



Testimony of The Legal Action Center

**Joint Legislative Budget Hearing
Health
February 10, 2026**

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Thank you for the opportunity to submit testimony on Governor Hochul's proposed Health and Medicaid Budget. The Legal Action Center is a non-profit law and policy organization that fights discrimination, builds health equity, and restores opportunity for people with substance use disorders, arrest and conviction records, and HIV and AIDS. LAC works to combat the stigma and prejudice that keep these individuals out of the mainstream of society, helping people reclaim their lives, maintain their dignity, and participate fully in society as productive, responsible citizens.

LAC is one of the founders and continues to lead the New York Alternatives to Incarceration (ATI) and Reentry Coalition composed of nearly a dozen direct service and advocacy organizations across the state. LAC was one of the founders of and continues to co-chair, coordinate and staff the Coalition for Whole Health, a national coalition bringing together advocates from the mental health and substance use disorder fields. The Coalition played a key role in advocating for passage of the federal Mental Health Parity and Addiction Equity Act (Parity Act) and ensuring that parity for behavioral health services was a key component of the Affordable Care Act. The Coalition for Whole Health has spent the last year advocating at the federal level to prevent harmful Medicaid cuts that were ultimately enacted.

The Fiscal Year 2027 New York State Budget process comes at a time of great uncertainty due to major upheaval in the federal government. In July 2025, Congress passed and the President signed the federal budget reconciliation bill H.R. 1 (Public Law 119-21) which contained the most sweeping changes to the Medicaid program since its inception 60 years ago and may lead to hundreds of thousands of people in New York losing coverage.

More than once in recent months, the federal government has announced major cuts to substance use disorder and mental health care programming and then walked them back. In July, the Trump Administration issued an executive order that rescinded support for harm reduction supports for people who use drugs, however, SAMHSA later clarified that funding is

still available for naloxone, test strips and drug-testing machines. This chaos leaves states in a confusing position without clarity about how to budget for potential federal cuts.

New York’s final budget must show that New York is a national leader in preventing coverage losses, especially for the most vulnerable New York State residents, such as people with substance use disorder, mental health conditions and people leaving incarceration.

Federal Medicaid Changes

While the overdose epidemic has shown signs of abating in New York State, the reductions in overdose deaths have not been equitable and the overdose rate is still astronomically higher than it was a decade ago.¹ The overdose crisis cannot end for everyone without robust Medicaid coverage, as it is currently the largest payer of SUD and MH services in New York and nationally.

New York State must act now to prevent coverage losses when Public Law 119-21 goes into effect. Federal law requires states to implement work reporting requirements and six-month Medicaid renewals beginning January 2027, but the executive budget proposal is sparse on details about implementation plans, including funding necessary to support the administration of these changes. The final budget must acknowledge the enormity of these changes and include funding and policy change to implement them in ways that will mitigate any possible coverage losses.

To mitigate coverage losses, processes must be automated and simplified as much as possible. Sharing data between agencies will be critical to keeping people covered. There are several exemptions to the work reporting requirements for medical frailty, substance use disorder, and others. New York must work to shore up the infrastructure necessary to share available data between agencies to verify exemptions. For example, state prisons and county jails may have information about an individual’s health status that would qualify that person for an exemption

from work reporting requirements so data-sharing infrastructure must be available to avoid unnecessary and onerous paperwork for the reentry population, as it should be for everyone.

Additionally, the executive budget alludes to additional funding for the New York State of Health to implement community engagement (the term used in federal law for work reporting requirements), but details are limited for what that will be. The state must ensure adequate staffing to process the more frequent Medicaid renewals required by H.R. 1, work reporting requirements and exemptions, and provide adequate notice to individuals about these requirements.

Medicaid for the Reentry population

Once again, the executive budget does not include proposals to address the high rates of overdose among the incarcerated and formerly incarcerated populations. The reentry population has higher rates of chronic conditions including HIV and hepatitis, diabetes, hypertension and serious mental illness and substance use disorders.ⁱⁱ All of these conditions may have been exacerbated due to inadequate health care provided in correctional settings as well as general poor conditions that worsen physical and mental health. People continue to be released with gaps in insurance coverage leading to costly emergency services and ultimately higher rates of death, including being 130 times more likely than the general population to die of overdose within the first two weeks of release.ⁱⁱⁱ

Once again, we urge New York to submit an 1115 Reentry waiver, as 19 other states have done, to provide Medicaid coverage for a period of time preceding release in both prisons and jails. Despite the change in federal administration, it is not at all clear that these waivers will be denied as they continue to have bipartisan support. Not only does this provide coverage and cost-savings to New York during the period of incarceration, but it ensures continuity of coverage and care as people reenter the community.

In New York, DOCCS facilities are already doing the work of lifting Medicaid suspensions and providing some amount of enrollment assistance to people so they have active Medicaid on day one of release, but there are still many gaps and jails are not universally doing the same. That is why we urge enactment of the Transitional Reentry Health Act (S614/A1008) which mandates all prisons and jails throughout the state to conduct enrollment assistance and also provides direction and authority for New York to use presumptive eligibility for this population, ensuring they can use Medicaid while completing their application after 60 days. When people have active Medicaid on day one of reentry, they are less likely to be rearrested, less likely to have expensive emergency department visits and less likely to have acute health care crises.^{iv}

Ending the Overdose Epidemic

Funding for substance use disorder treatment, prevention, harm reduction and recovery is uncertain, with the federal government shifting their stance on support for things like syringe service programs, harm reduction services, and housing first policies. That is why New York must raise revenue to support these services and ensure sustainable, long-term revenue streams to stabilize harm reduction and the substance use disorder care continuum. The Substance Use Prevention, Education and Recovery (SUPER) Package aims to do just that by expanding the Drug Treatment and Public Education Fund (S8637/A9653) to allow for expenditures on drug user health and culturally competent services while bolstering reporting and transparency of the fund. Bills included in this package will create new revenue streams to the fund by instituting 5% excise tax on alcohol sales (S4595/A9318) and redirecting the Opioid Excise Tax (S7641/A9311) to the Drug Treatment and Public Education Fund. This package is a common sense way to stabilize and even enhance these critical, life-saving services.

Drug Checking Services must be also expanded and fully funded. Drug Checking Services are a critical public health tool, offering accurate and timely information about local drug supplies

that equips individuals with education and resources to use more safely. Studies show that when a person knows what exactly is in their drug supply, they are better prepared and more likely to employ life-saving strategies to reduce harm^v, such as choosing to use lower doses, avoid mixing drugs, or not to use alone.

Additionally, studies show that instances of drug use do not increase in areas that have drug-checking systems in place.^{vi} In fact, the same study also found that the presence of drug-checking services did not encourage drug use in those who do not use drugs. Drug checking services also track the drug supply at a community level, allowing the state Department of Health and other public health authorities in the state to track changes in the drug supply and respond quickly. We urge the legislature to pass the Drug Checking Services Bill ([S56/A808](#)) that would extend legal immunity to all parties involved in the drug checking infrastructure, including participants who test their samples and technicians operating the machines, and organizations who host them and it protects the anonymity of participants to ensure individuals who may want to use this life-saving service are not scared off due to fear of prosecution. As more drug checking technology comes online, individuals may avoid utilizing these crucial services for fear that knowing what is in their substance will enhance the potential for criminal penalties.

Decriminalize Sexually Transmitted Infections Including HIV

New York's Public Health Law § 2307 makes it a crime to have sex while knowingly having a sexually transmitted infection (STI) including HIV. The law makes no exception for using protection or whether an individual is virally suppressed and therefore cannot transmit HIV (known as U=U) and makes no exception for whether the individual has disclosed their status to their partner. This law is stigmatizing, outdated, and can discourage people from learning their STI or HIV status and disclosing it to their partner, for fear of being criminalized. New York must

join the 12 other states that have amended or repealed their laws criminalizing HIV/AIDS since 2014 by immediately passing the REPEAL STI Discrimination Act (S.4545-A/A.733-A).

Thank you for the opportunity to submit this testimony. We are available to answer questions or provide further information. Please feel free to reach out to Christine Khaikin at ckhaikin@lac.org

ⁱ NYC Epi Data Brief No. 150, October 2025. Available at: <https://www.nyc.gov/assets/doh/downloads/pdf/epi/databrief150-unintentional-drug-death-2025.pdf>

ⁱⁱ Gore, A. & Amaning, A. (2024, October 29). [Expanding access to basic reentry services will improve health, wellbeing, and public safety](#). *Center for American Progress*.

ⁱⁱⁱ Kincaid, S.A. & Gardner, T. (2023, November 22). [A new Medicaid program could dramatically improve healthcare for imprisoned People—If states use it](#). *The Appeal*.

^{iv} Crumpler, R. (2024, February 13). [Prison system works to combat health care coverage gap by enrolling people in Medicaid before release](#). *North Carolina Health News*.

^v <https://bmcpublichealth.biomedcentral.com/articles/10.1186/s12889-021-11243-4>

^{vi} <https://apo.org.au/sites/default/files/resource-files/2017-10/apo-nid219011.pdf>