Testimony of New York State Association of Health Care Providers, Inc. (HCP)

Joint Legislative Budget Hearing: Health

Albany, New York
February 10, 2026

Introduction

The New York State Association of Health Care Providers, Inc. (HCP) appreciates the opportunity to provide testimony on the SFY 2026–2027 Executive Budget Proposal and the state of the home care industry. HCP is a statewide trade association representing the full spectrum of home care providers. We support the home care industry through advocacy, information, and education, grounded in the fundamental belief that every person has the right to access health care that meets their unique needs.

Home care is a cornerstone of New York's health care ecosystem. It enables elders, people with disabilities, and individuals with complex medical needs to remain safely in their homes; reduces unnecessary hospitalizations and nursing home placements; and saves the state billions of dollars annually by avoiding far more costly institutional care. Home care also serves as a critical pressure-release valve for New York's hospitals by enabling timely and safe discharges into the community. When home care capacity is constrained, hospital backlogs worsen, lengths of stay increase, and already strained inpatient systems face even greater pressure.

Despite this essential role, access to home care is increasingly fragile. Persistent Medicaid reimbursement shortfalls, a strained workforce, and growing administrative barriers continue to destabilize Licensed Home Care Services Agencies (LHCSAs) across the state, particularly in rural and underserved communities. Without timely legislative and budgetary action, these pressures will further erode access to care for vulnerable New Yorkers.

SFY 2026–2027 Budget Actions Needed to Stabilize Home Care

HCP urges the Legislature to take immediate action in the SFY 2026–2027 budget to stabilize New York's home care system and ensure Medicaid investments function as intended. Medicaid reimbursement rates do not reflect the true cost of delivering home care, particularly in light of state-mandated wage increases and essential administrative and compliance requirements. As a result, providers are forced to absorb costs they cannot sustain, workforce stability is undermined, and access to care is placed at risk.

To address these challenges, HCP strongly urges the Legislature to dedicate $500 million from the Managed Care Organization (MCO) tax to stabilize personal care services statewide and ensure Medicaid dollars flow directly to providers and the workforce.

These funds should be used to:

- Fully reimburse LHCSAs for state-mandated wage increases, reflecting the full cost of those increases, including associated fringe benefits
- Ensure reimbursement of LHCSA administrative and general operating costs essential to compliance, care coordination, workforce oversight, and quality assurance
- Provide incentive payments to support transitions into Medicaid Advantage Plus (MAP), an integrated model that improves care coordination for dually eligible individuals
- Repeal the LHCSA Request for Offers (RFO), which threatens access to care without improving quality or cost efficiency

Specific Budget Asks

HCP respectfully requests the following investments:

- **$25 million** to repeal the LHCSA Request for Offers (RFO), eliminating an unnecessary and destabilizing statutory authority that threatens access to care
- **$285 million** to:
    - Fully reimburse state-mandated wage increases; and
    - Cover LHCSA administrative and general operating costs
- **$190 million** to provide incentive payments supporting the transition of eligible individuals into Medicaid Advantage Plus

Together, these investments will stabilize providers, protect access to care for seniors and people with disabilities, and support workforce recruitment and retention at a time when New York cannot afford further erosion of its home care infrastructure.

Implications for State Policy if No Action Is Taken

Absent corrective action:

- Providers will continue to absorb state-mandated labor costs without corresponding reimbursement
- Workforce instability will worsen, accelerating turnover and constraining service availability
- Access to home- and community-based care will continue to erode, particularly in underserved regions
- State investments in minimum wage increases will not reliably reach providers as intended

The Problem:

Medicaid Reimbursement Does Not Reflect the True Cost of Care

LHCSAs are not fully reimbursed for state-mandated wage increases or for essential administrative and general operating costs. This chronic underfunding creates structural deficits that threaten workforce stability, limit service availability, and undermine compliance with state and federal requirements.

While most LHCSAs do not operate primarily in the Medicaid fee-for-service environment, the proposed 15 percent administrative cost cap signals a broader policy direction. Absent a clear and uniform definition of reimbursable administrative and general cost components, applying a fixed cap before the underlying reimbursement methodology is fully defined is premature and risks further constraining provider capacity.

Evidence That Reimbursement Rates Do Not Reflect Mandated Wage Costs:

Findings from February 2026 Provider Reimbursement Rate Survey (MLTC & MAP)

Table 1: Average hourly reimbursement rates for one hour of Personal Care Services (PCS)

Managed Long Term Care (MLTC) Plans	Medicaid Advantage Plus (MAP) Plans
April 1, 2025: $29.39	April 1, 2025: $28.82
December 1, 2025: $29.32	December 1, 2025: $29.04
Post–January 1, 2026: $29.68	Post–January 1, 2026: $29.40

New York State increased the minimum wage for home care workers effective January 1, 2026, with the expectation that reimbursement rates would support this mandate. This increase followed reimbursement rate reductions implemented by plans in the summer of 2025. Provider survey data shows that reimbursement rates paid by Managed Long Term Care (MLTC) and Medicaid Advantage Plus (MAP) plans did not meaningfully increase following the wage hike and, in many cases, remain below or only marginally above pre-cut levels.

About the Data

- Survey of home care providers contracting with 14 different MLTC and 5 different MAP plans
- Providers reported hourly reimbursement rates at three points in time:
- April 1, 2025 (*prior to summer 2025 rate cuts*)
- December 1, 2025 (*after summer rate cuts*)
- Now (*one full month following the minimum wage increase*)
- MLTC analysis *excludes* a clear high-rate outlier to reflect the typical provider experience
- Analysis focuses on changes over time, not isolated contract values

Key Findings

- Reimbursement increases following January 1, 2026 averaged approximately $0.36 per hour
- This increase falls far short of the $0.55 wage mandate, let alone associated fringe costs
- Median changes from April 2025 to post-wage-increase are near zero
- Summer 2025 rate cuts materially weakened baseline reimbursement
- There is no evidence of a uniform or automatic wage pass-through

Cost of Care vs. Reimbursement: The Math Does Not Work

Table 2: Demonstrating the Cost of Care vs. Reimbursements for Care

Cost Center	New York City Long Island Westchester County	Remainder of State (Upstate)
Home Care Worker Minimum Wage / Hour On January 1, 2026, the minimum wage for home care workers increased statewide by $0.55.	**$19.65**	**$18.65**
Worker Wage Parity (WWP) WWP is $2.54/hour in NYC and $1.67 on Long Island and in Westchester County, unless otherwise stipulated in a Collective Bargaining Agreement.	**$2.54 (NYC) ($1.67 in Nassau, Suffolk, Westchester Counties)**	**NA**
State- or Federally Mandated Costs (Non-Discretionary) DOH & DOL **mandated costs** include Soc. Security, Medicare, Disability, Workers' Comp., FLSA, Sick Leave, Prenatal Leave, Unemployment (FUTA, SUTA), In-Service,	**$5.53**	**$6.08**

and Training.		
Patient Care Team Costs LHCSAs are **required** to have nurses on staff, as well as employing staff like schedulers and supervisors.	**$3.03**	**$4.27**
Administrative & General Costs Agencies are **required** to have a physical location. Like any other business, there are administrative and operational costs associated with running a LHCSA. This includes margin.	**$2.63**	**$4.61**
Actual cost of delivering an hour of Personal Care Services, compliant with state and federal labor law:	**$33.38**	**$33.61**

These costs represent an average. Individual agencies' costs may vary in some cost centers.

By contrast:

- Average MLTC Reimbursement Rate for 1 hour PCS: $29.68
- Average MAP Reimbursement Rate for 1 hour PCS: $29.40
- Average cost of delivering an hour of Personal Care Services: $33.50 (avg. of NYC / Upstate rates)

Providers are under-reimbursed by approximately **$4.00 per hour** for every hour of care delivered.

> *For example, an agency providing 20 hours per week of Personal Care Services to a single consumer will lose approximately $80 per week in unreimbursed expenses, over $4,000 annually for one consumer. Scaled across hundreds of thousands of Medicaid recipients statewide, the financial impact is staggering.*

Cross-Cutting Conclusions

- Summer 2025 reimbursement rate cuts materially weakened provider reimbursement
- January 2026 wage mandates were layered onto already-reduced rates
- Reimbursement increases were inconsistent, modest, and insufficient
- Wage policy and reimbursement policy remain fundamentally misaligned

Legislative and Programmatic Reforms

Strengthen Contracting Standards and Oversight

LHCSAs routinely face unilateral contract amendments, delayed approvals, and unresolved payment disputes with MCOs and MLTC plans, often without meaningful recourse.

HCP strongly supports **A.9607 (Paulin)**, which would:

- Require timely review and approval of LHCSA contracts
- Establish a binding, independent dispute resolution process
- Prohibit retaliation against providers for asserting contractual rights
- Authorize directed payments for state-mandated wage increases

Repeal the LHCSA Request for Offers (RFO)

HCP also strongly supports **A.8137 (Paulin) / S.7874 (Rivera)** to repeal Public Health Law §3605-c. The LHCSA RFO is redundant, disruptive, and risky. There is no evidence that reducing the number of LHCSAs improves access, quality, or cost efficiency. Instead, the RFO creates uncertainty, deters investment, and risks unnecessary disruption of care.

Reinvestment of CDPAP Savings

HCP urges the reinvestment of approximately $1.2 billion in savings associated with recent CDPAP reforms into urgently needed stabilization of home- and community-based services. Following these changes, utilization of agency-based home care has increased significantly, with LHCSAs absorbing the majority of personal care cases. Reinvestment is essential to maintaining access and system stability.

Conclusion

Home care keeps New Yorkers safe, independent, and out of costly institutions, while saving the state money. However, access depends on a stable workforce and financially viable providers.

HCP respectfully urges the Legislature to:

- Invest $500 million from the MCO tax to stabilize personal care services
- Fully fund state-mandated wage increases and administrative costs
- Incentivize participation in Medicaid Advantage Plus
- Enact A.9607 (Paulin) and A.8137 / S.7874 (Paulin / Rivera)
- Remove unnecessary administrative barriers that delay care

These actions are essential to preserving access, promoting equity, and ensuring New York's long-term care system remains strong, sustainable, and responsive to the needs of its most vulnerable residents.