

January 18, 2022

Dear Members:

This morning, Governor Kathy Hochul presented her [State Fiscal Year \(SFY\) 2022-2023 Executive Budget Proposal: A New Era for New York](#). Following the Governor's budget address, State Budget Director Robert Mujica held his own presentation on the proposal and responded to initial questions from the press.

The proposed Executive Budget would raise the global cap on Medicaid expenditures by applying a new metric, restore the 1.5 percent across-the-board Medicaid cut enacted in SFY 2021, and increase Medicaid reimbursement for all providers by 1 percent. In addition, it proposes a \$10 billion multi-year investment in healthcare workforce, additional funding for nursing homes to adhere to minimum staffing requirements, and a new \$1.6 billion investment in healthcare capital transformation.

In addition to these health care investments, the budget proposes substantial investments in education, economic development, and infrastructure. The proposed Budget also includes an acceleration of the phase-in of the Middle-Class Tax cut and a new tax credit for low- and middle-income homeowners.

These investments appear to be funded with budget surpluses achieved, at least in part, through strong tax receipts and reduced costs in SFY 2022 and projected over the next three years.

Executive Budget bills are expected to be in print by the end of the day, however, they may not become available until late this evening. Below is a review of specific proposals impacting LeadingAge NY Members, based on the Budget materials available at the time of this writing:

Medicaid

The Executive Budget proposes several investments in health care, including a restoration of the 1.5 percent across-the-board (ATB) reduction to fee-for-service providers implemented in the FY 2021 Budget, as well as an increase of 1 percent to all provider reimbursement rates. Briefing materials portray it as a multi-year investment of \$3.7 billion.

Additional Medicaid-related measures include:

Change the basis of the Medicaid Global Cap Index: While maintaining the Medicaid Global Spending Cap, the Executive Budget proposes to update the metric used to set this Medicaid spending limit. Instead of relying on a ten-year rolling average of the Medical component of the Consumer Price Index (CPI), the cap would be indexed to the five-year rolling average of Medicaid spending projections within the National Health Expenditure Accounts produced by the Centers for Medicare & Medicaid Services.

Managed Care Quality Pool & Rate-Setting: The Executive Budget restores \$77 million in Mainstream and Managed Long Term Care quality pools. In addition, the state will increase plan premiums for "certain" Medicaid Managed Long Term Care (MLTC) program and HIV Special Needs Plans to the middle and high end of the rate range, a \$34.7 million investment.

Expanding Medicaid Eligibility: New York State will expand Medicaid eligibility so that low-income New Yorkers age 65 and up, as well as those with disabilities, are able to maintain Medicaid eligibility after they become eligible for Medicare. This coverage expansion will eliminate the resource eligibility test and raise the income level to 138 percent of the Federal poverty level for these populations.

Continuing the State Takeover of Local Medicaid Costs: In FY 2023, the State will assume nearly \$5.2 billion in costs that would have otherwise been incurred by localities.

Workforce

To build the healthcare system of tomorrow, Governor Hochul will make a more-than-\$10 billion, multi-year investment in healthcare workforce, including more than \$4 billion to support wages and bonuses for healthcare workers. Key components of this multi-year investment include:

- \$2 billion to support healthcare worker wages;
- \$1.2 billion to support healthcare and mental hygiene worker retention bonuses, with up to \$3,000 bonuses going to workers earning less than \$100,000, who remain in their positions for one year, and pro-rated bonuses for those working fewer hours;
- \$500 million for Cost of Living Adjustments to help raise wages for human services workers; and
- Other investments in workforce and healthcare access and delivery.

With these investments, Governor Hochul proposes to rebuild and grow the healthcare workforce by 20 percent over the next five years with a program designed to strengthen home care, improve the career pipeline, expand access to healthcare training and education, and recruit healthcare and direct support professionals to care for people in underserved areas.

In addition to these direct workforce investments, the proposed budget includes initiatives to expand education and training opportunities to grow the workforce. Specifically, it would provide financial aid for workforce credential programs at community colleges for high-demand fields and expand eligibility for the state's Tuition Assistance Program to include part-time students.

Strengthen the Office of New Americans: the Executive budget adds \$8 million to enhance Office of New Americans (ONA) Program for grant programs and assisting immigrant New Yorkers with citizenship applications and workforce development.

Workforce Education:

- **Expand Part-Time Students' Access to TAP:** The Executive Budget includes \$150 million to expand TAP, which currently is largely unavailable for students studying part time, to cover students enrolled in six or more credits of study at a SUNY, CUNY, or not-for-profit independent college -- an investment estimated to provide support to 75,000 additional New York students annually
- **Financial Aid for Workforce Credential Programs at Community Colleges for High-Demand Fields:** Expands part-time TAP to cover students enrolled in workforce credential programs at community colleges in high-demand fields.

Capital

The Executive Budget proposes a new \$1.6 billion capital program for the purpose of financing capital improvements for eligible health care facilities and nursing homes and building out ambulatory care infrastructure for financially distressed hospitals. This will include:

- \$750 million will focus on delivery transformation via grants to health care providers for capital projects which build innovative, patient-centered models of care, increase access to care, improve care quality, and ensure healthcare provider financial sustainability
- \$450 million will be provided for a mix of traditional healthcare capital investments, including the opportunity to finance submitted proposals under prior healthcare capital programs, and includes minimum guaranteed allocations for residential healthcare facilities and nursing homes (\$50 million), community-based health care providers (\$25 million), and behavioral health centers (\$25 million)

- \$200 million will be provided for the modernization of emergency departments of regional significance
- \$150 million will be provided to build out IT infrastructure and telehealth capabilities across all eligible provider types.
- \$50 million will be provided to support implementation of the Green House nursing home initiative – an innovative care model based on the delivery of nursing home level care in real homes, and movement away from the traditional institutional nursing home model in favor of small residential houses where residents both live and receive care
- \$750 million will be provided to support construction of a new state laboratory facility in Albany, upgrading the Wadsworth Laboratories for testing and epidemiological research.

Investing in Healthcare Transformation: In addition, the Financial Plan reserves \$1 billion of additional resources to further support multi-year investments in healthcare transformation and sustainability efforts.

1115 Waiver: The Department of Health is preparing a three-year extension of the Medicaid Redesign Team (MRT) 1115 waiver. By March 2022, the Department of Health will submit the waiver amendment to the Centers for Medicare and Medicaid, inclusive of feedback from CMS. The waiver amendment proposes a framework for substantial new Federal funding over five years to invest in an array of multi-faceted and related initiatives that would change the way the Medicaid program integrates and pays for social care and healthcare in the State.

New Five-Year Housing Plan

The Executive Budget advances a new \$25 billion, five-year housing plan to create and preserve 100,000 affordable homes, including 10,000 homes with support services for vulnerable populations, and to electrify an additional 50,000 homes as part of the State's plan to electrify 1 million homes and make another 1 million electrification-ready. Funding includes \$5.7 billion in State capital resources, \$8.8 billion in State and Federal tax credits and other Federal allocations, and \$11 billion to support the operation of shelters and supportive housing units and to provide rental subsidies.

Included in the five-year plan is \$300 million in capital funding for affordable senior housing available to individuals aged 60 and older.

Broadband and Digital Infrastructure

The Executive Budget includes \$1.6 billion to support the ConnectALL initiative to provide affordable broadband access to New Yorkers in rural and urban areas statewide. The initiative aids in the removal of existing barriers to broadband access, including fee exemptions for rural deployments, standardizing processes for state land and rights-of way deployments, and addressing issues in serving multiple-dwelling units.

Office for the Aging Funding

The State Office for the Aging (SOFA) promotes and administers programs and services for New Yorkers 60 years of age and older. The Office oversees community-based services provided through a network of county Area Agencies on Aging and local providers. The Executive Budget continues \$23 million to support unmet need, invests \$2.9 million to combat social isolation by connecting more older New Yorkers with friends, family, and other supports, and establishes a program to expand elder abuse and financial exploitation prevention programs in up to ten counties.

Next Steps

The policy team will be thoroughly reviewing the budget bills once they become available and we will distribute a comprehensive memo on the Executive Budget Proposal, covering all service lines, no later than next Tuesday, Jan. 25th.

At the same time, we will begin working on our budget advocacy messaging in preparation for our upcoming Advocacy Days and other advocacy initiatives.

We strongly encourage members to schedule budget-focused virtual meetings with your lawmakers! Please [CLICK HERE TO REGISTER](#) for LeadingAge NY's 2022 Virtual Advocacy Days, scheduled for February 9-11, 2022. On our advocacy day registration form linked above, members can indicate whether you would like assistance in setting up budget meetings with legislators, if you would like a LeadingAge NY policy team member to join you for your meeting, if you would like to collaborate with other LeadingAge NY members in your region, etc.

If you are scheduling your own advocacy day meetings, please send the details to Sarah Daly at sdaly@leadingageny.org once scheduled. Additional information about advocacy days and resources for members to use in setting up meetings can be found on our [2022 Advocacy Day webpage](#).

Lastly, to help members prepare for budget advocacy, LeadingAge NY is hosting a **Budget and Advocacy Day Prep Call on Thursday, Feb. 3rd at 2 PM**. During this member-focused prep call, LeadingAge NY policy staff will review the Executive Budget Proposal's potential impact on members, related budget advocacy materials, and answer any questions members may have. Information for joining the call can be found on our [website](#).

The Final SFY 2022-23 Budget, as negotiated and agreed upon by the Executive, State Senate, and Assembly, will be due by March 31, 2022. From now until then, we will need to be persistent and diligent in our advocacy with state lawmakers. Thank you in advance for your continued participation in advocacy, and for all you are doing for the individuals in your care.

As always, please contact the policy team if you have any questions.

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