



New York School-Based Health Alliance

Testimony Submitted for the Joint Legislative Public Hearing on Health

SFY 2026-2027 Budget

February 10, 2026

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Honorable Chairs and Members of the Senate and Assembly Health Committees, Senate Finance Committee and Assembly Ways & Means Committee, thank you for the opportunity to submit testimony related to the New York School-Based Health Alliance’s (NYSBHA) priorities for the SFY 2026-27 State Budget Proposal. School-Based Health Centers (SBHCs) provide child-centered care for New York’s most vulnerable children – serving approximately 250,000 at-risk youth in the most underserved rural and urban areas of the State.

SBHCs have always been “carved-out” of Medicaid Managed Care (MMC), enabling them to receive reimbursement directly from the State through Medicaid fee-for service (FFS). During the 2025-26 budget negotiations, the Legislature intervened to narrowly avoid an abrupt shift of SBHCs into managed care, securing language in the final budget that delayed any transition until **no sooner than April 1, 2026**. However, absent statutory language that permanently carves SBHCs out of managed care, SBHCs remain vulnerable to a future transition with little notice, creating continued uncertainty for providers and the children and families they serve.

For these reasons, we respectfully request that the legislature include a permanent carve-out of SBHCs from MMC (as provided in S8902, Rivera/A9577, Paulin) in your One House Budgets, and urge its inclusion in the final enacted budget.

While no transition announcement has been made for SBHCs this year, the Governor’s office and the State Department of Health last announced a transition date for SBHCs abruptly and without advance notice or stakeholder engagement in September 2024. Unless the Legislature intervenes again this year to preserve SBHCs’ carved-out status, nothing would prevent a similar announcement from being made after the Legislature adjourns, leaving SBHCs unprotected and facing a sudden potential shift into managed care.

Last year’s transition, originally scheduled for April 1, 2025, was delayed by one month due to a lack of readiness that would have made implementation impossible and unworkable. **It is important to note that there have been no transition discussions since last year’s enactment of the Final SFY 2025-26 Budget.** There has been no communication from the Department regarding a possible rescheduled transition date, and no progress has been made toward readiness for implementation. Virtually all of the outstanding issues and concerns presented by the SBHC field remain unaddressed, and new issues have emerged due to federal policy changes that would negate intended safeguards proposed by the Department, including requiring plans to pay SBHCs at the APG rate for the first two years of the transition, a practice that the federal government has prohibited.

Beyond these concerns, SBHCs do not have the resources or administrative capacity to be in MMC. They do not have the means to deal with plan networks and contracting, unstable reimbursement, navigate MMC plan denials and payment delays, which often require an extensive and costly appeal process. SBHCs would not have any leverage to negotiate for better reimbursement rates with health plans, as they are required to provide care to all enrolled children regardless of the child's insurance status or ability to pay. As a result, insurance plans would be able to dictate reimbursement terms that best serve them. Because of these incompatibilities, it is no surprise that virtually every external stakeholder remains opposed to a transition of SBHCs into managed care.

SBHCs are also facing serious non-Medicaid financial challenges. This started long before the COVID-19 pandemic and continues unabated. Non-Medicaid grant funding for core primary, preventive, mental, and dental health care services has been reduced by over 25% since 2013. These cuts represent the largest reductions in the 45-year history of the program. Further, a redistribution of non-Medicaid State grant funding implemented by the Department of Health in 2017 resulted in reductions to 27 SBHC sponsors located in some of the most medically underserved areas of the State, with reductions ranging from 25% to 70% of total grant funds.

SBHCs are incredible grateful for the ongoing support of the NYS legislature for providing \$3.8 million to cover a portion of funding gaps created by these prior year cuts. SBHCs are requesting a continuation of this funding in the budget in addition to the \$22.1 million in non-Medicaid funding included in the Executive Budget which supports day-to-day operations including important mental, dental, and other wrap-around supports.

Thank you for your continued leadership and commitment to ensure access to care for children across New York State. We appreciate your consideration of our request to protect SBHCs by permanently carving them out of Medicaid Managed Care and by sustaining critical non-Medicaid funding. Doing so will provide the stability SBHCs need to continue delivering timely, comprehensive care to New York's most vulnerable children and ensure that these essential community-based providers are not placed at risk by uncertainty or unworkable policy shifts.