COMMUNITY HEALTH CARE ASSOCIATION of New York State

Senate Finance and Assembly Ways and Means
Joint Legislative Hearing: Health
State Fiscal Year 2025-26 Executive Budget Health and Medicaid
February 11, 2025

The Community Health Care Association of New York State (CHCANYS) welcomes the opportunity to provide testimony to the Senate Finance and Assembly Ways and Means Committees on the Governor's State Fiscal Year (SFY) 2025-26 Executive Budget.

Background

CHCANYS is the primary care association for New York's federally qualified health centers (FQHCs), also known as community health centers (CHCs), serving 1 in 8 New Yorkers at more than 800 sites each year. Our association serves as the voice of New York's more than 70 community health centers — the primary care safety net for the state's underserved communities and the key to expanding and strengthening access to comprehensive, high-quality healthcare. CHCs are non-profit, community-run clinics located in medically underserved communities. They provide services to everyone, including behavioral health, dental care, and social supports, regardless of insurance status or ability to pay. The majority of New York's 2.4 million CHC patients are extremely low-income: 71% live at or below the Federal poverty line ($15,000 for a single adult and $31,200 for a family of four) and over 104,000 are unhoused. Most CHC patients rely on Medicaid, with 62% enrolled in Medicaid, CHIP, or dually enrolled in Medicare and Medicaid — accounting for 1 in 5 Medicaid beneficiaries statewide. Furthermore, 12% of CHC patients are uninsured — a rate nearly three times the NYS average. This underscores the vital role CHCs serve as the anchor of the primary care safety net.

CHCANYS SFY 2025-26 Budget Priorities

- **I.** Reform the health center Medicaid payment methodology.
- **II.** Invest $75M (state share) of Managed Care Organization tax revenue into CHCs.
- **III.** Ensure CHCs receive their full Medicaid payment when they deliver care via telehealth regardless of patient or provider location.
- **IV.** Remove the requirement for consent to pay to occur after treatment is provided.
- **V.** Strengthen and expand New York's healthcare workforce through scope of practice reforms and strategic investments.
- **VI.** Safeguard access to low-cost drugs through the 340B program.
- **VII.** Protect and expand investments in key health initiatives.

I. Reform the health center Medicaid payment methodology.

A 2024 analysis from the Urban Institute[1] revealed that CHC costs are, on average, 44% higher than the maximum allowable CHC Medicaid rate. This is primarily due to the base reimbursement rate being set more than 20 years ago based on 1999 costs, with only marginal increases. Additionally, New York's Medicaid reimbursement methodology includes ceilings on operating costs that cap CHC payments, further restricting necessary growth in reimbursement rates. CHCs are now facing an unfathomably difficult situation, with rising operating costs that far exceed reimbursement rates. Costs for personnel,

[1] https://www.urban.org/research/publication/critical-role-new-yorks-community-health-centers-advancing-equity-medicaid

benefits, equipment, medical supplies, and office space are all significantly higher than they were decades ago, further accelerated by the pandemic. With no signs of slowing, these escalating expenses continue to strain already limited resources.

CHCs are having to do more with less to meet the ever-increasing needs of their patients — delivering comprehensive primary and preventive care, and providing social supports including housing, transportation, and food services — while still being reimbursed at a rate based on 1999 costs. This situation is untenable. Additional pressures are created by the healthcare workforce shortages. The financial strains that CHCs face make it increasingly difficult to competitively recruit and retain all types of healthcare professionals, including nurses, behavioral health providers, and dentists. While CHCs strive to offer attractive compensation and benefits, they are unable to match those offered by for-profit providers primarily due to the deficits in CHC Medicaid reimbursement rates. The discrepancy between CHCs' actual costs and reimbursement rates is directly hampering CHCs' ability to sustain and expand access to care.

Adding to the difficulty is the uncertainty created by the new federal administration, with shifting policies and possible funding cuts looming, deepening the financial instability CHCs face and leaving them with an unpredictable future. Nearly 50% of CHC revenue is derived from Medicaid and 13% is federal grant funding. Thus, it is of the utmost importance that New York State acts now to ensure that CHCs have the resources needed to meet the growing demand and continue providing life-saving care and services.

For these reasons, CHCANYS asks the Legislature to advance the language of Community Health Center Rate Reform as detailed in A.67 (Paulin) as part of the budget. Enacting this language would establish a payment rate that accurately reflects the expanded, integrated model of health and social care that is the hallmark of CHCs.

II. Invest $75M of Managed Care Organization tax revenue into community health centers.

CHCANYS appreciates the Governor's recognition of CHCs' need for investment through the inclusion of $10M (State share) specifically earmarked for CHCs in her proposed Executive budget. However, the proposed investment falls short of addressing the true needs of health centers. An immediate and sizeable investment in CHCs is required to provide financial relief while the State works towards greater reimbursement reform.

In 2024, the Senate and Assembly Health Chairs issued a letter to the Commissioner of Health calling for at least 15% of MCO tax investments to be invested in primary care. The Governor has proposed increased support for the physician fee schedule ($50M State share) — which does not impact CHC reimbursement — and a $10M State share investment in CHCs and Diagnostic & Treatment Centers (D&TCs). Although CHCANYS appreciates the investment, it is woefully inadequate and nowhere near the call for 15% commitment for primary care. **As such, CHCANYS requests the Legislature to increase the investment in CHCs and D&TCs to $75M (State share), for a total investment of $150M with federal matching funds.**

III. Ensure FQHCs receive their full Medicaid payment when they deliver care via telehealth regardless of patient or provider location.

Telehealth is a critical access point to healthcare and is integral to the CHC care model. The option to receive care via telehealth decreases barriers that prevent patients from being able to visit a provider in-person, such as lack of transportation, childcare issues, or the need to take time from work. However, the Department of Health's interpretation of current statutory language means that CHCs are receiving just one-third of their standard bundled Medicaid reimbursement rate when both the patient and provider are located offsite.

This policy, however, does not apply to Mental Health Law Article 31 and 32 licensed providers which bill a bundled rate and do not bill separate facility fees, just like health centers. This discrepancy disproportionately impacts CHCs, jeopardizing their ability to sustain telehealth services — particularly in behavioral health, where health centers are at a competitive disadvantage in recruitment and retention for behavioral health providers, who can find fully remote employment opportunities with other telehealth service organizations, many of which do not take Medicaid.

There should be no disparity in telehealth payment policies among Article 28, 31, or 32 licensed CHCs. The fiscal cost to the State of fixing this inequity for health centers would be minimal, just $4.3M, yet the benefits would be transformative. It would expand access to behavioral healthcare, improve workforce recruitment and retention, and provide needed financial support to CHCs who must meet the growing patient demand for care.

CHCANYS urges the New York State Legislature to adopt Community Health Center Telehealth Payment Parity (A.1691 Paulin/S.3359 Rivera) as part of the FY25-26 budget. This will ensure CHCs receive their full standard bundled reimbursement rate for telehealth services, regardless of modality or the location of the patient or provider, while empowering patients to choose the modality — whether that be in-person or through remote care — that best suits their needs

IV. Accept the Governor's proposal to remove the requirement for consent to pay to occur after treatment is provided.

The FY-24-25 enacted budget required healthcare providers to obtain patient consent to bill for medical treatment only **after** that patient received treatment in full. This presents significant operational challenges (disrupting standard billing workflows and increasing administrative complexity) and heightens the risk of non-payment. Healthcare staff would be required to undertake the cumbersome task of contacting patients after services have been rendered — a time-consuming and logistically challenging task that diverts critical resources from patient care. **As such, CHCANYS asks the Legislature to adopt Governor Hochul's health budget Part L, eliminating the requirement to obtain patient consent to be billed after services have been rendered.**

V. Strengthen and expand New York's healthcare workforce through scope of practice reforms and strategic investments.

1. Recognize and allow Medical Assistants (MAs) to administer immunizations

CHCANYS greatly appreciates Governor Hochul's proposal to, once again, authorize licensed physicians and physician assistants to delegate the preparation and administration of the Advisory Committee on Immunization Practices (ACIP) recommended immunizations to Medical Assistants (MAs), pursuant to regulations defining MA training and supervision requirements. This proposal will be instrumental in helping to mitigate the ongoing healthcare workforce shortage in New York, and we highly recommend it be enacted as part of the FY25-26 budget.

MAs already play an essential role in the CHC care team as they are trained in both administrative and clinical roles to assist healthcare practitioners in outpatient or ambulatory care facilities. Many MAs also enroll in credentialed programs and sit for national certifying exams that provide them with the necessary training and education. However, MAs are currently underutilized in NYS because per current State Education Department guidance, MAs are unlicensed persons and therefore cannot administer immunizations. In contrast, neighboring states, such as Connecticut and Massachusetts, recognize MAs and authorize them to provide a variety of health-related services, including administering vaccines.

CHCANYS strongly supports the Governor's proposal to recognize and allow MAs to administer immunizations pursuant to training and supervision and urges the Legislature to adopt this proposal to help alleviate the state's healthcare workforce crisis. This proposal could be further bolstered by harmonizing its language with legislation (A.9802A Fahy/S.9576 Skoufis) introduced during the 2024 legislative session, which sought to achieve the same goal.

2. Support the Governor's dental workforce initiatives

CHCANYS is supportive of the Governor's proposed dental workforce expansion initiatives in Part X of the health budget bill, which aim to address the shortage of dental professionals. These include scope of practice expansions for dental hygienists, allowing them to perform more tasks under the supervision of a dentist pursuant to State Education Department regulations. CHCANYS is also supportive of the proposal to establish the practice of collaborative practice dental hygiene. This model would allow dental hygienists to perform designated procedures, currently within the exclusive scope of dentists, without direct supervision in collaboration with a licensed dentist. This innovative model, applicable in settings like health centers, would help improve access to dental care in underserved communities.

3. Workforce investments and program initiatives

CHCANYS commends Governor Hochul for her continued commitment to workforce development through strategic investments in workforce career programs. The proposed funding for initiatives such as the Doctors Across New York program (DANY), Nurses Across New York Program (NANY), and Diversity in Medicine Program will benefit communities served by CHCs. To enhance these efforts, CHCANYS recommends the Legislature to expand the DANY program to include dentists, offering an incentive for more dental professionals to practice in underserved communities.

New York continues to face critical dental workforce shortages amid rising demand for services, especially amongst those insured by Medicaid. Many foreign-trained dentists are already working in New York in other roles, where their skills are not being utilized to their fullest potential. We ask the Legislature to include language from A.8363A Woerner/S.9216 Stavisky (introduced in the 2024 legislative session) to establish a streamlined pathway to licensure for foreign-trained dentists.

CHCANYS also strongly supports the Governor's proposed scope of practice reforms for physician assistants, particularly the proposal to allowing qualified physician assistants to independently practice in primary care settings and hospitals. In addition, CHCANYS fully supports the expanded scope of practice for physicians, physician assistants, nurse practitioners, and pharmacists related to patient and non-patient specific standing orders and regimens. These reforms will streamline care delivery, improve efficiency, and ultimately lead to improved health outcomes.

CHCANYS welcomes the Governor's continued efforts to allow New York to join the Nurse Licensure Compact. Joining this compact is a significant step towards addressing New York's workforce shortage issues by granting providers access to a ready-to-work, experienced pool of nurses to recruit from. In addition to this proposal, CHCANYS encourages New York to lead the way in streamlining licensure processes and offer reciprocity for out-of-state licensed dental and behavioral health providers. CHCs have highlighted that they are facing similar challenges in the dental and behavioral health workforce when trying to hire out-of-state licensed dental and behavioral professionals. As a first step, CHCANYS recommends the Legislature to expand the Temporary Licensure for Out-of-State Physicians and Nurses (Chapter 136 of 2023) to include out-of-state dental providers.

VI. Safeguard access to low-cost drugs through the 340B program.

CHCANYS asks the Legislature to instill protections against 340B contract pharmacy restrictions. For more than 30 years, the Federal 340B drug discount program has allowed safety net providers like CHCs, known as "covered entities," to purchase pharmaceutical drugs at steep discounts. CHCs then reinvest these savings to expand access to care, as required by the Health Resources and Services Administration (HRSA). Although New York has carved the Medicaid pharmacy benefit out of Medicaid Managed Care, there are still opportunities for CHCs to avail themselves of the 340B program through Medicare and commercial insurance. However, recent actions by pharmaceutical manufacturers, pharmacy benefit managers (PBMs), and other entities have diminished 340B savings. PBMs have imposed restrictive terms and audits specifically targeting 340B covered entities, with some manufacturers now preventing CHCs from obtaining 340B-priced drugs at multiple contract pharmacies. This restricts CHCs' ability to serve patients, particularly in geographically isolated, underserved areas. CHCANYS is in strong support of S.1913 (Rivera) and requests the Legislature add it to their one-house budget to safeguard 340B savings and ensure patients can accessibly obtain their medications.

VII. Sustain existing investments in key health initiatives.

CHCANYS is supportive of the Governor's investments in key health initiatives, as outlined below, and asks the Legislature to maintain them:

- Diagnostic & Treatment Center Safety Net Pool: This year's proposed Executive budget includes $54.4M in state share funding which partially reimburses CHC expenses for providing care to individuals who are uninsured.
- Patient Centered Medical Homes (PCMH): New York's PCMH program integrates various practice capabilities such as coordinating patient-centered care delivery, promoting population health, and utilizing health information technology for evidence-based care. It is a critical piece of CHCs' overall funding.

- Health Homes: Health Homes enhance care coordination for eligible populations, including those with two or more chronic conditions, those living with HIV/AIDS, or individuals experiencing serious mental illness. Individuals are provided with intense care management to avoid hospitalizations and manage their conditions, preventing healthcare emergencies.
- Migrant and Seasonal Farmworkers Funding: CHCANYS supports the Governor's continued funding of $406,000 for the Migrant Health Care program, which is an essential program to enable the provision of vital services to over 24,000 migrant and seasonal agricultural workers and their families. This funding enables CHCs to provide primary and preventive services, education, dental care, and vaccines to keep farmworkers healthy.
- School-Based Health Centers: School-Based Health Centers are an indispensable component of New York's healthcare system, helping to safeguard the well-being and educational success of children across the state. Community health centers operate more than half of New York's 260+ SBHCs — providing comprehensive primary care, including mental health and dental services, directly on-site at schools to over 250,000 children throughout the State. While CHCANYS supports the Governor's funding levels for SBHCs, **concerns remain about the implementation of the SBHC carve-in to managed care and we ask that SBHCs be permanently carved out of the program to preserve their ability to serve students effectively**.
- Area Health Education Centers: Health centers frequently partner with AHECs, which play a key role in training health professionals and driving efforts to increase the number of providers in medically underserved communities.

Conclusion

The Community Health Care Association of New York State respectfully urges the New York State Legislature to act on the following measures to strengthen the primary care safety net and to ensure continued access to high-quality, affordable, comprehensive community-based care for all New Yorkers.

- Reform community health center reimbursement rates
- Invest $75M (State share) of MCO tax revenue in community health centers
- Ensure CHCs receive their full Medicaid rate regardless of patient or provider location in telehealth
- Keep SBHCs out of Medicaid managed care
- Protect access to 340B-priced drugs at contract pharmacies
- Support:
    - Scope of practice reforms and workforce initiatives
    - HMH Budget Part L revising patient consent to bill requirements
    - Funding for:
        - Patient Centered Medical Homes
        - D&TC Safety Net Pool
        - Migrant & Seasonal Farmworkers Program
        - School-Based Health Centers
        - Area Health Education Centers

CHCANYS is grateful for the opportunity to submit this testimony. For any questions, please contact Marie Mongeon, Vice President of Policy, at mmongeon@chcanys.org.