Testimony of New York State Association of Health Care Providers, Inc.

Joint Legislative Budget Hearing: Health

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Home care. Health care. Your care...*for life.*®

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FY 2026 NEW YORK STATE BUDGET RECOMMENDATIONS IN BRIEF: INVESTMENT, STABILITY, TRANSPARENCY

INTRODUCTION

The New York State Association of Health Care Providers, Inc. (HCP) appreciates this opportunity to provide testimony on the Fiscal Year 2026 Executive Budget Proposal and the state of the home care industry. HCP is a statewide trade association representing the spectrum of home care providers.

HCP supports the home care industry through advocacy, information, and education. Our fundamental belief in the basic right of every person to access health care that meets their unique needs is the foundation of what we do. Patient access depends on a robust marketplace of providers, one designed to meet needs across the lifespan. By influencing policies, regulations, and funding mechanisms that encourage choice, we create a comprehensive environment that addresses the physical, mental, and spiritual needs of people needing care.

Our testimony is predicated on the following core facts and beliefs:

New York's aging population is growing exponentially. That is a demographic reality that can be seen as an expense or an opportunity. We embrace this as an opportunity for creative and cost-effective care options that can ultimately drive savings in Medicaid while addressing social drivers of health and respecting individual choice and promoting independence across the lifespan.

Regardless of payor, setting, or cost, the fact that many New Yorkers need care does not change. Whether they receive care at home through an agency or through a program, in a skilled nursing home or hospital, through family caregivers or friends and neighbors, or if they fall through the cracks and get no care- *the level of need is the same.*

In order to deliver on the state's and the governor's promise of empowering elders and those with disabilities to live at home with choice and dignity, the state budget must **pair investment with stability and transparency**.

The State Budget is a statement of policy and of value. As it stands today, the state's policy and funding streams do not reflect a vision of valuing our aging and disabled neighbors and constituents. We are not prioritizing their right to self-determination, nor are we recognizing the social and financial value they bring to our communities and to the state's bottom line.

We can and must do better.

HCP | NYS Association of Health Care Providers
Representing Home & Community-Based Care

INVEST $150 MILLION FROM THE MANAGED CARE ORGANIZATION (MCO) TAX FOR LICENSED HOME CARE SERVICES AGENCIES (LHCSA)

New York's Licensed Home Care Services Agencies (LHCSA) drive savings in state Medicaid spending.

- 20 hours of personal care at home / week costs 65% less than nursing home care;
- 30 hours of personal care at home / week costs 48% less than nursing home care;
- 40 hours of personal care at home / week costs 30% less than nursing home care.

New York's home care agencies and the direct care workers they employ are a vital lifeline to your constituents and their families who are fighting to remain at home. Despite leading the state in delivering cost-effective and desirable care that helps keep our elders and the disabled in their homes and communities, this year's Executive Budget Proposal is silent on making meaningful investments in our industry. Home care agencies desperately need help.

THE CASE FOR INVESTMENT

Investing $150 Million from the MCO Tax is a critical step to bring stability and sustainability to home care.

According to the Governor's budget, **demand for home care is growing by 12%** annually as New York's older adults and persons with disabilities increasingly rely on these essential services. Home care enables individuals to remain in their homes at a **lower cost than institutional care**.

Licensed agencies **provide high-quality, cost-effective care**, and, like other health care providers, they face rising operational expenses. However, unlike hospitals and nursing homes, **LHCSAs lack the ability to offset costs through cross-subsidization, making adequate funding essential.**

RISING COSTS THAT THREATEN HOME CARE SERVICES

While wages for home care aides have increased, LHCSAs also face growing costs for:

- Nursing salaries
- Health insurance & benefits
- Administrative wages & benefits (service coordinators, compliance staff, managers, trainers, etc.). There is increased need to keep pace with aide wages and other industries.
- Unemployment & workers' compensation insurance
- Insurance (general liability, cybersecurity, auto)
- Sick leave requirements
- PPE costs for both field and office staff
- Recruitment & retention efforts (advertising, job postings)
- Training & certification programs for Home Health Aides and Personal Care Aides
- Staff training, conferences, education, subscriptions
- Travel expenses
- Technology & cybersecurity (electronic health records, software fees, compliance systems)
- Office infrastructure & operational costs (rent, utilities, payroll services, equipment, IT systems, postage, supplies, answering services)
- Legal & accounting services
- Borrowing costs to maintain weekly payroll
- State-mandated reporting (cost reports, statistical reports, etc.)
- Bad debt
- Medicaid assessment tax

CURRENT FUNDING IS INADEQUATE

Medicaid reimbursement rates have not kept pace with wage increases and the associated costs. When the state mandates wage hikes, managed care plans often fail to increase reimbursement rates accordingly, creating massive financial shortfalls.

Unlike hospitals and nursing homes, LHCSAs rely almost entirely on Medicaid funding, which fails to fully cover operational costs. As a result, many are closing, merging, or struggling to sustain services, forcing New York families to seek costlier alternatives.

To survive, agencies have turned to unsustainable measures—depleting reserves, relying on credit, delaying payments, and seeking private equity. Despite strict wage and hour compliance, underfunding forces cuts to other operational essentials, weakening infrastructure and stability. LHCSAs simply lack the financial support to meet market demands.

HOW DO LHCSA ADMINISTRATIVE COSTS COMPARE?

LHCSA operational cost types are consistent with those of hospitals, nursing homes, clinics, and private medical practices, however, unlike other health care providers, **home care agencies cannot include operational costs in their direct care costs.**

NYS Fee-for-Service regulations permit up to **28% of personal care service costs for administrative expenses**.

Nursing homes, by comparison, can allocate **30% of total costs to non-direct resident care**. Importantly, the 70% required for direct resident care includes operational expenses like facility maintenance, nursing administration, and other essential services. Non-direct costs encompass administration, capital and depreciation, debt service, taxes, rent, and fiscal services.

CLARIFYING LHCSA ADMINISTRATIVE COSTS: A MORE ACCURATE BREAKDOWN

The administrative component of the home care rate is more accurately categorized as follows:

- **Operational Supervision & Support (8.4%)** – Encompasses nursing oversight, worker supervision, and care coordination/team support.
- **Other Operational Support Services (2.2%)** – Covers education, quality assurance, and staff recruitment.
- **Business Support Services (5.1%)** – Encompasses HR, IT, finance, call center operations, legal compliance, and communications.
- **Management & Facilities Support (1.7%)** – Accounts for rent, facility-related expenses, and general management costs.

The Takeaway

LHCSA administrative costs are reasonable, necessary, and comparable to other healthcare providers. To ensure the sustainability of home care services, reimbursement models must reflect the true costs of delivering high-quality, compliant, and accessible care.

INCLUDE A1112 (PAULIN) / S3599 (RIVERA) TO SET REGIONAL BASE REIMBURSEMENT RATES.

This legislation rectifies critical deficiencies within our home care system. Its enactment is vital for ensuring that home care providers receive fair reimbursement from private insurers, thereby enabling them to offer adequate wages and benefits to home care workers. By doing so, we can ensure that essential home care services remain accessible to disabled individuals and elders throughout our state.

Recent reports underscore the urgent need for corrective action. Under the current system, private insurance agencies often retain a significant portion of the funds allocated by the state for home care workers, leaving provider agencies teetering on the edge of financial ruin and leaving families frustrated and struggling to access necessary care for their loved ones.

Although efforts have been made to increase wages for home health care workers in recent state budgets, these initiatives have fallen short by failing to link wage increases with corresponding adjustments in reimbursement rates for home care employers. Consequently, the home care industry has been destabilized, exacerbating the systemic challenges that this legislation aims to address.

Key issues that this legislation seeks to remedy include:

Lack of Transparency and Understanding: There is a glaring lack of clarity regarding what constitutes an adequate reimbursement rate to cover worker wages, benefits, and related employer costs. This ambiguity stems from a lack of communication and meaningful negotiation between home care provider agencies and insurance plans.

Inadequate Reimbursement: Without a requirement to do so, insurance plans often fail to adequately reimburse home care agencies for the true cost of care, including non-discretionary labor costs.

To address these systemic failures, the proposed bill offers several remedies:

- Defines elements comprising reimbursement rates, ensuring they cover direct care-related payments, operational expenses, and administrative costs.
- Establishes a regional minimum hourly base reimbursement rate for home care and personal care.
- Provides annual adjustments to reimbursement rates based on a transparent trend factor.
- Requires the Department of Health (DOH / the Department) to establish accountability measures and publicly post relevant data.
- ***Importantly, this legislation imposes no fiscal impact but directs funds already appropriated for home care worker salaries toward their intended purpose.***

This legislation is essential for restoring stability and fairness to the home care industry. By ensuring adequate reimbursement rates for home care providers, we can uphold the dignity and well-being of our most vulnerable citizens while also supporting the dedicated workforce that serves them.

Home care worker wages and adequate reimbursement rates for their employers are inextricably linked and inseparable. The 2024 and 2025 state budgets brought predictability to the wage side of this equation. This legislation solves the reimbursement side of the equation and must be included as part of any reforms to the Medicaid payor structure.

REPEAL THE STATEWIDE FISCAL INTERMEDIARY BY PASSING A2735 (STIRPE) / S1189 (RIVERA).

The Consumer Directed Personal Assistance Program (CDPAP) empowers Medicaid recipients by allowing them to hire, train, and manage their personal assistants, including certain family members. Since 2019, New York has modified CDPAP regulations multiple times without fully implementing them, causing instability and potential service disruptions. However, ongoing policy changes and attempts to consolidate FI services under Public Partnerships Limited (PPL), the selected single statewide FI, have created significant, unprecedented uncertainty for consumers and workers.

The chaos following the rushed implementation of the Request for Offers for FI services in CDPAP *cannot be* what the legislature intended. It is certainly not what was promised.

Cost Savings: The initial promise of $200 million in savings for FY 2024-25 has been retracted. Additionally, the projected $500 million in savings for FY 2025-26 is based solely on administrative service costs, with PPL submitting an unsustainably low bid. This estimate fails to account for inflationary pressures on personal services, as it is unlikely that PPL can operate the system at $68.50 per member per month (PMPM) without seeking additional funding from managed care companies to remain financially viable.

Consumer Impact: As of January 31, 2025, a DOH press release states that 22,000 consumers have completed registration. However, the lack of specificity regarding completions suggests that the actual number of fully registered consumers is significantly lower. Even assuming the full 22,000 figure, this represents only approximately 7% of the consumer population registered in one out of the three available months, indicating a concernedly sluggish pace of registration.

Further, consumers attempting to access the PPL call center have encountered long wait times for operators who cannot answer basic questions. There have been reports that the promised language translators are not available. Hang-ups, disconnections, and poor line quality have also been reported. The transition process directed by PPL relies on English proficiency and computer literacy.

Job Impact: It remains unclear whether PPL has met its commitment to hiring 1,200 employees. Meanwhile, existing FIs are already experiencing staffing losses. Many more are likely to follow.

Personal Assistants: Personal assistants currently lack clarity on PPL's wage and benefits package. PPL has yet to finalize contracts with managed care plans due to its demand for an $800 million prepayment. Consequently, no funding is available to pay personal assistants, creating significant uncertainty and disruption. PAs have not been able to get pay and benefits information, and when they do, it has been inconsistent with minimum wage laws.

Privacy Concerns: DOH has required existing FIs to provide confidential consumer and personal assistant information to PPL. A judge in Nassau County has determined that this mandate likely violates health privacy laws and has issued a temporary restraining order, in effect until March 4, pending further legal review.

A Better Alternative
The goals of controlling spending and growth are both reasonable and appropriate, however the current means of achieving those goals is irretrievably flawed and likely riddled with questions of law. HCP suggests a more measured, finessed instrument, as proposed in S1189 / A2735.

This legislation seeks to amend the Social Services Law to establish a comprehensive licensure process for FIs operating within CDPAP. The bill also repeals provisions related to the transition to a single fiscal intermediary model, ensuring a diverse network of FIs remains available to serve Medicaid recipients.

HCP supports S1189 / A2735 because it preserves consumer choice, strengthens oversight, and ensures stability within the CDPAP program. This bill addresses operational concerns while preventing the disruption of services for Medicaid enrollees and personal assistants.

Key Benefits of the Bill

Protects Consumer Choice & Access to Care
- By repealing the transition to a single FI, the bill ensures that consumers retain the ability to choose an FI that meets their needs.
- Maintains flexibility for individuals who rely on CDPAP to manage their personal care in a way that best suits their preferences and cultural needs.

Establishes a Robust Licensing Framework
- Requires all FIs to be licensed by the Department of Health (DOH) starting April 1, 2026.
- Implements a review process to assess an FI's compliance with financial reporting, electronic visit verification, and other state and federal regulations.
- Imposes a one-time $10,000 licensure fee, ensuring only compliant and qualified entities continue operations.

Enhances Transparency & Accountability
- Requires FIs to report critical data on the number of members served, service areas, and hours worked by personal assistants.
- Establishes a personal assistant registry maintained by DOH for oversight and fraud prevention.
- Grants the State Comptroller authority to audit FI contracts and investigate unlawful activity, strengthening program integrity.

Ensures an Orderly Transition & Consumer Protection
- Allows temporary operation of FIs with pending licensure to prevent service disruptions.
- Directs DOH to issue regulations for a seamless transition of consumers and personal assistants if an FI ceases operations.

Improves Workforce Support & Training
- Directs DOH to develop minimum training requirements for personal assistants while recognizing prior experience and certifications.
- Ensures that training is accessible and not overly burdensome for workers providing essential care services.

INCLUDE A700 (GONZALES-ROJAS) / S707 (MAY) TO INCREASE TRANSPARENCY AND ACCOUNTABILITY IN THE ADMINISTRATION OF MEDICAID MANAGED LONG TERM CARE (MLTC) INSURANCE PLANS.

HCP supports this bill, which amends the Public Health Law so as to promote greater transparency in the use of public funds by Managed Long Term Care (MLTC) plans in our state's Medicaid-funded home care program.

This bill will increase transparency regarding how MLTC plans spend over $18 million in public funds. MLTC plans to report detailed data to the Department of Health, including spending on various services and the distribution of service hours. The bill proposes making this data publicly available to improve accountability and consumer choice by enabling comparisons between plans. As such it does not impose onerous new requirements on the state, and alleviates the burden of requesting and responding to requests for the data through freedom of information requests.

Additionally, the bill mandates public reporting on the number of appeals and complaints regarding service denials and their outcomes, facilitating better oversight and informed consumer decisions. It addresses delays in authorized home care services due to worker shortages by tracking and publicizing staffing capacity data, as recommended by the Centers for Medicare and Medicaid Services (CMS).

New York lags other states in tracking plans' effectiveness in "rebalancing" long-term care, which involves shifting expenditures from nursing homes to community-based services. When a plan fails to reinstate services for enrollees ready for discharge after a short-term rehabilitation stay, these individuals are "disenrolled" from the MLTC plan and become permanent nursing home residents. This issue has worsened since 2020, when long-term nursing home care was removed from the MLTC benefit, leading to this disenrollment issue.

The bill aims to improve the tracking of MLTC plans' performance in this area by requiring the publication of data on nursing home admissions and discharges back to the community. This transparency could form the basis for new quality measures that reward plans for successful rebalancing efforts.

This data will be integrated into the Department's existing reports, which will be updated annually and available in an interactive online format for statewide and regional comparisons. This initiative leverages the department's existing online data capabilities to ensure accessibility and transparency.

A700 (Gonzalez-Rojas) / S707 (May) represents a significant step forward in enhancing transparency, accountability, and consumer choice in New York's MLTC plans. By making detailed spending data and service information publicly accessible, it empowers consumers to make informed decisions and allows for better oversight. Additionally, the bill addresses critical issues such as timely access to home care services and the effective rebalancing of long-term care. By leveraging existing data reporting structures and online capabilities, this initiative ensures that essential information is both accessible and actionable, ultimately benefiting the state's residents and improving the quality of long-term care.

REJECT THE EXECUTIVE BUDGET PROPOSAL TO CAP ENROLLMENT IN THE NURSING HOME TRANSITION AND DIVERSION (NHTD) WAIVER PROGRAM.

The Nursing Home Transition and Diversion (NHTD) Medicaid Waiver under the Home and Community-Based Services (HCBS) program offers New Yorkers with disabilities and seniors the opportunity to receive care in a setting that best supports their independence while avoiding unnecessary institutionalization. This waiver is designed to help individuals successfully integrate into the community, whether they are transitioning from a nursing facility or utilizing services to prevent institutional placement.

Waiver services are provided when informal supports and other local, state, or federally funded programs are insufficient to ensure an individual's health and well-being in the community. The NHTD waiver is rooted in the belief that individuals with disabilities and seniors have the same rights as others, including the right to make decisions about their own lives, take risks, and learn from their experiences. At the same time, the program ensures participants' health and safety.

Services are tailored to each participant's unique needs, strengths, preferences, and goals. Participants play a central role in decision-making, collaborating with providers to create a service plan that promotes personal empowerment, independence, community inclusion, and self-sufficiency. According to the DOH website, ultimately, the success of the NHTD waiver is measured by participant satisfaction and overall quality of life improvements.

While the goals of controlling spending and growth are both reasonable and appropriate, capping enrollment appears inconsistent with the goals of integrated living, deinstitutionalization, and choice. **The NHTD program exists to provide the least restrictive setting when the only alternative is nursing home admission.** Capping enrollment doesn't mean that fewer people need services. What it does mean is that those services will be delivered in institutional and restrictive settings, or that the services will not be delivered at all. Either eventuality will be more expensive, is less desirable, and will lead to poorer health outcomes.

INCLUDE THE EXECUTIVE BUDGET PROPOSAL TO INVEST $45 MILLION FOR AGING SERVICES TO END WAITING LISTS FOR STATE-FUNDED HOME- AND COMMUNITY-BASED SERVICES.

We strongly support Governor Hochul's proposal to invest an additional $45 million in the State Office for the Aging, a crucial step toward eliminating waiting lists for essential in-home services such as meal deliveries, personal care, and case management. Thousands of aging New Yorkers and their families depend on these services to maintain their independence and quality of life.

With one in four New York residents aged 60 and older, many rely on **non-Medicaid support programs** to remain in their homes and communities. This funding will ensure they receive the assistance they need, allowing them to age with dignity in familiar surroundings. Investing in non-Medicaid funded in-home supports helps mitigate future Medicaid spending by delaying or alleviating the need for placement in skilled nursing facilities.

Additionally, this investment will provide much-needed relief to the state's family caregivers, who shoulder immense physical, emotional, and financial burdens to care for their loved ones.

CONCLUSION

New York State stands at a crossroads in ensuring access to quality, affordable home care services for its most vulnerable populations. The policies and funding decisions made in the FY 2026 New York State Budget will shape the future of care for seniors, individuals with disabilities, family caregivers, and home care agencies and workers who provide these essential services.

As outlined in our testimony, targeted investments and policy reforms are not just necessary but urgent. Ensuring fair reimbursement rates, protecting consumer choice, and investing in home- and community-based services will strengthen the home care system, allowing more New Yorkers to receive care in the setting of their choice.

The time for action is now. A budget that prioritizes home care is a budget that values independence, dignity, and fiscal responsibility. We urge the Legislature to adopt these recommendations and take meaningful steps toward a sustainable, transparent, and equitable home care system.

New York's aging and disabled communities deserve nothing less.

Thank you for your time and consideration.

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