WRITTEN TESTIMONY

Joint Legislative Public Hearing on the 2026-2027 Executive Budget Proposal

Topic: Health/Medicaid

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Submitted by:
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Dear Chair Rivera, Chair Paulin, and Distinguished Members of the Senate and Assembly Health Committees:

Thank you for the opportunity to submit written testimony regarding the 2026-2027 Executive Budget as it relates to Health and Medicaid. I am Frank Cerny, Executive Director of The Rural Outreach Center (ROC), a 501(c)(3) nonprofit organization that has been breaking the cycle of rural poverty in Western New York since 2006. I submit this testimony on behalf of the ROC and rural social service providers across the state who share our concerns about the implementation of the federal Rural Health Transformation Program (RHTP).

THE RURAL HEALTH TRANSFORMATION PROGRAM: A HISTORIC OPPORTUNITY

New York State has secured funding through the Centers for Medicare and Medicaid Services (CMS) Rural Health Transformation Program—a $50 billion federal initiative to help states improve healthcare access, quality, and outcomes in rural communities. This represents an unprecedented opportunity to address the persistent health disparities facing our rural residents. New York's application outlines four major initiatives: Rural Community Health Integration, Strengthening Rural Communities with Technology-Enhanced Primary Care, Rural Roots Workforce Development, and Investments in Technology Innovation and Cybersecurity.

We commend the Department of Health for its comprehensive application and its recognition of the interconnected challenges facing rural communities—geographic isolation, limited transportation, workforce shortages, and the social factors that compound health disparities. However, we are deeply concerned that the current funding framework directs the overwhelming majority of RHTP resources to clinical healthcare providers, leaving rural community-based organizations (CBOs) without the resources they need to fulfill their essential role in achieving the program's goals.

THE FUNDING GAP: CLINICAL PROVIDERS VERSUS COMMUNITY-BASED ORGANIZATIONS

CMS's own guidance for the RHTP explicitly recognizes community-based organizations as essential partners. The federal Notice of Funding Opportunity states that funding should "promote preventative health and address root causes of disease" and identifies "other social health services" as critical components of integrated care models. CMS authorizes the use of funds for "developing a hub and spoke model to place a community health center, rural health clinic, rural hospital, or other community-based organization at the center of care to integrate physical health, behavioral health, long-term care, and social health services more formally."

Yet New York's implementation framework, as currently structured, channels funding primarily through clinical anchor institutions—hospitals, Federally Qualified Health Centers, and primary care practices. While these institutions are vital, they cannot alone address the social determinants that drive 80 to 90 percent of modifiable

health outcomes. Rural CBOs like The ROC provide the care coordination, case management, housing navigation, transportation assistance, food security programs, and behavioral health support that clinical providers simply cannot offer. Without dedicated funding, we cannot scale our services to meet the RHTP's ambitious goals.

THE EVIDENCE: SOCIAL SPENDING IMPROVES HEALTH OUTCOMES

Landmark research published in *Health Affairs* by Bradley and Taylor demonstrates that the United States spends only $0.91 on social services for every dollar spent on health services, compared to the OECD average of $2.00 on social services for every healthcare dollar. Their analysis found that states with higher ratios of social-to-health spending had significantly better outcomes across seven health measures. A 20 percent increase in the social-to-health spending ratio was associated with 85,000 fewer adults with obesity and more than 950,000 fewer adults reporting mentally unhealthy days.

This research underscores a fundamental truth: we cannot achieve better health outcomes by investing exclusively in clinical care. New York's rural communities need balanced investment that recognizes social services as healthcare infrastructure.

THE ROC MODEL: PROVEN RESULTS IN RURAL HEALTH TRANSFORMATION

The Rural Outreach Center has developed a comprehensive service model that integrates physical, mental, and social services in one accessible location. Our "ROC Central" focuses on individual and family transformation through counseling, play therapy, and care coordination. Our "ROC Development Hub" addresses community-level social determinants including housing, transportation, workforce development, and food security. We track participant progress across 14 outcome measures on a 5-point scale—including cash reserves, housing stability, transportation access, education, and employment. Our year-to-year participant improvements are dramatic and maintained over five years or more.

Rural environments require distinct approaches. The lack of transportation options, population dispersion, and distances between services create barriers that clinical interventions alone cannot address. The ROC model brings multiple services together in one place so that the transportation barrier is isolated to one location where it can be managed. We estimate that five or six ROC-like entities would be needed across rural New York to replicate our successes statewide.

OUR REQUEST: SUPPLEMENTAL STATE FUNDING FOR RURAL SOCIAL SERVICE PROVIDERS

We respectfully urge the Legislature to include in the 2026-2027 state budget supplemental funding to support rural community-based organizations in fulfilling their essential role in the Rural Health Transformation Program. Specifically, we recommend:

1. Establish a Rural Social Services Capacity Fund ($10 million): In FY27, we are asking the Legislature to lead the creation of a dedicated state appropriation to provide capacity-building grants to rural CBOs that serve as partners in RHTP initiatives. These organizations need resources to hire care coordinators, expand service hours, invest in technology, and scale evidence-based programs. Without state investment, rural CBOs will be unable to meet the demands that RHTP partnerships will place on them.

2. Require Minimum Social Service Allocation in RHTP Implementation: Direct the Department of Health to require that a minimum of 20 percent of funding flowing through RHTP partnership networks be allocated to address health-related social needs through qualified social service organizations (approximately $15 million/year). This benchmark reflects the research evidence that balanced investment in social and clinical services produces better health outcomes.

3. Mandate Dual Anchor Partnership Structures: Require RHTP partnership networks to designate anchor social service partners alongside clinical anchor institutions. This ensures that community-based expertise is represented in governance and decision-making, not merely consulted as an afterthought.

4. Include Population Health Measures in Performance Metrics: Direct the Department of Health to incorporate population health and social determinant measures—such as food security, housing stability, and social connectedness—into RHTP performance metrics. What gets measured gets managed; without these measures, the program will default to clinical indicators that miss the upstream drivers of health.

A FISCALLY RESPONSIBLE INVESTMENT

Investing in rural social services is not merely compassionate, it is fiscally prudent. Research consistently shows that addressing social determinants reduces costly emergency department visits, preventable hospitalizations, and hospital readmissions. New York's RHTP application acknowledges that the state's rural counties have a potentially preventable emergency visit rate of 20.90%, compared to 14.74% in non-rural counties. Closing this gap requires investment in the community-based services that keep people healthy and out of hospitals.

The federal RHTP provides a once-in-a-generation opportunity to transform rural healthcare. But federal dollars flowing exclusively to clinical providers will not achieve transformation. State investment in rural social service capacity will leverage federal resources, ensure balanced implementation, and deliver the outcomes that New York's rural residents deserve.

CONCLUSION

Health is more than the absence of disease. It requires bringing together the best of physical, mental, and social care to ensure well-being and optimal functioning. For too long, our healthcare system has operated in silos—treating physical health, mental health, and social needs as separate domains. The RHTP gives New York the chance to build something better: an integrated rural health system that addresses root causes and achieves lasting transformation.

Rural community-based organizations are essential partners in this work. We ask the Legislature to ensure we have the resources to fulfill that role. The rural communities we serve—over 2.1 million New Yorkers—are counting on you.

Thank you for your consideration of this testimony. I would be honored to answer any questions or provide additional information to the Committees.

Respectfully submitted,

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