

Written Testimony on the FY 2026–27 Executive Budget

### **Submitted to the Senate Health/Medicaid Budget Hearing**

Chair Krueger, Chair Pretlow, and Members of the Committee:

Thank you for the opportunity to submit written testimony on the FY 2026–27 Executive Budget and New York’s healthcare financing strategy.

The Executive Budget reflects significant strain within our healthcare system. The state share of Medicaid is projected to increase by 11.4% to \$38.2 billion. The Budget allocates nearly \$750 million to address rising uncompensated care costs for hospitals and nursing homes. It assumes potential federal disapproval of Essential Plan reforms, adding roughly \$2 billion in projected Medicaid costs. It also phases out temporary MCO tax revenue and reduces Child Health Insurance funding due to federal eligibility changes.

These investments respond to real pressures. But they also highlight a recurring problem: New York continues to finance instability rather than redesign the system that produces it.

Our healthcare financing structure remains highly exposed to federal policy shifts, temporary revenue mechanisms, and private insurance market volatility. Each year, the State adjusts to rising costs and federal uncertainty. Coverage remains incomplete, and uncompensated care persists as a line item in the budget.

The Executive’s \$750 million allocation to address uninsured care is particularly telling. Instead of eliminating uninsurance, the State is appropriating funds to absorb its costs.

As you evaluate this year’s Medicaid growth and provider stabilization measures, it is worth examining whether incremental adjustments are sufficient or whether structural reform is necessary.

### **The Fiscal Case for the New York Health Act**

Independent analysis from the RAND Corporation, commissioned by the New York State Health Foundation, concluded that a single-payer system modeled on the New York Health Act (NYHA) would reduce overall spending by approximately 3% by 2031, primarily through administrative simplification and pricing efficiencies<sup>1</sup>.

Subsequent interpretations of the RAND findings estimate that net annual savings of approximately \$20 billion could accrue under NYHA compared with projected status quo spending.

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<sup>1</sup> Liu, J. L. (n.d.). An Assessment of the New York Health Act. *RAND*.  
[https://www.rand.org/pubs/research\\_reports/RR2424.html](https://www.rand.org/pubs/research_reports/RR2424.html)

RAND further projected that the majority of New Yorkers would pay less overall for healthcare when premiums and out-of-pocket costs are replaced with progressive financing tied to ability to pay.

Under a unified public financing model:

- Universal coverage would eliminate uncompensated care subsidies
- Administrative overhead associated with multi-payer billing and managed care would be substantially reduced
- Provider payments would be standardized and predictable
- New York State would gain greater fiscal stability by consolidating healthcare financing into a single public trust.

This represents a restructuring of how healthcare dollars are collected and deployed, while providing a long-term solution for healthcare financing.

## **Conclusion**

The FY 2026–27 Executive Budget demonstrates the rising cost of maintaining the current financing structure. Each year, New York allocates billions to stabilize providers, backfill federal reductions, and manage the consequences of uninsurance.

The Legislature now faces a clear choice: continue financing instability through annual appropriations, or begin designing a system that delivers universal coverage and long-term fiscal predictability.

The New York Health Act provides a framework for that structural reform.

Thank you for your attention and your continued commitment to the health and fiscal stability of New York State.

Respectfully submitted,  
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