



Testimony of:

**NEW YORK STATE
CENTER FOR ASSISTED LIVING**

on the

**FY 2026-27 New York State Executive Budget Proposal
Health & Mental Hygiene
Article VII Bill**

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Albany, New York

Submitted by:
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Introduction

The New York State Center for Assisted Living (NYSCAL) respectfully submits the enclosed written testimony for consideration in the FY 2026-27 legislative budget hearing proceedings.

The New York State Center for Assisted Living (NYSCAL) is a statewide trade association representing assisted living facilities and their employees who are dedicated to delivering high-quality compassionate care to older adults throughout New York State in community-based settings, furthering the state's commitment to affording seniors the opportunity to age-in-place. Assisted living facilities are regulated via a complex state licensure structure with mixed payment sources, contributing to a long-term care landscape that plays an integral role within the service continuum.

One such payment source is Medicaid with approximately 4,200 assisted living program (ALP) beds across the State. ALPs provide comprehensive services including personal care, nursing, therapy, case management, and 24-hour supervision (but not room and board). However, ALPs have struggled in the face of significant financial constraints. Rising operational costs, inflationary trends, and regulatory pressures that divert resources away from resident care have forced approximately 5,000 beds to come offline over the past decade.

With Medicaid reimbursing 75-85% of the cost of care in an ALP setting, providers are forced to make tough decisions. Without adequate reimbursement, these Medicaid programs face:

- Inability to offer competitive wages in a workforce shortage
- Mounting operational costs from inflation (food, utilities, insurance, supplies)
- Risk of facility closures or downsizing, reducing access for vulnerable seniors
- Longer waitlists as facilities struggle to maintain current capacity

Reimbursement rates and their disbursement mechanism have varied over time. While providers have seen single digit percentage-based increases or small lump sum amounts, the reality is that costs are reliant on a base rate established in 1992 when Public Health Law § 3614(6)(a) established that ALPs be reimbursed at 50% of the nursing home rate. In 2026, ALPs are reimbursed at only 31%.

New York State can strengthen the assisted living sector to ensure that it remains an important and necessary part of the long-term care continuum. NYSCAL urges the Legislature to consider additional measures and thoughtfully executed approaches that support the long-term sustainability of New York's assisted living sector so that seniors can continue to thrive within their chosen communities and age in place. To accomplish this, NYSCAL sets forth the following recommendations:

Increase the Medicaid Base Reimbursement Rate by 4%

The Legislature has a critical opportunity to address a longstanding challenge facing the State's assisted living sector – inadequate Medicaid reimbursement rates that threaten both provider sustainability and access to care for vulnerable seniors. ALPs are an essential component of New York's long-term care continuum, providing community-based care to predominantly low-income, Medicaid-eligible residents. However, years of stagnant reimbursement rates, coupled with rising operational costs, have placed unsustainable financial pressure on ALPs across the State.

NYSCAL requests the Legislature increase the Medicaid base reimbursement rate for ALPs by 4% to address the critical gap between provider costs and current payment levels that threaten access to care for the State's most vulnerable seniors. FY 2026-27 presents an opportunity to begin a realignment of Medicaid payments for this fiscal year and beyond, providing essential relief to struggling providers, preventing further erosion of ALPs for low-income seniors who cannot afford private pay options. This modest

investment equates to \$6.75 million (all funds) – a \$3.38 million State Medicaid share investment – and would stabilize the assisted living sector, preserve community-based care options, and demonstrate the State's commitment to supporting the long-term care infrastructure that keeps vulnerable Medicaid-eligible New Yorkers living independently.

Additionally, NYSCAL requests that the Legislature “front” the State share of Medicaid funds already earmarked for ALPs but not yet disbursed to providers in FY 2026 via the State’s Managed Care Organization (MCO) tax, as well as funds allocated for FY 2027, for a total of \$16 million. Fronting the State share can be considered a cash advance, demonstrating the State’s commitment to immediate stabilization for ALPs while maintaining fiscal responsibility through the eventual receipt of federal matching funds. In fact, on January 29, 2026, the Centers for Medicare and Medicaid Services (CMS) approved the State’s collection of MCO tax monies through December 31, 2026, nine more months than expected. ALPs have yet to receive \$8 million in funds allotted to them in the FY 2025-26 Enacted State Budget.

This approach to front the State share has precedent in other Medicaid service categories where the State has advanced funds to prevent service disruptions for low-income seniors. Fronting these dollars represents sound fiscal policy that protects the State's investment in its long-term care infrastructure while ensuring that providers can still operate during the critical transition period before federal matching funds arrive.

Reform Statute Governing Financial Audits for Adult Care Facilities (ACFs)

Current Social Services Law mandates expensive, time-intensive certified financial audits for all adult care facilities (the umbrella term for assisted living and other non-institutional residential care settings) regardless of size, financial complexity, or risk profile. This one-size-fits-all approach imposes substantial costs on providers – typically \$10,000-\$15,000 per facility annually – without a corresponding benefit in financial transparency or resident protection. These audit costs directly reduce resources available for staffing, programming, facility improvements, and resident care – areas where providers are already financially strained. This burden falls particularly hard on:

- Small and mid-sized facilities with straightforward operations
- Rural providers who already operate on thin margins
- Facilities with limited administrative staff to manage complex audit processes
- Providers serving primarily Medicaid residents with already-inadequate reimbursement

The certified financial audit requirement was established when oversight mechanisms were more limited. Today, less costly alternatives can achieve the same objectives and equivalent transparency. For example, a financial attestation, signed by both facility ownership and a certified public accountant, confirms that financial statements fairly present the facility's financial position, resident care and operating funds are being managed appropriately, and both ownership and the accountant accept legal responsibility for accuracy.

NYSCAL requests that the Legislature amend Social Services Law §461-e to authorize financial attestations as an alternative to certified audits. This approach maintains accountability while dramatically reducing administrative burden and cost. The attestation process requires professional accountant review and creates legal liability for misrepresentation – the same as audits.

This proposal maintains financial accountability while reducing the facility's costs by 60-80% compared to fully certified audits, freeing resources for direct care without sacrificing resident protection. This is a cost neutral proposal to the State; however, with approximately 500 ACFs in New York, amending the Social Services Law could redirect \$5-7.5 million annually from audit fees to resident care, facility improvements, and workforce investments

Restore Funding for the EQUAL Program & Enriched Housing Subsidy

The Enhancing the Quality of Adult Living (EQUAL) Program enhances the quality of care and life experience for residents receiving Supplemental Security Income (SSI), State Supplemental Program (SSP) benefits, and/or Medicaid. As a prerequisite for funding, facilities must include residents in decisions about how funds are spent (50% allocated for Local Assistance projects / 50% allocated for Capital Improvement projects). Similarly, the Enriched Housing Subsidy is available to not-for-profit facilities serving the most vulnerable population (SSI recipients) who have extremely limited income and are primarily individuals 65 years of age or older. Facilities eligible to receive the subsidy provide room, board, housekeeping, personal care, and supervision.

The FY 2026-27 Executive Budget proposes the elimination of both programs. These two separate and distinct funding mechanisms provide assisted living facilities (adult care facilities) with the ability to improve or expand services and enhance their physical environments. Eliminating EQUAL Program funding will negatively impact residents' quality of life and could result in the reduction of enrichment programs like recreational events, reduction of resident input, and facility deterioration as facilities will lose funds typically allocated for building upgrades that improve quality of life (new furniture, painting, etc.).

NYSCAL requests that the Legislature restore the full amount (approximately \$7.5 million) for both the EQUAL Program and the Enriched Housing Subsidy. This amount represents less than 0.003% of the FY 2026-27 State budget but directly impacts quality of life for thousands of low-income older New Yorkers in adult care facilities.

Expand Funding for the Special Needs Assisted Living Residence (SNALR) Voucher Program

The SNALR voucher program was specifically designed to help people with dementia and related cognitive impairments who can no longer privately pay for special needs assisted living facility placement. The program prevents rapid Medicaid spend-down by providing financial assistance to families who fall into the gap between private pay and Medicaid eligibility. Rising popularity of the voucher program, and overall SNALR services, has increased demand over the past few years and funding for the program has not kept pace. As such, significant barriers to access now exist such as long waitlists or individuals with dementia who need specialized care now, funding pauses that interrupt access for eligible residents, regional caps that create geographic disparities, unpredictable disbursement that creates financial instability for providers. Furthermore, middle-income families who exceed income limits but cannot afford private pay are left without options.

NYSCAL requests that the Legislature increase funding by \$15 million for the SNALR voucher program to provide sufficient funding to serve all eligible individuals with dementia who need specialized care, ensuring families can access appropriate placement when they need it. An increase in funding will also allow for the expansion of eligibility requirements to include more middle-income families who cannot sustain private-pay dementia care costs but currently exceed eligibility thresholds and to allow providers to plan capacity and staffing appropriately while giving families confidence in care planning decisions.

Conclusion

What New York's aging population needs now is a commitment by the State to fully cover the cost of care for individuals who reside in the State's ALPs, and provide thoughtful financial pathways for providers, residents, and their families to offset the cost of care and facility operations.

The priorities outlined in this testimony are not aspirational or require difficult trade-offs – they are complementary reforms that together create a sustainable foundation for community-based long-term care. Solutions exist and the investments required are modest compared to the costs of inaction. A 4% Medicaid base rate increase in FY 2026-27 and beyond, fronting the State's share of previously earmarked funds derived from the MCO tax, financial audit reform, continued funding for the EQUAL Program, and an increase in SNALR Voucher Program funding would stabilize the assisted living sector and position it to meet growing demand as New York's population ages.

NYSCAL's members serve some of New York's most vulnerable residents – seniors and individuals with disabilities who depend on assisted living providers for their care and a place to call home. The Legislature has the opportunity and responsibility to act now, before more capacity is lost and more seniors are left without appropriate care options. We urge you to include these outlined priorities in your one-House FY 2026-27 State Budget proposals.

NYSCAL will continue to work with its partners, the Governor, and the Legislature to ensure the continued delivery of high-quality, cost-effective long-term care services throughout New York State. This partnership must strive to set forth a deliberate and thoughtful approach to fair funding for the State's assisted living facilities. Our seniors and their families are counting on your leadership.

Respectfully Submitted,

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