

Dear Members:

This afternoon, Governor Kathy Hochul presented her State Fiscal Year (SFY) 2023-2024 Executive Budget Proposal and [Budget Briefing Book](#). During her Executive Budget announcement, Governor Hochul emphasized the importance of making New York safer, more affordable, and more livable. The address focused on housing, mental health, childcare and safety, as the Governor proposed to invest \$1 billion in mental health services and to expand the New York Housing Compact initiative to create 800,000 new homes over the next decade. The Governor also highlighted her proposal to index the state's minimum wage to inflation.

The proposed \$227 billion(B) budget for SFY 2023-24 includes \$34B (state share) in expenditures for Medicaid and healthcare workforce. This includes a 5 percent increase in Medicaid operating rates for nursing homes, Medicaid Assisted Living Program providers and hospitals, as well as \$1B for a new round of Statewide Health Care Facility Transformation Grants (Round V), and \$100 million (M) to expand Medicaid coverage for 7.4M New Yorkers.

The Executive Budget bills were released around 1 p.m. this afternoon, and the LeadingAge NY policy team is still poring over all budget materials that have been released, analyzing potential impacts on members.

Below is a high-level summary of proposals impacting LeadingAge NY Members as we understand them so far. As we complete our review, LeadingAge NY will supplement the below analysis with a more thorough, comprehensive Executive Budget Proposal Summary no later than Thursday, Feb. 9th.

Nursing Homes

- **5% Medicaid Increase:** Increases Medicaid operating rates for nursing homes by 5 percent effective April 1, 2023. The budget briefing book assigns a \$157M cost to the nursing home rate increase.

Certificate of Need Changes

- Modifies the Certificate of Need process, including raising the project cost thresholds that trigger CON requirements and revisiting the definition of "public need" used in the application process. Increases fees for CON review.
- Revises the character and competence lookback period from 10 years to 7 years and clarifies the types of health care affiliations that must be disclosed and considered.
- Clarifies the types of transfers and other dispositions of ownership in nursing homes, hospitals, home care, and hospice that may proceed upon notice, rather than approval by PHHPC.
- Creates new oversight process for material transactions involving health care entities.
- Increases CON fees for certain construction projects by Article 28 providers.
- Authorizes local health departments to provide public health services under Art. 36.

Assisted Living and Adult Care Facilities

- Includes a 5 percent increase to Medicaid assisted living providers, and would appropriate \$275,000 to establish quality reporting, rating and accreditation for assisted living residences.
- Authorizes certain assisted living facilities that obtain national accreditation to be exempt from routine inspection.

Capital Grants

- **Transformation Grants V:** The proposal would provide \$1B to fund a fifth round of Statewide Health Care Facility Transformation grants. The program would dedicate up to \$500 million for capital projects to build innovative, patient-centered models of care and up to \$500 million aimed at enhancing technological and telehealth infrastructure projects.

Managed Long Term Care Standards

The Executive Budget includes a number of proposals to strengthen DOH control over the managed long term care (MLTC) program, including the following:

- Extends the moratorium on certification of new partially-capitated MLTC plans and on expansions of their service areas through 2027;
- Provides that the State's Medicaid program may refuse to contract with an approved MLTC plan or an applicant if it has been classified as a poor performer by CMS or has an excessive volume of regulatory citations;
- Provides that on or before Oct. 1, 2024, each MLTC plan must demonstrate experience in operating a plan that has continuously enrolled at least 20,000 enrollees and/or experience operating a DSNP or an integrated Medicaid product that has continuously enrolled no fewer than 5,000 enrollees in New York State in the immediately preceding calendar year, as well as success in specified performance categories. These performance categories include, among other items, contracting with a minimum number of LHCSAs and FIs. If an insufficient number of plans meet these standards, the Department will initiate a competitive procurement.

HCBS, Aging & Human Services

- **Cost Of Living Adjustment (COLA):** Provides a 2.5 percent COLA to human services providers in FY 2024. The COLA applies to voluntary operated providers of services for OPWDD, OMH, OASAS, Office of Children and Family Services (OCFS), Office of Temporary and Disability Assistance (OTDA), and the State Office for the Aging (SOFA).
- **CDPAS Fiscal Intermediaries:** Repeals the procurement process for fiscal intermediaries and authorizes them to contract with ACOs and certain health systems, as well as MLTC plans and departments of social services.

Workforce

Governor Hochul proposes the following investments and statutory changes to promote the creation and retention of an ample health care workforce in New York. Key initiatives include:

- **Authorize Medicaid Aides in Nursing Homes:** Creates a two-year pilot program to authorize specially-trained CNAs to serve as medication aides who may administer routine and prefilled medications in nursing homes, under the supervision of an RN employed by the nursing home.
- **Index the Minimum Wage to Inflation:** Proposes to automatically increase the minimum wage, consistent with the year-over-year Consumer Price Index-W for the Northeast Region. To ensure that no single-year's increase would threaten employment, annual increases would be capped.
- **Subsidize Health Insurance for Eligible CDPAP Workers:** Would eliminate wage parity for CDPAP workers in NYC, Westchester, Nassau and Suffolk and replace it with health insurance subsidies for eligible CDPAP workers with income between 250-400% of the FPL.
- **Registration and Reporting of Staffing Agencies:** Requires nurse staffing agencies to register and report key data with the goal of increasing transparency and exploring options to reduce use of agency staff.

- **Oversight of Professions:** Transfers oversight of all licensed health care professions from the State Education Department to Department of Health.
- **Interstate Licensure:** Proposes to join the Interstate Medical and Nurse Licensure Compacts to encourage doctors and nurses to practice in New York.
- **Expand Nurses for Our Future:** Would expand the scholarship program and require recipients to commit to work in a nursing position within New York State for a specified period.
- **Modernize and Streamline the State’s Training and Employment Infrastructure:** Supports transformation of DOL Career Centers into “Community Training and Career Center.”

New York Housing Compact

The FY 2023-24 Executive Budget advances several proposals to support the New York Housing Compact plan to add 800,000 units to the State’s housing stock over the next 10 years.

- Requires all localities to meet regular housing creation targets; create processes to facilitate housing approval when localities do not meet growth targets; and require localities to report housing creation and zoning data to the State.
- Makes available a \$250 million Infrastructure Support Fund to assist in projects that facilitate increased construction of housing – such as sewer and water infrastructure, school infrastructure, and other improvements to accommodate neighborhood growth; would create a \$20 million Planning Assistance Fund to help localities navigate new housing production actions Statewide; and would extend the completion deadline for vested 421-a projects by four years, until June 15, 2030.
- Directs neighborhoods within a half mile of all rail stations run by the MTA to rezone for higher density and multifamily development; provide relief from environmental review for housing built in alignment with the Housing Compact’s target goals; and allow changes to certain zoning and regulations to expedite development of new homes and facilitate the preservation of existing homes in New York City.
- Proposes the continuation of a \$25 billion, five-year housing plan to create or preserve 100,000 affordable homes, including 10,000 homes with support services for vulnerable populations, and to electrify an additional 50,000 homes.

Broadband and Digital Infrastructure

- The Executive Budget would continue a \$1.6 billion investment in 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.

Next Steps

The policy team will be thoroughly reviewing the budget bills over the coming days and will provide a comprehensive memo on the Executive Budget Proposal, covering all service lines, no later than Thursday, Feb. 9th. At the same time, we will be working on our budget advocacy messaging in preparation for our upcoming Virtual Advocacy Week and other advocacy and press initiatives.

If you have not already done so, we strongly encourage members to schedule budget-focused virtual meetings with your lawmakers! Please [CLICK HERE TO REGISTER](#) for LeadingAge NY's 2023 Virtual Advocacy Week and Budget Advocacy, scheduled for February 13-17. 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. Additionally, this registration is critical to us understanding how many members are engaged in budget advocacy overall. **Please register for 2023 Budget Advocacy even if you do not need assistance in setting up meetings!**

Lastly, to help members prepare for budget advocacy, LeadingAge NY is hosting a **Budget and Advocacy Week Prep Call on Friday, Feb. 10th at 11 AM.** During this member-focused prep call, LeadingAge NY policy staff will review the Executive Budget Proposal's potential impact on members, related legislative handouts, and answer any questions members may have. Information for joining the call can be found on the [2023 Virtual Advocacy Week Website](#).

The Final SFY 2023-24 Budget, as negotiated and agreed upon by the Executive, State Senate, and Assembly, will be due by April 1, 2023. From now until then, we will need your help in our advocacy with state lawmakers if we hope to accomplish our budgetary goals. 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.

Sarah Daly

Senior Government Relations Analyst

13 British American Blvd, Suite 2

Latham, NY 12110-1431

P 518.867.8845 | F 518.867.8384

www.leadingageny.org

