

Medicaid **Medicaid Matters New York** *Matters*

Testimony to Assembly Ways and Means and Senate Finance Committees Joint Legislative Budget Hearing on Health/Medicaid February 10, 2026

Thank you for the opportunity to submit testimony on the Governor's proposed Health/Medicaid budget. Medicaid Matters New York is the statewide coalition focused on advancing the interests of people who are served by Medicaid in New York. Our members are people covered by Medicaid and their family members, community-based organizations, community-based providers, legal services agencies, policy and advocacy organizations, statewide associations, and more.

Medicaid Matters aims to include the voices of people who have Medicaid for their health insurance coverage in our advocacy. **Medicaid matters to Nancy in New York City, who said,** "My mother cannot work and was diagnosed with kidney failure since I was a kid. She is a two-time kidney transplant recipient. Medicaid has kept her alive. Dialysis, two transplants, and all the medication and support in between have kept my mother with us all these years."

This year's budget process comes at a time of upheaval. **The federal administration and Congress have enacted drastic changes that could decimate the Medicaid program as we know it.** This would steal coverage and access from people who rely on Medicaid, risking their health and wellbeing and causing them economic insecurity. It would also dismantle the health care delivery system, because providers rely on Medicaid as part of their funding streams. Nothing is set in stone as New York will need to make difficult decisions about how to mitigate the impact. It is incumbent on New York lawmakers to protect both the public insurance coverage people with low income and people with disabilities rely on to stay healthy and living independently and the providers that serve entire communities, in the face of the loss of Medicaid support from Washington.

The federal budget reconciliation bill enacted in July 2025 – H.R.1 – will have a devastating fiscal impact. The state is expected to lose billions of dollars in Medicaid funding, and in turn, hundreds of thousands of people are at risk of losing their public insurance coverage¹.

It is critical that the state prioritizes the needs of the approximately seven million New Yorkers on Medicaid as they work to implement H.R.1 and mitigate the harms of lost federal funding. Steps must include:

- Implementing new federal requirements – including six-month renewals and work reporting requirements – in ways that will keep as many people covered by Medicaid as possible. New processes must be automated as much as possible, and we understand the Department of Health is working toward that goal;
- An affordable coverage option for the approximately 450,000 New Yorkers who will lose coverage as the state moves away from the Essential Plan to revert back to the Basic Health Program;
- State-only public coverage for people who lose Medicaid or Essential Plan coverage due to the implementation of H.R.1;

¹ Michael Kinnucan, "One Big Beautiful Fiscal Crisis" (New York, NY: Fiscal Policy Institute, 2025), <https://fiscalpolicy.org/one-big-beautiful-fiscal-crisis>

- Increased funding for consumer assistance, as the demand for help with individual cases will significantly increase; and
- Funding for new FTEs at the Department of Health and easing of hiring processes to expand staff capacity for implementation of H.R.1 and essential oversight functions.

Despite the loss of federal Medicaid funding, our fiscal situation is not as dire as anticipated. One factor contributing to this is the delay in eliminating New York's Managed Care Organization (MCO) tax, which the federal administration announced just days ago, adding at least \$1 billion to available Medicaid funds². **New York must do what it can to invest in health care and community-based services that are accessible and available in communities across the state.** The state budget must:

- Ensure access to home care and personal care to guarantee independent living in people's own homes;
- support the public and private, urban and rural safety net hospitals, and ensure equitable distribution of funding to address disparities in historically underserved areas; and
- invest in primary and preventive care by increasing Medicaid reimbursement for these critical services.

The state must emphasize and protect the care and services people rely on beyond just acute care by:

- Rethinking the Governor's proposal to increase reimbursement only for hospitals and nursing homes;
- Reallocating MCO tax revenue;
- Use of budget surplus dollars;
- Reducing reliance on managed care to administer the Medicaid program.

Medicaid Matters also supports the call for **progressive tax reform** that would require the wealthiest New Yorkers to pay a bit more in taxes to help the state achieve a Medicaid program that meets the needs of all who need it, wherever they live and no matter their needs and circumstances.

Our state coffers can support a Medicaid program that meets people's needs in equitable, accessible ways, and provides the care and services that keep people well and living independently. Policymakers must have the will to make that happen.

Medicaid Matters New York urges consideration of the following budget positions:

Support

- Funding for the **Community Health Access to Addiction and Mental Healthcare Project (CHAMP)** and the **Intellectual/Developmental Disabilities Ombudsprogram (IDDO)** (State Operations allocation)

Oppose

- Elimination of funding for and repeal of the **Enhanced Quality of Adult Living (EQUAL) program**, which funds quality of life enhancements (like clothing, other personal items, room air

² Katelyn Cordero and Maya Kaufman, "New York to Receive \$1 Billion More from MCO Tax," Politico, February 2, 2026, <https://www.politico.com/newsletters/weekly-new-york-health-care/2026/02/02/new-york-to-receive-1-billion-more-from-mco-tax-00759389>

conditioners, etc.) for people who live in adult care facilities, the majority of whom are people with low or no income who are covered by Medicaid. (HMH Part S)

- Elimination of **surprise billing protections for Medicaid recipients** by excluding Medicaid from the state's Independent Dispute Resolution program. (PPGG Part T)

Modify / examine

- The Governor proposes to repeal **continuous eligibility in Medicaid and Child Health Plus from birth to age six** effective July 1, 2026 (HMH Part M, sections 13 and 14). Unfortunately, the federal government is no longer allowing states to provide multi-year continuous eligibility³. New York's waiver approval for this expires March 31, 2027. We ask that the provision remain in effect until the end of the current waiver period (or at least until a date that allows for a smooth unwinding of the provision).
- **Funding for Financially Distressed Hospitals** (which the Governor proposes to reduce by \$500 million) and **the Safety Net Hospital Transformation Program** (which the Governor proposes to increase by \$1.3 billion) is important for supporting safety net institutions that serve communities across the state, including both urban and rural areas. Priority must be given to the hospitals that serve a disproportionate number of people who are uninsured and people covered by Medicaid, in addition to those that serve as sole community providers.
- Accept the Governor's proposed \$5.5 million for the **Community Health Advocates (CHA) program** and add an additional \$1.5 million, for a total of \$7 million.

Add

To effectuate a Medicaid agenda that provides affordability, accessibility, and independence, Medicaid Matters urges the Legislature to incorporate the following legislation into this year's budget:

- *Primary Care Investment Act*, which would set a cadence for increasing reimbursement for primary and preventive care (A.1915-A, Paulin/S.1634, Rivera)
- Carve behavioral health services out of Medicaid Managed Care (A.8055, Simon/S.8309-A, Brouk – not same-as at the time of drafting this testimony)
- Repeal restrictions to home care access based on the need for at least three Activities of Daily Living (ADL) (A.1198, Paulin/S.358, Rivera).
- Repeal the 30-month look-back period for eligibility for community-based long-term care (A.1907, Paulin/S.4786, Skoufis).

³ U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, *Section 1115 Demonstration Authority for Continuous Eligibility Initiatives*, July 17, 2025, <https://www.medicaid.gov/resources-for-states/downloads/contin-elig-ltr-to-states.pdf>

- *Home Care Savings and Reinvestment Act*, which would repeal partial capitation in Managed Long Term Care in favor of a new model for care management (A.2018-A, Paulin/S.2332-A, Rivera)
- *Fair Pay for Home Care*, which establishes minimum hourly base wages for home care aides to address the home care workforce crisis (A.1991, Paulin/S.8955, Cleare)
- Increase transparency in Managed Long Term Care by requiring data collection and reporting (A.700, Gonzalez-Rojas/S.707, May), as well as a new data transparency bill specific to the Consumer Directed Personal Assistance Program (CDPAP) (S.9142, Comrie)
- Codify Medicaid coverage for certain dental services – root canals, crowns, replacement dentures, and dental implants – now covered under a lawsuit that sunsets in 2028 (A.1931, Paulin/S.3566, Cleare)
- Ensure access to gender-affirming care by codifying Medicaid coverage for it, regardless of federal funding, and by prohibiting discrimination by health care entities and insurers (A.6596-A, Rosenthal/S.6377-A, Hoylman-Sigal)

Some of the above additions could be paid for using state surplus dollars or rainy-day funds, savings associated with the implementation of a statewide fiscal intermediary for the Consumer Directed Personal Assistance Program (CDPAP), and raising revenue through progressive taxes. Billions of dollars in additional funding could be gleaned from eliminating managed care for the administration of behavioral health services and partial capitation in Managed Long Term Care in the budget (as referenced above).

With a few exceptions, this year's proposed budget does little to give more New Yorkers access to affordable public coverage and advance health equity. In fact, there are proposed actions and lack of action that would cause harm and loss of services.

The Medicaid program must meet people where they are, support community-based services, protect safety-net providers, and promote health equity. The state budget must reflect these goals. We need investment to protect and enhance access to care for historically marginalized New Yorkers, including people with mental illness, immigrants, people living independently in their homes, and the safety-net providers that serve them.

Medicaid Matters stands ready to work with the Legislature as one-house budget positions are drafted and a final budget is negotiated with the Governor. We are happy to answer questions and to serve as a resource on the impact of the budget on New Yorkers served by the Medicaid program.