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The mission of the Home Care Association of New York State, Inc (HCANYS) is to promote and enhance the quality and accessibility of health care and support at home.

HCANYS, New York State's premier home care association, represents over 300 providers, health plans, organizations and individuals who collectively provide healthcare at home to hundreds of thousands of New Yorkers.

HCANYS Members include:

- Certified Home Health Agencies
- Licensed Home Care Service Agencies
- Long Term Home Health Care Programs
- Hospices
- Managed Long Term Care Plans
- Waiver programs, allied health & health management organizations, and others

MEMORANDUM

TO: HCANYS Members

SUBJECT: SFY 2025-2026 Enacted Budget Analysis

DATE May 15, 2025

Overview

This memorandum provides a comprehensive analysis of Governor Hochul's 2025-26 State Fiscal Year (SFY) Budget, passed by both houses and signed by Governor Hochul on May 9, with particular emphasis on the Medicaid and health-related provisions.

Note: This memorandum covers the state's actions comprising the final state budget adopted May 9. However, Federal legislative, regulatory and administrative actions are ongoing that may impact the adopted budget in ways that affect the eligibility, structure and/or funding of the state's programs, such as yesterday's announcement of Federal rule changes intended to impact the MCO Tax utilized in this budget to finance supplement state funding for Medicaid and Medicaid providers. HCANYS will continue to provide member updates with the latest information possible.

Total Budget & Overview

This year's proposed state budget totals \$254.3 billion, \$17 billion higher than last year's final, enacted State Budget, which was the largest ever. In addition to the increased spending, the final Budget depleted the State's "rainy day fund" by approximately \$7 billion to fund the outstanding unemployment insurance debt owed from COVID-19 pandemic claims.

Medicaid Overall Spending and Overview

Of the total \$254.3 billion new state budget, approximately \$109.6 billion is allocated to Medicaid, providing for 7 million New Yorkers who rely on Medicaid services. The 2025 Medicaid allocation is \$7.7 billion more than last year's \$101.9 billion for Medicaid.

Medicaid Global Cap

The final budget modifies the Executive proposal to extend the Global Cap through March 31, 2026, by increasing overall cap spending by 12 percent – or \$3.6 billion – for a total cap of \$35.6 billion. Excluding "MCO Tax State Share Spending" of \$1.4 billion, State Share Medicaid spending increased by \$2.6 billion for a total of \$34.2 billion, which represents an increase of 9.6 percent.

Across-The-Board Action – MTA Tax

At the end of the budget process, the Legislature and Executive amended the Metropolitan Commuter Transportation Mobility Tax: (i) creating a two-zone Metropolitan Commuter Transportation District payroll tax framework; (ii) updating payroll tax rates and thresholds; (iii) exempting certain local government employers; and (iv) dedicating a new revenue stream to fund the 2025–2029 MTA Capital Program. Despite requests for exemption, the tax increase will apply to health care providers.

Home Care Actions

- A major budget priority of HCANYS was the inclusion of supplemental funding for home care to meet essential agency and community needs.

In response to HCANYS, the Senate and Assembly one-house budget bills included \$30 million in combined state/federal funding to support certified home health agency services, including subcontracted services to LHCSAs. That funding remained on the table until the final days, perhaps hours, of the budget negotiations when final additions in the overall state budget were decided. Regrettably, without the Governor as a partner in the funding add for home care, the Legislature was not able to sustain the \$30 million addition on the final ledger within the amounts available for budget adds.

A separate, original proposal of the Governor to provide \$45 million through the State Office for the Aging for programs and services provided to older New Yorkers across the State was agreed to in the final budget. We look forward to the benefit of the NYSOFA appropriation and will continue to appeal to the Executive and Legislature post-budget to provide the urgent funding for home care that HCANYS and the Legislature had joined together to advocate. HCANYS has already requested immediate action by the Legislature to advance legislative bills for S.6981/A.1493 and S.7052/A.7013, respectively, that fund an annual state aid program for home care, and provide rate support under the episodic reimbursement system.

- The Legislature rejected in the final budget Governor Hochul's proposal to allow hospitals to provide care in the home without an Article 36 or 40 license, or without a licensed or certified partner.

In our advocacy to the Legislature and Executive, HCANYS staff, Board and members presented the extensive and exemplary hospital-home care collaborative models being operated across the state. These models are providing acute and critical care, primary and preventive care, emergency room diversion, pre- and post-surgical programs, and other services, demonstrating effective and appropriate approaches for pursuing "acute care at home" models based on hospital-home care partnering. HCANYS provided the Governor and Legislature with alternative language built around these collaboration models, and explaining to the Governor and Legislature that the Executive proposal was both an unnecessary route and one that would amount to a flagrant violation of state licensure requirements and policy.

As the Executive was not amenable to amendment of its proposal during the budget, the Legislature omitted this Executive proposal from the final budget

- While the Governor's proposed language capping NHTD was not stated as such in the final budget the Legislature has informed HCANYS that the cap was agreed to, effective July 1, 2025. HCANYS strongly opposed this cap, as the program provides an important option for services for consumers and caregivers, and is also helpful to MLTCs, MCOs, and system-wide. HCANYS will advocate for rollback of the cap or

other solutions in the aftermath of this budget action. With respect to housing subsidies through the NHTD program, the final budget does provide level funding of \$1.842 million for this purpose.

Technical Home Care Actions

- Extends the Limited LHCSA Program Authorization until June 30, 2027
- Extends the authority of episodic payments for CHHAs through March 31, 2029.
- Extends the authorization of CHHA Bad Debt & Charity Care allowances until June 30, 2029.
- Extends the Home-Based Primary Care for the Elderly demonstration program through January 1, 2031.
- Extends the authority to cap CHHA and LTHHCP administrative and general cost reimbursement not to exceed a statewide average through March 31, 2029.

Managed Care Related Actions

- Provides an additional \$1 billion in capital support and \$300 million in operating resources to expand the existing Safety Net Transformation Program, which is designed to encourage partnerships between Safety Net hospitals and established health care facilities. HCA will be exploring and working to facilitate funding and partnership support opportunities for home care and hospice under this program.
- Restores the Quality Incentive Pool and provides hospice funding as part of an across the board supplemental funding under the revenues from the Managed Care Organization (MCO) tax including: (1) \$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; (2) \$230 million for investment in nursing homes, assisted living programs and hospice; and (3) \$50 million to continue funding for the Medicaid Managed Care Quality Program. Related to the Quality Program, the budget restructures the Quality Incentive Pools by shifting the costs of the Mainstream Managed Care organizations (MMC) quality pools from the Global Cap to the Healthcare Stability Fund.
- Enacts the Governor's proposal to enhance the penalties that may be assessed against Medicaid Managed Care Plans for failing to meet contractual, regulatory, or statutory obligations. Permissible penalties would range from \$250 to \$25,000 per violation, depending on the severity of noncompliance, as determined by the Commissioner of Health.
- Requires long-term stay nursing home residents to be transitioned from Mainstream Managed Care to Fee-for-Service.
- The final budget did not align State law with Federal law to exclude Medicaid from the Federal Independent Dispute Resolution (IDR) process in connection with fees billed by providers in emergency settings.

Workforce

- Provides \$39M for the Caregiver Flexibility for Direct Care Workers (which includes funding for the Direct Caregiver Flexibility Program RFA #20422, SFS# DCF2025 launched by DOH in late 2024). HCANYS supported this measure.
- Provides \$47M for financial burden relief for healthcare workers (which has underwritten Nurses Across New York, Healthcare Education and Life-Skills Program (HELP) and Healthcare Workers are our Future scholarship program). HCANYS supported this measure.
- Funds healthcare training programs under the Increasing Training Capacity in Statewide Healthcare Facilities grant program, with a distinct focus on nursing training programs. The initial Increasing Training Capacity in Statewide Healthcare Facilities grant was launched in 2023 with a contract period that extends through September 2025 and was only made available to Hospitals and Nursing Homes. HCANYS' proposed modifications to create parity in access for Article 36 and 40 licensed and certified agencies as eligible providers were rejected. The program received level funding but no eligibility expansion.
- Accepts the Executive proposal to provide level funding of \$3 million for the Nurses Across New York loan repayment program. HCANYS advocated for an additional \$2M dedicated to the home care and hospice sectors.
- Funds the Monroe (County) Ladder Demonstration Program at \$3 million to test a model aimed at mitigating the "benefits cliff" which can lead lower-wage workers to sometimes decline promotions or opportunities to transition from part-time to full-time work because of concerns that increases in income will be offset by reductions in public benefits. The program would help to address any real or perceived loss of means-tested public benefits through the provision of work incentive payments and provide funding for evaluation of impact on participating workers, their families as well as employers. HCANYS supported the measure.

Scope of Practice and Licensure Changes

- Rejects the Executive Proposal to allow New York to enter the Interstate Nurse Licensure Compact for RNs and LPNs.
- Rejects the Executive Proposal to authorize Certified Nursing Assistants to administer routine medications in nursing homes and allow physician assistants to practice more independently.
- Rejects the Executive Proposal to move the process for issuing physician licenses and providing physician and physician assistants oversight to DOH.

Maternal Health & Reducing Maternal Mortality

- Provides \$4M for reducing maternal mortality, including funding for the Maternal Mortality and Morbidity Review Board and the Advisory Committee on Maternal Mortality.
- Provides \$1.8M in funding for the Maternal and Infant Community Health Collaboratives which aims to reduce racial, ethnic, and economic disparities in health outcomes, and addresses related factors.

- Provides \$1.8M in funding for the Home Visiting Program to improve outcomes for mothers, babies, and families through provided care in their homes.
- Provides \$7M in additional funding for a maternal health grant program, to improve birth outcomes and access to prenatal care.

Aging Programs

- Provides \$11.7M in funding for the Long-Term Care Ombudsman Program, advocating for individuals in nursing homes, assisted living, and adult homes to protect their rights and ensure their needs are met.

Deploy State Funding To Support Healthcare Training Programs

- Expands support for healthcare training programs under the Increasing Training Capacity in Statewide Healthcare Facilities grant program, with a distinct focus on nursing training programs.

Mental and Behavioral Health

- Provides \$7M in funding for the Mental Health Demonstration Programs, including a behavioral health care management program for individuals with serious mental illness (SMI), and a mental health – health care coordination demonstration program focused on those individuals with SMI discharged from adult homes in NYC.
- Authorizes flexibility for the Office of Mental Health, the Office of Addiction Services and Supports, and the Office for People with Developmental Disabilities through three years, until March 31, 2028.

Emergency Medical Services and Community Paramedicine

- Extends the Community-Based Paramedicine Demonstration Program for an additional two years, providing waiver flexibility for scope of paramedic services. HCANYS had requested that this extender language also include “safe harbor” provisions for projects in “[Community Medicine and Paramedicine](#)” that HCANYS is conducting (partnered with the Iroquois Hospital Association and IPRO) in 7 upstate regions under a multiyear grant from the Mother Cabrini Foundation, so that these projects would receive the same regulatory flexibility as is being provided for the state’s paramedicine demos. As the final budget omitted many of the Executive and Legislature’s policy language proposals, HCANYS will pursue adoption of the safe harbor language now in the post-budget phase of the Legislative session.

Advocacy & Next Steps

HCANYS will continue to analyze this enacted budget, as well as any related Federal fiscal and policy actions now under development in Washington and the respective impacts these provisions are likely to have on the membership, the State’s home and community-based care continuum, and healthcare broadly. We will advocate strongly on behalf of HCANYS members and the critical needs of their patients.