

Dear LeadingAge New York Members –

After three weeks of prolonged budget negotiations beyond the April 1 deadline, the State has reached a final budget agreement for State Fiscal Year (SFY) 2024-25. The Legislature began to print, debate and pass pieces of the final budget legislation yesterday, and this morning, the Health and Mental Hygiene (HMH) bill was printed and became available. LeadingAge New York expects several other bills such as the Education, Labor and Family Assistance budget bill (ELFA), Aid to Localities (ATL), and State Operations appropriations to be printed today and all budget work to be concluded by this weekend. It is possible the remaining budget bills will include late-breaking additions of interest to our members, but they will *not* be included in the summary below as they are not available as of this writing.

Fortunately, thanks to your advocacy, we have successfully opposed the Executive's proposed \$400M in unspecified Medicaid cuts, \$200M of which were targeted at long term care. Further, we have secured much-needed increases to provider Medicaid rates, although not at the level we had sought.

LeadingAge New York will be working over the next week to gather more information and analyze all pieces of the final budget legislation. There are still many outstanding issues that remain unclear, and more will be revealed by the bills yet to be printed. Members can expect to see a comprehensive SFY 2024-25 Final Budget Memo, covering all member service lines and more, within a week after the passage of the Final Budget.

In the meantime, below are some initial highlights of the Final Budget's health measures impacting LeadingAge NY membership:

NURSING HOMES

- **Medicaid Rate Increase:** Adds \$285 million for a one-year Medicaid rate increase to nursing home rates effective April 1, 2024, an amount that equates to an increase of approximately 4% . The Article VII language does not seem to prescribe a distribution methodology.
- **Medication Aides:** Does not include the proposal to authorize Medication Aides in nursing homes.
- **10% Capital Rate Cut:** Includes the Governor's proposal to cut nursing home capital reimbursement by 10 percent effective April 1, 2024. Exempts pediatric facilities from the 10% cut.
- **Nursing Home VAPAP:** Includes the Governor's proposal to decrease nursing home VAPAP funding from \$100M to \$25M annually.
- **Case Mix Freeze:** Includes the Governor's proposal to use the July 2023 Medicaid rate as the basis for the freeze while a replacement case mix methodology is developed and implemented.
- **Rebasing:** Does not include statutory mandate to re-base and update nursing home rates.

ADULT CARE FACILITIES/ASSISTED LIVING

- **Medicaid Rate Increase:** Adds \$15 million for a one-year Medicaid rate increase to assisted living programs effective April 1, 2024, an amount that equates to an increase of approximately 4% . The Article VII language does not seem to prescribe a distribution methodology.
- **Special Needs Assisted Living Residence:** The language authorizing the Special Needs Assisted Living Residence (SNALR) Voucher program is modified to remove the cap of two hundred vouchers and indicate that it is subject to appropriations. It allows DOH to create regulations for the program, and specifies that one must live in an SNALR to be eligible.

MANAGED CARE ORGANIZATION TAX:

- Authorizes DOH to seek federal approval to impose a managed care organization tax to be imposed on MCOs that offer coverage under: Medicaid managed care pursuant to SSL 364-f, Child Health Plus, Essential Plan, NYS of Health marketplace, any comprehensive health insurance product licensed under the Insurance Law or Public Health Law.
- Tax revenues would be deposited in a Healthcare Stability Fund which is expected to make available \$350M in FY 2025. Monies in the fund may be used to reimburse Medicaid MCOs for the tax through increased premium payments, supplemental support for Medicaid health care services and quality incentive programs, reimbursement of the general fund for Medicaid expenses, and capital investments to support health care.

MANAGED LONG TERM CARE

- Rejects MLTC competitive procurement.
- Rejects ban on LHCSA- or Fiscal Intermediary-affiliated MLTC plans.
- Eliminates 1% rate increase enacted in 2022.
- Reduces the MLTC Quality Pool by \$29.6M (state share).
- Requires MLTC plans, other Medicaid managed care plans, and local departments of social services to contract with one statewide Consumer Directed Personal Assistance Program Fiscal Intermediary (FI). The statewide FI will be required to subcontract with one independent living center and with at least one entity per rate setting region that has a record of delivering services to individuals with disabilities and older adults.
- Requires DSNPs to cover Medicaid dental benefits under the Medicare Advantage supplemental benefit.
- Imposes penalty on plans for EVV non-compliance.

HOME AND COMMUNITY-BASED SERVICES

- Establishes one statewide Consumer Directed Personal Assistance Program Fiscal Intermediary (FI). The statewide FI will be required to subcontract with one independent living center and with at least one entity per rate setting region that has a record of delivering services to individuals with disabilities and older adults.

NEXT STEPS

We deeply appreciate all of the advocacy our members have done this year to protect against massive cuts and fight for better funding. Your advocacy this year was robust, creative, and impressive all around. Without your participation, we may not have successfully opposed hundreds of millions in cuts to our sector. THANK YOU!

We will provide a comprehensive analysis of the final budget in the days to come. In the interim, do not hesitate to reach out with any questions.

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