TESTIMONY OF

THE COALITION OF NEW YORK STATE PUBLIC HEALTH PLANS

ON THE EXECUTIVE PROPOSED SFY 2026 HEALTH AND MEDICAID BUDGET

SUBMITTED FOR THE

Joint Legislative Budget Hearing on Health

SENATE FINANCE COMMITTEE CHAIR LIZ KRUEGER AND

ASSEMBLY WAYS AND MEANS COMMITTEE CHAIR J. GARY PRETLOW PRESIDING

FEBRUARY 11, 2025

About the PHP Coalition

Members of the Joint Legislative Budget Committee: Thank you for the opportunity to testify on behalf of the Coalition of New York State Public Health Plans ("PHP Coalition"). **The PHP Coalition represents eight health plans that collectively serve more 5.4 million New Yorkers enrolled in the State's government-sponsored healthcare programs:**

- "Mainstream" Medicaid Managed Care (MMC),
- HIV Special Needs Plans (HIV SNPs),
- Health and Recovery Plans (HARPs),
- Child Health Plus (CHP),
- Essential Plan (EP), and
- Qualified Health Plan (QHP) coverage offered through the New York State of Health Marketplace.

Most PHP Coalition plans also participate in the Managed Long Term Care (MLTC) and Medicaid Advantage Plus (MAP) programs, and offer Dual Eligible Special Needs Plans (D-SNPs) that integrate Medicaid and Medicare coverage for dually eligible New Yorkers.

PHP Coalition plans are committed State partners, focused on expanding access to coverage and care, while improving healthcare quality for the lowest-income and most vulnerable New Yorkers. Coalition plans specialize in delivering high-quality services to populations that have traditionally faced barriers to care, with the goal of improving health and reducing health-related disparities.

New York's public healthcare coverage programs serve as the backbone of our safety net and are important lifelines to *more than a third of all New Yorkers*. In today's environment, where federal funding for these programs and other areas of the safety net may be at risk, it is critical for policymakers to take action to protect and strengthen these programs—through smart, cost-effective policies that help provide stability and deliver value to enrollees. Foundational to all this is ensuring adequate and transparent funding, including in Medicaid managed care rate-setting.

Codify and Fund the Medicaid Managed Care Quality Incentive Program

The State's Medicaid managed care Quality Incentive Programs (QIPs) play two key roles: (1) funding vital investments in provider quality and community-based initiatives that improve health outcomes for Medicaid enrollees, and (2) helping advance the State's healthcare priorities by incentivizing plans to meet certain targets. Plans that meet State-determined quality metrics earn QIP awards that enable them to pay providers for delivering high-value care and advancing evidence-based practices. In addition to getting much-needed funding to Medicaid providers, the QIPs fund essential services for members, services that improve members' health outcomes, reduce health disparities, and increase quality of life.

For example, Mainstream Medicaid QIP funding enables:

- **Direct investment in high-quality physicians, health centers, hospitals and behavioral health providers**, increasing reimbursement for providers serving Medicaid and funding

new technology, expanded practice hours, and other initiatives to engage members in their care.

- **Technical assistance and continuing medical education** for providers in critical areas like maternal and child health, substance use disorders, and pediatric and geriatric care.
- **Development, testing and scaling effective models of care**, such as **specialized maternal care navigators** for high-risk mothers, **community health workers** to improve cardiovascular outcomes in certain communities, and **care transition supports** for enrollees with schizophrenia.

Despite the positive impacts, State funding for the QIPs has been slashed year after year, decreasing from $189 million in FY20 to just $48 million in FY25, all while the Medicaid program overall continued to grow. This year, The Governor proposed to fund only the Mainstream QIP, at $50 million, and eliminate the MLTC QIP altogether. At this funding level, the QIP would receive just 3.6% of the $1.4 billion in new revenue from the Managed Care Organization (MCO) tax, despite the authorizing statute for that MCO tax calling out Medicaid managed care quality investments as a key use of the new revenue.

Further, the fact that QIP funding allocation is administrative and subject to the uncertainties of the annual budget process has led to **massive instability in the programs, impeding sustainable investment in quality for our safety net healthcare program.** Assemblymember Paulin has introduced legislation this session, Assembly Bill 2044, which would codify the QIP in statute and ensure continued funding for what has become a powerful tool for driving high-quality care in Medicaid.

The Coalition urges the Legislature to sufficiently fund these critical Medicaid quality programs at 1% of the total annual premium paid to managed care providers (roughly $300 million State share) and to include A.2044 in one house and enacted budgets to ensure sustainable funding for what has become a powerful tool for driving high-quality and high-value health care for the State's lowest income residents.

Avoid Unnecessary Administrative Activities and Costs

New York should be prudent in how it allocates its limited resources for its safety net programs, particularly amid ongoing threats to federal support for Medicaid and other critical public coverage programs. The FY26 Executive Budget included a proposal to exclude Medicaid from the Independent Dispute Resolution (IDR) process, a process that involves a third party arbitrating payment disputes between out-of-network providers and plans. The State previously included Medicaid program in the IDR process, even though a process for payment dispute resolution already existed for Medicaid. Of note, the application of the IDR to Medicaid has had the effect of *demotivating providers, particularly specialists, to participate in Medicaid networks*, which has a direct impact on access to care. It has also resulted in some providers who opt out of Medicaid plan networks receiving *significantly* higher payment than providers who participate, ultimately costing the Medicaid program more.

As a result of all this, we urge the Legislature to support the Executive's proposal to exclude Medicaid from the IDR process.

The FY26 Executive Budget also included a proposal to give the Department of Health (DOH) authority to penalize managed care plans, *an authority DOH already has*. This proposal would result in duplicative efforts—DOH already administers plan penalty programs—and further strain limited DOH bandwidth. Instead, the State should focus on strengthening partnerships with managed care plans and using existing authority to achieve its goals.

The Coalition urges the Legislature to reject the Executive's proposal to give DOH additional authority to penalize plans.

Thank you again for the opportunity to provide testimony regarding these critical issues. The membership of the PHP Coalition looks forward to continuing their partnership with the State to ensure strong and sustainable safety net health programs and to best serve the New Yorkers that rely on them.

* * * * *

If you have any questions, please do not hesitate to contact the Coalition's representatives at Manatt, Tony Fiori (AFiori@manatt.com) and Hailey Davis (HDavis@manatt.com).

APPENDIX: MEMBERS OF THE COALITION OF NEW YORK STATE PUBLIC HEALTH PLANS

Plan	Product Lines Offered	Counties Served
Amida Care	HIV SNP	New York City
EmblemHealth	Mainstream MMC, HARP, CHP, QHP, EP	*Public Insurance Programs:* New York City and Nassau, Suffolk, and Westchester counties *EP and QHP*: New York City, Albany, Broome, Columbia, Delaware, Dutchess, Fulton, Greene, Montgomery, Nassau, Orange, Otsego, Putnam, Rockland, Saratoga, Schenectady, Schoharie, Suffolk, Sullivan, Ulster, and Westchester counties
Fidelis Care	Mainstream MMC, HARP, MLTC, MAP, CHP, QHP, EP	Every county in the State (for most product lines)
Healthfirst	Mainstream MMC, HARP, MLTC, MAP, CHP, QHP, EP	New York City, Nassau, Orange, Rockland, Suffolk, Sullivan, and Westchester counties
MetroPlus Health Plan	Mainstream MMC, HARP, MLTC, MAP, CHP, HIV SNP, QHP, EP	New York City
Molina Healthcare	Mainstream MMC, HARP, MLTC, MAP, CHP, EP	*Public Insurance Programs:* New York City, Allegany, Broome, Cattaraugus, Chautauqua, Chenango, Cortland, Erie, Genesee, Livingston, Monroe, Nassau, Onondaga, Ontario, Orange, Orleans, Rensselaer, Seneca, Suffolk, Tioga, Tompkins, Wayne, Westchester, Wyoming counties. *EP:* Allegany, Broome, Cattaraugus, Chautauqua, Cortland, Chenango, Erie, Genesee, Livingston, Monroe, Onondaga, Ontario, Orleans, Seneca, Tioga, Tompkins, Wayne, and Wyoming counties
MVP Health Care	Mainstream MMC, HARP, CHP, QHP, EP	*Public Insurance Programs:* Albany, Columbia, Dutchess, Genesee, Greene, Jefferson, Lewis, Livingston, Monroe, Oneida, Ontario, Orange, Putnam, Rensselaer, Rockland, Saratoga, Schenectady, Sullivan, Ulster, Warren, Washington, and Westchester counties *EP and QHP*: 50 counties in the State
VNS Health	HIV SNP, MLTC, MAP	New York City, Albany, Columbia, Delaware, Dutchess, Erie, Fulton, Greene, Herkimer, Madison, Monroe, Montgomery, Nassau, Oneida, Onondaga, Orange, Otsego, Putnam, Rensselaer, Rockland, Saratoga, Schenectady, Schoharie, Suffolk, Sullivan, Ulster, Warren, Washington, Westchester