



COMMUNITY HEALTH CARE ASSOCIATION of New York State

**New York State Senate Finance and Assembly Ways and Means
Joint Legislative Hearing: Health
State Fiscal Year 2026-27 Executive Budget: Health and Medicaid
February 10, 2026**

The Community Health Care Association of New York State (CHCANYS) appreciates the opportunity to provide testimony to the Senate Finance and Assembly Ways and Means Committees on the Governor's State Fiscal Year (SFY) 2026-27 Executive Budget.

Background

CHCANYS is the primary care association representing New York's 70+ federally qualified health centers (FQHCs), also known as community health centers (CHCs). CHCs are the backbone of New York's health care safety net. Our member health centers serve more than 2.5 million New Yorkers—one in eight residents—at nearly 900 sites statewide. We deliver comprehensive, high-quality primary and preventive care, behavioral health services, dental care, and essential social supports, regardless of patients' insurance status or ability to pay.

CHCs serve New Yorkers with the greatest health and economic needs and the most significant barriers to accessing care. Our consumer demographics highlight CHCs' indispensable role as the anchor of the primary care safety net:

- 70% percent of CHC patients live at or below the federal poverty level.
- More than 117,000 of our members' patients experience homelessness.
- Nearly 60% of CHC patients are enrolled in Medicaid, CHIP, or dually enrolled in Medicare and Medicaid—one in five Medicaid beneficiaries statewide.
- 12.6% of patients are uninsured, making CHCs the source of care for one-third of uninsured New Yorkers.
- Two out of every three rural communities in New York rely on CHCs for essential care. In many of those communities, but for CHCs, there would be no access to primary care.

CHCANYS SFY 2025-26 Budget Priorities

For the reasons detailed in this testimony, CHCANYS urges the Legislature to take decisive action on the following priorities to safeguard New York's health care safety net:

- I. Invest \$300M in Community Health Centers (\$150M State Share)
- II. Protect 340B Savings from Erosion by Big Pharma (No cost to the State)
- III. Ensure Full Telehealth Reimbursement for CHCs (\$4.3M State Share)
- IV. Strengthen New York's Healthcare Workforce
- V. Maintain Healthcare Coverage for New Yorkers
- VI. Protect and Expand Investments in Key Health Initiatives

I. Invest \$300M in Community Health Centers (\$150M State Share)

The FY 2025-2026 budget included critical funds for community health centers: "up to" \$40M in FY26 and "up to" \$20M in FY27. Notwithstanding this statutory authorization, the fiscal plan released by the Division of Budget shows that **CHCs will receive \$0 in FY26, with the possibility of receiving no more than \$40M in FY27.** This is a devastating reversal of an already insufficient commitment to fund CHCs.



Decades of chronic underfunding and outdated Medicaid reimbursement rates have left CHCs at a breaking point. CHCs and their patients rely on Medicaid as their lifeline. Medicaid is the single largest source of CHC revenue, accounting for 42% of total CHC revenue statewide. Yet, New York's Medicaid reimbursement system for CHCs is based on costs from last millennium: 1999. A recent Urban Institute¹ analysis found that CHC costs far exceed the maximum allowable Medicaid rate by an average of 44%, meaning that CHCs are paid only 70 cents on the dollar for the care they provide. CHCs' rate methodology also includes outdated and arbitrary ceilings on operating costs, further restricting CHC payments, leaving health centers struggling to cover rising costs for personnel, benefits, equipment, medical supplies, and facilities.

New Yorkers rely on CHCs to provide comprehensive primary and preventive care, as well as assistance with housing, transportation, and food services, and CHCs are being forced to do so with reimbursement rates based on costs from three decades ago. Workforce shortages further compound these pressures. Chronic underfunding makes it increasingly difficult for CHCs to recruit and retain doctors, nurses, behavioral health providers, dentists, and other essential staff. The ever-widening gap between CHCs' actual costs and reimbursement is directly undermining access to care for the state's most vulnerable individuals.

Federal actions as a result of H.R.1 add another layer of strain to an already fragile system, disproportionately harming CHCs in comparison to any other provider. More frequent Medicaid eligibility redeterminations, work requirements, threats to the Essential Plan, and reduced Marketplace subsidies are expected to result in 1.5 million New Yorkers losing coverage, with the number of uninsured patients at CHCs projected to triple. **CHCs stand to lose \$300 million annually—approximately 11% of their revenue statewide.** 1,700 jobs, including more than 1,000 clinical staff, are at risk. Mission-critical services are at highest risk, including school-based health centers, OB/GYN programs, dental care, and urgent care/same-day access. H.R.1 leaves CHCs with more uninsured patients and far fewer resources to serve them.

Accordingly, CHCANYS urges the New York State Legislature to:

- Invest \$300 million in CHCs (\$150 million state share) to mitigate years of under-investment
 - Exclude any “up to” language to ensure that the full amount of the increased authorization of funds is distributed to CHCs
 - The investment can be made through:
 - Issuing Medicaid rate increases for all CHCs.
 - Doubling the State's investment in the Diagnostic & Treatment Center Uncompensated Care Pool (which draws down federal matching funds and provides support to CHCs) to partially offset the costs of treating the uninsured.
- Include CHCs in Governor Hochul's \$1.5B general fund investment that is currently limited to hospitals and nursing homes.
- Add the Primary Care Investment Act (A.1915A Paulin/S.1634 Rivera) to the One House Budget Bills.

¹ <https://www.urban.org/research/publication/critical-role-new-yorks-community-health-centers-advancing-equity-medicare>



CHCs save the state millions and reduce long-term Medicaid and public program costs by preventing avoidable emergency room visits and hospitalizations. This is not just support – it's an investment in the health of every New Yorker.

II. Protect 340B Savings from Erosion by Big Pharma

CHCANYS strongly supports the 340B Prescription Drug Anti-Discrimination Act (A.6222 Paulin/S.1913 Rivera) to protect the integrity of the Federal 340B drug discount program and preserve CHCs' access to critical savings. For more than 30 years, 340B has enabled safety-net providers, including CHCs, to purchase pharmaceutical drugs at steep discounts, reinvesting these savings directly into patient care. CHCs use 340B savings to subsidize medications for uninsured and underinsured patients, provide dental and behavioral health care, fund school-based health centers and critical support like housing, transportation, food assistance, and other initiatives. New York's carveout of the pharmacy benefit from Medicaid managed care in 2023 reduced CHCs' ability to rely on 340B savings for most Medicaid drugs, but CHCs continue to rely on savings generated through Medicare, commercial insurance, and clinic-dispensed Medicaid drugs. These dollars support patient care at no cost to the state.

New York health centers lost as much as \$80 million in 2025 alone due to pharmaceutical manufacturers, pharmacy benefit managers (PBMs), and other entities increasingly restricting or denying access to 340B reduced pricing. Many manufacturers now prohibit 340B pricing at contract pharmacies, limiting patients' ability to access affordable medications close to home. 92% of New York CHCs rely on contract pharmacies, partnering with an average of 16 pharmacies to serve their communities. This systematic degradation of 340B savings is a direct attack on the federal statutory intent of the 340B program and is hurting vulnerable New Yorkers.

CHCANYS urges the New York State Legislature to enact the 340B Prescription Drug Anti-Discrimination Act (consistent with A.6222 Paulin/S.1913 Rivera) in the FY26-27 budget. Doing so will keep safety net dollars in vulnerable communities, rather than being diverted into pharmaceutical profits. Protecting 340B savings is about protecting patients – ensuring CHCs can continue delivering high-quality, comprehensive care and keeping lifesaving medications within reach for the communities that need them most.

III. Ensure CHCs Receive Full Telehealth Reimbursement (\$4.3M State Share)

Telehealth is a critical access point to healthcare for patients. For many, it removes barriers that would otherwise prevent them from accessing care, including lack of transportation, childcare challenges, weather emergencies, and inflexible work schedules. It allows patients to connect with their providers when they need care most, maintain continuity of treatment, and access specialty services that may not exist in their community.

Yet, New York's telehealth statute creates an inequitable regulatory framework that disproportionately harms CHCs. Under the State's interpretation of a 2022 statutory prohibition on telehealth facility fees, CHCs receive only one-third of their full bundled Medicaid reimbursement rate for many telehealth services – even though they do not bill facility fees. This limitation only applies to CHCs, even though Mental Hygiene Law Article 31 and 32 clinic providers, who similarly use a bundled payment, are fully reimbursed.



Reduced reimbursement has made telehealth financially unsustainable for many CHCs, despite a growing demand from consumers. To comply with the State's policy, providers are required to be onsite for virtual visits. The impact is most pronounced in behavioral health, where telehealth has proven to reduce no-show rates and improve continuity of care. Many behavioral health providers are leaving CHCs for jobs offering remote flexibility (many of which do not accept Medicaid patients). This leads to decreased patient access and undermines CHCs' ability to fully meet patient needs.

CHCANYS urges the New York State Legislature to adopt Community Health Center Telehealth Payment Parity (A.1691 Paulin/S.3359 Rivera) as part of the FY26-27 budget, before the April 1, 2026 expiration of the existing telehealth statute, to ensure CHCs receive their full standard bundled reimbursement rate for telehealth services.

IV. Strengthen New York's Healthcare Workforce

1. Allow Medical Assistants (MAs) to administer immunizations

CHCANYS strongly supports Governor Hochul's proposal to authorize licensed physicians, nurse practitioners (NPs), and physician assistants (PAs) to delegate the preparation and administration of immunizations to MAs in outpatient settings, pursuant to regulations defining MA training and supervision requirements. This proposal recognizes the essential role MAs play on care teams and is a practical, immediate step towards addressing New York's healthcare workforce shortage.

MAs are trained in both administrative and clinical roles to assist healthcare practitioners in outpatient or ambulatory care facilities. Many MAs also complete credentialed programs and sit for national certifying exams that provide them with the necessary training and education to administer immunizations. Despite this, MAs are currently underutilized. The lack of statutory recognition of MAs creates unnecessary bottlenecks, strains already limited provider capacity, and diverts nurses, physicians, and PAs from more complex care. Allowing properly trained and supervised MAs to administer immunizations would improve CHC efficiency, expand vaccination access, and free physicians, NPs, and PAs to focus on higher-acuity patient needs—benefiting patients and strengthening the healthcare system during a critical workforce shortage.

CHCANYS urges the New York State Legislature to adopt the Governor's Health and Mental Hygiene (HMH) Budget Art. VII language in Part N, Subpart A which allows MAs to administer immunizations pursuant to training and supervision.

2. Additional Workforce Efforts

CHCANYS commends Governor Hochul for her continued commitment to healthcare workforce development through strategic investments in workforce training and career pathway programs. The proposed budget includes funding for initiatives such as the Doctors Across New York program (DANY), and Nurses Across New York Program (NANY), both of which benefit the communities served by CHCs.

CHCANYS also supports the Governor's proposed scope of practice reforms included in Parts B and N of the HMH budget bill, including:

- allowing qualifying PAs to practice independently in primary care settings within rural emergency hospitals, general hospitals, and diagnostic and treatment centers (D&TCs) (HMH, Part N, Subpart E);



- clarifying scope of practice provisions for physicians, PAs, NPs, and pharmacists related to both patient-specific and non-patient-specific standing orders and regimens (HMH Part K);
- making permanent the Nurse Practitioner Modernization Act and pharmacists' authority to order and administer COVID-19 and influenza tests (HMH Part B, sec. 17);
- allowing pharmacists to administer insulin, administer hormonal contraceptives, order and administer immunizations, and administer post-exposure prophylaxis (PEP) (HMH, Part N, Subpart D).

Collectively, these reforms would improve access to care, increase system efficiency, and better utilize New York's healthcare workforce.

V. Maintain Healthcare Coverage for New Yorkers

CHCANYS supports the Governor's proposal to make dental and vision benefits in the Essential Plan permanent. However, we are concerned about the proposed repeal of continuous eligibility for children aged 0-6 who are determined eligible for Medicaid or Child Health Plus. Rather than ending it prematurely in July 2026, continuous eligibility should be maintained through the end of the waiver on March 31, 2027, safeguarding the health of New York's youngest residents. Additionally, efforts must be taken to ensure as many New Yorkers as possible maintain coverage as changes to state insurance programs occur due to H.R.1.

VI. Protect and Expand Key Health Initiatives

CHCANYS is supportive of continuing or expanding many of the Governor's key health investments, including:

- Doubling investment in the Diagnostic & Treatment Center Uncompensated Care Safety Net Pool: currently \$54.4 million state funding.
- Patient Centered Medical Homes (PCMH): \$116 million, a core component of CHCs' financial sustainability and enables health centers to meet patients' increasingly complex needs.
- Health Homes: \$196 million in support to avoid hospitalizations and manage complex conditions, preventing healthcare emergencies.
- Migrant and Seasonal Farmworkers Funding: \$406,000, enables CHCs to provide primary and preventive services, education, dental care, and vaccines to over 24,000 migrant and seasonal agricultural workers and their families.
- School-Based Health Centers (SBHCs): CHCANYS supports the Governor's funding levels for SBHCs but remains concerned about the implementation of the SBHC carve-in to managed care and asks that SBHCs be permanently carved out of the program to preserve their ability to serve students effectively.
- Area Health Education Centers (AHECs): \$2.2 million, CHCs frequently partner with AHECs, which play a critical role in training the next generation of healthcare professionals and strengthening the workforce pipeline in medically underserved communities.
- Rural Health Transformation Program: CHCANYS is encouraged by the first-year award of more than \$212 million from the Centers for Medicare & Medicaid Services under the federal Rural Health Transformation Program to improve health care access and delivery in rural communities. CHCANYS stands ready to partner with the Department of Health to strengthen and sustain rural health access statewide. Yet, CHCANYS urges the state to authorize CHCs to be eligible for direct funding under the program rather than requiring them to rely on hospital partners to unlock programmatic funding.



- Regulatory flexibility extender: Since the conclusion of DSRIP, the New York State Legislature has regularly renewed the temporary authority allowing certain Article 28–licensed facilities—those grandfathered under the original DSRIP program—to provide behavioral health services up to 49% of their total visit volume. All other Article 28 facilities are unable to take advantage of the regulatory waiver and remain limited to offering mental health visits at no more than 30% of total visit volume. CHCANYS supports the extension of the waiver proposed by the Governor and urges the Legislature to make the higher threshold permanent for all free-standing Article 28 D&TCs, ensuring expanded and sustainable access to essential behavioral health services across the state.

Conclusion

CHCs are the primary care safety net for NY’s most underserved populations. Our members fill the gaps others cannot, ensuring that every New Yorker has access to care, regardless of their insurance or ability to pay. By removing barriers to care and meeting patients where they are, patients get timely care, emergency rooms are less strained, and communities are healthier. For all of the reasons detailed above, The Community Health Care Association of New York State respectfully urges the New York State Legislature to:

- Invest \$300M in community health centers
- Protect CHCs’ 340B savings
- Ensure full telehealth reimbursement for CHCs, regardless of patient or provider location
- Support workforce investments, scope of practice reforms, and healthcare coverage
- Include the Primary Care Investment Act
- Support key programs, including:
 - D&TC Safety Net Pool
 - Patient Centered Medical Homes
 - Health Homes
 - Migrant & Seasonal Farmworkers Program
 - School-Based Health Centers
 - Area Health Education Centers
 - Rural Health Transformation Program

CHCANYS is grateful for the opportunity to submit this testimony. With any questions, please contact Marie Mongeon, Chief External Affairs Officer, at mmongeon@chcanys.org.