among those with severe drug abuse, 41% of members who were homeless were housed, and members living with HIV had a 36% reduction in detectable HIV among those who had challenges with viral suppression. These are not results that can sustain themselves with a proposed budget cut of this magnitude.

#### Current fiscal situation

Over the past several years, the Health Home program has been subject to substantial budget cuts, resulting in multiple agencies closing, smaller agencies being forced to close their program or facing consolidation, workforce cuts and staff layoffs, and clients losing access to care. In FY 2023-24, the NYS Health Home program experienced a \$100 million cut, with that divided into two years: a \$30 million cut in FY 2024, and another \$70 million in targeted for cuts in FY 2025. In addition to these cuts, in the recently released FY 2025 Executive Budget, the Health Home program is facing yet another cut on top of the cuts already enacted. Funding in last year's budget was approved at the amount of \$424,380,000, which included a cut of \$100 million. Funding in the FY 2025 Executive Budget would fund Health Homes at \$196,024,000 – a staggering cut over last year of \$228,356,000.

It is important to note that just three years ago, in FY 2023, Health Homes was funded in the amount of \$524,010,000. Add last year's funding reduction with the cut proposed this year, the Health Home program will experience a cut of \$327,986,000 over three years, which is a staggering figure and amounts to a 62% cut in the program over just a few years. Most troubling, the proposal in the Governor's Executive Budget for FY 2024-25 includes no information on how the program would absorb this funding reduction, and we are concerned that this is a cut without a meaningful policy behind it.

A cut of this magnitude will undoubtedly result in care management agencies being forced to close their Health Home program and could very well jeopardize the fiscal health of some community-based organizations. There are over 580 agencies that employ thousands of healthcare workers across New York State to perform Health Home care management, and many of the agencies that provide this service are small to medium size non-profit organizations. These organizations have decades of experience providing thousands of individuals with health, mental health, substance use disorder, harm reduction, food and nutrition, housing and countless other services in the community.

#### 1115 Waiver Extension

The newly approved 1115 Waiver Amendment is designed to advance health equity, reduce health disparities and support the delivery of health-related social needs (HRSN) of the neediest in the Medicaid population. The waiver also relies heavily on care management to meet these goals and goes so far as to designate that anyone enrolled in a Health Home program as automatically qualifying to receive Level 2 Health Related Social Needs (HRSN) services. Significantly modifying and changing the Health Home program in advance of the waiver initiatives commencing seems premature, counterintuitive and threatens the overall success of NYS in the waiver. Reducing the Health Home

program of this magnitude will also reduce the number of individuals eligible for Level 2 services under Health Home as qualifying criteria.

Furthermore, iHealth believes that cutting Health Home funding at this time, after the waiver has been approved, is a violation of the terms and conditions of the waiver. The waiver specifically states that HRSN services must be maintained:

“CMS also expects the state to maintain existing state funding and efforts for HRSN services, without this demonstration authority supplanting existing efforts, and to have in place partnerships with other state and local entities to coordinate possible pathways to permanency for services to be provided without demonstration authorities.”<sup>i</sup>

We urge the Administration and the legislature to consider the consequences if CMS were to find the State in violation of the terms and conditions of the waiver.

### Reducing Health Disparities

Health Home care management has consistently focused on tackling health equity and addressing disparities in healthcare since its inception. By coordinating care and attending to social determinants of health, the Health Home program plays a pivotal role in enhancing access to healthcare services for underserved populations. This is particularly crucial in mitigating disparities related to healthcare access. The NYS Medicaid Health Home program is predominantly dedicated to serving low-income communities of color. According to data from Sun River, a member of iHealth, approximately 2/3 of the population they serve comprises individuals of color. Moreover, around half of the Health Home care management workforce statewide identifies as BIPOC. Drastically cutting this program would run counter to the state's objective of advancing health equity and diminishing disparities in healthcare.

### Inflation

While inflation has caused major challenges across the healthcare industry, in FY 2023-24 the Governor recognized that social service and healthcare providers urgently needed rate increases or COLAs to sustain their operations. While many sectors of the healthcare industry received rate increases, including hospitals receiving a 7.5% Medicaid rate increase and some Human Services/Mental Hygiene programs funded by OMH, OASAS and OPWDD receiving a 4% COLA, the Health Home program was excluded from the COLA and received a \$100 million cut. Health Home agencies have been struggling with the same reimbursement rates for years, which has resulted in major staffing shortages, higher caseloads, and many lost opportunities to connect clients to care. To help resolve this challenge, S.7793 / A.8437 would add certain human services programs, including Health Home care management programs, to the designated human services programs eligible for a cost-of-living adjustment, and is sorely needed to help support our continued operations.

## Conclusion

This program is not sustainable with such a substantial budget cut. Disposing of the painstakingly developed infrastructure within Health Homes and Health Home Care Management over the past decade would be both wasteful and inefficient. Instead of discarding these resources, we advocate for a commitment to ongoing improvement and enhancement of these services. We strongly urge the legislature to reinstate the \$70 million in funding cut from the enacted FY 2023-2024 budget, and we implore the rejection of the additional \$228 million in cuts outlined in the Executive Budget. Additionally, we request parity with the 4% Cost of Living Adjustment (COLA) granted to other components of the human services sector in FY 2023-2024.

For more information:

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<sup>i</sup> New York Medicaid Redesign Demonstration, Demonstration Approval Period: April 1, 2022 through March 31, 2027." Page 3.