



Testimony of
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**Provided to the Joint Legislative Budget Hearing on 2026 Executive Budget Proposal:
Health/Medicaid**

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Invest in Health Home Care Management

On behalf of the Coalition of New York State Health Homes—representing 20 Health Homes serving over 180,000 adults and children with some of the state’s most complex medical, behavioral health, and social care needs—and the New York State Care Management Coalition, representing thousands of care managers and care management agencies statewide, we respectfully submit this testimony in response to the SFY 2026-27 Executive Budget.

We would like to extend our gratitude to Chairs Senator Liz Kruger and Assemblymember J. Gary Pretlow, Senator Gustavo Rivera, Assemblymember Amy Paulin, and all the members of the Assembly and Senate Committees for holding this hearing on the health-related proposals in the Governor’s Executive Budget for the State Fiscal Year 2026-27.

We urge you to reject the Department of Health’s (DOH) \$2.5 million cut to Health Homes, include Children’s High Fidelity Wraparound Services in the Targeted Inflationary Increase, and include a 15% Medicaid rate increase for Health Homes in this year’s final enacted budget.

Health Homes are a proven, cost-effective investment for the State, reducing unnecessary emergency department visits, hospital admissions, and institutional care while improving outcomes for high-need complex Medicaid populations. Despite these documented savings, the program faces continued

financial pressure due to insufficient reimbursement rates that have remained largely unchanged since 2018. Inflation has risen more than 25 percent over this same period. Furthermore, the DOH portion of the Health Home program—which represents the majority of the program—has received no cost-of-living or inflationary adjustment.

Reject: \$2.5 million cut to the Health Home Program

Although the Aid to Localities budget bill maintains level funding for the Health Home program compared to the prior fiscal year, the Department of Health's own financial projections indicate a planned reduction in resources. Specifically, the Department's scorecard reflects \$2.5 million in cuts in the current fiscal year and an additional \$5 million in reductions projected for FY 2027–28. These reductions follow nearly \$100 million in Health Home funding cuts enacted in SFY 2024–2025, after which the Department significantly narrowed eligibility to ensure that only individuals with the highest levels of need remained enrolled. As a result, current Health Home enrollment now reflects a population comprised almost exclusively of the most medically complex, chronically ill, and high-risk Medicaid members across the state.

The Department of Health's Continued Eligibility Screening Tool, or CEST, has already significantly restricted enrollment. Between November 2023 and May 2025, 8,879 individuals were disenrolled from the program, and only 10.7 percent were able to re-enroll after an average gap in services of 116 days. Among those who re-enrolled, the consequences were alarming: 21 percent had lost benefits, 14 percent experienced an adverse health event, and 13 percent were without a primary care or behavioral health provider.

The data makes clear that these restrictive eligibility policies are not producing real savings. Instead, they are shifting costs to far more expensive and higher-acuity settings like emergency rooms, hospitals, and nursing homes while destabilizing care for some of the state's most vulnerable residents.

Include: Children's High Fidelity Wraparound Services in the Targeted Inflationary Increase

The Health Home High-Fidelity Wraparound (HFW) program for children and youth with Serious Emotional Disturbance (SED) model is a critical, high-intensity service for some of New York's most vulnerable children.

Last year's Targeted Inflationary Increase (TII) applied to "care coordination, including Health Home Plus services," overseen by the Office of Mental Health. The Department of Health's website further states that the HFW policy "only applies to Health Homes Serving Children (HHSC) Care Management Agencies (CMA) that have been approved and designated by the Office of Mental Health." Nevertheless, the program was not granted the rate increase mandated by law.

Although we believe the statute is clear, we respectfully ask the inclusion of language, “***and Health Home High-Fidelity Wraparound for Children/Youth with Serious Emotional Disturbance services***” after “***health home plus services***” in the Targeted Inflationary Increase in the final enacted budget.

Include: 15% Medicaid Rate Increase

Health Home Care Management remains New York State’s primary strategy for supporting and navigating care for Medicaid-enrolled adults and children with the most complex needs, yet it has continued to be overlooked in statewide cost-of-living adjustments.

Health Home Care Management represents one of the most cost-effective investments within New York State’s Medicaid program:

- Investments in Health Home Care Management produce a positive return through measurable reductions in institutional and acute care spending.
- Hospitalizations, ED visits, and nursing home stays are significantly reduced.
- Equity and prevention serve as long-term cost-containment strategies.
- Leveraging existing infrastructure avoids new administrative overhead while mitigating federal cuts.

At the same time, the lack of rate increases is contributing to growing instability among safety net providers and Care Management Agencies (CMAs). For example, in Western and Central New York, 13 CMAs have exited the Health Home network over the past 18 months due to financial and staffing challenges. Continued closures will further destabilize the care continuum, reduce access to care management for high-need Medicaid members, and increase the risk of avoidable high-cost utilization.

With appropriate rate adjustments and expanded eligibility, New York State can achieve Medicaid savings by reducing high-cost utilization and improving outcomes—while strengthening the care management workforce and preserving access for high-need populations

Individuals enrolled in Health Homes experienced significantly lower rates of inpatient admissions and emergency department visits than those not enrolled in Health Homes.

ADMISSIONS TYPE	HEALTH HOME %	STATEWIDE %	REDUCTION
Inpatient Admissions	-32.5%	-4.8%	-27.7%
ER Visits	-18.5%	-4.0%	-14.5% ¹

¹ [NYS-DOH-Health-Home-Data-Set_2024.pptx](https://www.doh.ny.gov/DOH/Health-Home-Data-Set_2024.pptx)

Costs

- **Plan-Level Evidence:** Northwell Health and Healthfirst's joint analysis found a **\$288 PMPM reduction, 33% fewer ED visits, and 56% fewer inpatient admissions** within 12 months of HHCM engagement.
- **DOH Data:** Inpatient admit amount decreased by 33% for Health Home enrolled adults while the statewide change was +1.6% and Emergency Department visit amount decreased by 18.2% while the statewide change was -1.6% for a difference of 16.6% for Health Home enrolled adults.
- **Equity Impact:** HHCM serves disproportionately high-need populations—members are **twice as likely to be Black and 15% more likely to be Puerto Rican/Hispanic** than the overall Medicaid population, with **40% reporting multiple social determinant needs.**²

Program Outcomes — Documented Performance and Cost Savings

State Department of Health (DOH) data confirms that Health Home members achieve substantially better performance across behavioral health and health outcome measures than the overall Medicaid population.

Adult Health Home Members — Better Outcomes Across 19 of 22 Measures

Children Health Home Members-Better Outcomes Across 15 of 15 Measures

Adult Measure Name	Medicaid	HH	Difference
Follow-Up After Emergency Department Visit for Alcohol and Other Drug Dependence (30 Days)	41.5%	63.4%	21.9%
Follow-Up After Emergency Department Visit for Alcohol and Other Drug Dependence (7 Days)	29.9%	45.8%	15.9%
Follow-Up After Hospitalization for Mental Illness (30 Days)	58.7%	81.1%	22.4%
Follow-Up After Hospitalization for Mental Illness (7 Days)	41.2%	61.8%	20.6%
Follow-Up After Emergency Department Visit for Mental Illness (30 Days)	54.5%	76.1%	21.6%

² [NYS-DOH-Health-Home-Data-Set_2024.pptx](https://www.health.ny.gov/systems_health_care/medicaid/medicaid_health_home/DOH_Health_Home_Data_Set_2024.pptx)

Follow-Up After Emergency Department Visit for Mental Illness	38.7%	57.1%	18.4%
(7 Days)			

These findings show that Health Home members are more engaged in care, experience faster follow-up after critical behavioral health episodes, and have higher screening completion rates, all of which contribute to measurable Medicaid cost savings and improved population health outcomes.

Health Home Care Management is uniquely positioned as an integrated, statewide model that connects healthcare, behavioral health, and social care systems to support Medicaid enrolled adults and children with the most complex needs. Investment in HHCM is also essential to New York State's success in major transformation efforts, including the 1115 Medicaid waiver and Rural Health Transformation Program, where coordinated care, navigation, and community-based supports are critical to improving outcomes and reducing avoidable utilization.

As New York State faces the risk of historic federal Medicaid cuts, HHCM will remain a trusted community partner to help Medicaid members stay enrolled, access essential services, and avoid preventable hospital and emergency department use. Strengthening HHCM now will protect continuity of care, stabilize the safety net, and ensure the State's broader reform initiatives achieve their intended impact.

We respectfully urge the Legislature to reject the proposed \$2.5 million cut to the Health Home program, to explicitly include Children's High-Fidelity Wraparound services in the Targeted Inflationary Increase, and to enact a 15 percent Medicaid rate increase for Health Home Care Management. This will help stabilize the care management workforce, maintain access for high-need New Yorkers, and sustain a program that has consistently demonstrated strong value to the Medicaid program and to taxpayers.

Sincerely,

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