

HANYS' FY 2027 state budget testimony

Joint legislative hearing of the Senate Finance and
Assembly Ways and Means committees

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President



Good afternoon, Chairs Krueger, Pretlow, Rivera and Paulin, and committee members. I am Bea Grause, president of the Healthcare Association of New York State. HANYS represents nonprofit and public hospitals, health systems and post-acute providers across New York.

I thank you for this opportunity to discuss the fiscal year 2027 executive budget proposal. HANYS and our statewide members appreciate your ongoing commitment to supporting our state's healthcare system so that all who rely on it can access the high-quality care they need and deserve.

I am retiring this coming June, so this is the last time I will testify before this body. I thank every one of you for your service and dedication to all New Yorkers.

We have much to be proud of – and much to protect

There is so much to be proud of in New York's healthcare system. We are home to some of the world's best hospitals, centers of innovation, leaders in clinical quality and teachers of our next generation of healthcare professionals.

Despite the challenges I'll describe below, New York's hospitals and health systems remain relentlessly focused on their mission to meet the healthcare needs of their patients and communities, 24/7/365 — caring for 55.6 million outpatients, 8.4 million individuals in emergency rooms and 2.2 million admitted patients in a single year. ¹

In doing so, hospitals and health systems also are critically important economic engines. In 2024, hospitals and health systems in New York generated \$247 billion in economic activity through jobs and the purchase of goods and services, representing 10.4% of New York state's entire gross domestic product. Often the largest employers in their communities, hospitals and health systems support nearly one million jobs in New York state, providing nearly \$67 billion in direct salaries and benefits to their employees.

Many New Yorkers across the state have access to exceptionally strong and high-performing health systems. But while these pillars of excellence stand tall, the system as a whole remains fragile. We must continue the difficult work of preserving and stabilizing the entire statewide delivery system to support the health of every New Yorker.

Our health system's acute-on-chronic condition

In healthcare, the term "acute-on-chronic" describes a situation where a patient with an existing long-term chronic condition experiences an unrelated acute healthcare problem that dramatically worsens their health. Unfortunately, despite our collective best efforts, this healthcare term best describes the status of New York's healthcare system today.

¹ HANYS (December 2025) Economic and Community Benefit Report.

https://www.hanys.org/government_affairs/community_benefit/docs/statewide/statewide.pdf

New York's long-standing chronic challenges

HANYS' data-driven report, [The Case for Change](#), which I have spoken about directly with many of you and included in my testimony to this body last year, documented four chronic, compounding drivers pushing New York's healthcare system toward an "existential cliff":

- increasing and changing demand for healthcare services;
- a workforce that cannot meet demand;
- persistent health disparities; and
- an affordability crisis touching patients, employers, payers and providers.

As I've said to you before, addressing these drivers will take time and persistence. The investments that Gov. Hochul and the Legislature have made in hospitals and nursing homes in recent years have helped manage these chronic challenges, but these challenges have not gone away.

A joint survey conducted by HANYS and allied association partners revealed that hospitals statewide projected only a breakeven median operating margin of 0.1% in 2025.² Such a margin leaves no room to make new and needed investments in patient care, let alone absorb any new cuts or costs imposed by federal or state policies.

Despite these financial pressures, hospitals continue to invest in their most important asset: their people. Since 2022, overall hospital labor spending has increased 23%, in contrast to a general inflation increase of just 9%. The ever-increasing costs of drugs (up 71%), supplies (up 25%) and energy (up 15%) comprise additional compounding pressures on hospitals and health systems.

We must take action this year: eighty percent of hospitals responding to our joint survey reported continued shortages of nurses and other clinical and non-clinical personnel. The state must continue to take actions that further alleviate workforce pressures and support access to care.

The acute and severe impacts of H.R. 1

Layered on top of these chronic challenges, our healthcare system now faces acute shocks resulting from the enactment of H.R. 1. This new federal law drastically reduces federal healthcare funding support for New York, limits healthcare coverage options for New Yorkers and lowers reimbursement rates for hospitals and health systems — providers of care that are already underpaid for most of the services they provide.

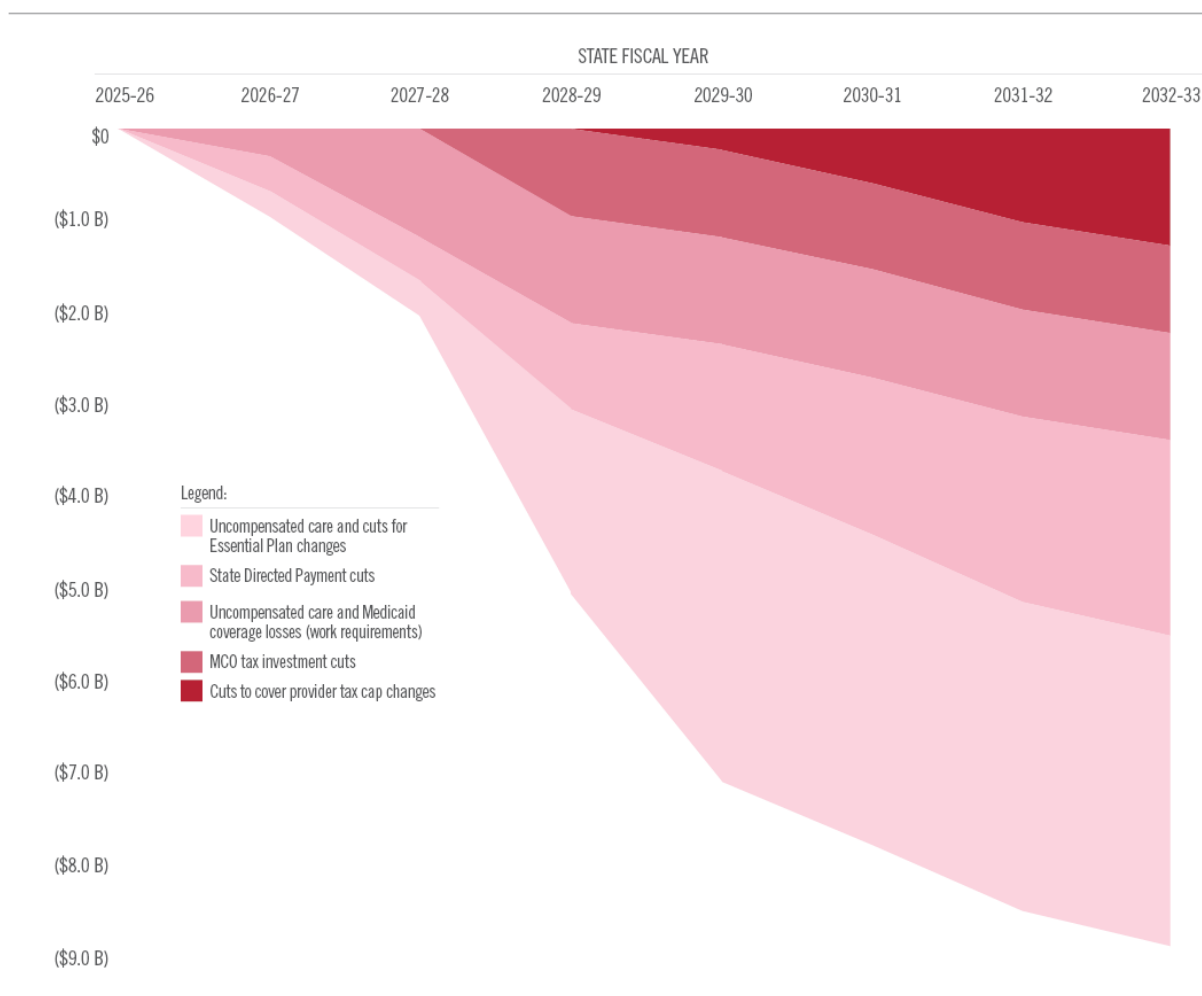
The long-term, harmful impacts of H.R. 1 — amid other federal policies damaging to hospitals and health systems — will pose an extraordinary challenge. HANYS estimates the financial exposure to

² HANYS, Greater New York Hospital Association, Healthcare Association of Western and Central New York, Suburban Hospital Alliance of New York State, Iroquois Healthcare Association (November 2025) New York State Hospitals Fiscal Survey Report. <https://www.hanys.org/communications/publications/2025/new-york-state-hospitals-fiscal-survey-report-nov-2025.pdf>

hospitals to be \$1 billion in FY 2027, growing to an astonishing \$8 billion or more every year by FY 2033 when the provisions of H.R. 1 are fully implemented. ³

To consider these impacts another way, hospitals in New York are facing approximately \$30 to \$50 billion in exposure over the next eight years.

New York State Hospital and Health System Exposure under H.R. 1



Access the data sources and methods HANYS and GNYHA used to develop this analysis: <http://hanys.org/HR1-analysis-notes>.
Graph above reflects low-end estimates.

³ HANYS and GNYHA (February 2026) New York State Hospital and Health System Exposure Under H.R. 1. <http://hanys.org/HR1-analysis-area>

Addressing New York hospitals and health systems' acute-on-chronic condition

The acute-on-chronic challenge facing hospitals and health systems requires the state to take action this year. The state must continue to address the changing healthcare demands of New Yorkers, workforce pressures, persistent inequities and all stakeholders' affordability concerns; confront the immediate fallout from H.R. 1; and begin to put in place longer-term protections to bolster providers' resilience and forestall diminished access to care as H.R. 1's provisions take effect.

HANYS appreciates that the executive budget maintains and builds upon prior year healthcare investments and advances policy proposals intended to bolster hospitals and health systems. The governor's proposal represents a constructive foundation on which further improvements should be made.

With these considerations in mind, HANYS advances the following responses to select FY 2027 executive budget provisions.

Maintain and build upon proposed hospital and nursing home investments, including Medicaid rates, supportive funding and transformation programs

HANYS appreciates the recent work by the governor and Legislature to:

- improve Medicaid payment rates;
- maintain investments in supportive funding programs that enhance Medicaid payment for financially distressed safety net hospitals; and
- invest in capital initiatives like the Safety Net Transformation Program.

Combined, these three actions are helping to close the Medicaid payment gap while promoting a pathway to maintain and improve access to high-quality care across all areas of the state. We must continue this work together.

General Fund revenues are currently outperforming projections, enabling the governor to propose significant new support for hospitals and nursing homes through the creation of Targeted Healthcare Investments — \$750 million in FY 2027 and \$500 million annually thereafter through FY 2030. This meaningful commitment by the governor will help offset the adverse payment and cost pressures that hospitals and other providers are expected to face under various provisions of H.R. 1.

In addition, following sustained advocacy by HANYS, our association partners, members of New York's congressional delegation and state policymakers, CMS confirmed — after the release of the executive budget — that New York may collect MCO tax revenues for eight of the nine quarters the state originally budgeted for, rather than the five quarters assumed in the executive budget. This clarification preserves approximately \$1.2 billion in unanticipated state-share resources intended to support provider investments.

However, this revenue source is temporary. Under CMS' final rule, New York's MCO tax cannot continue beyond Dec. 31, 2026. This means the investments relying on MCO tax revenue face a hard fiscal cliff as we approach the FY 2028 budget — precisely when federal changes under H.R. 1 are expected to place additional strain on the Medicaid program and begin to grow in earnest as

described above. This reality underscores the need to deploy these dollars in a way that further protects hospitals and nursing homes during this transition.

Recommendation: *To maintain provider stability throughout the H.R. 1 implementation period, HANYS urges the Legislature to build on the governor's proposal by explicitly adding the \$1.2 billion in newly available MCO tax revenues to the Targeted Healthcare Investments for hospitals and nursing homes and spreading the use of that funding across multiple years through FY 2030. Directing these resources to hospitals and nursing homes — and not diverting these essential resources in other ways, such as offsetting Medicaid Global Cap overages — will create a clear, intentional and meaningful multi-year funding strategy that helps begin to safeguard providers against the anticipated impacts of H.R. 1.*

HANYS advances for consideration the following additional recommendations regarding key fiscal-related provisions of the executive budget:

Recommendations:

- **HANYS supports** the executive budget's preservation of most of the **promised investments for hospitals and nursing homes funded by the MCO tax** from the FY 2026 enacted budget and the continuation of those investments for FY 2027; specifically:
 - 10% Medicaid outpatient payment increase;
 - increase in State Directed Payments for Critical Access Hospitals and Sole Community Hospitals;
 - operating support for the SNTP; and
 - funding to increase nursing home payments via a per-day add-on.
- **HANYS supports** the executive budget's commitment of **\$1 billion in new capital funding dedicated to the SNTP** and we continue to press for strong regional considerations when making awards.
- **HANYS supports** the executive budget's **restoration of the 10% cut to the capital component of nursing home rates** using redirected funds.
- **HANYS supports** the executive budget's extension of the current **Indigent Care Pool** methodology through FY 2029.
- **HANYS supports** the executive budget's commitment to the **federal Rural Health Transformation Fund** — including quick release of allocation details and applications once finalized.
- **HANYS supports** the executive budget's increased funding commitment (\$127 million total) and payment methodology changes to sustain the **Medical Indemnity Fund** through FY 2027 — a fund essential for MIF participants and hospitals.

Reject funding cuts and policy proposals that threaten provider stability and patient access to care

As stated previously, the executive budget proposal for FY 2027 establishes a strong foundation for supporting hospitals and health systems as they confront H.R. 1 and other damaging federal actions. However, it is counterproductive to invest in hospitals and health systems while also proposing funding cuts and not pursuing policies that would bolster many providers without imposing additional state costs.

Include 340B protections for participating hospitals and other providers

The federal 340B Drug Pricing Program allows eligible hospitals, federally qualified health centers and other “covered entities” to purchase outpatient drugs at discounted prices from drug manufacturers. These savings help safety net providers sustain operations and invest in patient care.

However, drug manufacturers, pharmacy benefit managers and others are imposing barriers to limit providers’ ability to fully benefit from 340B savings by restricting the use of contract pharmacies and imposing other burdensome and discriminatory practices. These actions further weaken safety net providers and jeopardize New Yorkers’ access to care.

Importantly, 340B drug discounts come directly from drug manufacturers and represent only a small share of pharmaceutical industry revenue. When these savings are eroded, hospitals and other providers are forced to turn to the state government to make up the shortfall. Preserving the financial stability and service capacity of 340B providers prevents a cost shift to New York state and its Medicaid program.

More than 20 states have acted to protect contract pharmacy arrangements⁴ and 37 states have acted to protect 340B providers from discriminatory practices by drug manufacturers and PBMs.⁵ With the extraordinarily detrimental impacts of H.R. 1 on hospitals, 340B offers one of the strongest tools left to protect New York’s safety net hospitals and preserve New Yorkers’ access to care.

Recommendation: HANYS urges the Legislature to prohibit pharmaceutical companies and PBMs from imposing discriminatory practices that undermine the 340B program by including the 340B Prescription Drug Anti-discrimination Act (S.1913/A.6222) in the FY 2027 enacted budget.

Reject proposed VAPAP cuts

The executive budget proposes to cut \$520 million in state funds from the Vital Access Provider Assurance Program — a program that provides support to hospitals experiencing serious financial instability and requiring extraordinary financial assistance to maintain operations and provide vital

⁴ NACHC Blog (October 2025) A Year in Review: State Legislative Trends in 340B in 2025.

<https://www.nachc.org/a-year-in-review-state-legislative-trends-in-340b-in-2025/>

⁵ America’s Essential Hospitals (May 2024) States Pass 340B Contract Pharmacy, Nondiscrimination Legislation. <https://essentialhospitals.org/states-pass-340b-contract-pharmacy-nondiscrimination-legislation>

services. The program is a lifeline for many hospitals in New York state, where 29% of all hospitals are considered financially distressed.⁶

VAPAP funds are especially important as they reflect state-only funds that can be leveraged quickly to solve emergency funding issues. As hospitals confront unprecedented, multi-year challenges driven by H.R. 1 and other harmful federal fiscal policies, the unfortunate reality is that more hospitals — not fewer — may require access to this support.

Recommendation: *HANYS urges the Legislature to restore the \$520 million the executive proposes to cut from VAPAP and support a full \$3.25 billion commitment for supportive funding programs for financially distressed safety net hospitals and other providers, including VAPAP, the Global Budget Hospital Initiative, Directed Payment Template programs and the Vital Access Provider program.*

Reject Excess Medical Malpractice Program reductions

New York state continues to hold the notorious distinction of paying more in medical malpractice awards than any other state. From 2009 to 2018, New York's medical malpractice awards totaled \$7 billion — the highest in the nation.⁷ The second closest state, Pennsylvania, paid \$3.4 billion. In 2022, medical malpractice awards in New York totaled \$551 million — the highest in the nation and significantly higher than the second-closest state.⁸ This medical liability environment significantly impacts the cost of medical malpractice insurance coverage for providers practicing in the state.

Nearly 40 years ago, New York recognized the need to ensure the state maintains a robust network of qualified physicians to provide care to its residents and established the Excess Medical Malpractice Program. The program provides physicians with an additional layer of medical malpractice insurance coverage above the policy limits provided by primary malpractice coverage. The executive budget proposes to cut the state contributions for this program by \$39.25 million in FY 2027 and \$19.6 million in FY 2028, thus covering only half of the costs that it had previously covered. It would also restructure the program to require physicians and dentists to purchase excess coverage directly from the insurer.

Recommendation: *Reject the executive proposal to cut support for the Excess Medical Malpractice Program by 50%, which could threaten the ability of some physicians and dentists to continue practicing in New York.*

Reject proposals to cut outpatient payments to hospitals

⁶ New York State Division of the Budget (2026) FY2027 NYS Executive Budget Briefing Book.

<https://www.budget.ny.gov/pubs/archive/fy27/ex/book/briefingbook.pdf>

⁷ Rosenbaum & Associates Medical Malpractice (2019) A Comprehensive Look at Medical Malpractice Statistics. <https://www.rosenbaumfirm.com/medical-malpractice-statistics.html>

⁸ Cohen, Placitella & Roth (2022) Medical Malpractice Payouts by State: A Comparison Guide.

<https://cpirlaw.com/blog/medical-malpractice-recoveries-by-state-a-comparison-guide>

HANYS recognizes that healthcare affordability is a growing concern for all stakeholders — patients, providers, employers and state and federal government. We remain committed to helping to develop solutions to address this affordability challenge.

However, although outside of the executive budget, HANYS strongly opposes harmful proposals that would artificially cap hospital outpatient payments (S.705-A and A.2140). These policies fail to recognize that appropriate payment levels help support the people, technology and compliance levels needed to maintain off-campus hospital outpatient departments, which are often the only sources of primary care in communities across the state. Notably, these policies also run counter to the investments in outpatient care proposed in the executive budget.

Recommendation: *HANYS urges the Legislature to reject hospital outpatient payment policies that set unsustainable reimbursement rates for services provided by HOPDs. These policies undermine patient access to services and threaten hospitals' capacity to provide quality healthcare services for all patients.*

Preserve and enhance access to care by embracing common sense workforce policies, innovative care models and insurer guardrails

Maintaining a robust and stable healthcare workforce is the cornerstone of providing quality care. HANYS strongly supports efforts to address the immediate workforce needs of today, while building the pipeline of healthcare workers we will need in the future.

The governor's executive budget advances a series of proposals that, when taken together, will help our hospitals and nursing homes — and the professionals working in them — provide the care that New Yorkers deserve. Importantly, the following proposals would add minimal to no new costs to the state.

Staffing flexibilities

Right now, many talented healthcare professionals are unable to put the full scope of their knowledge and training into practice because of regulatory restrictions; many perform administrative and basic clinical tasks that could be delegated to individuals without their higher credentials. New York's healthcare workforce desperately needs greater flexibility and modernized oversight to meet patient needs in all care settings, from hospitals to the community and at home. HANYS supports common-sense policies that better leverage the skills of individuals already working in settings across the continuum of care.

Recommendations: *We urge the Legislature to support the governor's proposals that enable healthcare professionals to practice at the top of their credentials and training, including:*

- **Physician assistants:** allowing experienced PAs to practice without the supervision of a physician in certain settings;
- **Certified medication aides:** authorizing CMAs to administer routine and prefilled medications in residential healthcare facilities under the supervision of a registered nurse;

- **Medical assistants:** allowing qualified medical assistants under the supervision of a physician, nurse practitioner or physician assistant to draw and administer immunizations to patients in an outpatient setting; and
- **Emergency medical services practitioners:** allowing EMS practitioners to administer immunizations under non-patient-specific orders prescribed by a physician or nurse practitioner.

Temporary practice permits

While the aforementioned proposals will undoubtedly help address some of the many workforce challenges facing our healthcare system, HANYS encourages the governor and Legislature to support and include additional measures in this year's budget. Recent investments intended to support and increase the state's healthcare workforce are greatly appreciated and essential to addressing our current workforce challenges. However, to truly make meaningful progress in confronting these challenges, it is equally critical that the state support and embrace policies intended to modernize and streamline state oversight of various professions.

Specifically, HANYS strongly supports the inclusion of language in the final budget agreement that would authorize the State Education Department to provide 180-day temporary practice permits to qualified registered nurses, licensed practical nurses and physicians who are licensed and in good standing in another U.S. state or territory and have accepted permanent employment in New York.

This measure builds upon temporary flexibilities previously provided via prior executive orders. However, the proposal HANYS is urging the governor and Legislature to consider today narrows that previous authorization by ensuring that only qualified professionals who have accepted a *permanent* employment position with an organization within the state would be eligible for a temporary practice permit.

Importantly, all professionals practicing under temporary authorization would be subject to the disciplinary and regulatory authority of the New York State Board of Regents, just as if they held a full license. This approach would ensure that qualified professionals can begin working without unnecessary delays, while maintaining appropriate safeguards and supporting long-term workforce stability.

Recommendation: *We urge the Legislature to authorize the issuance of temporary practice permits to qualified RNs, LPNs and MDs in certain circumstances, which would remove unnecessary barriers to practice and expand access to care.*

Enhanced oversight of temporary healthcare services agencies

Hospitals and nursing homes across the state have consistently had to rely on costly temporary staffing agencies to fill critical healthcare positions as workers retire, change careers or, in many cases, shift to contract work themselves. As demand for these contract workers has grown, agencies have charged exorbitant rates and fees, often with little transparency around their practices or policies.

Article 29-K of the Public Health Law, enacted in the FY 2024 budget, was an important first step toward curbing these abusive practices by establishing reporting requirements. HANYS supports the executive budget proposal to build on this progress by expanding existing record-retention and wage-reporting requirements and by creating maximum profit limits for temporary staffing agencies. The executive budget also includes \$4.2 million for the Department of Health to develop guidance and share best practices to help hospitals and health systems secure temporary staff more efficiently.

While we appreciate the need to ensure that state oversight and proposed guardrails do not have the unintended effect of limiting the availability of needed temporary staff, HANYS believes the governor's proposal strikes a balanced approach that would support stronger oversight without compromising access.

Recommendation: *HANYS supports the governor's proposal to further address inflated contract labor costs.*

Ensure the right care in the right place to meet growing patient demand

HANYS supports initiatives in the budget that expand access to new models of care that would improve patient experience and outcomes, capitalize on existing workforce resources and reduce emergency department overcrowding and bed shortages.

Community paramedicine demonstration program

The executive budget advances policies that would strengthen and modernize EMS and allow hospitals and emergency medical technicians to provide more care to patients in their homes and communities. Specifically, the executive budget would extend and expand the existing integrated and community paramedicine program to help facilitate more appropriate use of emergency care resources. This program allows EMTs to provide non-emergent care outside of traditional emergency response and transport roles. Existing programs could continue operating for up to eight years, through May 21, 2031. Up to 99 new or modified programs would be permitted to run for two years, with the opportunity for extensions. HANYS urges the Legislature to make the program permanent.

Recommendation: *HANYS supports the executive budget proposals that would help ensure New York maintains a robust and responsive EMS system and urges legislative support.*

Hospital at Home

HANYS appreciates that the executive budget again proposes allowing hospitals to provide acute medical services to established patients at home and to receive Medicaid reimbursement based on the annual operating costs of the services. The proposal explicitly prohibits hospitals from providing home care and professional services and encourages hospitals to discharge patients to home care where medically appropriate, with the patient's consent.

Notably, the federal Centers for Medicare and Medicaid Services initially authorized a broader "Hospital Without Walls" initiative in March 2020 and subsequently launched its Acute Hospital Care at Home initiative a few months later. This program allows certain Medicare-certified hospitals to

treat patients with inpatient-level care in their homes. Congress just reinforced its support for the continuation of this program in the recently enacted healthcare extenders package, which authorized the Medicare Acute Hospital Care at Home program through Sept. 30, 2030.

Recommendation: HANYS urges the Legislature to support this innovative care model that holds promise for improving patient outcomes and satisfaction, reducing costs and offering care flexibility.

Behavioral health services integration

In New York and across the nation, we are facing a mental and behavioral health crisis. More than one in five New Yorkers report mental disorder symptoms and behavioral health service availability is falling far short of meeting current demand.⁹ The challenge is further exacerbated by longstanding limitations in insurance coverage, widening mental and behavioral workforce gaps and persistent societal stigma.

HANYS supports the executive budget proposal to reduce barriers to critical behavioral health services by authorizing the Office of Mental Health and the Office of Addiction Services and Supports to issue a single, joint license for providers delivering integrated mental health and substance use disorder care. Doing so recognizes the many individuals who are receiving substance use disorder treatment and who also have a co-occurring mental health condition. This proposal would build upon continued state efforts to reduce fragmentation across regulatory agencies.

Recommendation: HANYS urges the Legislature to support this proposal, which would improve access to care and improve patient outcomes.

Reform payer policies to preserve and expand access to care

Preserving access to safe, high-quality and cost-effective patient care is the mission of New York's hospitals and health systems. Accordingly, New Yorkers must have access to affordable, high-quality and comprehensive coverage.

Prior authorization and utilization review reforms

Gov. Hochul's 2026 State of the State book boldly acknowledges what is widely known across the state: "New Yorkers seeking timely medical care often face delays, denials, or disruptions due to opaque insurance review processes — most notably, prior authorizations."¹⁰ HANYS appreciates the acknowledgment of the increasing care barriers that prior authorization and utilization review practices can impose on patients and providers and supports the following executive budget proposals to reform health plans' related processes:

⁹ New York State Department of Health. Priority Area: Mental Health/Substance Abuse - Mental Health. https://www.health.ny.gov/prevention/prevention_agenda/mental_health_and_substance_abuse/mental_health.htm

¹⁰ 2026 New York State of the State Book. <https://www.governor.ny.gov/sites/default/files/2026-01/2026StateoftheStateBook.pdf>

- **Require enhanced transparency:** require the Department of Financial Services' consumer guide on health insurance plans to include data on utilization review activity, including approvals, adverse determinations, and the number of prior authorization requests received, approved, denied, appealed and reversed on appeal, for the 25 CPT codes with the highest prior authorization volume.
- **Expand continuity-of-care protections:** extend the continuity-of-care period for patients in active treatment from two months to 90 days and ensure continuity of care throughout pregnancy and the postpartum period.
- **Increase accessibility of formularies:** require health plans to publicly post their prescription drug formularies in an easily accessible format.
- **Limit repetitive utilization reviews:** allow no more than one utilization review per year for consumers with a chronic health condition expected to last at least one year and requiring ongoing treatment.

In addition to supporting these provisions, HANYS will continue advocating for our broader managed care reform agenda that will protect patients and providers from aggressive payer policies and practices that negatively impact patient care, place undue burdens on providers and add unnecessary costs to the healthcare system.

More specifically, HANYS strongly supports measures to ensure patients receive access to timely care by shortening the length of time by which a plan must make a determination on certain prior authorization requests to 72 hours (A.3789-A). Additionally, this bill would ensure prior authorization determinations remain valid for the duration of the treatment or service and that clinical peer reviewers use evidence-based criteria.

Additional HANYS-supported proposals would establish regulatory parameters and limitations related to artificial intelligence-based utilization review, establish penalties for excessive denials, provide needed updates to New York's Prompt Pay Law and establish a "pay and resolve" commercial reimbursement model.

Recommendation: HANYS supports the executive budget's managed care reforms and urges the inclusion of other proposals to further curb insurers' abusive practices.

Independent dispute resolution

HANYS opposes the executive budget provisions that would make significant changes to New York's Independent Dispute Resolution process — the arbitration system used to resolve disagreements between healthcare providers and insurers over out-of-network reimbursement for emergency and surprise bills. The proposal would remove Medicaid managed care plans from the state's IDR process. It would also include the New York State Empire Plan in the state's IDR process, thereby removing it from the federal *No Surprises Act* IDR process. Additionally, the proposal would create an "allowed benchmark" and impose a maximum payment cap, significantly shifting the balance from current law, which requires a neutral arbitration process and the IDR entity to equally weigh numerous factors when determining the final payment amount.

Recommendation: *HANYS urges the Legislature to reject these significant changes to the IDR process, which would undermine adequate reimbursement for essential services and disrupt the balance of contract negotiations.*

Telehealth payment parity

Telehealth increases access to healthcare services for patients who face barriers to in-person care, whether due to geographic limitations in underserved areas, provider shortages or restricted patient mobility. With greater access to telehealth services, patients see fewer hospitalizations and costly visits to emergency rooms. Telehealth-based care can also provide expanded access to specialty providers, faster and more convenient treatment, better continuity and coordination of care, reduced lost work time and travel costs, and the opportunity for patients to remain within support networks and age in place. The executive budget recognizes these benefits by extending provisions requiring payment parity for reimbursement of telehealth services and in-person services through April 1, 2028.

Recommendation: *HANYS urges the Legislature to make this policy permanent. Adequate reimbursement for telehealth is essential to ensure hospitals and other providers can continue offering a broad range of critical telehealth services.*

Cooling-off period

New York state law requires hospitals and health plans to follow existing contract terms after a contract termination or non-renewal. The executive budget proposes extending this cooling-off period from 60 to 120 days, applying the requirement to hospital-owned practices and authorizing DOH to review and approve all plan and provider communications notifying consumers of the pending termination or non-renewal. Robust state and federal protections, including the No Surprises Act, already safeguard patients' continuity of care in these situations.

Recommendation: *HANYS urges the Legislature to reject this proposal as it is unnecessary and duplicative.*

Insurance coverage for problem gambling

Studies show a significant rise in sports betting — and a corresponding increase in gambling disorders — as more states have legalized online wagering.¹¹ HANYS supports the executive budget proposal to expand access to gambling disorder treatment by modifying the Insurance Law to align with the Diagnostic and Statistical Manual of Mental Disorders (DSM-5) and ensure individuals with gambling disorders receive the same insurance coverage and consumer protections as those with other substance use disorders.

Recommendation: *HANYS supports this proposal to ensure treatment and coverage parity for gambling disorders and other substance-use disorders.*

¹¹ JAMA Internal Medicine (2025) Growing Health Concern Regarding Gambling Addiction in the Age of Sportsbooks. <https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/2830019>

Conclusion

As my testimony ends, I'd like to thank you again for the opportunity to convey the acute-on-chronic challenge facing New York's healthcare providers. On behalf of our statewide membership, I also thank for your ongoing support in finding ways to ensure providers' doors stay open so they can provide quality care for all New Yorkers.

We know the state must act this year to address the acute-on-chronic crisis facing hospitals and health systems. We also know it's not easy work — because every policy step must be taken in context of immediate needs and the constant change and challenges we face related to workforce pressures, evolving healthcare demands, unaffordability concerns, care access and outcome inequities, and myriad other issues impacting care delivery.

Softening the blow from H.R. 1 to preserve care requires immediate action and funding. Our recommendations also include important policy proposals and investments to protect and strengthen our hospitals and health systems over the long term. Moving forward, we continue to stand ready to work with you, the administration and all stakeholders to effect real change to address the structural issues that weaken our healthcare system.

We all want a healthy, resilient, sustainable healthcare system that provides high-quality, affordable care to all. HANYS looks forward to continuing our work with you to achieve this goal.

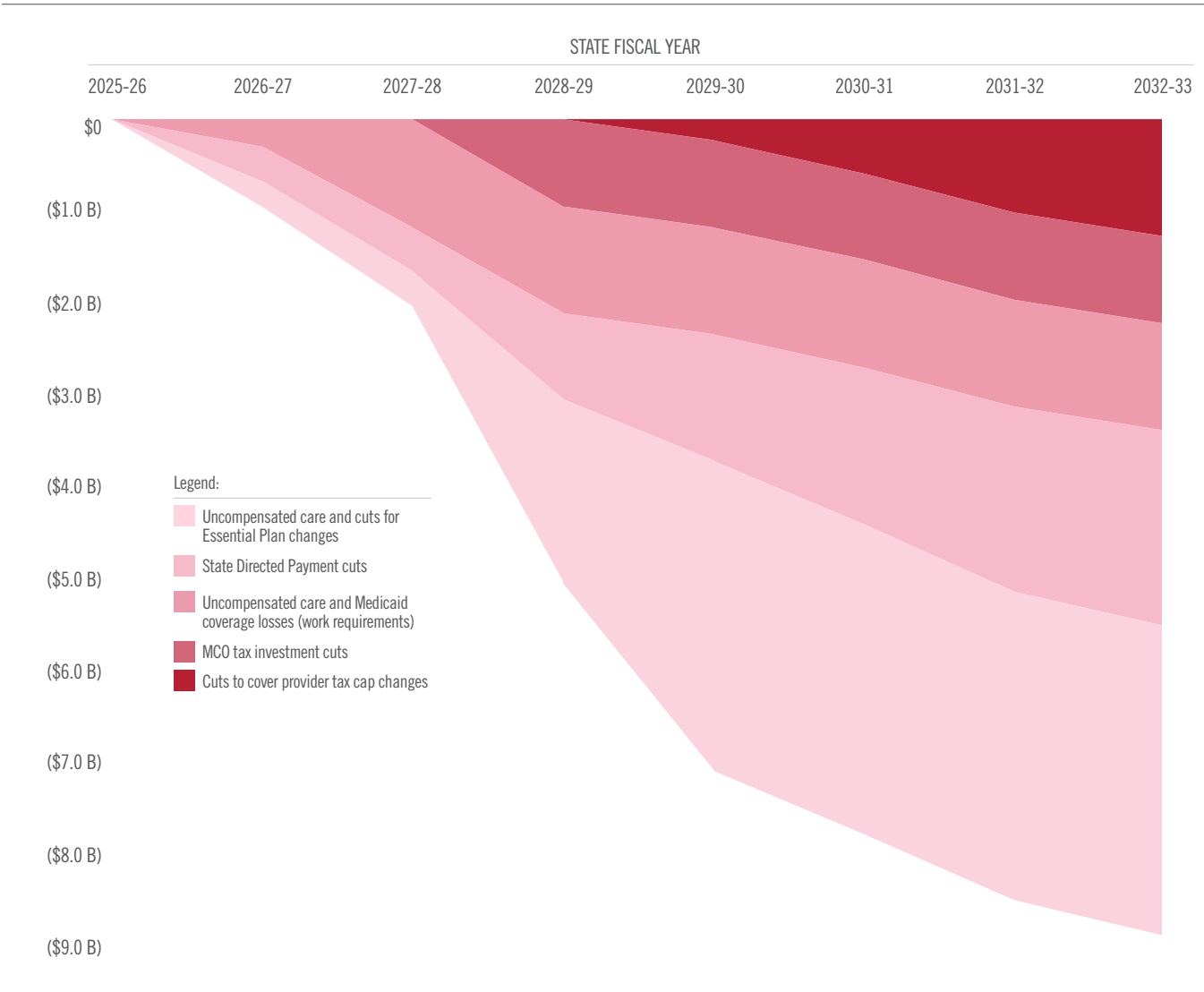
Attached for your reference are:

- New York State Hospital and Health System Exposure Under H.R. 1 (HANYS and GNYHA)
- New York State Hospitals Fiscal Survey Report (HANYS, GNYHA, HAWCNY, IHA and SHANYS)
- Economic and Community Benefit Report (HANYS)
- Detailed Overview of the Fiscal Year 2027 Executive Budget (HANYS)

New York State Hospital and Health System Exposure Under H.R. 1

SFYs 2026-33

At full implementation, H.R. 1’s health insurance coverage, policy and payment changes are projected to reduce hospital funding by \$8 billion to \$10 billion annually, with a total reduction of approximately \$40 billion to \$50 billion over the eight-year analysis period. Funding risks begin to ramp up in state fiscal year 2026-27, with increasing impacts thereafter driven primarily by Medicaid financing changes and new uncompensated care costs as hospitals absorb the impact of individuals losing Medicaid coverage due to mandated work requirements. These risks escalate significantly in SFY 2029-30 when major changes to the state’s Essential Plan, provider tax policy and State Directed Payment program take effect.



Access the data sources and methods HANYS and GNYHA used to develop this analysis: hany.org/HR1-analysis-notes.
Graph above reflects low-end estimates.



NEW YORK STATE HOSPITALS FISCAL SURVEY REPORT

BRACING FOR IMPACT: Intense fiscal, workforce and payer challenges continue, with massive H.R. 1 cuts looming

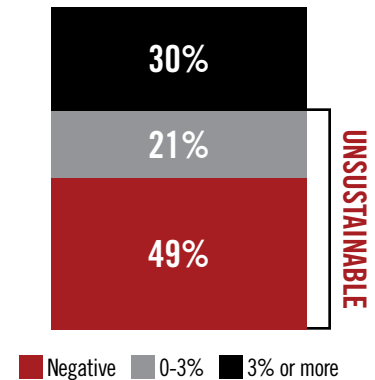
Most hospitals are operating in the red or barely breaking even — with patient access to care increasingly at risk.

7 in 10 survey respondents do not have the operating margins needed to maintain and improve access to patient care. Hospitals under this fiscal stress are already making tough choices about staffing and services – and H.R. 1, also known as the *One Big Beautiful Bill Act*, will only worsen this distress.

Hospitals are developing contingency plans right now based on the severe coverage loss and financial impacts expected from H.R. 1.

Overall, with hospitals statewide projecting only a breakeven median operating margin of 0.1% in 2025, our healthcare system continues to be unable to absorb new cuts and added costs imposed by either the federal or state governments.

2025 Projected Operating Margins



Workforce shortages remain, while costs continue to rise.

Despite these fiscal challenges, hospitals have made significant investments in their workforce. **Respondents' overall labor spending has increased 23% since 2022, outpacing a general inflation rate of 9%.**

Even with this heavy investment, hospitals still struggle to fill vacant positions. **8 in 10 respondents continue to report shortages** of nurses and other personnel.

Expenditures for all other major spending categories have exceeded general inflation since 2022: drugs (up 71%), supplies (up 25%) and energy (up 15%). Contract labor spending has decreased by 24% but remains above pre-pandemic levels as a share of total labor costs (6.2%).

Abusive health insurer actions are squeezing providers.

All respondents said health insurers' claims denials are resulting in lost operating revenue that hospitals would otherwise use to sustain and invest in patient care.

Respondents' revenue losses from claims denials are conservatively estimated at over \$3 billion for 2025.

9 in 10 respondents reported their ability to serve patients would be "very much" or "extremely" enhanced if insurers improved their practices the following ways:

- Reducing excessive or inappropriate claims denials
- Covering medically necessary care as defined by providers
- Ensuring full payment for authorized services (e.g., reducing "downcoding")
- Streamlining prior authorization processes to 72 hours to avoid care delays
- Simplifying utilization management requirements

H.R. 1 and other harmful policies are putting New York's already-fragile healthcare system in further jeopardy.
State and federal policymakers must do all they can to protect New Yorkers' access to care.



Survey participants reflect 90% of the annual revenue generated by New York hospitals and health systems statewide. "Unsustainable" margin levels reflect margins of less than 3%, a Kaufman Hall standard. General inflation values are based on U.S. Bureau of Labor Statistics Consumer Price Index data. This survey was a joint effort of the Healthcare Association of New York State, Greater New York Hospital Association, Healthcare Association of Western and Central New York, Iroquois Healthcare Association and Suburban Hospital Alliance of New York State.

Statewide Report

New York's Hospitals and Health Systems Improve the Economy and Community

Economic and Community Benefits

Economic activity

\$247,000,000,000

The economic activity generated by hospitals through jobs and the purchase of goods and services makes up 10.4% of the state's entire gross domestic product. ^[1]

Jobs supported

979,000

Hospitals and health systems are often the largest employers in communities, generate many more jobs and are top 10 private sector employers in every region of New York. ^[2]

Tax dollars generated

\$36,900,000,000

New York hospitals generate significant tax dollars and stimulate the economies of local communities and the whole state. ^[3]

Payroll expenditures

\$66,800,000,000

New York hospitals' #1 investment is in their people, including direct salary and benefits to their employees. ^[4]

Community benefits and investments

\$19,400,000,000 (20% of total expenses)

Adhering to their charitable mission, hospitals cover the cost of care provided to people in need; subsidize care and services to low-income, elderly and under-served communities; and continuously invest in many community health initiatives. ^[5]

Patients cared for

Outpatients provided care

55,600,000

People treated in the emergency room

8,400,000

People admitted to hospitals

2,200,000

Babies delivered

206,000

Hospitals serve patients in their communities 24/7, 365 days a year. ^[4]

Patients covered by Medicare and Medicaid

In New York, Medicare and Medicaid patients make up:

- **72%** of all people admitted to hospitals
- **62%** of all outpatients provided care

53% of hospital patient service revenue in New York comes from Medicare and Medicaid. This is a result of the large volume of services being reimbursed by Medicare and Medicaid, which do not cover the cost of care, driving significant underpayment from these public insurance programs. ^[4]

Data sources:

[1] Data are mainly from 2024 New York state hospital cost reports and the 2023 RIMS II multipliers. The New York State GDP is from the Bureau of Economic Analysis.

[2] Data are mainly from 2024 New York state hospital cost reports and the 2023 RIMS II multipliers. Private sector employment information is from the NYS DOL.

[3] Data are mainly from 2024 New York state hospital cost reports and state/federal tax tables.

[4] Data are mainly from 2024 New York state hospital cost reports.

[5] Data are from 2023 IRS form 990 Schedule H, reported by hospitals. This figure does not include the billions more in community benefit provided by New York's 21 public hospitals, which are exempt from this IRS reporting.

Fiscal Year 2027 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
Global funding provisions		
Managed care organization tax and General Fund investments	<p>The executive budget proposes Medicaid rate increases and other targeted investments for hospitals, nursing homes and additional providers, supported through available funding from the MCO tax structure adopted in last year's budget and newly proposed General Fund appropriations.</p> <p><u>MCO tax uses/investments:</u> For hospitals, these actions maintain and build on commitments established last year, including (state share):</p> <ul style="list-style-type: none"> • 10% increase to Medicaid across-the-board outpatient rates each year for both FYs 2026 and 2027. • \$10 million addition to the existing rural Sole Community Hospital and Critical Access Hospital State Directed Payment Program each year for both FYs 2026 and 2027. • \$41 million of unallocated operating funds for the Safety Net Transformation Program for FY 2026. • at least \$330 million in new operating support for the SNTP for FY 2027. <p>MCO tax revenues dedicated last year for a new hospital Medicaid state directed payment model for healthcare quality improvement and additional funding for the existing hospital maternity SDP are not reauthorized for FYs 2026 or 2027 by the executive budget.</p> <p>For nursing homes, proposed funding includes the previously committed Medicaid payment increase for FYs 2026 and 2027 (\$223 million state share for FY 2026; \$193 million state share for FY 2027).</p>	<p>HANYS appreciates that the executive budget continues to build on critical healthcare investments. However, while this is an important starting point, additional funding is necessary to fully stabilize and secure hospitals and nursing homes facing acute and chronic fiscal pressures, now compounded by the unprecedented, multi-year challenges driven by H.R. 1 and other harmful fiscal policies.</p>

Fiscal Year 2027 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
	<p>For other providers, the proposed MCO tax revenue includes investments for (state share):</p> <ul style="list-style-type: none"> • managed care quality pools (\$50 million each year for both FYs 2026 and 2027); • physician fee schedule (\$50 million for FY 2027); • clinics and Federally Qualified Health Centers (\$20 million for FY 2027); • value-based payment incentive payments (\$15 million for FY 2027); and • assisted living programs (\$8 million for each year for both FYs 2026 and 2027). <p>\$500 million of MCO tax revenue is allocated to cover Medicaid global cap commitments for each of FYs 2026 and 2027, totaling \$1 billion, and \$159 million of MCO tax revenue is dedicated to the Medical Indemnity Fund for FY 2026.</p> <p>General Fund investments:</p> <p>For both hospitals and nursing homes, the executive budget would reserve \$750 million in state-share funding (\$1.5 billion gross) in FY 2027 and \$500 million in state-share funding (\$1 billion gross) in FY 2028 and beyond for new “targeted healthcare investments.”</p> <p>The executive budget does not provide any details on how these funds will be allocated or used.</p>	

Fiscal Year 2027 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
Rural Health Transformation Program	<p>Would authorize the use of \$191 million of the \$212 million awarded to New York for the first of five years of federal RHTP funding. The remaining funds are expected to be used by the Department of Health for program administration.</p> <p>Authorized under H.R. 1, the RHTP is intended to help states strengthen rural communities by improving healthcare access, quality and outcomes through delivery-system transformation.</p> <p>DOH's RHTP key initiatives include:</p> <ul style="list-style-type: none"> • Rural Community Health Integration; • Strengthening Rural Communities with Technology-Enhanced Primary Care (Patient-Centered Medical Home); • Rural Roots: Building a Sustainable Rural Healthcare Workforce; and • Investments in Technology Innovation and Cybersecurity Enhancements for Rural New York. <p>DOH is currently negotiating final details of the program's cooperative agreement with CMS.</p>	HANYS strongly supports this proposal and urges the state, once the cooperative agreement is finalized, to expeditiously release allocation details and applications for funding opportunities under the program.
Health Care Reform Act reauthorization	Would extend the provisions of HCRA through March 31, 2029.	HANYS supports the extension of HCRA.
Hospitals		
Safety Net Transformation Program	Would allocate \$1 billion in new capital funding and a minimum of \$330 million in new operational support for this program (as noted above), which provides capital and operational support and certain regulatory flexibilities to safety net providers that partner with other entities to promote financial stability and maintain essential community services.	HANYS strongly supports this program and associated funding. However, HANYS advocates for additional funding for operational support given the chronic fiscal challenges facing safety net providers, which are now intensified by H.R. 1 and other damaging federal policies.

Fiscal Year 2027 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
Supportive funding for hospitals	Would cut approximately \$520 million in state funds from the Vital Access Provider Assurance Program for hospitals. With that reduction, the proposal would sustain about \$2.75 billion in supportive funding programs for financially distressed safety net hospitals and other providers across VAPAP, the Global Budget Hospital Initiative, SDP Template programs and Vital Access Provider funding programs.	HANYS strongly opposes the cut to VAPAP, which provides the state with flexible, essential funding to support financially distressed hospitals. These funds are critical, as 29% of New York's hospitals are currently designated as financially distressed by DOH.
Indigent care pools	Would extend the current ICP methodology for three years, until March 31, 2029.	HANYS supports this proposal.
Insurance/managed care		
Prior authorization and utilization review reforms	<p>Would advance several reforms to health plans' prior authorization and utilization review processes to:</p> <ul style="list-style-type: none"> • require that, beginning Sept. 1, 2027, the Department of Financial Services' consumer guide on health insurance plans include data on the number of approvals and adverse determinations issued by utilization review agents and the number of prior authorization requests received, approved, denied, appealed, reversed on appeal and all corresponding data for the 25 Current Procedural Terminology codes with the highest volume of prior authorization requests; • expand continuity of care provisions for consumers currently undergoing treatment from two months to 90 days and include continuity of care throughout the duration of a pregnancy and for postpartum care; • require health plans to publicly post their prescription drug formularies in an easily accessible manner; and • limit to no more than one per year the number of utilization reviews a health plan may conduct for an insured individual with a chronic health condition, defined as a condition expected to last at least one year and requiring ongoing treatment. 	HANYS strongly supports these much-needed reforms and urges the inclusion of other proposals to further curb insurers' abusive practices.

Fiscal Year 2027 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
Independent dispute resolution	Would make significant changes to New York's IDR process by removing Medicaid managed care plans; including the NYS Empire Plan; creating an "allowed benchmark" and setting a maximum cap on payments; and amending the timeframe for IDR entity determinations.	HANYS opposes this proposal. This carve-out would negatively impact reimbursement for important services and create confusion, as there is currently no separate policy for resolving out-of-network payment disputes for Medicaid-covered healthcare services.
Telehealth payment parity	Would extend the requirement that reimbursement for telehealth services equal rates paid for comparable in-person services through April 1, 2028.	HANYS supports the proposed extension and advocates to make it permanent.
Biomarker precision medical testing	Would authorize Medicaid coverage for biomarker precision medical testing only when DOH determines it to be medically necessary.	HANYS is evaluating this proposal.
Essential Plan "health care services" definition changes	<p>Would modify the definition of "health care services" under the Essential Plan to eliminate coverage for long-term care services and supports for non-citizens and would make permanent coverage of dental and vision benefits.</p> <p>The FY 2023 budget provided LTSS benefits to EP beneficiaries; however, the expansion has not received federal approval. State-only funding to implement these benefits would negatively impact the sustainability of EP funding resources.</p>	HANYS generally supports coverage expansions.

Fiscal Year 2027 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
Coverage for children	Would eliminate the presumptive Medicaid eligibility determination process for children under age 19 and end continuous enrollment in Medicaid and Child Health Plus for eligible children through age six. Coverage would instead require completion of a formal eligibility determination to obtain or maintain enrollment, regardless of family income or changes in circumstances.	<p>New York's continuous eligibility provisions were authorized under the state's Section 1115 waiver. In July 2025, CMS issued guidance informing states that it did not anticipate extending existing Section 1115 demonstration authority for expanded continuous eligibility programs beyond what is required or permitted under Medicaid or CHIP statutes.</p> <p>New York's Section 1115 waiver expires on March 31, 2027. Nonetheless, HANYS is concerned these changes will result in coverage losses for children and increased uncompensated care for hospitals.</p>
Cooling-off period	Would extend the statutory cooling-off period (from two months to 120 days), which requires hospitals and health plans to abide by the existing contract terms in the event of a contract termination or non-renewal, and would expand the requirement to also apply to hospital-owned practices. Would also allow the commissioner of health to review and approve all plan and provider communications intended to notify consumers of the contract termination or non-renewal within the 60-day period prior to the contract termination or renewal date.	HANYS opposes this proposal. It is duplicative of existing consumer protections provided under the federal <i>No Surprises Act</i> and other state and federal laws regarding continuity of care.
Workers' compensation	Would allow all eligible, licensed providers in good standing to treat workers' compensation patients unless they appear on the state's exclusion list.	HANYS supports this proposal.

Fiscal Year 2027 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
Medical malpractice		
Medical Indemnity Fund	<p>Would appropriate \$127 million to support the MIF, which reflects \$75 million in new resources in addition to the \$52 million appropriation historically proposed in the executive budget. The MIF covers future healthcare costs for enrollees who have suffered birth-related neurological injuries.</p> <p>The executive budget would also revise reimbursement policies for most services provided to MIF beneficiaries. Specifically, reimbursements would shift from the "usual and customary" rate (based on a percentage of provider charges) to:</p> <ul style="list-style-type: none"> • 100% of the Medicare rate, or 100% of the Medicaid rate if a Medicare rate is unavailable; if neither rate exists, the commissioner of health would establish the payment amount; • private duty nursing services would be reimbursed according to the New York State Medicaid private duty nursing fee schedule; and • home and vehicle modifications would be reimbursed based on approved DOH contract amounts for the work performed. <p>These reimbursement changes are expected to reduce MIF expenditures by \$50 million in FY 2027.</p>	HANYS supports the MIF investment and proposed reforms, which together, are anticipated to maintain the solvency of the MIF and keep it open to new enrollment through FY 2027.
Excess medical malpractice	Would extend the Physicians' Excess Medical Malpractice program for an additional year through June 30, 2027, and reduce state contributions by \$39.25 million in FY 2027 and \$19.6 million in FY 2028. The executive budget would also restructure the program to require physicians and dentists to purchase excess coverage directly from the insurer and cover 50% of the cost.	HANYS supports fully funding the Physicians' Excess Medical Malpractice program and opposes any reductions.
Interest on judgements	Would require the annual rate of interest paid on court judgments and accrued claims to be calculated at the one-year U.S. Treasury bill rate.	HANYS supports this more reasonable and commonly used standard.

Fiscal Year 2027 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
Post-acute and continuing care		
Nursing home capital rate component restoration	Would restore the 10% capital rate component reduction (\$28.8 million) enacted in the FY 2025 budget through a re-direction of nursing home VAPAP funds (\$20 million) in FY 2027 and beyond.	HANYS supports the restoration of this critical funding that helps offset rising construction and infrastructure improvement costs.
Nursing home Medicare maximization	Would make permanent the nursing home Medicare maximization provisions. The program provides enhanced Medicare rates for certain Medicaid residents using the outdated Resource Utilization Group-based acuity system, version III.	HANYS opposes this proposal and recommends a one-year extension to allow for DOH's planned implementation of the Patient-Driven Payment Model to replace the use of the RUGS systems.
Consolidate long-term care advocacy programs	Would create efficiencies and eliminate duplicative efforts by consolidating existing programs and discontinuing the Justice Center's Adult Home Advocacy and Adult Home Resident Council programs.	HANYS has no position.
Workforce		
Physician assistants	Would permit PAs to practice without supervision in certain settings (rural emergency departments, hospitals, and non-surgical diagnostic and treatment centers and physician practices) provided they have completed more than 8,000 hours of practice in the same or a similar specialty.	HANYS supports this proposal.
Medication aides	Would authorize certified and trained medication aides in residential healthcare facilities to administer routine and pre-filled medications to residents under the supervision of a registered nurse.	HANYS supports this proposal.
Medical assistants	Would permit qualified medical assistants to administer immunizations in an outpatient setting under the supervision of a physician, nurse practitioner or physician assistant.	HANYS supports this proposal.
Emergency medical services	Would allow EMS practitioners to administer immunizations under non-patient-specific orders prescribed by a physician or nurse practitioner.	HANYS supports this proposal.

Fiscal Year 2027 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
Community paramedicine demonstration program	Would extend existing mobile integrated and community paramedicine programs through May 21, 2031. Additionally, the proposal would allow up to 99 new or modified programs to operate for two years, with the possibility of extension.	HANYS supports the use of mobile integrated and community paramedicine as an innovative approach to keep communities healthy and prevent avoidable hospitalizations. However, we would advocate for the program to be made permanent.
Temporary healthcare services agency regulation	Would authorize DOH to establish maximum profit limits for temporary staffing agencies, with authority to grant waivers in extenuating circumstances. The proposal would also expand record-retention and wage-reporting requirements, including those related to subcontractor arrangements, and allow DOH to conduct audits in response to complaints or atypical reporting patterns. In addition, the executive budget includes \$4.2 million for DOH to develop guidance and share best practices to help healthcare organizations secure temporary staff more effectively.	HANYS is evaluating this proposal but generally supports efforts aimed at controlling inflated contract labor costs.
Hospital at home	Would allow hospitals to provide certain acute care services, excluding statutorily defined home care services, to established patients at home. Additionally, DOH would be authorized to establish Medicaid payment rates based on annual operating costs for the services.	HANYS strongly supports the state codifying the federal Acute Hospital Care at Home program to improve patient access and outcomes.

Fiscal Year 2027 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
Workforce funding programs	<p>Would fund the following programs at the following levels:</p> <ul style="list-style-type: none"> • Doctor's Across New York: would provide level funding (\$15.9 million) • Nurses Across New York: would provide level funding (\$3 million) • Area Health Education Centers: does not include last year's \$500,000 legislative add-on (\$2.2 million) • Rural Access and Network Development Program: does not include last year's \$1.1 million legislative add-on (\$9.4 million) • Workforce Innovation Center: would provide level funding (\$10 million) • Diversity in Medicine: does not include last year's legislative add-ons totaling \$1.25 million (\$ 3.6 million); <p>Would eliminate the Empire Clinical Research Investigator Program (\$3.45 million).</p>	HANYS supports fully funding these programs and strongly opposes the elimination of ECRIP.
Community college scholarship	<p>Would add \$12.5 million to expand eligibility for the NY Opportunity Promise Scholarships to include students who already hold a degree and want to pursue an associate degree in nursing. Enacted in last year's budget, the program currently covers the remaining cost of tuition, fees and books, after all other financial aid, for State University of New York and City University of New York community college students ages 25 to 55 who are pursuing associate degrees in high-demand fields, including nursing and allied health professions.</p>	HANYS supports this proposal.

Fiscal Year 2027 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
Behavioral health		
Integrating behavioral health services	<p>Would authorize the Office of Mental Health and the Office of Addiction Services and Supports to jointly issue a single license for comprehensive integrated behavioral health services.</p> <p>The agencies would also be required to promulgate joint regulations covering scope of services, facility standards, staffing, treatment records, billing structures, governance, patient rights, incident reporting and other operational requirements. In addition, they may adopt a single process for suspending, revoking or limiting a license.</p>	HANYS supports this proposal.
Targeted inflationary increase for human services workers	Would provide a one-time 1.7% targeted inflationary increase for eligible programs and services under the auspices of the Office for People With Developmental Disabilities, Office for the Aging, Office of Children and Family Services, Office of Temporary and Disability Assistance, OMH and OASAS.	HANYS supports this proposal.
Gambling addiction insurance	<p>Would amend various sections of the Insurance Law to replace the term "substance use disorder" with "substance-related and addictive disorder."</p> <p>The modifications would align the statute with the Mental Hygiene Law and seek to ensure that individuals with gambling disorders receive the same insurance coverage and consumer protections as those with other substance-related disorders.</p>	HANYS supports this proposal.
Applied Behavior Analysis	Would authorize coverage for ABA services only when recommended by a DOH-designated ABA Center of Excellence provider.	HANYS is concerned this proposal would limit coverage for ABA services.

Fiscal Year 2027 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
Reproductive and women's health		
Sexual offense evidence collection kit procedures	<p>Would update sexual offense collection kit procedures to:</p> <ul style="list-style-type: none"> • expand the storage period for unreported kits to 20 years or the victim's 40th birthday, whichever is later; • strengthen protections to prevent destruction of evidence at another party's direction for certain populations; • clarify minors' rights regarding evidence decisions; and • establish a state working group led by the Office of Victim Services and the Division of Criminal Justice, and in consultation with DOH and the State Police Forensic Investigations Center, recommend improvements to kit tracking, testing of unreported kits, and the overall evidence collection and testing process. 	HANYS is evaluating this proposal.
Buffer zones	<p>Would create buffer zones around houses of worship and healthcare facilities, including their parking lots, parking lot entrances, driveways and driveway entrances, to protect individuals from harassment and obstruction while preserving the right to lawful expression.</p>	HANYS supports this proposal.

Fiscal Year 2027 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
Additional provisions		
Material transactions	<p>Would expand the reporting requirements for material transactions — certain mergers, acquisitions, affiliations and management services between healthcare entities — enacted in the FY 2024 budget by adding new review and reporting requirements, including:</p> <ul style="list-style-type: none"> • requiring disclosure of any involvement by the parties in other healthcare entities that have closed or substantially reduced services and details regarding certain real estate ventures associated with the transaction; • requiring, for transactions closed on or after Aug. 1, 2023, the submission of an annual report to DOH for five years, on each anniversary of the closing, assessing the transaction's impact on cost, quality, access, health equity and competition; • requiring DOH to conduct preliminary reviews for all proposed transactions; • authorizing DOH, at its discretion, to require a full cost and market impact review; if DOH determines that a full review is necessary, it may delay the closing of the proposed transaction for up to 180 days while the review is completed; and • allowing DOH to assess costs from the review to the parties. 	HANYS is evaluating this proposal but generally supports efforts to level the playing field between private equity-backed healthcare businesses and heavily regulated not-for-profit providers.
Certificate of Need process improvements	Would appropriate a multi-year, \$11 million investment to develop a new NYSE-CON online system designed to streamline and modernize the regulatory review and approval process for healthcare projects.	HANYS supports efforts to streamline the overly burdensome and inefficient CON process and urges the state to advance additional reforms.

Fiscal Year 2027 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
Partnering with Canada to strengthen disaster response	Would authorize New York to join the Northern Emergency Management Assistance Compact and the International Emergency Assistance Compact, enabling coordinated emergency response with Canadian provinces. The executive budget would also authorize the governor to deploy state and non-state staff to another compact member jurisdiction.	HANYS supports this proposal.
Immigration enforcement in sensitive locations	Would ensure sensitive locations, including hospitals or any location providing health or behavioral health services, are protected from civil immigration enforcement without a judicial warrant.	HANYS supports this proposal.
Strengthen cardiac readiness across New York	Would update the laws governing the purchase, distribution and use of public access automated defibrillators and require that sellers/distributors of AEDs provide purchasers with a notice of state requirements, including registration, maintenance and reporting obligations. Would also create a statewide AED registry to improve access to AEDs and implement stronger training, maintenance and testing requirements for public access AED providers.	HANYS supports this proposal.
School-based health centers	Would maintain funding for school-based health centers at last year's level.	HANYS supports the full funding of these programs and the vital services they provide in their communities.

The information contained in HANYS' Detailed Overview of the Fiscal Year 2027 Executive Budget is for general guidance on matters of interest only. This summary is provided "as is," with no guarantee of completeness, timeliness or of the results obtained from the use of this information, and without warranty of any kind, express or implied. In no event will HANYS, its related affiliates or subsidiaries, be liable for any decision made or action taken in reliance on the information in this summary.