

MEDICAID INCREASES, CDPAP PREMIUM ASSISTANCE FUND AND CAPITAL PROJECTS FOR HOSPITALS AND OTHER PROVIDERS TAKE PRIORITY IN KATHY HOCHUL'S FY 2024 EXECUTIVE BUDGET PROPOSALS FOR HEALTHCARE INVESTMENTS

Hodgson Russ Healthcare and Home Care Alert
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Governor Kathy Hochul outlined her proposed Fiscal Year 2024 NYS Budget on February 1, 2023, outlining the anticipated income and expenses in the following fiscal year -- April 1, 2023 through March 31, 2024. The \$227 billion budget reflects significant healthcare investments, including in the operation of the NYS DOH's laboratories, enhancing reimbursement rates for residential health care facilities, and investments in healthcare technology as described herein.

Healthcare Highlights

Last year's budget invested \$20 billion in healthcare. This year's budget continues to build on those investments by prioritizing various healthcare initiatives to enhance quality of care and streamline service delivery models. The major initiatives include:

- \$967 million in the NYS DOH Wadsworth Center
 - This investment would support the Wadsworth Center Laboratories reconstruction efforts by consolidating the five unconnected sites into one site on the W. Averell Harriman Campus in Albany by 2030
- \$500 million in multi-year Capital Funding
 - This initiative would allow providers including hospitals, assisted living programs, Licensed Home Care Agencies (LHCSAs), Certified Home Health Agencies (CHHAs) and clinics to receive grants to build innovative patient-centered models of care, and increase access to care to improve quality of care
 - All awards will be without a competitive bid or request for proposals and based on an evaluation process acceptable to the commissioner of health
- \$500 million in multi-year Technology Grants
 - This initiative would allow providers including hospitals, assisted living programs, LHCSAs, CHHAs, and clinics to receive grants for technological

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and telehealth transformation including cybersecurity

- Similar to the Capital Funding, all awards will be without a competitive bid or request for proposals and based on an evaluation process acceptable to the commissioner of health
- \$379 million for Provider Medicaid Reimbursement
 - This increase would allow hospitals, nursing homes and assisted living providers to receive a 5% uniform rate increase for Medicaid payments made for their operating costs
 - The total budget includes \$157.5 million to allow nursing home staff to provide high-quality care to residents but it is not clear how these funds will be earmarked

Home Care Highlights

Additional budget items include:

- Home Care Aide Minimum Wage Caps
 - Last year's budget increased the minimum wage for home care aides by \$3.00 per hour. The first increase of \$2.00 per hour went into effect on October 1, 2022 and the second increase of an additional \$1.00 per hour will become effective on October 1, 2023 bringing the minimum wage to \$18 per hour for New York City, Long Island and Westchester and \$17.20 for the rest of the state
 - The new proposal purports to align the minimum wage for home care aides with the generally applicable minimum wage once the applicable minimum wage reaches \$18 per hour
 - These costs are, of course, in addition to any potentially applicable costs under Wage Parity laws
- CDPAP Supplemental Premium Assistance Fund
 - The proposal eliminates Wage Parity (the DOL requirement that home care aides who perform Medicaid-reimbursed work within New York City and the counties of Nassau, Suffolk and Westchester must be paid a minimum rate of total compensation that can be satisfied through a combination of both wages and supplemental benefits) in the CDPAP program and adds a fund to assist personal assistants with the payment of monthly premiums when enrolled in qualified health plans through the healthcare marketplace (NY State of Health)
 - The amount of the subsidy would be paid directly to the health plan and would vary based on the personal assistant's full-time or part-time worker status in combination with their household income or such other methodology as the commissioner deems appropriate
- Fiscal Intermediaries for CDPAP Award Deadline
 - The proposal includes that as of January 1, 2024, no entities shall provide, directly or through contract, FI services without an official authorization issued by the DOH
 - Consistent with the DOH's anticipated contract award date of April 1, 2023, the proposal suggests that the DOH will be taking final actions to award the FI contracts this year

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- Managed Long Term Care (MLTC) Program Reforms
 - Under the proposal, on or before October 1, 2024 currently operating MLTCs must demonstrate various performance standards including a “commitment to contracting with the minimum number of LHCSAs needed to provide necessary personal care services to the greatest practicable number of enrollees and with the minimum number of fiscal intermediaries needed to provide necessary CDPAP services to the greatest number of enrollees...”
 - If an insufficient number of MLTCs have not met the required performance standards, the commissioner of health will have the authority to implement a competitive bid process whereby each MLTC would have to submit an application for continuation of its certificate of authority
 - The performance standards and competitive bid process may incentivize MLTCs to contract with LHCSAs and fiscal intermediaries (FIs) that serve a high volume of patients and could jeopardize smaller providers serving a lower volume of patients

As with anything in the budget these appropriations continue to be the subject of extensive lobbying and additional changes are likely.

Contact Us

If you have any questions about the budget proposal items, please contact David Stark (716.848.1369), Peter Godfrey (716.848.1246) or Roopa Chakkappan (716.848.1258).