

Testimony of:

**NEW YORK STATE
HEALTH FACILITIES ASSOCIATION**

and the

**NEW YORK STATE
CENTER FOR ASSISTED LIVING**

on the

**FY 2025-26 New York State Executive Budget Proposal
Health & Mental Hygiene
Article VII Bill**

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Introduction

Thank you for the opportunity to provide testimony on behalf of the New York State Health Facilities Association (“NYSHFA”) and the New York State Center for Assisted Living (“NYSCAL”). My name is Kristin DeVries, and I am honored to serve as the Director of Government Relations for NYSHFA|NYSCAL which represents skilled nursing and assisted living providers and their employees who are dedicated to delivering high-quality compassionate care to over 70,000 New Yorkers, including older adults and individuals with complex medical needs, at over 450 not-for-profit, proprietary, and government-sponsored facilities throughout the State.

The skilled nursing sector continues to navigate significant challenges, including workforce shortages, rising operational costs, and the lingering effects of the pandemic. We appreciate the Governor’s recognition of these challenges in her FY 2025-26 Executive Budget but urge the Legislature to consider additional measures and a thoughtfully executed approach that support the long-term sustainability of New York’s skilled nursing sector.

Strengthening New York’s Nursing Homes: Fair Funding, Sustainable Care, and a Brighter Future

While nursing home providers navigated the pandemic through uncertain times and have emerged, in many ways, stronger as a sector, New York State is still grappling with multiple long-term care crises that give the illusion that our elderly and frail residents are not worth fighting for. Are these residents worth your fight? This is the question I pose to you today. We need to collectively start envisioning and creating a future that New York is a bastion of high-quality resident facing care for its most vulnerable. This vision is built upon consistent funding and sustainability for New York’s nursing homes and adult care facilities.

Unfortunately, we cannot unravel the years of disinvestment and a Medicaid reimbursement system that only pays 75% of the cost of care. But the State can be more thoughtful and deliberate in how critical funding is appropriated to long-term care facilities. NYSHFA|NYSCAL urges the Legislature to strengthen New York’s nursing homes by increasing the Medicaid rate by 20%, restoring previous years’ capital rate cuts, amending the process by which nursing homes are reimbursed for capital assets, carefully considering the implementation of the patient-driven payment model (PDPM) methodology, and finally, making a commitment to support workforce retention initiatives for skilled nursing workers.

Increase the Medicaid Reimbursement Rate by 20%

Inadequate nursing home reimbursement not only affects nursing home residents and their families, but all New Yorkers who may need acute long-term care at any point in their lives. The State provided a one-year \$285 million Medicaid rate increase in last year's budget, a modest 4.3% increase for nursing homes, and a one-year \$15 million Medicaid increase for assisted living providers. Despite these increases, which as one-year allocations do not get included in the Medicaid base rate going forward, New York's statewide average Medicaid rate only covers 75% of the cost of care, a rate still based on 2007 costs. For FY 2025-26 the Governor has proposed \$385 million for nursing homes and \$15 million for assisted living providers (unchanged from last year).

Last year's one-time increases served as a small step in the right direction. However, providers have not only yet to see the payout of the federal share of this money, and last year's Enacted State Budget simultaneously and devastatingly cut capital reimbursement rates for skilled nursing facilities by 10% -- on top of a 5% capital cut in 2020. These modest increases offset by cuts in Medicaid capital reimbursement demonstrate a State without a clear vision and strategy for ensuring continued access to critical long-term care with ever-increasing growth in its aging population.

The statewide average Medicaid reimbursement rate (to cover operating and capital costs) is \$279¹ per day resulting in a Medicaid reimbursement rate of \$11.62 per hour for 24-hour skilled nursing care. This rate of reimbursement is well below the State's minimum wage and has only exacerbated the inability of providers to compete in the labor market for essential direct care workers.

What New York's aging population needs now is a commitment by the State to fully cover the cost of Medicaid residents and implement initiatives to recruit and retain workers in long-term care. NYSHFA|NYSCAL respectfully requests the Legislature support a 20% Medicaid rate increase to begin to cover the actual cost of Medicaid residents in the State's over 600 skilled nursing facilities and in assisted living programs (ALPs.)

The Legislature has a significant opportunity in its one-House budget proposals to commit to a permanent investment – and make a promise – to cover the cost of Medicaid residents in nursing homes and ALPs instead of forging ahead with proposals at the whim of the changing winds in Albany, proposals that sell nursing home and ALP residents short and set

¹ New York State Department of Health. [Nursing Home Rates](#). Accessed February 5, 2025.

the system up for failure in the provision of long-term care throughout the State. Are these residents, some of whom are your neighbors, family, and friends worth your fight?

Restore the Capital Cut to Support Aging Infrastructure

Last year's final FY 2024-25 Enacted State Budget included proposals that further unraveled the Medicaid rate increase and reduced the ability of nursing home providers to make needed capital investments in their facilities. Over the past five years we have seen the capital reimbursement rate cut by 15%. It is shortsighted policymaking at best to think that providers can continually provide essential care in an environment that continually cuts reimbursement that is critical to the maintenance and upgrade of New York's aging nursing homes.

New York's nursing home infrastructure is aging and facilities require significant upgrades to ensure quality care and resident safety. The capital component of the nursing home Medicaid rate is critical to ensuring ongoing maintenance and continued upgrades in a post-pandemic environment. As such, the capital rate is invested toward the replacement of major fixed equipment such as elevators, HVAC systems, refrigeration, and freezing units; upkeep to all facility components including roofs, windows, doors, and wiring; refurbishment of rooms and all private and public spaces within a nursing home; replacement and refurbishment of all external elements and surfaces of a facility; and the payment of real estate taxes and sales taxes.

NYSHFA|NYSCAL urges the Legislature to restore the combined 15% capital reimbursement rate cut from 2020 and 2024 and dedicate capital funding for skilled nursing providers to modernize facilities and implement necessary technological advancements. A full restoration of these two capital cuts would require a \$41.1 million State share investment. While not insignificant, these critical funds are minimal within the context of a \$35.4 billion State share Medicaid budget.

The financial crisis of the State's nursing homes is rippling across the healthcare continuum, contributing to hospital gridlock, and compromising access to care. Providers continually operate amid a chronic workforce shortage despite the myriad incentives offered to new workers. This sector thrives on compassionate, and passionate, people who genuinely care for our state's elderly and frail. Yet, the State continues to put providers at the forefront of disinvestment. The State's haphazard long-term care policy amounts to a policy of death by a thousand cuts.

Short-term stop-gap measures fail to recognize the continued burden that nursing homes have faced – and continue to face. New York must collectively proceed with a thoughtful long-term coordinated approach in service of the State’s aging population and the providers who support them. Is this a fight you are willing to take on?

Depreciation for Proprietary Nursing Homes

In New York, depreciation for proprietary nursing homes is a key factor in determining Medicaid reimbursement. Depreciation is the process of allocating the cost of a capital asset, such as necessary facility improvements, over 40 years of a facility’s “useful life.” This allows nursing homes to recover the cost of this type of asset over time as they wear out or become obsolete. New York’s Medicaid program allows for straight-line depreciation which evenly spreads out the estimated cost. Medicaid recognizes depreciation as an allowable expense – facilities receive reimbursement for capital costs through the Medicaid rate.

Currently, New York does not have a policy in place for ensuring physical investments in proprietary nursing homes once they are past their 40-year accounting “useful life.” This is due to the elimination of residual equity under the previous administration. Voluntary nursing home homes, however, receive depreciation reimbursement for such investments. It should come as no surprise that investing in pre-existing structures is more cost effective than building new facilities.

NYSHFA|NYSCAL urges the Legislature to amend current Public Health Law language to allow for proprietary nursing homes to put in place a uniform policy that would allow for such depreciation after the 40-year useful life has expired, the same as voluntary facilities. Many nursing homes operate in aging structures that require significant upgrades to ensure quality care and resident safety. Depreciation of assets is a critical financial issue for nursing homes, as outdated infrastructure impacts service quality. As such, the State must recognize depreciation as a significant cost factor in Medicaid reimbursement formulas.

Implementation of the Patient-Driven Payment Model (PDPM) Methodology

New York’s slow, overdue transition to a new payment methodology, the Patient-Driven Payment Model, or PDPM, has introduced complexities in reimbursement structures, impacting skilled nursing providers. PDPM is a case-mix classification model that New York State is transitioning to for its Medicaid reimbursement system. The full transition and implementation of PDPM was intended to occur in October 2024. The FY 2024-25 Enacted State Budget suspended case mix adjustments in January 2024 until the Department of Health completes the transition from the current RUGS-IV classification system to determine reimbursement for nursing home residents to PDPM.

Many states across the country have already successfully implemented PDPM as the primary payment methodology for high-acuity nursing home residents. Because PDPM focuses on each resident's needs, rather than the number of therapeutic services they receive, and adjusts payments to reflect the accurate costs of caring for medically complex residents, PDPM can reduce administrative burdens for nursing home providers.

NYSHFA|NYSCAL urges the Legislature to ensure that the Department of Health works in partnership with providers throughout the transition and implementation of PDPM to make sure that this new system safeguards access to long-term care and adequately reimburses for the delivery of such care.

Authorization of Certified Medication Aides in Nursing Homes

The availability of a trained and competent long-term care workforce is critical as it directly impacts access to care and the ability to provide quality healthcare services. New York State entered the pandemic experiencing a long-term care workforce shortage and the situation has only worsened. Nursing homes would welcome the ability to hire more RNs and CNAs. However, providers are simply unable to find qualified caregivers in the labor market to fill open positions. They are battling a historic labor crisis, and caregiver shortages are only anticipated to worsen in the coming years.

The shortage of CNAs, LPNs and RNs in nursing homes is directly impacting access to care as facilities close units and limit admissions, resulting in significant backups in hospitals and the inability of those in the community to receive necessary care. According to a September 2024 SUNY Center for Health Workforce Studies report on healthcare worker recruitment and retention issues, pervasive shortages continue for a variety of professions across all health care settings, including in nursing homes and assisted living facilities. RNs and licensed practical nurses (LPNs) were reported as the most challenging professionals to recruit and retain in nursing homes, alongside entry-level aides such as nursing aides, certified nurse aides, home health aides, personal care aides, and medical assistants.²

This data is staggering – and with a decline in the number of working age adults and an ever-increasing population of older adults requiring skilled nursing care, workforce shortages in long-term care will continue to be a problem unless the Legislature takes the necessary steps to address both long-term care financing and workforce investment issues as well as scope of practice policies that can promote and enhance healthcare careers. A strong

² State University of New York at Albany, Center for Health Workforce Studies. [“Health Care Worker Recruitment and Retention in New York State: What Are the Issues?”](#) September 2024.

workforce is essential for improving the quality of care in New York’s nursing homes and assisted living facilities.

Allowing certified medication aides (CMAs) to work in nursing homes in New York State would improve efficiency in healthcare delivery while maintaining patient safety. CMAs are trained professionals with specialized education in medication administration and authorizing them to work in nursing homes would help alleviate the burden on registered nurses (RNs) and licensed practical nurses (LPNs). With nursing shortages becoming a growing concern, CMAs can step in to handle routine medication distribution, allowing RNs and LPNs to focus on more complex patient care tasks, such as assessments, care planning, and medical interventions. This shift would enhance workflow efficiency, reduce medication delays, and ensure that residents receive timely and accurate dosages under supervised conditions. The time is now to get nurses back to the bedside providing critical clinical care.

Furthermore, integrating CMAs into nursing home care teams can lead to improved patient outcomes and a higher quality of care. Studies from other states where CMAs are permitted to administer medications have shown positive results, including reduced medication errors and increased resident satisfaction. CMAs undergo rigorous training and certification to ensure their competency in handling medications safely. Additionally, they operate under the supervision of licensed nurses, maintaining a high standard of accountability. By implementing clear regulations and oversight, New York can safely expand the role of CMAs while ensuring compliance. This would not only address staffing shortages but also contribute to a more efficient and patient-centered nursing home environment.

NYSHFA|NYSCAL supports the Governor’s proposal to authorize certified medication aides to administer routine and prefilled medications in nursing homes once trained and able to demonstrate competency. Thirty-eight other states currently authorize CMAs in nursing homes and New York presently authorizes them in assisted living settings.

Interstate Medical Licensure Compact and Nurse Licensure Compact

NYSHFA|NYSCAL supports the Governor’s proposal to join the Interstate Medical and Nurse Licensure Compact to allow nurses to practice in their profession using their existing license to practice in New York. Joining the Compact recognizes the expanded mobility of nurses and the need for coordination and cooperation among states to ensure the health and safety of residents and the benefits to public health through the effective use of advanced communication technologies.

The IMLC and NLC streamline the licensure process for physicians and nurses, enabling qualified professionals to practice across member states with greater ease. Many of our neighboring states, including New Jersey, Connecticut, Vermont, and Pennsylvania, have already joined these compacts. In fact, 42 states and jurisdictions across the United States currently participate in the IMLC and 43 states and jurisdictions participate in the NLC.

By joining these compacts, New York State would take an important step toward addressing the healthcare workforce shortage by expanding the pool of available medical professionals who are needed today on the frontlines in our healthcare system.

Conclusion

The time is now. New York's seniors and those in need of nursing home and assisted living care deserve stability, dignity, access to quality care, and a place to call home. Fair funding today means a stronger, more compassionate future for all. Yet, New York's long-term care facilities are at a crossroads. Without immediate action, many facilities will continue to face financial insolvency, jeopardizing access to care for some of the State's most vulnerable residents. NYSHFA|NYSCAL urges the Legislature to make a true commitment to develop solutions set forth above that will strengthen the long-term care sector for years to come.

NYSHFA|NYSCAL will continue to work together with its partners, with the Governor, and with the Legislature to ensure the continued delivery of high-quality, cost-effective long-term care services throughout New York State. This work and partnership must be a partnership that strives to set forth a deliberate and thoughtful approach to fair funding for the State's nursing homes and assisted living facilities – because when we fight for our most vulnerable, we fight for every New York family's dignity, care, and future. Thank you.

Respectfully Submitted,

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