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Schuyler Center for Analysis and Advocacy ☞ South Asian Council for Social Services ☞ Young Invincibles

Testimony on the Executive's Proposed FY26 Budget

February 11, 2025

Health Care for All New York (HCFANY) would like to thank the Chairs and Members of the Senate Finance and the Assembly Ways and Means Committees for allowing the public to weigh in on the State budget. HCFANY is a statewide coalition of over 170 organizations dedicated to achieving quality, affordable health coverage for all New Yorkers.

The 2025-2026 Executive Budget includes many positive proposals to help protect and enhance New Yorkers' access to affordable health coverage. Given that the federal landscape of health care access is uncertain, policymakers should use the State budget as an opportunity to strengthen health insurance and protections for all New Yorkers. Specifically, HCFANY urges the Legislature to provide additional funding to ensure more New Yorkers can enroll in and use their coverage. HCFANY's recommendations fall into four categories:

- I. Protecting and improving health insurance coverage
- II. Regulating hospitals to protect New Yorkers from medical debt
- III. Allocating some Managed Care Organization (MCO) tax revenue to promote health care affordability for New Yorkers
- IV. Funding Navigators and Consumer Assistance Programs

Our detailed comments are offered below.

I. Protecting and improving health insurance coverage.

HCFANY urges the Legislature to ensure the final budget protects and improves New Yorkers' access to health insurance coverage in the following three areas: (A) initiatives that should be in the budget but are not included in the administration's Article VII bill language; (B) items that were included in the Article VII bill; and (C) items that appear in the Governor's Budget Briefing Book.

A. Initiatives to include in the final budget.

HCFANY urges the Legislature to include the following three initiatives that were not included in the Executive Budget proposal.



- **Expanding subsidies for Child Health Plus (CHP) to eliminate premium cliffs and align coverage start dates to the first day of the month of application.**

HCFANY has two recommendations to improve Child Health Plus in New York.

First, the State should smooth the premium cliff that happens when a family is at 400 percent of the federal poverty level. New York’s CHP program offers free or low-cost health insurance to children up to 18 who meet certain eligibility criteria. Families eligible for CHP pay monthly premiums on a sliding scale from \$0 for families making below 222 percent of the federal poverty level (FPL) to a \$60 monthly premium for families making between 350 and 400 percent FPL. Above 400 percent of FPL (\$79,950 for a family of three), families can still enroll a child in CHP, but they must pay the premium in full—an unaffordable \$3,456 a year.

Second, CHP should align eligibility start-date rules with those of the other public programs on the New York State of Health Marketplace (NYSOH), including the Essential Plan and Medicaid. Coverage should begin on the first day of the month in which a child becomes eligible for and enrolls in coverage. Currently, CHP follows the “15th of the month” rule, unacceptably forcing children to wait as long as six weeks for their coverage to begin.

HCFANY urges the Legislature to improve the Child Health Plus program by smoothing eligibility cliffs and aligning its eligibility dates with other public insurance programs. As described below, these modest improvements could be funded through MCO tax revenue.

- **Investing in primary care to improve outcomes and promote health equity.**

HCFANY urges the Legislature to include the provisions of the Primary Care Investment Act (S1634|A1915A) which would require: (1) the State to measure the current level of primary care spending; (2) State agencies to make that spending information publicly available; and (3) insurers that report spending less than 12.5 percent of their overall health spending on primary care to increase that investment by one percent each year until they reach at least 12.5 percent.

At least 17 states have begun to address this issue and have taken either legislative or regulatory action to increase spending on primary care over time.¹ Connecticut, Delaware, Hawaii, Oklahoma, Oregon, and Rhode Island have specifically required increased spending.

HCFANY urges the Legislature to include the provisions in the Primary Care Investment Act (S1634|A1915A) in the final budget to improve patient outcomes, reduce health care costs, and promote health equity.

- **Allowing all New Yorkers to access health insurance, regardless of immigration status.**

¹ Patient Centered Primary Care Collaborative. “Investing in Primary Care: A State Level Analysis.” July 2019. https://www.pcpcc.org/sites/default/files/resources/pcmh_evidence_report_2019_0.pdf.



Nationally, an estimated half of undocumented immigrant adults are uninsured, leading to increased barriers to accessing health care.² People without health insurance have an increased risk of being diagnosed at later stages of diseases, including cancer, and higher mortality rates than those with insurance.³

The federal government is threatening to revoke Temporary Protected Status (TPS) and Deferred Action for Childhood Arrival (DACA) status for thousands of New Yorkers. The State should protect all immigrants by enacting Coverage4All, which would save an estimated \$500 million on Emergency-only Medicaid. California, Colorado, Oregon, and Washington have extended broad-based coverage to their undocumented immigrant population.⁴ New York should follow suit.

Short of enacting Coverage4All, New York should ensure that TPS and DACA immigrants retain their coverage through the Medicaid and/or Essential Plan programs should they lose their status.

B. Items included in the Article VII bill.

HCFANY urges the Legislature to review the following initiatives that were included in the Executive Budget.

- **Expand access to dental care (Article VII, Part X).** The Executive Budget proposes expanding the scope of practice for dental hygienists. HCFANY supports this initiative, in addition to the other initiatives referenced in the Governor's budget briefing book related to expanding access to and affordability of dental care.
- **Protect and expand reproductive health care access (Article VII, Part P and Part Q).** The Executive Budget includes a series of initiatives to protect and expand New Yorkers' access to maternal and reproductive health care (Part P). First, the Governor has allocated nearly \$5 million to expand Medicaid members' access to infertility treatment. In addition, the Executive Budget proposes expanding lactation support services for the Medicaid program, including allowing certified lactation consultants to enroll as Medicaid providers and covering breast pump supplies (Part Q). Second, the Governor has allocated a \$20 million flexible funding stream to safeguard abortion access as emergency medical care by supporting the cost of medication abortion care and other abortion services. HCFANY

² “Key Facts on Health Coverage of Immigrants.” KFF. January 15, 2025. <https://www.kff.org/racial-equity-and-health-policy/fact-sheet/key-facts-on-health-coverage-of-immigrants/>.

³ Garfield Rachel, Orgera Kendal, and Damico Anthony. “The Uninsured and the ACA: A Primer - Key Facts about Health Insurance and the Uninsured amidst Changes to the Affordable Care Act.” KFF. January 25, 2019. <https://www.kff.org/report-section/the-uninsured-and-the-aca-a-primer-key-facts-about-health-insurance-and-the-uninsured-amidst-changes-to-the-affordable-care-act-how-does-lack-of-insurance-affect-access-to-care/>.

⁴ Giovannelli Justin and Schwab Rachel. “States Expand Access to Affordable Private Coverage for Immigrant Populations.” The Commonwealth Fund. February 8, 2024. <https://www.commonwealthfund.org/blog/2024/states-expand-access-affordable-private-coverage-immigrant-populations>.



supports the Governor’s initiatives to protect and expand access to reproductive health care, including infertility treatment, lactation support, and abortion care.

- **Maintain the prescriber prevails provision (Article VII, Part C).** The Executive Budget proposes to remove the mandate for Medicaid to approve prior authorization for prescription drugs, regardless of whether the clinical criteria are met. Over-riding a medical provider’s recommendation by requiring a patient to be treated with a medication solely based on cost can lead to health care complications if a patient is not able to access the medication they need. Finding the most effective treatment for a patient is not a one-size-fits-all approach, and the State should defer to a medical provider's recommendation for the prescription drugs defined in this provision. HCFANY urges the Legislature to maintain the prescriber prevails provision.
- **Strengthen Medicaid Managed Care (MMC) (Article VII, Part E).** The Executive Budget proposes to strengthen MMC contracting and performance by imposing fines on plans that fail to meet Medicaid model contract requirements. HCFANY supports this improved enforcement for MMC plan compliance with Medicaid model contract requirements.

C. Briefing Book Initiatives.

HCFANY supports the following budget initiatives that were outlined in the briefing book but are not included in the Article VII bill.

- **Update network adequacy requirements.** HCFANY supports the Executive Budget proposal to provide funding for the New York State Department of Health (DOH) to review health plan network adequacy standards, considering regional variations. These funds would also be used to increase enforcement of plan compliance through monitoring and penalties.
- **Expand access to air conditioning units for New Yorkers with chronic conditions.** HCFANY supports the Executive Budget proposal to expand eligibility for the NYSOH initiative to distribute air conditioners for New Yorkers with Essential Plan (EP) or Qualified Health Plan (QHP) coverage to people with diabetes, cardiovascular, heart disease, and hypertension. The effects of climate change have increased the severity, duration, and frequency of extreme heat events. There are important health equity concerns as well, as Black New Yorkers have a heat-stress fatality rate that is double that of White New Yorkers.⁵
- **Expand access to dental care.** The Executive Budget briefing book proposes to create minimum standards, or standard plan designs, for dental plans available on the Marketplace; explore the use of federal funding to subsidize the costs of purchasing dental plans; and

⁵ “2024 NYC Heat-Related Mortality Report,” New York City Environmental & Health Data Portal. June 2024. <https://a816-dohbesp.nyc.gov/IndicatorPublic/data-features/heat-report/>.



direct health plans to reinvest funding to improve the availability of dental care. HCFANY supports these initiatives to expand access to and affordability of dental care.

II. Regulating hospitals to protect New Yorkers from medical debt.

HCFANY commends the Legislature and the Governor for taking action to lessen the impact of medical debt on New Yorkers over the past few years. Medical costs and debt are still significant problems for many New York families. Given that three-quarters of people with medical debt owe at least some of it to hospitals, HCFANY urges the Legislature to consider the following consumer protections.⁶

A. Strengthening—instead of weakening—the law regulating financial consent to treatment (Article VII, Part L).

HCFANY opposes weakening Public Health Law Section 18-c, which requires a patient’s consent to payment for health care services to be given after a service is rendered.

Patients are bombarded by signature pads and tablets that require them to guarantee payment without any idea what service they will be receiving, how much their insurance will cover, and whether the provider will be billing correctly. This is essentially a blank check. No other sector tolerates such unlimited financial liability forms. HCFANY urges the Legislature to instead amend Section 18-c of the public health law by adding a new Section 2831 to create a uniform patient financial liability form that includes a good faith estimate of a patient’s financial obligation for their care.

B. Requiring reporting of hospital community benefit spending (Article VII, Part M).

HCFANY supports the Executive Budget proposal to require general hospitals to annually report how their community benefit expenses are spent. Increased reporting of hospital community benefit spending will improve the ability of the State to review hospital-level compliance with the law. HCFANY urges the Legislature to make the modest clarification and amend the language to explicitly refer to section 2807-k(9) of State law establishing uniform hospital financial assistance policies instead of an individual “hospital’s financial assistance criteria” in Part M, Section 1, Subdivision 4(a) (amending N.Y. Pub. Health L. §2805-a). HCFANY also urges the Legislature to further clarify and strengthen the reporting requirements under this section.

C. Ensure that discontinuing the public Indigent Care Pool (ICP) does not lead to funding cuts for New York’s public hospitals (Article VII, Part D).

The Executive Budget proposes to discontinue the State share of the Public ICP payments to public hospitals in New York City since New York City Health & Hospitals (H+H) is pursuing a State Directed Payment (DPT) that is pending federal approval. The budget briefing

⁶ Karpman, Michael, et al. Urban Institute, 2023, Most Adults with Past-Due Medical Debt Owe Money to Hospitals, <https://www.urban.org/research/publication/most-adults-past-due-medical-debt-owe-money-hospitals>.



book indicates that H+H will not be harmed because the System no longer needs these ICP payments. However, that would only be the case if H+H received alternative enhancements to its Medicaid payments that supplanted the need for ICP payments. H+H has been pursuing such alternatives for several years; however, no such rate enhancement has been approved for H+H. With the current activities in the federal government, H+H cannot rely on federal approval. HCFANY urges the Legislature to amend this provision of the budget to ensure that if the federal government does not approve the DPT that H+H would be held harmless and continue to secure ICP funding.

D. Strengthen Reporting Requirements for Health Care Transactions (Article VII, Part S).

HCFANY urges the legislature to adopt, with slight modification, the Executive Budget provision to strengthen DOH's oversight of material health care transactions. The Executive Budget requires entities involved in a transaction to share metrics with DOH to assess the impacts of the transaction on cost, quality, access, health equity, and competition for five years following the transaction. It also requires that the written notice of a transaction issued before the transaction closes to include whether either party, or a parent company, owns a health care entity that has closed, is in the process of closing, or has had a substantial reduction in services provided in the past three years. HCFANY strongly supports the language that would allow DOH to conduct a full Cost and Market Impact Review at its discretion.

HCFANY supports proposals to better allow DOH to assess the possible market impacts of a transaction as well as the actual post-closure impact of a transaction. The Legislature should build on the Governor's proposals improving the transparency and consumer engagement of this process by: (1) requiring full public disclosure of the material transaction; (2) lengthening the time to file such transactions from 60 to 90 days; and (3) providing an opportunity for the public to provide input on the proposed material transaction to DOH.

E. Additional initiative to include in the final budget.

HCFANY urges the Legislature to include the following initiative that was not included in the Executive Budget.

- **Require fair hospital prices by adopting caps on hospital outpatient department reimbursements for certain services.** HCFANY urges the Legislature to include the provisions of the Fair Pricing Act (S705|A2140) to take a first step towards controlling New York's extreme hospital price inflation by ensuring that consumers and payers are charged a fair reimbursement rate for low-complexity, routine medical services provided in hospital outpatient departments (HOPDs). The provisions of the Fair Pricing Act would limit the charges for these services to 150 percent of what Medicare pays for these same services in a lower-cost setting. HOPDs regularly charge much more than physicians' offices for the same service; however, they provide a similar quality of care.⁷ In New York, Brown

⁷ McSpadden, James, and Claire Noel-Miller. "Site-Neutral Payment for Outpatient Care: Why It Matters for People with Medicare." AARP, November 25, 2024. <https://doi.org/10.26419/ppi.00342.001>.



University researchers estimate that the Fair Pricing Act would yield savings of more than \$1 billion.⁸

III. Allocating some Managed Care Organization (MCO) tax revenue to promote health care affordability for New Yorkers.

In the Executive Budget, the Governor proposes a plan for spending funds received from the Managed Care Organization (MCO) tax that was approved by CMS in December 2024. The MCO tax is estimated to draw \$1.4 billion in State-share funds in its first year. The Executive Budget proposes to allocate these funds entirely to the health care industry as follows: \$500 million to support the Global Cap deficits; \$305 million to support investments in hospitals; \$300 million to expand operating the Safety Net Transformation Program; \$200 million for investment in nursing homes, assisted living, and hospice; \$50 million to increase the Medicaid physician fee schedule; \$50 million for the Mainstream Medicaid Managed Care Quality Program; and \$10 million to support enhanced rates for clinics and Federally Qualified Health Centers.

None of the MCO tax revenue is directed to supporting patient coverage or making cost of care more affordable for struggling New Yorkers. The Legislature should consider alternatives to the above distribution of funds, which is strongly reminiscent of past outlays of funding to providers (e.g., Empire’s conversion, F-SHARP, DSRIP), at the expense of securing high quality, affordable and accountable care for New Yorkers. Three alternatives to consider include: (A) expand subsidies to eliminate CHP premium cliffs; (B) create a New York Office of Health Care Affordability; and (C) allocate funds to protect patients from federal cuts (e.g., immigrants who might lose Medicaid or Essential plan eligibility should their status be revoked by the federal government).

A. Expanding subsidies for CHP to eliminate premium cliffs and align coverage start dates to the first day of the month of application.

As described above, New York’s CHP program has a premium cliff. For families with incomes that exceed the 400 percent FPL subsidy cutoff, premiums increase from 385 to 475 percent depending on location. This makes high-quality health insurance for families with children unaffordable. Further, CHP should follow the same enrollment start-date rules as the other public programs on NYSOH and coverage should begin on the first day of the month in which a child becomes eligible for and enrolls in coverage. HCFANY urges the Legislature to use MCO tax revenue to smooth this premium cliff by offering subsidies to gradually increase the cost of premiums for families making from 400 to 600 FPL and backdate coverage to the first of the month.

B. Establishing a New York Office of Health Care Affordability

The State should consider using MCO tax revenue to invest in the creation of an independent New York Office of Health Care Affordability to slow health care spending growth, promote high-value care, and assess market consolidation. Following the lead of California, New

⁸ Clark, Dan. “Cap on Outpatient Hospital Costs Proposed in new N.Y. Bill.” Albany Times Union, September 9, 2024.



York should require its members not to receive compensation from health care entities. New York’s Public Health and Health Planning Council (PHHPC) is comprised of political appointees who are mostly affiliated with hospitals and other health care industry representatives.⁹ Investing in creating an independent New York Office of Health Care Affordability would address long-term structural issues that have reduced New Yorkers' access to care.

C. Allocating Funds to Protect Patients from Federal Cuts.

The MCO tax State-share funds present an opportunity for the State to anticipate potential cuts to federal funding for health care in New York. The federal government has proposed cuts to federal health care programs that, if enacted, would leave the State to make difficult choices to raise taxes, cut other parts of the State budget, or cut public health insurance eligibility and benefits. A Center on Budget and Policy Priorities analysis found that if the federal government lowers the federal Medicaid matching rate floor, it could cost New York \$10.3 billion to make up the difference. Similarly, if the federal government reduces the FMAP for the Medicaid expansion population, it could cost the state an estimated \$4.4 billion.¹⁰ Other proposals, such as block grants and per capita caps, would have serious impacts on the State’s budget and New Yorkers' access to care. Considering these proposed cuts to federal health programs, the State should consider setting aside some MCO tax revenue for principal reserves or a rainy-day reserve fund.

IV. Funding Navigators and Consumer Assistance Programs.

HCFANY urges the Legislature to support consumer assistance programs by increasing funding for Navigators and Community Health Advocates. The instability of federal health programs makes investing in Navigators and Consumer Assistance Programs more important than ever. New Yorkers are fearful and confused about threats to Medicaid, Medicare, and the Affordable Care Act and need more assistance to navigate what could be a changed health care system.

A. Increasing Funding for Health Insurance Enrollment Navigators.

The Navigator program has been instrumental in ensuring New Yorkers enroll, keep, and use their health insurance. Navigators provide unbiased, personalized assistance year-round and speak over 40 languages.¹¹ The Navigator program is predominately run through trusted local community-based organizations that provide culturally and linguistically competent services.¹²

⁹ NYS Department of Health. “Public Health and Health Planning Council Membership,” July 2024. https://www.health.ny.gov/facilities/public_health_and_health_planning_council/membership_list.htm.

¹⁰ Allison Orris and Gideon Lukens, “Medicaid Threats in the Upcoming Congress.” Center on Budget and Policy Priorities. December 2024. <https://www.cbpp.org/research/health/medicaid-threats-in-the-upcoming-congress#reducing-expansion-match-rate-to-cbpb-anchor>.

¹¹ New York State of Health Marketplace, “Assistors Page” <https://nystateofhealth.ny.gov/agent/assistors>.

¹² K. Pollitz, et. al, “Consumer Assistance in health Insurance: Evidence of Impact and Unmet Need,” KFF. August 2020. <https://www.kff.org/report-section/consumer-assistance-in-health-insurance-evidenceof-impact-and-unmet-need-issue-brief/>.



Roughly 70 percent of Marketplace enrollees utilize in-person assistance, and over 400,000 people currently enrolled in coverage use the NYSOH Navigators.

HCFANY is grateful that the Governor’s budget includes \$28.3 million for Navigators in Fiscal Year 2026. Given the uncertainty of the future of federal health care programs, HCFANY urges the Legislature to increase the funding of the Navigator program. The 2023-24 budget included a one-year cost-of-living increase of \$300,000. But the Navigator program has not received more than a single year cost-of-living adjustment since 2013. Under this essentially flat funding scenario, the Navigator programs have had to lose more and more staff to keep up with inflation. It is more important than ever to build infrastructure in the Navigator program. The Legislature should increase Navigator funding to \$38 million to reflect over ten years without appropriate cost-of-living increases.

In addition, the legislature should consider funding community-based organizations to conduct outreach in difficult-to-reach communities to increase insurance enrollment, a strategy proven to be effective by the Reaching the Five Percent (R5) program. The R5 program provided resources for community-based enrollment programs to design localized advertising and outreach strategies, a strategy that yielded significant enrollment gains. The R5 strategy generated \$9.73 in health care savings for every \$1 invested, a 973 percent return on investment.¹³

HCFANY urges the Legislature to fund the Navigator program at \$38 million to guarantee continued high-quality enrollment services. New York should also allocate \$5 million in grants to community-based organizations to conduct outreach in underserved communities.

B. Increasing funding for Community Health Advocates (CHA).

The Community Health Advocates program helps people with any health insurance access in-network care, manage billing problems, avoid medical debt, appeal coverage denials, and manage other problems that might prevent them from obtaining affordable medical care. Since 2010, CHA has assisted more than 528,000 New York clients through a diverse network of community-based organizations serving every county of New York State. Altogether, the CHA network has helped consumers save nearly \$216 million in health care costs, yielding over a 600 percent return on investment for the State.

In April 2022, CHA's toll-free Helpline number was listed on Medicaid Managed Care denial notices. As a result, the CHA Helpline experienced a 172 percent increase in calls from consumers who needed intensive advocacy assistance. Compounding the service demand, denial cases for Medicaid enrollees increased by 459 percent in the past year. CHA is also seeing an increase in calls from consumers experiencing issues applying for hospital financial assistance because their phone number is now listed on all Hospital Financial Assistance notices.

¹³ Flynn Matt, Santini Sara, Wagner Mia, Benjamin Elisabeth. “How to Maximize Health Insurance Enrollment.” Community Service Society. July 2024. <https://www.cssny.org/publications/entry/how-to-maximize-health-insurance-enrollment-funding-local-marketing-and-out>.



Unfortunately, just as CHA experienced this enormous increase in demand, CHA's funding was cut from \$5.23 in FY22-23 to \$4.766 million in FY23-24. This cut and inflationary pressures forced CHA agencies to make difficult staffing and service cuts during the FY23-24 budget year. Although CHA's allocation increased to \$4.969 in FY24-25, the funding remains highly inadequate to maintain the level and quality of services New York consumers deserve.

HCFANY is grateful that the Governor's budget includes \$5.5 million for CHA in FY25-26 and urges the Legislature to allocate an additional \$1.5 million to increase CHA's funding to \$7 million.

C. Funding Community Health Access to Addiction and Mental Healthcare Project (CHAMP).

CHAMP provides specialized post-enrollment services for people seeking substance use disorder or mental health treatment. Its funding should be maintained at \$3 million, as it is in the Executive Budget.

Thank you again for providing this opportunity to submit testimony and your consideration of our comments. We stand ready to work with the Legislature to move forward on our recommendations. Please contact Mia Wagner (mwagner@cssny.org) with any questions.