

# HANYS' SFY 2025-2026 state budget testimony

Joint legislative hearing of the Senate Finance and  
Assembly Ways and Means committees

Feb. 11, 2025

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President



Good afternoon, Chairs Krueger, Pretlow, Rivera and Paulin, and committee members. I am Bea Grause, president of the Healthcare Association of New York State, representing nonprofit and public hospitals, health systems and post-acute providers across New York.

Thank you for this opportunity to discuss the 2025-2026 executive budget proposal. HANYS and our statewide members appreciate your ongoing support and commitment to ensuring all New Yorkers and those who seek care in our great state have access to high-quality healthcare.

## **Everyone’s health relies on the stability of our healthcare system**

We all rely on our healthcare system to help us and our loved ones get and stay healthy. But as the healthcare system’s stability begins to falter, so does access to care. The Legislature can take important actions in this year’s budget to set New York’s healthcare system on a path to stability and sustainability, ensuring that we all can continue to rely on it.

In a moment I’ll detail the critical investments and policy changes that HANYS recommends and the harmful proposals we oppose. But first I’d like to remind you of the importance of our healthcare providers in communities across New York state and the dire headwinds they face.

Our member hospitals, health systems and post-acute providers are the bedrock of our healthcare system. They stand ready 24/7/365 to save lives, bring new life in the world and respond to any emergency. They provide preventive and urgent care, manage chronic disease and address health and wellness needs from birth through old age.

They also serve as cornerstones in their communities, generating more than \$228 billion in economic activity annually.<sup>1</sup> They make substantial investments in their communities, lead a multitude of community health improvement initiatives and generate more than 937,000 jobs statewide, often serving as the largest employer in their communities.

These communities need their healthcare providers to be strong. Yet, New York’s hospitals and health systems are still on the brink as they continue to face significant fiscal, workforce and payer challenges. In a recent fiscal survey conducted by HANYS and our regional allied healthcare association partners, hospitals statewide projected a median 0.0% operating margin in 2024.<sup>2</sup> This is a slight improvement over recent years but is indicative of our healthcare system’s fragility.

Unfortunately, longstanding challenges and real-time developments are making it more difficult to provide the care New Yorkers need and serve as community anchors. With three out of every four hospitals struggling financially — and half operating at a financial loss — harmful policy proposals would put New Yorkers’ access to healthcare services at further risk.

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<sup>1</sup> Healthcare Association of New York State. (2025) Economic and Community Benefit Reports. [https://www.hanys.org/government\\_affairs/community\\_benefit/](https://www.hanys.org/government_affairs/community_benefit/)

<sup>2</sup> Healthcare Association of New York State and allied association partners. (2024) New York State Hospital Fiscal Survey Report. <https://www.hanys.org/communications/publications/2024/new-york-state-hospitals-fiscal-survey-report-nov-2024.pdf>

Because of these longstanding challenges and today's rapidly changing landscape, replete with ideas that would be harmful to hospitals and health systems and the communities they serve, I urge the Legislature to advance critically needed investments and policies that support access to care in all corners of New York. The governor has advanced several in her executive budget proposal that we strongly support. I also urge you to reject any funding reductions and proposals that would expose our healthcare providers — and those they serve — to greater risk.

## Long-term threats challenge New Yorkers' access to care

I've spoken to many of you before about the foundational challenges facing our healthcare system. Our report, *The Case for Change*, explored four drivers pushing our system to the brink.<sup>3</sup>

First, demand for healthcare services is increasing and changing. This is due to our aging population, advances in medicine that are leading to more chronic and costly episodes of care, and long-term care demand that cannot currently be met and will only grow in the future. It is already expected that by 2030, New York will have well over 860,000 more seniors than at the beginning of this decade.<sup>4</sup> We must be able to meet the needs of our patients — and ensure all stakeholders have the resources to provide that care. Per-person personal healthcare spending for those age 65+ is over five times higher than children and almost 2.5 times higher than working-age adults.<sup>5</sup>

Second, we know that the number and mix of the healthcare workers we have now cannot meet demand and certainly is not on track to meet future demand. The New York State Department of Labor estimates that, on average, about 170,000 healthcare jobs will be open each year in the state between 2020 and 2030.<sup>6</sup> But the state produces only about 41,000 new workers to fill healthcare workforce openings each year.<sup>7</sup> We must act now to ensure we have an adequate workforce to meet changing and growing patient demand.

Third, there is no doubt that health disparities persist, in patient access and outcomes, and among providers, as well. In 2022, an estimated 2.7 million New Yorkers (14.2%) lived below the federal poverty line of \$13,590 for a single adult and \$27,750 for a family of four.<sup>8</sup> Many of these same New Yorkers live in areas identified as Health Professional Shortage Areas for primary and mental healthcare providers.

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<sup>3</sup> Healthcare Association of New York State. (2024) *The Case for Change*.

[https://www.hanys.org/communications/publications/case\\_for\\_change](https://www.hanys.org/communications/publications/case_for_change)

<sup>4</sup> Cornell Program on Applied Dynamics. County Projections Explorer.

<https://pad.human.cornell.edu/counties/projections.cfm>

<sup>5</sup> Centers for Medicare and Medicaid Services. National health expenditure data, 2020.

<https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/nhe-fact-sheet>

<sup>6</sup> Center for Health Workforce Studies (April 14, 2023). *The Health Care Workforce in New York State: Trends in the Supply of and Demand for Health Care Workers*; Tables 16, 32, and 35. <https://www.chwsny.org/our-work/reports-briefs/the-health-care-workforce-in-new-york-state-trends-in-the-supply-of-and-demand-for-health-care-workers-2>

<sup>7</sup> Ibid.

<sup>8</sup> Kaiser Family Foundation. *Distribution of Total Population by Federal Poverty Level, 2022*.

<https://www.kff.org/other/state-indicator/distribution-by-fpl>

And fourth, the healthcare affordability crisis for all — New York’s patients, employers, providers and the state itself — is growing.

The challenges I raised above are not new. They’ve been predicted and progressing for years and were accelerated or exacerbated by the COVID-19 pandemic. They require short- and long-term actions by all stakeholders to build a path toward a more sustainable system that preserves and enhances access to care and supports New Yorkers’ underlying health and wellness.

## **Federal uncertainty threatens to weaken providers, worsen access challenges**

Our hospitals and health systems and those responsible for shaping healthcare policy in New York are operating under extremely uncertain circumstances that are rapidly changing and becoming more complex.

Policy leaders, providers and patients have concerns about the future of healthcare in New York. Our providers’ ability to deliver entire categories of medical care is in question. There are significant concerns about the ongoing availability of federal funding that is critical to sustaining and strengthening our healthcare system. Providers’ federal grants, many targeted toward essential research programs, are on the chopping block, as are those of community partners. Medicaid funding is at risk and our most vulnerable patients’ coverage eligibility and access to care may be, as well.

April 1 is not just a key deadline in Albany. Congress must take action to address essential federal healthcare provisions by the end of March or the losses faced by New York hospitals would exceed a billion dollars this year alone. Our members could not absorb cuts of this magnitude.

## **Our marching orders**

Amid all this uncertainty, there are some things we have no doubt about.

Our members’ number one priority is providing their patients with access to the high-quality care they need, when they need it. So today I am here to urge you to ensure that state funding and policy priorities address the needs of the healthcare system we have today and help us build toward the system we must have in the very near future to meet increasing and changing patient healthcare needs.

HANYS supports many proposals advanced in the governor’s executive budget that will help stabilize New York’s hospitals and nursing homes and protect access to care. However, despite proposed new investments, hospitals are still exposed to risk in the executive budget by funding reductions and policy proposals that would take patient access to care in the wrong direction.

**We urge the Legislature to accept and build on those proposals that would strengthen our healthcare system and reject measures that would reverse progress made over the last several years.**

Policymakers must continue to support New Yorkers’ access to care by adding new investments, being more expedient with funding promises already made and bolstering the

healthcare workforce. Policymakers must also avoid unnecessary regulations and harmful policies that result in payment cuts and increased provider costs.

HANYS advances the following responses to select state fiscal year 2025-2026 executive budget provisions.

### **Maintain and build upon proposed hospital and nursing home investments, including Medicaid rates, supportive funding and transformation programs**

The executive budget materials remind us that New York state's Medicaid program is the state's largest payer of healthcare and long-term care services and supports. Medicaid covers nearly 7 million New Yorkers (36% of our population).<sup>9</sup>

HANYS has long documented that payments for healthcare services provided to Medicaid enrollees do not cover the cost of providing care.

Reinforced by the fiscal survey results described previously, without adequate Medicaid reimbursement, most of New York's nonprofit hospitals and nursing homes are unable to achieve the operating margin needed to maintain and enhance access to patient care, attract and retain a skilled workforce, invest in technology and research, secure capital funding, and modernize their facilities.

HANYS appreciates the recent focus by the governor and Legislature to 1) improve Medicaid payment rates; 2) maintain investments in supportive funding programs that enhance Medicaid payment for financially distressed safety net hospitals; and 3) invest in capital initiatives like the Safety Net Transformation Program. Combined, these three actions are helping to close the Medicaid payment gap while promoting a pathway to maintain and improve access to high-quality care across all areas of the state. We need to collectively continue this work.

HANYS applauds the governor and the Legislature for securing revenue to fund a share of these initiatives by adopting a managed care organization tax in last year's budget and quickly securing federal approval of the new revenue source.

As proposed, the MCO tax would generate \$3.7 billion over two years. The executive budget proposes investing those funds in the following manner across a three-year period (SFYs 2026-2028).

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<sup>9</sup> New York State Division of the Budget. (2025) FY2026 NYS Executive Budget Briefing Book. <https://www.budget.ny.gov/pubs/archive/fy26/ex/book/briefingbook.pdf>

Proposal	Three-year spend (in billions)
Increase hospital outpatient rates by 10% and fund new and existing Directed Payment Template supportive funding programs	\$0.915
Increase nursing home and assisted living rates	\$0.600
Operating funds for the SNTP	\$0.900
Funding changes for other providers	\$0.330
Global cap offset	\$1.000

In addition to the investments supported by the MCO tax revenue, inclusive of the \$300 million in operating funds dedicated to the SNTP, the executive budget also proposes \$1 billion in new capital funds to continue the SNTP, which was created in last year's budget. That brings the total proposed commitment for this program to \$1.3 billion (\$300 million in operating support and \$1.0 billion in capital funds).

This program holds the potential to effectuate real structural changes by providing capital and operating support for safety net hospitals that meet certain criteria and partner with other health systems, plans or community-based organizations. The program also allows DOH to waive regulations to facilitate implementation of the funded transformation projects.

The governor recently announced seven projects, but we know that requests for this much-needed support far exceeded available funding. Your support for proposed new funding to continue the program is essential.

As we promote the SNTP, it is critical to make additional capital opportunities available to hospitals and other providers that may not be able to access the SNTP. This includes contemplation of a new Statewide Health Care Facility Transformation Program and restoring hospital and nursing home capital rate add-ons or reimbursement. This would help offset construction and infrastructure improvement costs that have been cut over two budgets by a total of 20% for hospitals and 15% for nursing homes.

Overall, HANYS supports these critically needed investments in the state's healthcare system and will advocate against any efforts to reduce the proposed hospital and nursing home investments.

However, HANYS is deeply concerned that the single largest use of the MCO tax (\$1 billion) is for existing funding commitments that have exceeded the Medicaid global cap as opposed to new investments targeted toward the prioritized areas of rates, supportive funding and capital.

### *Recommendations:*

- *Codify the structure of the surcharge on MCOs enacted in the SFY 2024-2025 budget and approved by CMS in December as a means of leveraging additional federal revenue to support healthcare investments.*
- *Support the executive budget's multi-year investments targeted toward hospitals, nursing homes and other providers and go further by reducing the amount of the MCO tax dedicated to the global cap offset. Additionally, HANYS requests the Legislature set clear timelines for this funding to be committed and delivered to hospitals and other providers.*
- *Support a full \$3.250 billion commitment for supportive funding programs for financially distressed safety net hospitals and other providers through the Vital Access Provider Assurance Program, the Global Budget Hospital Initiative, Directed Payment Template programs and the Vital Access Provider program. To achieve this full support, HANYS urges the Legislature to reject the \$500 million VAPAP cut proposed in the executive budget (additional detail below).*
- *Support the executive budget's \$1 billion capital commitment to the SNTP and explore setting clear timelines for this funding to be committed.*
- *Support the state's healthcare infrastructure by investing in a new SHCFPI VI for hospitals and nursing homes ineligible for other funding, with a specific carve-out to help address workplace violence in our healthcare settings.*
- *Restore the hospital and nursing home capital rate add-ons enacted in 2020 and 2024.*

## **Preserve and enhance access to care by embracing commonsense workforce policies, innovative care models and insurer guardrails**

### **Invest in our healthcare workforce**

Maintaining a robust and stable healthcare workforce is the cornerstone of providing quality care. HANYS strongly supports efforts to address the immediate workforce needs of today, while also building the pipeline of healthcare workers we will need in the future.

The governor's executive budget advances a series of proposals that, when taken together, will help our hospitals and nursing homes – and the professionals working in them – provide the care that New Yorkers deserve. Importantly, the following proposals would add minimal to no new costs to the state.

#### **Staffing flexibilities**

Right now, many talented healthcare professionals are unable to put the full scope of their knowledge and training into practice because of regulatory restrictions; many perform administrative and basic clinical tasks that could be delegated to individuals without their higher credentials.

New York's healthcare workforce desperately needs greater flexibility and modernized oversight to meet patient needs in settings from hospitals to the community and at home. HANYS supports commonsense policies that better leverage the skills of individuals already working in care settings across the continuum.

We urge the Legislature to support the following proposals that enable healthcare professionals to practice at the top of their credentials and training, including but not limited to:

- allowing experienced physician assistants to practice without the supervision of a physician;
- authorizing certified medication aides to administer routine and prefilled medications in residential healthcare facilities;
- allowing medical assistants under the supervision of a physician or physician assistant to draw and administer immunizations to patients in an outpatient setting;
- allowing dental hygienists to provide services currently only within the range of activities that a dentist is allowed to perform;
- creating collaborative practice dental hygiene, allowing registered dental hygienists to provide certain services without supervision, in accordance with a written practice agreement with a licensed dentist;
- authorizing licensed pharmacists to administer COVID-19 vaccines to children two years of age or older and prescribe and order federal Food and Drug Administration-approved medications to treat nicotine dependence;
- authorizing trained and registered pharmacy technicians to administer the same immunizations as licensed pharmacists under the direct supervision of a pharmacist; and
- allowing paramedics to order and administer controlled substances to relieve acute withdrawal symptoms.

***Recommendation: HANYS supports these workforce proposals that would maximize the skills and education of our current healthcare professionals and provide much-needed practice and oversight modernization.***

#### **Interstate licensure compacts**

The executive budget would authorize New York state to join the Nurse Licensure Compact. In doing so, New York would join 43 states and jurisdictions that participate in the NLC.

HANYS was disappointed that the executive budget did not include a proposal to authorize New York to join the 42 states and jurisdictions participating in the Interstate Medical Licensure Compact for physicians, as it had in previous years.

New York state stands as a national leader in its commitment to innovative solutions that help to ensure residents' access to a robust network of high-quality care across our entire healthcare spectrum. Joining the IMLC and NLC is a pragmatic and immediate action New York state can take to enhance patients' access to care, strengthen our current healthcare workforce and support our healthcare system.

We strongly urge consideration of these bold initiatives and encourage the Legislature to support these proposals this year.

***Recommendation: We urge the Legislature to authorize New York to join the IMLC and the NLC. Doing so would help bring much-needed relief to New York's healthcare system, which continues to grapple with a chronic healthcare workforce shortage that is impeding patients' access to care.***



## **Ensure the right care in the right place to meet growing patient demand**

HANYS supports initiatives in the budget that expand access to new models of care that would improve patient experience and outcomes, capitalize on existing workforce resources and reduce emergency department overcrowding and bed shortages.

### **EMS modernization**

The executive budget advances policies that would strengthen and modernize the state's emergency medical services and allow hospitals and emergency medical technicians to provide more care to patients in their homes and communities. Reforms include but are not limited to:

- designating EMS as an essential service and allowing for the creation of special taxing districts for the financing and operating of general ambulance services;
- establishing the Emergency Medical Community Assessment Program to develop criteria and scoring metrics to assess the capabilities and performance of EMS agencies statewide;
- requiring the State Emergency Medical Services Council, in collaboration and with final approval of DOH, to develop a statewide comprehensive emergency medical system plan that will be used to develop individual county EMS plans;
- requiring counties to designate primary response agencies, which would be required to respond to all requests for EMS unless they can prove capacity limitations;
- authorizing DOH to approve and support EMS demonstration programs that aim to develop and evaluate novel delivery models and care strategies;
- tasking DOH, in consultation with SEMSCO, with establishing licensure standards for EMS professionals; and
- extending for two years the community paramedicine demonstration program, which allows EMTs and advanced EMTs to operate in expanded roles.

***Recommendation: HANYS supports the proposals included in the executive budget that would help ensure New York maintains a robust and responsive EMS system and urges the Legislature to advance them.***

### **Hospital at Home**

HANYS appreciates that the executive budget again proposes allowing hospitals to provide acute medical services to established patients at home and to receive Medicaid reimbursement based on the annual operating costs of the services. The proposal explicitly prohibits hospitals from providing home care and professional services and encourages hospitals to discharge patients to home care where medically appropriate and with the patient's consent.

***Recommendation: HANYS urges the Legislature to support this innovative care model that holds promise for improving patient outcomes and satisfaction, reducing costs and offering care flexibility.***

## Reform payer policies to preserve and expand access to care

Preserving access to safe, high-quality and cost-effective patient care is the mission of New York's hospitals and health systems. Accordingly, New Yorkers must have access to affordable, high-quality and comprehensive coverage.

### Ensuring network adequacy

New York's provider network adequacy standards set minimum thresholds for the numbers and types of healthcare providers a health plan network must contain to ensure members have access to quality providers within a reasonable travel distance and/or time. Unfortunately, the standards have not been regularly updated, and the information available to consumers is often unreliable.

The executive budget would direct DOH to review network adequacy standards, including considering regional variations, and strengthen the surveillance, monitoring and enforcement of the standards to ensure New Yorkers have meaningful and timely access to care.

***Recommendation: HANYS urges the Legislature to support the governor's proposal to ensure New Yorkers have access to quality, in-network providers within a reasonable waiting period time and travel distance.***

### Liquidation of damages on health insurers

Managed care organizations are required to meet certain performance standards and contract obligations under state and federal regulations, including New York's MCO model contract. Unfortunately, MCOs continue to find ways to violate those standards. To increase compliance, the executive budget would authorize DOH to recover liquidated damages — not to exceed \$25,000 per violation — from MCOs for failure to meet the contractual obligations and performance standards of their contract. Any damages collected by DOH would be paid out of the health plans' administrative costs and cannot be passed on to providers.

***Recommendation: HANYS urges the Legislature to hold health plans accountable when they fail to meet their obligations to their members and providers.***

### Protect the 340B Drug Pricing Program

This program allows eligible healthcare organizations, known as "covered entities," to stretch scarce financial resources by purchasing drugs at discounted prices from manufacturers. Importantly, the 340B Drug Pricing Program comes at no cost to taxpayers and represents a small fraction (3%) of drug industry revenue.<sup>10</sup>

Savings from these discounts allow covered entities to provide more comprehensive services to vulnerable patients while mitigating the losses these providers experience due to chronic government underpayments. Unfortunately, pharmaceutical companies and pharmacy benefit managers are undermining the program by administratively restricting the use of retail "contract" pharmacies and imposing other discriminatory practices.

If unchallenged, hospitals, federally qualified health centers and other providers stand to lose millions of dollars, compounding the financial challenges already facing these safety net providers.

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<sup>10</sup> American Hospital Association. Fact Sheet: The 340B Drug Pricing Program. (2025)  
<https://www.aha.org/system/files/media/file/2019/03/fact-sheet-340b-drug-pricing-program-0119.pdf>

***Recommendation: Prohibit pharmaceutical companies and PBMs from imposing discriminatory practices that weaken 340B program benefits: Include the 340B Prescription Drug Anti-discrimination Act (S.1913) in the SFY 2025-2026 enacted budget.***

## **Reject funding cuts and policy proposals that threaten provider stability and patient access to care; anticipate emerging issues**

It is counter-productive for the executive budget to invest in hospitals and health systems while also proposing funding cuts and new administrative requirements that will reduce provider efficiency and increase the cost to provide care.

### **Reject proposed VAPAP cuts**

The executive budget proposes to cut \$500 million in state funds from the Vital Access Provider Assurance Program – a program that provides support to hospitals experiencing serious financial instability and requiring extraordinary financial assistance to maintain operations and provide vital services. The program is a lifeline for many hospitals in New York state, where 29% of all hospitals are considered financially distressed.<sup>11</sup> VAPAP funds are especially important as they reflect state-only funds that can be leveraged quickly to solve emergency funding issues.

***Recommendation: HANYS urges the Legislature to restore the \$500 million the executive proposes to cut from VAPAP and support a full \$3.250 billion commitment for supportive funding programs, including VAPAP, the Global Budget Hospital Initiative, Directed Payment Template programs and the Vital Access Provider program, for financially distressed safety net hospitals and other providers.***

### **Reject proposals to cut outpatient payments to hospitals**

HANYS recognizes that healthcare affordability is a growing concern for all stakeholders – patients, providers, employers and state and federal government. We remain committed to helping to develop solutions to address this affordability challenge.

However, although outside of the executive budget, HANYS strongly opposes harmful proposals that would artificially cap hospital outpatient payments (S.705/A.2140). These policies fail to recognize that appropriate payment levels help support the people, technology and compliance levels needed to maintain off-campus hospital outpatient departments in communities across the state. These sites are also often the only sources of primary care in their communities. Notably, these policies also run counter to the investments in outpatient care proposed in the executive budget.

***Recommendation: HANYS urges the Legislature to reject hospital outpatient payment policies that set unsustainable reimbursement rates for services provided by HOPDs. These policies undermine patient access to services and threaten hospitals' capacity to provide quality healthcare services for all patients.***

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<sup>11</sup> New York State Division of the Budget. (2025) FY2026 NYS Executive Budget Briefing Book. <https://www.budget.ny.gov/pubs/archive/fy26/ex/book/briefingbook.pdf>

### **Ensure the MIF's financial viability**

The state created the Medical Indemnity Fund in 2011 to support the future healthcare costs of qualified individuals who suffered birth-related neurological injuries due to medical malpractice and to reduce medical liability costs for hospitals and providers. Last year's final budget included \$52 million to support the liabilities of the program for the year. However, the state was required by statute to suspend new MIF enrollments in spring 2024 because fund liabilities exceeded 80% of fund reserves. The suspension caused significant disruption and concern and revealed the fund's precarious financial condition.

HANYS appreciates the administration's \$58 million emergency investment in May 2024 that enabled the MIF to continue accepting new participants through the end of the fiscal year. This funding was in addition to the \$52 million appropriated in the final budget agreement. However, this year's executive budget only proposes \$52 million to support the liabilities of the fund, which will inevitably lead again to a mandated suspension of new enrollees — a situation fraught with uncertainty and challenges for families and loved ones of potential new enrollees and all involved in these medical liability actions.

We urge policymakers to do more to ensure the MIF's continued viability and prevent future disruption to the providers and families who rely on it.

***Recommendation: HANYS recommends developing a comprehensive package of programmatic and administrative reforms to maintain the MIF for existing and new enrollees for the next several years, while a longer-term sustainability plan is developed. Reforms could include:***

- *exploring the reduction of administrative costs;*
- *enhancing utilization review;*
- *limiting the fund to hospital births;*
- *raising the circuit breaker threshold;*
- *assessing the level of provider payment rates for services;*
- *considering a short-term narrowing of qualifying cases to those that are the most acute;*
- *directing all the funding that is derived from the current surcharge on revenue for hospital-based inpatient obstetrical care to the MIF; and*
- *developing an investment strategy for pool funds.*

***Once these options are optimized, HANYS then supports the state increasing its annual appropriation with a commitment from the general fund or reserves.***

### **Excess Medical Malpractice Program**

New York state continues to hold the notorious distinction of paying more in medical malpractice awards than any other state. From 2009 to 2018, New York's medical malpractice awards totaled \$7 billion — the highest in the nation.<sup>12</sup> The second closest state, Pennsylvania, paid \$3.4 billion. In 2022, medical malpractice awards in New York totaled \$551 million — the highest in the nation and significantly higher than the second-closest

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<sup>12</sup> Rosenbaum & Associates Medical Malpractice. (2019) A Comprehensive Look at Medical Malpractice Statistics. <https://www.rosenbaumfirm.com/medical-malpractice-statistics.html>

state.<sup>13</sup> This medical liability environment significantly impacts the cost of medical malpractice insurance coverage for providers practicing in the state. Nearly 40 years ago, New York recognized the need to ensure the state maintains a robust network of qualified physicians to provide care to its residents and established the Excess Medical Malpractice Program. The program provides physicians with an additional layer of medical malpractice insurance coverage above the policy limits provided by primary malpractice coverage.

The executive budget proposes to cut the state contributions for this program from \$78.5 million to \$39.3 million, thus covering only half of the costs that it had previously covered. It would also restructure the program to require physicians and dentists to purchase excess coverage directly from the insurer.

***Recommendation: Reject the executive proposal to cut support for the Excess Medical Malpractice Program by 50%, which could threaten the ability of some physicians and dentists to continue practicing in New York.***

#### **Preserve Indigent Care Pool funding in the healthcare system**

The executive budget would discontinue the state share of the public ICP payments to public hospitals in New York City (\$56.7 million state share). This proposal is described as a technical adjustment related to NYC Health + Hospitals' pursuit of a Directed Payment Template program. The new DPT program would result in the system's hospitals exceeding their facility-specific Disproportionate Share Hospital caps and eliminate the need for NYC Health + Hospitals to access funding from the public ICP pool. The DPT application is still pending federal approval.

***Recommendation: HANYS appreciates this technical adjustment is needed if the DPT model is approved by CMS and this executive budget proposal should be contingent on federal approval. More generally, HANYS opposes removing this funding from the Medicaid system and urges the Legislature to reinvest these funds in hospitals and health systems if the change is adopted.***

#### **Reject duplicate community benefit reporting**

The executive budget would require hospitals to annually report community benefit expenses across eight categories to DOH (e.g., financial assistance, Medicaid shortfalls, community health improvement activities) and identify how the expenses support New York state priorities, including the NYS Prevention Agenda.

***Recommendation: HANYS urges the Legislature to reject this duplicative and burdensome reporting requirement that will add inefficiency and cost to the healthcare system. This information is already publicly available as most hospitals submit it annually to the federal government on Internal Revenue Service Schedule H, Form 990.***

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<sup>13</sup> Cohen, Placitella & Roth. (2022) Medical Malpractice Payouts by State: A Comparison Guide <https://cprlaw.com/blog/medical-malpractice-recoveries-by-state-a-comparison-guide/>

## Conclusion

I'll conclude my testimony by summing up HANYS' position. I have outlined key investment, policy and regulatory actions that need to be taken to stabilize and strengthen our struggling healthcare system. I've also emphasized the high degree of uncertainty our nonprofit and public providers face – in particular, uncertainty about federal financial support, programs and regulations.

Amid this uncertainty, we appreciate the state's steady commitment to supporting healthcare and we look forward to building on the progress we've made together.

In short: We must stay the course. We must continue to strengthen healthcare and ensure a sustainable future.

I've outlined the important steps the governor's proposed budget takes in this regard through investments, workforce support, innovative care models and more. I urge you to support and build upon these proposals.

There are many unknowns in the coming year, but we have a job to do: provide needed healthcare in communities across the state. That starts with a state budget that supports hospitals and health systems. Together, I believe we can achieve this.

Attached is HANYS' summary chart detailing our positions on key healthcare provisions of the proposed executive budget for 2025-2026 and the fiscal survey report I referenced earlier.

Thank you for your commitment to supporting our hospitals and health systems and preserving New Yorkers' access to safe, high-quality patient care.



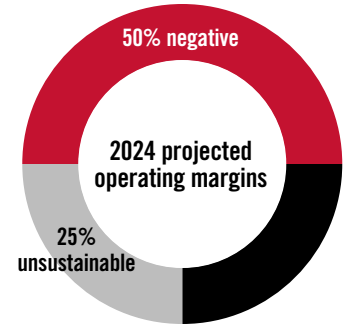
# NEW YORK STATE HOSPITALS FISCAL SURVEY REPORT

**STILL ON THE BRINK:** New York's hospitals continue to face significant fiscal, workforce and payer challenges

Most New York state hospitals lack funding to reinvest in patient care.

**3 in 4** survey respondents do not have the operating margins needed to maintain and improve access to patient care, attract and retain a skilled workforce, invest in technology and research, secure capital funding and modernize their facilities.

**Hospitals statewide project a median 0.0% operating margin in 2024.** This is a slight improvement over recent years but indicative of our healthcare system's fragility: With most hospitals struggling financially, harmful policy proposals threaten to put New Yorkers' access to healthcare services at further risk.

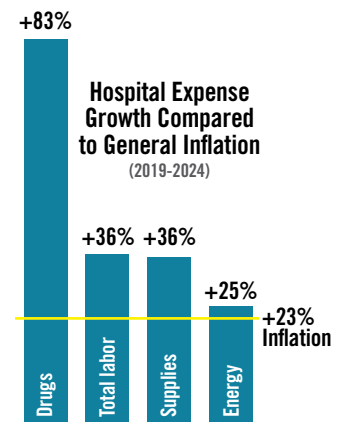


Expense growth and workforce challenges persist.

Hospitals continue to invest in their workforce despite extraordinary cost growth across all expense categories. **Total labor expenses have increased 36.4%** since 2019, exceeding general inflation by more than 13 points.

While hospitals report a second year of declining contract labor expenditures, those expenses are double what they were in 2019, as workforce challenges persist: **97% report a shortage of nurses and 88% report shortages of non-nursing personnel.**

Respondents report medications are their fastest rising expense this year. Hospitals have limited ability to control this growth, as medications are a necessary part of patient care.



Health insurer demands are making it more difficult for hospitals to provide care and get reimbursed.

Insurers across all payer types are increasingly implementing aggressive policies and practices that negatively impact patient care, place undue administrative burden on providers and add unnecessary costs to the healthcare system.

- **63% of hospitals report hiring or seeking more staff** to address these burgeoning insurer actions, which occur before, during and after care is provided.
- **35% project insurers' actions will reduce their 2024 operating revenue by 5% or more, equating to \$1.3 billion or more in lost revenue** these hospitals would have otherwise used to sustain and invest in patient care.

- Disruptive plan actions**
- Medical record requests
  - Prior authorization requests
  - Prior authorization denials
  - Concurrent review requests
  - Concurrent review denials
  - Post-service delivery retrospective denials

**We can't reverse progress.**

**Policymakers must continue to support New Yorkers' access to care.**



Survey participants reflect 86% of the annual revenue generated by New York hospitals and health systems statewide. "Unsustainable" margin levels reflect margins of less than 3%, a Kaufman Hall standard. General inflation values are based on U.S. Bureau of Labor Statistics Consumer Price Index data. This survey was a joint effort of the Healthcare Association of New York State, Greater New York Hospital Association, Healthcare Association of Western and Central New York, Iroquois Healthcare Association and Suburban Hospital Alliance of New York State.

State Fiscal Year 2025-2026 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
<b>Global funding provisions</b>		
<b>Managed care organization tax authorization</b>	<p>Would codify the structure of the surcharge on MCOs enacted in the SFY 2024-2025 budget as a means of leveraging additional federal revenue to support healthcare investments. Specifically, it would establish:</p> <ul style="list-style-type: none"> <li>• MCO tax levels;</li> <li>• tax collection timelines;</li> <li>• uses of generated funds (discussed below);</li> <li>• reporting requirements for health plans;</li> <li>• audit authority; and</li> <li>• penalties for plan non-compliance.</li> </ul>	HANYS supports this proposal.
<b>MCO tax investments</b>	<p>Establishes a three-year spending plan for MCO tax revenue, projected to generate \$3.7 billion in net state share benefit over two years. \$1.4 billion would be allocated in this first year as follows:</p> <ul style="list-style-type: none"> <li>• \$305 million to hospitals: <ul style="list-style-type: none"> <li>○ \$145 million for across-the-board outpatient payment rate increases;</li> <li>○ \$125 million for payment increases to target hospital quality improvement;</li> <li>○ \$25 million for continued funding of the maternal quality program; and</li> <li>○ \$10 million to support critical access and sole community hospitals.</li> </ul> </li> <li>• \$300 million to expand operating support under the Safety Net Transformation Program (as noted below).</li> <li>• \$200 million to nursing homes, assisted living programs and hospice programs.</li> <li>• \$50 million to increase the Medicaid physician fee schedule.</li> <li>• \$50 million to continue funding the mainstream Medicaid Managed Care Quality Program.</li> <li>• \$10 million to increase rates for clinics and Federally Qualified Health Centers.</li> <li>• \$500 million to offset the Medicaid global cap deficit.</li> </ul>	<p>HANYS supports these critically needed investments in the state's healthcare system and will advocate against any efforts to reduce the proposed hospital and nursing home investments.</p> <p>These investments are contingent upon continued federal support. Any changes in approval or future approvals could put this funding at risk.</p>



State Fiscal Year 2025-2026 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
<b>New York Health Equity Reform Waiver investments</b>	<p>Would continue the implementation of the 1115 Medicaid waiver through the following investments:</p> <ul style="list-style-type: none"> <li>• \$500 million to support the screening and referral of Medicaid members to health-related social services through Social Care Networks;</li> <li>• \$125 million to develop the Health Equity Regional Organization. The new statewide data infrastructure would be used to support the design and development of new policies, interventions, and targeted investments to improve outcomes and reduce health disparities;</li> <li>• \$694 million to implement two workforce programs to train and educate new workers and support career advancement for existing workers; and</li> <li>• \$550 million to continue the Medicaid Hospital Global Budget Initiative.</li> </ul>	HANYS supports these investments.

State Fiscal Year 2025-2026 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
<b>Global cap</b>	Would extend the Medicaid global cap for one year through SFY 2026-2027.	<p>The global cap is set to the five-year rolling average of Medicaid spending projections as estimated by CMS. The SFY 2025-2026 annual global cap growth is 6.1%, or \$1.5 billion.</p> <p>The state is taking several actions to relieve pressure on the Medicaid global cap, including excluding from global cap calculations the local share of Medicaid spending associated with other state agencies (an estimated \$2 billion per year) and providing \$1 billion over the next two years from projected managed care organization tax revenue to offset global cap deficits (see above).</p>
<b>Hospitals</b>		
<b>Safety Net Transformation Program</b>	<p>Would provide \$1 billion in new capital funding and \$300 million in operational support (discussed above) for the SNTP.</p> <p>Enacted in SFY 2024-25 budget, the SNTP provides capital and operating support for safety net hospitals that meet certain criteria and partner with other health systems, plans or community-based organizations. A five-year transformation plan must be submitted and DOH is authorized to waive regulations to facilitate implementation of the funded transformation projects.</p>	HANYS strongly supports this program and urges the state to provide additional, broad-based, capital investments for hospitals.

State Fiscal Year 2025-2026 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
<b>Supportive funding</b>	Would cut about \$500 million in state funds from the Vital Access Provider Assurance Program. With that reduction, the proposal would sustain about \$2.75 billion for supportive funding programs for financially distressed safety net hospitals and other providers through VAPAP, the Global Budget Hospital Initiative, Directed Payment Template programs, and Vital Access Provider funding programs.	HANYS strongly opposes the cut to VAPAP, which provides the state additional supportive funding options for financially distressed hospitals.
<b>Indigent Care Pool</b>	Would discontinue the state share of the public ICP payments to public hospitals in New York City (\$56.7 million state share). This proposal is described as a technical adjustment related to New York City Health + Hospitals' pursuit of a Directed Payment Template program. The new DPT program would result in H+H hospitals exceeding their facility-specific Disproportionate Share Hospital caps and, eliminate the need for H+H to access funding from the public ICP pool. The DPT application is still pending federal approval. If this change is made, a portion of DSH payments made to voluntary hospitals as Upper Payment Limit payments would revert to ICP DSH payments as a related technical adjustment.	HANYS appreciates this technical adjustment is needed if the DPT model is approved by CMS and this executive budget proposal should be contingent on federal approval. More generally, HANYS opposes removing this funding from the Medicaid system and supports reinvesting these funds in hospitals and health systems if the change is adopted.
<b>Patient consent for payment</b>	Would modify the separate patient payment consent law, enacted in the SFY 2024-2025 budget, to repeal the provision requiring a patient to receive a healthcare service prior to providing consent to pay for the service. The proposal would still prohibit providers from obtaining a patient's consent to pay for services before "discussing treatment costs" with the patient. The provision would also clarify that the policy only applies to non-emergency healthcare services.	HANYS is evaluating this proposal for its impact on providers.
<b>Community benefit reporting</b>	Would require hospitals to report community benefit expenses across eight categories to DOH 180 days after the end each fiscal year and identify how the expenses support the priorities of New York state, including the NYS Prevention Agenda. Information reported by hospitals would be posted to the DOH website.	HANYS opposes this duplicative and burdensome reporting requirement. The vast majority of hospitals already report this information annually to the federal government on Internal Revenue Service Schedule H, Form 990.

State Fiscal Year 2025-2026 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
<b>Temporary operator statute</b>	<p>Would make several, substantial amendments to the statute authorizing DOH to place hospitals and adult care facilities under the supervision of temporary operators, including:</p> <ul style="list-style-type: none"> <li>• applying the provisions of the statute to public benefit corporations;</li> <li>• expanding the authority of temporary operators to include the hiring or firing of the administrator and key staff; maintenance of books and records, including payroll; the disposition of assets; and the adoption and enforcement of operational policies;</li> <li>• removing the rights of established operators to request an administrative hearing prior to the appointment of the temporary operator;</li> <li>• extending the length and number of terms temporary operators may serve; and other changes to timelines, reporting requirements and implementation of the temporary operator's recommendations.</li> </ul>	HANYS is evaluating this proposal for its implications on providers.
<b>Insurance/managed care</b>		
<b>Independent dispute resolution process</b>	Would exclude Medicaid-covered healthcare services, including emergency services, from the state's IDR process.	HANYS is concerned that this carve-out would lead to a decrease in reimbursement for hospitals and create confusion, as there is not currently a separate policy for resolving out-of-network payment disputes for Medicaid-covered healthcare services.
<b>Fee-for-service for nursing home residents</b>	Would carve long-stay nursing home residents out of Medicaid managed care and transition them back to fee-for-service. This would apply to residents in a nursing home for over three months, except for those enrolled in Medicaid Advantage Plus who are dually eligible.	HANYS is evaluating this proposal.
<b>Network adequacy</b>	Would direct DOH to review network adequacy standards, including considering regional variations, and increase enforcement of plan compliance through monitoring and penalties.	HANYS supports this proposal.

State Fiscal Year 2025-2026 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
<b>Medicaid managed care organization penalties</b>	Would authorize DOH, at the commissioner's discretion, to recover liquidated damages — not to exceed \$25,000 per violation — from MCOs failing to meet the contractual obligations and performance standards of their contract. Any damages collected by DOH would be paid out of the health plans' administrative costs and profits and cannot be passed on to providers.	HANYS supports this proposal to hold plans accountable and ensure providers are not impacted.
<b>Workers' compensation</b>	Includes several proposals related to workers' compensation, including: <ul style="list-style-type: none"> <li>• allowing residents and fellows to treat workers' compensation patients under the supervision of any authorized provider;</li> <li>• allowing more practitioners to treat workers' compensation patients, unless they are on the exclusion list;</li> <li>• maintaining that only physicians, podiatrists, chiropractors or psychologists may perform independent medical examinations;</li> <li>• permitting providers to submit a denied bill from an employer to the patient's health insurance plan;</li> <li>• allowing employers to make temporary medical treatment and care payments for up to a year without admitting liability;</li> <li>• directing insurers to cover workers' compensation claims while they are being contested; and</li> <li>• codifying Department of Financial Services guidance that addressed determining the primary insurer for workers' compensation claims.</li> </ul>	HANYS supports these proposals.
<b>Cooling-off period extension</b>	Would extend for two years the statutory cooling-off period which, in the event of a contract termination, requires hospitals and plans to continue to abide by the contract terms for two months.	HANYS opposes this proposal. It is duplicative of existing consumer protection provided under the federal No Surprises Act and other state and federal laws regarding continuity of care.

State Fiscal Year 2025-2026 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
<b>Medical malpractice</b>		
<b>Excess medical malpractice program</b>	Would extend the Physician Excess Medical Malpractice program for an additional year through June 30, 2026, and reduce state contributions from \$78.5 million to \$39.3 million. The executive budget would also restructure the program to require physicians and dentists to purchase excess coverage directly from the insurer and cover 50% of the cost.	HANYS opposes any reduction in state support for this program.
<b>Interest on judgements</b>	Would require the annual rate of interest paid on judgments to be calculated at the one-year U.S. Treasury bill rate.	HANYS supports this more reasonable and commonly used standard.
<b>Medical Indemnity Fund</b>	<p>Would provide \$52 million to support the MIF, which funds certain healthcare costs of qualified individuals who suffered birth-related neurological injuries.</p> <p>This funding level does not continue the \$58 million emergency appropriation provided in May 2024, which was in addition to the \$52 million appropriated in the SFY 2024-2025 enacted budget.</p>	<p>The temporary suspension of new enrollments in the MIF last spring (triggered by a statutory requirement prohibiting new enrollees if fund liabilities exceed 80% of fund reserves) revealed the fund's precarious financial condition. The Division of the Budget notes that the MIF is expected to again reach this threshold during the current fiscal year.</p> <p>HANYS urges the state to do more to ensure the MIF's continued viability and prevent future disruption to the providers and families who rely on it.</p>

State Fiscal Year 2025-2026 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
<b>Workforce</b>		
<b>Medication aides</b>	Would authorize trained and certified medication aides in residential healthcare facilities to administer routine and pre-filled medications to residents under the supervision of a registered nurse.	HANYS supports this proposal.
<b>Medical assistants</b>	Would authorize qualifying medical assistants to administer immunizations recommended by the CDC in an outpatient office under the supervision of a registered physician or physician assistant.	HANYS supports this proposal.
<b>Pharmacists and pharmacy technicians</b>	<p>Would authorize licensed pharmacists to administer COVID-19 vaccines to patients two years of age or older and prescribe and order federal Food and Drug Administration-approved medications to treat nicotine dependence.</p> <p>The executive budget would also authorize trained and registered pharmacy technicians to administer the same immunizations as licensed pharmacists under the direct supervision of a pharmacist.</p>	HANYS supports this proposal.
<b>Physician assistants</b>	Would authorize experienced physician assistants to practice without the supervision of a physician under certain circumstances and in specific settings, including completing more than 8,000 hours of practice in the specialty or practicing in primary care.	HANYS supports this proposal.
<b>Dental hygienists</b>	<p>Would authorize dental hygienists to provide services currently within the exclusive scope of dentists, including:</p> <ul style="list-style-type: none"> <li>• administering and/or monitoring block anesthesia while under the personal supervision of a dentist;</li> <li>• placing pre-fit orthodontic bands;</li> <li>• using light-cure composite material;</li> <li>• taking cephalometric radiographs;</li> <li>• taking two- and three-dimensional photography of dentition; and</li> <li>• adjusting removable appliances including nightguards, bleaching trays, retainers and dentures.</li> </ul>	HANYS supports this proposal.

State Fiscal Year 2025-2026 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
<b>Dental hygienists – collaborative practice</b>	Would create collaborative practice dental hygiene, allowing a registered dental hygienist to provide certain services without supervision, in accordance with a written practice agreement with a licensed dentist. Additionally, they would be authorized to provide care in previously prohibited institutional settings. Dentists would be limited to no more than six collaborative agreements. To qualify to enter into a collaborative agreement, a dental hygienist must have practiced for at least three years with 4,500 practice hours and complete an eight-hour designated continuing education program.	HANYS supports this proposal.
<b>Sexual assault forensic examiners</b>	Would require hospitals to employ one or more sexual violence response coordinators who are responsible for ensuring that the hospital's sexual violence response is integrated within the hospital's clinical oversight and quality improvement structure and that the chain of custody of forensic evidence is maintained. SAFE professionals may be registered nurses, nurse practitioners, physician assistants or physicians who are specially trained in forensic examination of sexual offense victims. SAFE professionals would need to be on call and available at all times.	<p>HANYS and its member hospitals are committed to providing specialized care to victims of sexual violence while also ensuring the appropriate handling of evidence.</p> <p>HANYS is concerned that the proposal fails to provide funding for this mandate and that its effective date does not provide adequate time for the required training and certification of such professionals.</p>
<b>Licensing and oversight</b>	Would transfer the licensing and oversight of physicians, physician assistants and specialist assistants from the State Education Department to DOH.	HANYS strongly supports efforts to ensure that oversight and regulation of healthcare professionals in New York is streamlined, adept and well-resourced.
<b>Nurse Licensure Compact</b>	Would allow New York state to enter the NLC for registered nurses and licensed practical nurses. The executive budget did not include a proposal to authorize participation in the Interstate Medical Licensure Compact for physicians, as has been proposed in prior years.	HANYS supports this proposal and will continue to advocate for New York to join both the NLC and IMLC.



State Fiscal Year 2025-2026 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
<b>Hospital at home</b>	<p>Building on the federal Acute Hospital Care at Home program, this proposal would:</p> <ul style="list-style-type: none"> <li>authorize hospitals to provide acute medical services at home by medical professionals to a patient with a preexisting clinical relationship with the hospital or provider; such hospitals would not be permitted to provide home care or professional services;</li> <li>ensure that patients are transitioned to the most appropriate setting after an acute episode; this may include a discharge plan to a home care agency if medically necessary and with the patient's consent; and</li> <li>authorize DOH to establish Medicaid rates based on operating costs for services.</li> </ul>	HANYS supports efforts to allow hospitals to deliver quality care in convenient and medically appropriate settings for patients.
<b>Workforce funding programs</b>	<p>Would fund the following programs at the following levels:</p> <ul style="list-style-type: none"> <li><b>Doctor's Across New York:</b> would provide level funding (<b>\$15.9 million</b>)</li> <li><b>Nurses Across New York:</b> would provide level funding (<b>\$3 million</b>)</li> <li><b>Area Health Education Centers:</b> does not include last year's \$500,000 legislative add-on (<b>\$2.2 million</b>)</li> <li><b>Rural Access and Network Development Program:</b> does not include last year's \$1.1 million legislative add-on (<b>\$9.4 million</b>)</li> <li><b>Workforce Innovation Center:</b> would provide level funding (<b>\$10 million</b>)</li> <li><b>Diversity in Medicine:</b> does not include last year's legislative add-ons totaling \$2.5 million (<b>\$6 million</b>)</li> </ul> <p>Would eliminate the Empire Clinical Research Investigator Program (\$3.45 million).</p>	HANYS supports fully funding these programs and strongly opposes the elimination of ECRIP.
<b>Community college scholarships</b>	<p>Would provide \$47 million (\$28.2 million for the State University of New York and \$18.8 million for the City University of New York) to cover the remaining cost of tuition, fees and books, after all other financial aid, for community college students ages 25-55 pursuing associate's degrees in high-demand occupations, including nursing.</p>	HANYS supports this proposal.
<b>Community paramedicine demonstration program extension</b>	<p>Would extend the community paramedicine demonstration program, which allows emergency medical technicians and advanced EMTs to operate in expanded roles, for an additional two years through May 22, 2027.</p>	HANYS supports this extension.

State Fiscal Year 2025-2026 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
<b>Behavioral health</b>		
<b>Opioids</b>	<p>The executive budget includes several proposals related to controlled substances, including:</p> <ul style="list-style-type: none"> <li>allowing all hospitals, including those with a full-time pharmacy, to dispense a three-day supply of controlled substances while patients await referral for treatment;</li> <li>allowing practitioners to prescribe, administer and dispense any schedule III, IV or V narcotic drugs approved by the FDA for the maintenance or detoxification treatment of a person with substance use disorder; and</li> <li>allowing paramedics to order and administer controlled substances to relieve acute withdrawal symptoms.</li> </ul>	HANYS supports allowing hospitals and first responders to provide compassionate and clinically appropriate care to patients with substance use disorder.
<b>Time-limited demonstration programs</b>	Would make permanent the authority of the Office of Mental Health, Office of Addiction Services and Supports and Office for People with Developmental Disabilities to implement time-limited demonstration programs to test and evaluate new methods or arrangements for organizing, financing, staffing and implementing programs serving people with mental illness or intellectual or developmental disabilities.	HANYS supports this proposal and urges the state agencies to make greater use of this authority.
<b>OMH and OPWDD temporary operators</b>	Would make permanent the authority for OMH and OPWDD to appoint temporary operators for the continued operation of programs when necessary to maintain a program's viability and protect the health and safety of patients.	HANYS has no position.
<b>OPWDD managed care extender</b>	Would further extend the provisions related to implementing managed care within the OPWDD system until Dec. 31, 2027.	HANYS has no position.
<b>Unhoused youth consent to behavioral health treatment</b>	Would allow individuals under the age of 18 who are unhoused or receive services at an approved runaway and unhoused youth crisis services program or a transitional independent living support program, to give consent for their own behavioral health treatment.	HANYS supports this proposal.

State Fiscal Year 2025-2026 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
<b>Involuntary commitment</b>	<p>Would update the standards for involuntary commitment to:</p> <ul style="list-style-type: none"> <li>expand the criteria for involuntary hospital treatment to include individuals at substantial risk of physical harm due to an inability or refusal, because of their mental illness, to provide for their own essential needs;</li> <li>require evaluating clinicians to consider medical records, credible reports of recent behavior, medical and behavioral history, and other available relevant information when determining whether a person's mental illness is likely to result in serious harm to themselves or others;</li> <li>allow psychiatric nurse practitioners to make one of the two required commitment certifications for involuntary hospital treatment;</li> <li>add domestic partners and cohabitants as individuals who can report an individual's need for immediate care and treatment; and</li> <li>require hospitals and Comprehensive Psychiatric Emergency Programs to make reasonable efforts to identify and promptly notify community-based providers of an admission of an individual who they serve. The proposal would also require these providers to be included in the list of individuals involved in a discharge service plan.</li> </ul>	<p>HANYS supports allowing Psychiatric NPs to have a greater role under the Mental Hygiene Law. However, HANYS is evaluating the entirety of this proposal for its impact on patients managing mental illness and the providers who serve them.</p>
<b>Assisted outpatient treatment ("Kendra's Law")</b>	<p>Would amend the standards for ordering AOT to:</p> <ul style="list-style-type: none"> <li>allow a domestic partner to request AOT;</li> <li>include substantial interference with a person's ability to maintain their health or safety, or treatment noncompliance resulting in emergency care or incarceration as criteria for ordering AOT; and</li> <li>clarify that previous non-compliance with court oversight or mandated treatment will not preclude a finding that an individual is likely to benefit from AOT.</li> </ul>	<p>HANYS is evaluating this proposal for its impact on patients managing mental illness and the providers who serve them.</p>
<b>Targeted inflationary increase</b>	<p>Would provide a one-time 2.1% targeted inflationary increase, beginning April 1, 2025, for all eligible programs and services under OPWDD, Office of Temporary and Disability Assistance, State Office for the Aging, Office of Children and Family Services, OMH and OASAS.</p>	<p>HANYS supports this increase for human service workers and will continue to advocate for rates to better reflect the cost of providing care.</p>

State Fiscal Year 2025-2026 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANY'S' comments
<b>Reproductive health</b>		
<b>Emergency pregnancy termination</b>	<p>Would require hospitals to terminate a pregnancy in emergency medical situations when the termination is necessary to stabilize the patient unless the patient or their legally authorized representative explicitly refuses the procedure.</p> <p>Hospitals with a limited capability to treat high-risk maternity patients requiring specialized emergency services would also be required to establish triage, treatment and transfer protocols. Patients could only be transferred to another hospital when their condition is stable, the attending practitioner has authorized the transfer, and the receiving hospital is informed and can provide the necessary resources to care for the patient.</p>	<p>HANY'S and its member hospitals strive to provide the highest standard of emergency care that is clinically appropriate and respects the autonomy of their patients.</p> <p>HANY'S is reviewing this proposal for its impact on current standards of care and patient transfer best practices.</p>
<b>Abortion prescription labels</b>	Would allow healthcare providers to request that prescription labels for medication abortion drugs, such as mifepristone and misoprostol, include the healthcare facility name or address instead of the provider's name.	HANY'S supports this proposal.
<b>Reimbursement for providers of abortion services</b>	Would allocate \$20 million in new funding to support abortion services, including costs associated with medication abortion care.	HANY'S supports this investment.
<b>Reproductive Freedom and Equity Grant Fund</b>	Would invest \$25 million to continue supporting reproductive health providers and critical support programs to ensure equitable access to abortion care.	HANY'S supports this investment.
<b>Lactation support services</b>	Would allow international board certified lactation consultants to bill Medicaid directly for their services.	HANY'S supports this proposal.
<b>Infertility treatment</b>	<p>Would expand Medicaid coverage for fertility preservation services for those with iatrogenic infertility, excluding in vitro fertilization.</p> <p>The executive budget would also establish a new grant-based program for providers to fund uncompensated healthcare services related to infertility. At least one grantee would be located in New York City and at least grantee would be located in an upstate region.</p>	HANY'S supports this proposal.

State Fiscal Year 2025-2026 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
<b>Pharmacy</b>		
<b>Pharmacy benefit manager rebate transparency</b>	Would require licensed PBMs to publish an annual report on their websites detailing the aggregated amounts of rebates and payments from contracts, the amounts passed on to health plans, and other information focused on discounts and price concessions. Would also require PBMs to submit copies of each report to both the Department of Financial Services and DOH.	HANYS supports this proposal and will urge DFS and DOH to publish the reports so that they are easily accessible to the public.
<b>Prescriber prevails</b>	Would eliminate the prescriber's ability to make the final determination during disputes with Medicaid over which medications can be prescribed to Medicaid recipients.	HANYS opposes this proposal.
<b>Additional provisions</b>		
<b>Emergency medical services</b>	<p>Would enact several EMS-related reforms, including:</p> <ul style="list-style-type: none"> <li>designating EMS as an essential service and allowing for the creation of special taxing districts for the financing and operating of general ambulance services;</li> <li>establishing the Emergency Medical Community Assessment Program to develop criteria and scoring metrics to assess the capabilities and performance of EMS agencies statewide;</li> <li>requiring the State Emergency Medical Services Council, in collaboration and with final approval of DOH, to develop a statewide comprehensive emergency medical system plan that will be used to develop individual county EMS plans;</li> <li>requiring counties to designate primary response agencies, which would be required to respond to all requests for emergency medical services unless they can prove capacity limitations;</li> <li>authorizing DOH to approve and support EMS demonstration programs that aim to develop and evaluate novel delivery models and care strategies; and</li> <li>tasking DOH, in consultation with SEMSCO, with establishing licensure standards for EMS professionals.</li> </ul>	HANYS supports designating EMS as an essential service and will advocate for added flexibilities and innovative programs to improve New York's EMS system and patient outcomes.

State Fiscal Year 2025-2026 Executive Budget		
Issue/topic	Governor's executive budget proposal	HANYS' comments
<b>Material transactions</b>	<p>Building on reporting requirements for material transactions enacted in the SFY 2023-2024 budget, this proposal would add new review and reporting requirements, including:</p> <ul style="list-style-type: none"> <li>• requiring DOH to conduct preliminary reviews for all proposed transactions;</li> <li>• authorizing DOH, at its discretion, to require a full cost and market impact review. If DOH determines that a full review is necessary, it could delay the proposed transaction closing until said review is completed, up to 180 days; and</li> <li>• allowing DOH to assess costs from the parties for the review.</li> </ul>	HANYS supports leveling the playing field between private equity-backed healthcare businesses and heavily regulated, not-for-profit providers.
<b>Public health program eliminations</b>	Would discontinue funding for the Enhanced Quality of Adult Living program, Tick-Borne Disease program and the Enriched Housing program.	HANYS opposes any reduction in support for these programs.

*The information contained in HANYS' Detailed Overview of the State Fiscal Year 2025-2026 Executive Budget is for general guidance on matters of interest only. This summary is provided "as is," with no guarantee of completeness, timeliness or of the results obtained from the use of this information, and without warranty of any kind, express or implied. In no event will HANYS, its related affiliates or subsidiaries, be liable for any decision made or action taken in reliance on the information in this summary.*