



**Joint Legislative Public Hearing on the 2027 Executive Budget Proposal:
Health/Medicaid**

**Written Testimony of Dr. James V. McDonald
Commissioner
New York State Department of Health
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Good morning, Chairpersons Krueger, Pretlow, Rivera, and Paulin, Ranking Members Gallivan and Jensen, and members of the Senate and Assembly Health, Senate Finance, and Assembly Ways and Means Committees.

I. Introduction

I am happy to be here to testify on Governor Hochul's Executive Budget for Fiscal Year 2027 as it relates to the health and wellbeing of all New Yorkers. While the entire budget addresses affordability, safety and our future, my comments today will highlight some of the Governor's proposals that focus on the Department of Health's (the Department's) budget. Joining me is Medicaid Director Amir Bassiri.

The mission of the Department of Health is to "protect and promote health and well-being for all, building on a foundation of health equity." We updated the mission in early 2024 to reflect the agency's values. It remains our mission today.

II. Budget Context

The entire Fiscal Year 2027 proposed state budget is \$260 billion – an increase of \$5.6 billion from last year's Budget. The entire Department of Health Budget as proposed is \$111.9 billion, a decrease of \$3.2 billion from last year. Medicaid accounts for \$99.9 billion of the State's budget, up from \$93 billion from FY 2026, and the Essential Plan accounts for \$3.8 billion, a decrease of \$10.8 billion reflecting changes

from H.R.1. The remaining \$8.1 billion is for everything else the Department does, including public health, the Women, Infants, and Children program, Early Intervention, Wadsworth, and more.

Please keep in mind that 61% of the Department of Health budget is supported by federal funds, primarily due to our Medicaid and the Essential Plan programs. Also, kindly note, 97% of the Department's budget is in Aid to Localities. In other words, the vast majority of our budget is used to help all of our constituents, or our 20 million patients.

III. Medicaid and the Marketplace

Medicaid currently ensures health care for 6.8 million New Yorkers, down from a peak of 8 million during the public health emergency. However, it is important to remember, Medicaid does so much more than provide for direct patient care. The 1115 Waiver is an example of how New York is leveraging our current demonstration project with the Centers of Medicare and Medicaid Services (CMS) to improve population health, expand and enhance our workforce, and help safety net hospitals.

New York opted to establish the Essential Plan in 2015, which currently helps over 1.7 million working New Yorkers access health care at no cost. Due to the enactment of H.R.1, which cut half of the funding that supports the Essential Plan, we have submitted a request to terminate our 1332 waiver and revert to the Basic Health Program, as authorized under Section 1331 of the Affordable Care Act. This action would preserve Essential Plan coverage for 1.3 million people. Under federal law, Basic Health Program eligibility is limited to twice the federal poverty level so this would mean that over 450,000 current higher income enrollees would become ineligible for the

Essential Plan. Many of these individuals would be eligible for Qualified Health Plans with federal premium tax credits, but this coverage will not be as affordable as the Essential Plan. While we are hopeful that CMS will approve our transition back to the Basic Health Program, the Financial Plan reflects a “worst-case” scenario in which our request to terminate the 1332 waiver is not approved. Were this to happen, over 500,000 lawfully present immigrants would shift to state-only funded Medicaid at a cost of over \$2 billion a year.

IV. Fiscal Year 2027 Health Investments

a. Safety Net Transformation

This budget builds off the success of the prior years’ Safety Net Transformation Program by investing \$1 billion in capital funding and at least \$330 million in operational funding, which will allow the Department to approve even more projects. Other Fiscal Year 2027 investments include up to \$1.5 billion from the Healthcare Stability Fund for hospitals and nursing homes to address operational costs, as well as a continuation of investments which were planned as part of last year’s budget.

b. Workforce

New York will continue its robust investments to support healthcare workers in Fiscal Year 2027. The Department will be spending over \$415 million next year, in a variety of ways, to build and grow a strong healthcare workforce. The programs include introducing health professions to young people, helping students complete their education, and supporting professionals with their student loans payments.

In 2025, the Department hosted hundreds of nursing leaders at a nursing summit to better understand issues related to nursing including workplace violence, recruitment,

and retention, and to facilitate the sharing of best practices. We remain committed to listening to the field and developing policy solutions that meet their needs.

c. Scope of Practice

We have also heard loud and clear from stakeholders about the need for changes in scope of practice to remove outdated bureaucratic restrictions so providers can safely and efficiently meet the needs of their patients. We have worked with the State Education Department to develop a strong proposal to allow medical assistants to administer vaccines after appropriate training.

We have also heard from nursing homes that they still face challenges hiring staff. It is critical for New York to join the other 38 states that allow Certified Medication Aides to administer routine medications. This flexibility will help nursing homes better deploy and delegate staff so they can provide high quality care to residents.

Further, we have worked with the Physician's Assistants (PAs) to strengthen our proposal to allow PAs with sufficient hours of training to practice independently in hospitals and primary care settings, expanding the reach and availability of this critical clinical profession to more New Yorkers.

d. Medical Indemnity Fund

New York is one of three states that has a neurological birth injury fund alternative to provide for future health care costs of eligible individuals. The New York Medical Indemnity Fund remains solvent, and this year we are proposing to add \$75 million on top of the base \$52 million in funding, along with common sense reforms to put the State on a path towards long-term sustainability.

e. Cardiopulmonary Resuscitation (CPR) Readiness

This budget also invests \$3.2 million to enhance cardiac arrest survival throughout New York State by increasing the number of public access defibrillators in each county. This effort, combined with using regional training hubs to increase the number of New Yorkers who are trained in hands-only CPR, will save lives. Our data shows that CPR saves about 750 lives a year in New York, and our goal for this program is to increase that number by 30%.

f. Vital Records

The Department's Bureau of Vital Records, for the first time in five years, has halted growth of the backlog of requests for records, and reduced our document request backlog for certain records by 3 months. This year's budget includes \$7 million to improve services in Vital Records. With this investment, we will be able to recruit more staff and help reduce backlogs. If enacted, these proposed investments will help to further reduce processing times to ensure that New Yorkers receive access to their vital records and genealogical records in a timely fashion.

g. Artificial Intelligence (AI)

There is a \$1.5 million investment for the Department to develop expertise in artificial intelligence usage in healthcare and growing applications. We will also create an AI governance model to evaluate these tools and share best practices with the healthcare field.

h. Nutrition

Access to healthy food is an important social determinant of health. There are several investments in this budget designed to help optimize the nutrition of New Yorkers and build on the Governor's \$65 million investment in emergency food

assistance to feed New Yorkers while there were federal Supplemental Nutrition Assistance Program (SNAP) disruptions. The proposed FY 2027 budget continues \$57 million in funding for the Hunger Prevention and Nutrition Assistance Program (HPNAP), and provides an additional \$15 million investment, which brings our total investment in this program to \$72 million. Nourish New York, a program administered with the Department of Agriculture and Markets, has a \$5 million investment boost, increasing our investment to \$55 million. This is all on top of the \$623 million we spend on WIC, whose enrollment increased by 3% from September of 2024 through September of 2025. There is also a \$10 million investment in helping food banks make capital improvements via the new NY PLATES program.

i. Water Infrastructure

This budget includes a \$3.75 billion investment over the next five years to support and protect our state's clean water infrastructure, and a portion of this investment will be allocated to drinking water supply protection. The Department has also received \$369 million from the Bipartisan Infrastructure Law to replace lead service lines. The Department has utilized \$23 million in Clean Water Improvement Act funding to assist in replacing service lines which would not otherwise be covered under the Bipartisan Infrastructure Law. In 2025, the Department implemented the Lead Rental Registry in New York which will ensure homes are safe for children and free of lead before they move in.

j. Rural Health Transformation Program

The Department entered into a cooperative agreement with the Centers for Medicare and Medicaid Services for \$212 million for the first year of an anticipated 5-

year award for the Rural Health Transformation Program. These investments will help improve access to care, technology deployment, and strengthen the rural healthcare workforce.

V. Conclusion

In closing, I would like to say a few words about collaboration. Earlier last year, we joined a few other states in founding the Northeast Public Health Collaborative. The Collaborative is an apolitical force multiplier of 16 health departments advancing the public's health.

Collaboration is important. I am reminded that in 1901, it was people like you, elected leaders, who enacted legislation with then Governor Benjamin O'Dell to create the New York State Department of Health. The Department is celebrating its 125th birthday in nine days on February 19th. In these past 125 years, the Department has grown to one of the largest and most effective health departments in the world.

We live in unusual times. Public health is under assault like never before. During my tenure as Commissioner of Health, together, we have made great changes. Together, we have invested in nursing home surveyors to protect our most vulnerable, we cut runaway administrative costs in the Medicaid pharmacy program by creating NYRX with no impact on patient access, and we have shored up New York State's reproductive freedoms and installed protections for gender-affirming care. I remind my team often, the federal government is not making our job harder, it was already hard, it is making it more important. That is true for me, it is also true for you as well, as we are

all in this together. There has never been a more important time to stand up and fight for New Yorkers.

Thank you. I look forward to your questions and dialogue.