



NYPWA Presentation
January 30, 2025
Executive Budget Summary
State Fiscal Year 2025-26

AGENCY BUDGET SUMMARY

DOH Appropriation Authority by Appropriation Type

Category	FY 2025	FY 2026	% Change
Aid to Localities (ATL)	\$120,794,356,786	\$129,036,046,115	6.82%
State Operations (SO)	\$3,750,523,000	\$3,755,811,000	0.14%
Capital Projects	\$522,470,000	\$1,507,404,000	188.51%
Totals	\$125,067,349,786	\$134,299,261,115	7.38%

DOH ATL Appropriation Authority by Funding Source

ATL Category	FY 2025	FY 2026	% Change
General Fund	\$30,886,970,841	\$32,516,167,170	5.27%
Special Revenue – Federal	\$81,538,275,945	\$85,270,031,945	4.58%
Special Revenue – Other	\$8,219,110,000	\$11,099,847,000	35.05%
Fiduciary	\$150,000,000	\$150,000,000	0.00%
Totals	\$120,794,356,786	\$129,036,046,115	6.82%

DOH SO Appropriation Authority by Funding Source

ATL Category	FY 2025	FY 2026	% Change
General Fund	\$734,731,000	\$748,531,000	1.88%
Special Revenue – Federal	\$2,590,956,000	\$2,599,182,000	0.32%
Special Revenue – Other	\$424,836,000	\$408,098,000	-3.94%
Totals	\$3,750,523,000	\$3,755,811,000	0.14%

DOH ATL Appropriation Authority by Program Type

ATL Category	FY 2025	FY 2026	% Change
Health Insurance Programs	\$117,709,667,000	\$125,453,802,000	6.58%
• Medicaid	\$103,368,304,000	\$109,398,932,000	5.83%
• Essential Plan (EP)	\$11,603,403,000	\$13,097,000,000	12.87%
• Child Health Plus (CHIP)	\$2,644,743,000	\$2,862,653,000	8.24%
• Elderly Pharm Ins Cov (EPIC)	\$93,217,000	\$93,217,000	0.00%
Public Health Programs	\$3,177,906,786	\$3,675,461,115	15.66%
Totals	\$120,794,356,786	\$129,036,046,115	6.82%

MAJOR YEAR-TO-YEAR PROGRAM CHANGES

General Fund (ATL)

Program	FY 2025	FY 2026	Difference
Medicaid (Services)	\$28,782,592,000	\$30,465,261,000	\$1,682,669,000
Medicaid Administration	\$771,550,000	\$1,046,550,000	\$275,000,000
Abortion Service Providers	\$0	\$20,000,000	\$20,000,000
Childrens' Swimming Inst.	\$0	\$5,000,000	\$5,000,000
County-Based EMS Mapping	\$0	\$4,800,000	\$4,800,000
Dental Care for Nat Americans	\$2,500,000	\$4,500,000	\$2,000,000
Investment in Nourish NY	\$4,250,000	\$5,000,000	\$750,000
Reducing Infant Mortality	\$320,000	\$690,000	\$370,000
Childrens' Asthma Housing/HC	\$2,130,000	\$2,140,000	\$10,000
Enhancing Qual of Liv (EQUAL)	\$3,266,000	\$0	(\$3,266,000)
HIV, STD / Hep C Prevention	\$31,080,000	\$30,585,800	(\$494,200)
Health Promotion Initiatives	\$430,000	\$0	(\$430,000)
Enriched Housing	\$380,000	\$0	(\$380,000)
Coalition for Inst & Disabled	\$75,000	\$0	(\$75,000)
Tick-Borne Diseases	\$69,000	\$0	(\$69,000)

Special Revenue Other (ATL)

Program	FY 2025	FY 2026	Difference
Medicaid (Services)	\$6,608,689,000	\$9,333,613,000	\$2,724,924,000
Childrens' Health Insurance	\$1,106,789,000	\$1,312,385,000	\$205,596,000
Lupus Rsrch & Educ Lic Plates	\$0	\$366,000	\$366,000
Leukemia, Lymph & Myeloma	\$0	\$343,000	\$343,000
School-Based Health Ctrs.	\$0	\$28,000	\$28,000
Lyme/Tick-Borne Diseases	\$0	\$25,000	\$25,000
Physician Excess Med Mal	\$78,500,000	\$39,250,000	(\$39,250,000)

Federal Funds (ATL)

Program	FY 2025	FY 2026	Difference
Medicaid (Services)	\$66,181,823,000	\$68,127,858,000	\$1,946,035,000
Essential Plan	\$11,601,403,000	\$13,097,000,000	\$1,495,597,000
Medicaid Administration	\$720,650,000	\$995,650,000	\$275,000,000
Childrens' Health Insurance	\$1,537,954,000	\$1,550,268,000	\$12,314,000
Gun Violence Prevention	\$0	\$1,500,000	\$1,500,000
Federal Block Grant Account	\$4,487,000	\$5,797,000	\$1,310,000

State Operations (All Funds)

Program	Fund	FY 2025	FY 2026	Difference
Administration – NPS	GF	\$66,896,000	\$79,296,000	\$12,400,000
Administration – PS	GF	\$146,068,000	\$158,168,000	\$12,100,000
Medicaid Administration – PS	GF	\$58,278,000	\$65,811,000	\$7,533,000
Medicaid Administration – NPS	GF	\$320,779,000	\$302,546,000	(\$18,233,000)
Center for Community Health Sub	SRO	\$15,036,000	\$15,213,000	\$177,000
Newborn Screening Sub	SRO	\$14,465,000	\$14,607,000	\$142,000
Forgeproof Prescription	SRO	\$15,438,000	\$15,516,000	\$78,000
New York State of Health Admin	SRO	\$48,740,000	\$32,343,000	(\$16,397,000)
HCRA Section 405.4 Hosp Audits	SRO	\$675,000	\$250,000	(\$425,000)
Medicaid Administration – PS/Fr/Id	SRF	\$78,236,000	\$94,349,000	\$16,113,000
Gun Violence Prevention	SRF	\$0	\$1,500,000	\$1,500,000
Federal HHS Account	SRF	\$89,871,000	\$91,264,000	\$1,393,000
Child / Adult Care Food Account	SRF	\$11,075,000	\$11,825,000	\$750,000
Medicaid Administration – NPS	SRF	\$570,914,000	\$559,384,000	(\$11,530,000)

*Personal Service (PS) represents cost of permanent employees and temporary staff funded directly on State's payroll.

**Non-Personal Service (NPS) represents all other non-PS costs (contractual, etc.) funded in the State Operations budget.

Capital Funds

Program	FY 2025	FY 2026	Difference
HF Transformation (Safety Net)	\$0	\$1,000,000,000	\$1,000,000,000
Maintenance/Improvements	\$7,600,000	\$12,600,000	\$5,000,000
Water Resources	\$30,000,000	\$22,500,000	(\$7,500,000)
Maint/Improvements – Roswell	\$55,304,000	\$51,304,000	(\$4,000,000)
Hlth Care Sys. Improvement	\$18,300,000	\$15,000,000	(\$3,300,000)
Laboratories and Research	\$12,000,000	\$10,000,000	(\$2,000,000)

MEDICAID / GLOBAL CAP (GC) BUDGET SUMMARY

General Budget Overview

Medicaid spending is currently projected at \$123.8B during SFY 2025-26 on an All Funds basis. The funding source breakout of the \$123.8B is as follows (in billions):

Fund Source	Expenditures	MA %	Total %
Federal Medicaid	\$57.62	52.1%	46.6%
State (DOH)	\$35.72	32.3%	28.9%
State (Other Agencies)	\$8.38	7.6%	6.8%
Local	\$8.84	8.0%	7.1%
Medicaid Subtotal	\$110.56	100.0%	89.3%
Essential Plan 1332	\$13.23	N/A	10.7%
Total	\$123.79	N/A	100.0%

The State (DOH) share of Medicaid spending is broken out into Medicaid spending that is indexed and non-indexed sub-categories as depicted on the table below (in billions):

Category	FY 2026	FY 2027	FY 2028	FY 2029
DOH MA Global Cap Index	\$26.50	\$27.90	\$29.20	\$30.40
DOH Global Cap Adjustments	\$6.90	\$7.50	\$8.10	\$8.80
Projected Deficits	\$0.00	\$0.90	\$1.70	\$3.20
DOH Global Cap Total	\$33.40	\$36.30	\$39.00	\$42.40
Tobacco Settlement Fund Offset	(\$0.30)	(\$0.30)	(\$0.30)	(\$0.30)
DOH State Funds*	\$33.10	\$36.00	\$38.70	\$42.00
Healthcare Stability Fund**	\$2.60	\$2.40	\$0.90	\$0.00

*State Operating Funds subject to the Global Cap, exclusive of TSF expenditure.

**Healthcare Stability Fund is exempt from Global Cap calculations but included in Financial Plan estimates.

A summary of Medicaid Global Cap terminology and expenditure trends follows below:

- **Global Cap Definition**
 - Statutory spending cap that applies to a subset of State-share funded Medicaid spending.
 - Intended to limit the growth of Medicaid costs financed by the General Fund.
- **Global Cap Indexing**
 - **Current Methodology** – Cap set at 5-year rolling average of the Medicaid annual growth rate within the National Health Expenditure Accounts produced by the Office of the Actuary within the Centers for Medicare and Medicaid Services (CMS).
 - Allows for growth associated with all health care spending.
 - Updated on an annual basis by CMS.
- **Global Cap Index Exclusions**
 - State-Mandated Minimum Wage Increases

- State-Mandated Home Care Wage Increases
- Local Share Takeover Costs (Growth in Medicaid over CY 2015 levels)
- Other State Agency Medicaid Costs
- Expenditures from the Healthcare Stability Fund, which is the dedicated revenue account for the approved MCO tax
- **Global Cap Control Mechanisms**
 - Statutory provisions grant the Commissioner of Health certain powers to limit Medicaid disbursements to levels authorized by the Global Cap – as well as unanticipated costs resulting from a disaster.
 - Examples – Reducing reimbursement rates (subject to federal approvals where required), reducing rates of program implementation, etc.

Medicaid spending is currently projected to exceed the Cap beginning in SFY 2026-27, as reflected on the table below:

Category (\$ in Billions)	FY 2026	FY 2027	FY 2028	FY 2029
Global Cap Target	\$33.4	\$35.4	\$37.3	\$39.2
Executive Budget*	\$33.1	\$36.0	\$38.7	\$42.1
Tobacco Settlement Fund	\$0.3	\$0.3	\$0.3	\$0.3
Global Cap Projections	\$33.4	\$36.3	\$39.0	\$42.4
Exec Over/(Under)	\$0.0	\$0.9	\$1.7	\$3.2

*Excludes the Healthcare Stability Fund

MAJOR FACTORS IMPACTING MEDICAID SPENDING

Major factors impacting Medicaid spending during the current and future fiscal years are as follows:

Increasing Factors

- **Enrollment** - Sustained increases in enrollment relative to pre-COVID-19 pandemic levels;

The following table depicts Statewide Medicaid enrollment totals in since March 2020:

Month	Enrollment	Change (%)
March 2020	6,082,983	N/A
March 2021	6,959,095	14.40%
March 2022	7,452,010	7.08%
March 2023	7,873,662	5.66%
March 2024	7,292,559	-7.38%
March 2025 (est.)	7,013,685	-3.82%

- Medicaid enrollment as of November 2024 was 7.0 million.

- Between SFY 2024-25 and SFY 2027-28, the Executive Budget anticipates \$1.6 billion in additional costs associated with updated Medicaid enrollment estimates that exceed what had previously been anticipated.
- **Provider Reimbursement** - Higher reimbursement rates; including prior year restorations and ATB increases, as well as investments for inpatient, outpatient, and nursing home rates.
- **MLTC Utilization** - Growing utilization of the State's Managed Long-Term Care (MLTC) program by the State's aging population, including the Consumer Directed Personal Assistance Program (CDPAP); and
- **State Support to Distressed Hospitals** - State support to financially distressed facilities has more than doubled over the past five years and currently, 75 of 261, of New York's hospitals are financially distressed.

Offsets / Mitigation to Anticipated Spending Growth

- **Master Settlement Agreement (MSA)** – The New York State Division of the Budget (DOB) anticipates receiving \$325.0 M annually in payments from tobacco manufacturers to help defray the costs of the State's Takeover of Medicaid costs for Upstate counties and New York City.
- **Health Care Transformation Fund (HCTF)** – The HCTF Funds are used to support health care delivery, including for capital investment, debt retirement or restructuring, housing, or transitional operating support to health care providers. DOB anticipates utilizing \$261.0 M during SFY 2025-26 to offset costs of Home Care wage increases.
- **Healthcare Stability Fund (HSF) offset** - \$500 million from the approved MCO Tax to alleviate existing Global Cap deficits, to ensure that the State does not need to make significant provider reimbursement or service reductions. While technically a disbursement, the HSF is not subject to the Global Cap.
- **Global Cap Metric Update** – Updated calculations for the FY 2026 Global Cap resulted in an increase in the Global Cap Ceiling by \$209.2M. This is largely driven by annual price and utilization trends.

MAJOR DOH MEDICAID BUDGET ACTIONS

State Budget Initiatives

The most significant Medicaid budget actions proposed for FY 2026 include the following initiatives:

- **Hospital Supplemental Support** – The budget authorizes increased funding for financially distressed hospitals, including additional investments from MCO Tax revenue including significant funding for Safety Net Transformation programs through FY 2028.

- Currently, 75 of 261 (29%) of New York Hospitals are financially distressed, which represents a 200% increase since SFY 2016-17.
 - The increase in financially distressed hospitals has driven a concomitant 625% increase in Fed/State assistance.
- A summary of recent State Share allotments to distressed facilities is as follows:

Funding Allotment	FY 2023	FY 2024	FY 2025	Total
Hospital Base Support	\$884.0 M	\$984.0 M	\$984.0 M	\$2,852.0 M
One-Time Investments	\$800.0 M	\$500.0 M	\$500.0M	\$1,800.0 M
Safety Net Transf. Program	\$0.0M	\$0.0M	\$300.0M	\$300.0M
Totals	\$1,684.0 M	\$1,484.0 M	\$1,784.0 M	\$4,952.0 M

- Eligible hospitals will receive \$2.2 B gross (\$1.1 B State share) in support over three and a half years from the 1115 Waiver through the Medicaid Global Hospital Budget initiative.
- **Managed Care Organization (MCO) Tax Investments** – The Budget includes language to codify the structure of the proposed MCO tax and establish a plan for spending tax receipts over the next three years. Revenues from the MCO Tax are currently anticipated to fund the following investments:
 - **Global Cap Deficit Support (\$500.0M)** - Support the remaining Global Cap deficits, to ensure that the State does not need to make significant provider reimbursement or service reductions;
 - **Hospital investments (\$305M)**- \$305 million to support investment in hospitals, including increases to hospital outpatient rates, support for new investments in hospital quality, continued support for the hospital maternal quality programs, and additional assistance to critical access and sole community hospitals.
 - **Safety Net Transformation Expansion (\$300.0M)** - Expand operating support to hospitals under the Safety Net Transformation Program to ensure that resources are available to support additional transformative projects;
 - **Nursing Home, Assisted Living, and Hospice Investments (\$200.0M)** - Invest in nursing homes, assisted living programs, and hospice programs;
 - **Physician Fee Schedule Increase (\$50.0M)** - Increase Medicaid physician fee schedule to bring Medicaid reimbursement closer to the Medicare level;
 - **Mainstream Managed Care (MMC) Quality Program Support (\$50.0M)** - Continue funding for the MMC Quality Program; and
 - **Clinic / Federally Qualified Health Center (FQHC) Support (\$10.0M)** - Support enhanced rates for clinics and FQHCs.
- **Reallocation of Other State Agency (OSA) Costs** – The Budget reallocates the portion of the Medicaid Local Share assumed by the Global Cap to the OSAs in accordance with costs associated with each agency's respective programs. Total offset value estimated at \$2,111.3M in FY 2026.

A summary of other Medicaid-related investment proposals is as follows:

Initiative	Category	Value
Support Mobility for People w/ Physical Disabilities	MA-Other	\$4.1M
Health Equity for Justice-Involved Youth (SOTS)	Managed Care	\$3.2M
Expand Access to Infertility Treatments (SOTS)	MA-Other	\$2.3M
Allow Paramedics to Administer Buprenorphine	Pharmacy	\$0.8M
Dispense 3-Day Supply Opioid Use Disorder Med.	Pharmacy	\$0.5M
Expand Lactation Support Services (SOTS)	MA-Other	\$0.1M
DSH Reforms / Eliminate Voluntary UPL	Hospital	\$0.0M

A summary of other Medicaid-related savings proposals is as follows:

Initiative	Category	Value
Restructure the Public Indigent Care Pool	Hospital	(\$56.7M)
Restructure the MMC and MLTC Quality Pool	Managed Care	(\$48.6M)
Nursing Home Transition/Diversion Waiver Reforms	Other LT Care	(\$18.2M)
Eliminate Prescriber Prevails	Pharmacy	(\$12.4M)
Standardize Applied Behavioral Analysis (ABA)	Managed Care	(\$9.6M)
MMC to Fee-for-Service for LT Nursing Home Stays	Managed Care	(\$7.6M)
Independent Dispute Resolution (IDR) MMC Carveout	Managed Care	(\$7.5M)
Strengthen Managed Care Contracting	Managed Care	(\$5.0M)

Federal Funding Updates

The following points summarize updates on major DOH Federal funding initiatives for FY 2026.

- **Federal Families Coronavirus Relief Act (FFCRA)**
 - Enhanced Federal Medical Assistance Percentage (eFMAP) phased out completely effective 12/31/23.
 - Standard FMAP rates in place since January 2024.
- **American Rescue Plan Act (ARPA)**
 - State reinvested (as of 6/30/24 program closeout) over \$2 billion in earned eFMAP funds across 37 proposals.
 - Projects aimed at strengthening and supporting the direct care workforce, investing in the state's digital healthcare infrastructure, and building home and community-based services capacity.
 - Program mostly complete excepting a final group of projects in midst of completion.
 - Full completion anticipated during FY 2026.
- **New York Health Equity Reform (NYHER) 1115 Waiver Program**
 - NYHER 1115 Waiver Amendment approved on January 9th, 2024
 - Authorized through March 31, 2027.
 - Program authorizes federal funding for numerous initiatives focused on advancing health equity, reducing health disparities, and supporting the delivery of social care.
 - First payments processed in March 2024. Most initiatives in midst of implementation with remainder to be implemented during FY 2026.

Major waiver initiatives include the following:

- **Social Care Networks / Health-Related Social Needs Services (HRSNs)**
 - Launched January 1st, 2025 across all 9 defined NYS regions.
 - Comprise Community Based Organizations (CBOs) to provide screening, navigation, and delivery of health-related social needs services (HRSNs) and enhanced HRSNs that include supports for housing, nutrition, transportation, and case management.
 - Lead entities' contracts have been executed and they are creating partnerships within each of their regions.
- **Health Equity Regional Organization (HERO)**
 - The State Medicaid HERO was announced as of January 24th, 2025.
 - United Hospital Fund (UHF) to lead the coordination of the HERO activities to bridge social services and health care delivery.
- **Career Pathways Training Program (CPT)**
 - Program has contracted with three Workforce Investment Organizations (WIOs) in their defined regions of New York State to address statewide workforce shortages.
 - Over 200 participants were enrolled in training across the 13 eligible job titles in the fall semester.
- **Student Loan Repayment Program (SLRP)**
 - The Student Loan and Repayment program is in the process of procuring a vendor and will be set to launch in late Spring 2025.
- **Essential Plan (EP) Program** - During FY 2025, the State submitted a Waiver amendment to the Centers for Medicare and Medicaid Services (CMS) to further expand enrollment and services covered by the EP.
 - Changes under the waiver amendment have expanded coverage in EP by 300,000 since April 2024. Changes can be summarized as follows:

Coverage Category	Original	Amended
Income Eligibility (FPL)	Up to 250%	Up to 250%
Cost-Sharing Subsidies– Incomes up to 400% of FPL*	No	Yes
Cost-Sharing Subsidies – Pregnancy Benefits*	No	Yes
Cost-Sharing Subsidies – Diabetes Management*	No	Yes
Behavioral Health Funding	Yes	Yes
Air Conditioners for Ind w/Asthma	Yes	Yes

*Applies to individuals enrolled in Qualified Health Plans (QHP) who are eligible for the APT

- Cost-sharing reductions (former recipient cost-sharing requirement shifts to Federal subsidy) anticipated to benefit approximately 118,000 consumers and produce \$1.3B in savings for such consumers over 4-year period.

MEDICAID LOCAL SHARE OVERVIEW

Current and Projected Medicaid Share Allocations (in billions)

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Totals
Federal	\$69.2	\$70.9	\$72.4	\$71.4	\$73.1	\$357.0
State (DOH)	\$31.4	\$35.7	\$38.4	\$39.5	\$42.1	\$187.1
State (OSA)	\$6.3	\$8.4	\$9.0	\$9.4	\$9.7	\$42.8
Local	\$8.6	\$8.8	\$8.8	\$8.8	\$8.8	\$43.8

Local Share Cap Updates – There will be eFMAP offsets to the local shares until the end of the current fiscal year. Local districts will subsequently be responsible for paying their statutory amounts in FY 2026 and beyond.

Current and Projected Local Takeover Costs (in billions)

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Totals
2005 Cap	\$5.4	\$6.1	\$6.6	\$7.1	\$8.2	\$33.4
2013 Cap	\$2.0	\$2.2	\$2.4	\$2.6	\$2.7	\$11.9
Totals	\$7.4	\$8.3	\$9.0	\$9.7	\$10.9	\$45.3

A summary of the State's two Local Takeover policies is as follows:

- **2005 Takeover** – State establishes annual local share ceiling for each county based on Calendar Year (CY) 2005 expenditure levels plus the following annual increases:
 - CY 2006 – 3.5%
 - CY 2007 – 3.25%
 - CY 2008 and beyond – 3.0%
- **2013 Takeover** – State phases out annual increase in county ceilings so that local share is capped at CY 2015 levels.

Medicaid Local Share Payment Updates

- **Enhanced Federal Medical Assistance Percentage (eFMAP) Sharing** – During FY 2025, local districts received 50% of the amount shared in SFY 2023-24, via weekly shares reductions. No future eFMAP reconciliation payments are anticipated.
- **Early Intervention (Medicaid) Payments** – The most recent payment package for EI claims is for the period between April 2013 and March 2018, and is currently pending final approval.

Medicaid Administration Cap Updates

- **Local District Medicaid Administration Caps** – The annual county Medicaid caps for Local Administration will remain at their historic / current levels during SFY 2025-26, although it is anticipated that county administration costs will continue to decrease due to the State's takeover of county administrative functions. The Statewide County Administration Ceiling remains at \$545.0 million.

- **Historic Statewide County Administration Spending Relative to Ceiling:**

Fiscal Year	Ceiling	Expenditures	Difference
FY 2013	\$545.0 M	\$510.7 M	(\$34.3) M
FY 2014	\$545.0 M	\$489.4 M	(\$55.6) M
FY 2015	\$545.0 M	\$486.3 M	(\$58.7) M
FY 2016	\$545.0 M	\$469.5 M	(\$75.5) M
FY 2017	\$545.0 M	\$420.3 M	(\$124.7) M
FY 2018	\$545.0 M	\$407.2 M	(\$137.8) M
FY 2019	\$545.0 M	\$418.7 M	(\$126.3) M
FY 2020	\$545.0 M	\$416.1 M	(\$128.9) M
FY 2021	\$545.0 M	\$400.4 M	(\$144.6) M
FY 2022	\$545.0 M	\$418.2 M	(\$126.8) M
FY 2023	\$545.0 M	\$415.4 M	(\$129.6) M
FY 2024	\$545.0 M	\$457.1 M	(\$87.9) M
FY 2025 (P)	\$545.0 M	\$461.8 M	(\$83.2) M

*SFY 2024-25 projection based on actuals through November 2024 claims, and remain subject to change.

- **Historic County Over/Under (Cap) Amounts:**

STATE FISCAL YEAR	UNDER	OVER	% UNDER
FY 2013	42	16	72.4%
FY 2014	45	13	77.6%
FY 2015	56	2	96.6%
FY 2016	56	2	96.6%
FY 2017	57	1	98.3%
FY 2018	55	3	94.8%
FY 2019	57	1	98.3%
FY 2020	56	2	96.6%
FY 2021	57	1	98.3%
FY 2022	57	1	98.3%
FY 2023	57	1	98.3%
FY 2024	55	3	94.8%
FY 2025 (P)	54	4	93.1%

*SFY 2024-25 estimates based on actuals through November 2024 claims, and remain subject to change.