Joint Public Hearing: Consumer Directed Personal Assistance Program
Written Testimony of Dr. James V. McDonald
Commissioner
New York State Department of Health
August 21, 2025

Chairs Rivera and Skoufis, and members of the Senate Health and Investigations and Government Operations Committees, thank you for the opportunity to provide an update on the Consumer Directed Personal Assistance Program (CDPAP). I appreciate this opportunity to speak directly to you and to the public to dispel rumors and avoid misrepresentations about this Transition, which is designed to strengthen the program and protect home care users and their caregivers.

In 2024, the Legislature and the Governor courageously confronted a significant challenge facing our state: the lack of appropriate oversight on the Consumer Directed Personal Assistance Program, fueling both skyrocketing costs and allegations of fraud, waste and abuse. Utilization of Consumer Directed Personal Assistance Program grew by 1,200 percent since 2016, and State costs were expected to continue to escalate at unsustainable levels. Program spending is estimated to have been $3.1 billion in 2018 and to have ballooned to $11.2 billion in 2024 — far outpacing comparable growth in the Medicaid program during those same years. The Medicaid program reached a point where the money that was so desperately needed by hospitals, nursing homes, physicians, clinics, and other safety net providers of care was swallowed up by these Consumer Directed Personal Assistance Program costs, which were not tethered to care but rather were solely for administrative services.

The bold and decisive action taken by the Legislature and the Governor to amend the statute through the 2024 Enacted Budget to implement a new model that featured a single fiscal intermediary allowed the state to dramatically reduce administrative costs without changing program eligibility or compromising care for the many New Yorkers who depend on the Consumer Directed Personal Assistance Program.

Prior to implementation of the statewide fiscal intermediary, there were approximately 280,000 consumers receiving services in the program. As of today, more than 230,000 consumers have successfully registered with the statewide fiscal intermediary; approximately 210,000 of those remain in the Consumer Directed Personal Assistance Program, and approximately 80,000 consumers have chosen to receive their home care services through a licensed home care services agency for a total of more than 290,000 consumers receiving services. And as a result of the transition, New York has already succeeded in reducing the administrative cost per program consumer from a range of between $150 to over $1,000 per member per month, to around $68 per member per month – which is below the national average of around $75 per member per month. By eliminating these excessive administrative costs while not changing eligibility standards, we are confident that we will achieve the estimated Medicaid savings of $500 million per year, which is a significant step toward ensuring the long-term viability of the Consumer Directed Personal Assistance Program.

I. Introduction

a. About the Program

The Consumer Directed Personal Assistance Program is a New York State Medicaid program that allows "chronically ill and/or physically disabled individuals [referred to as "consumers"] receiving home care services greater flexibility and freedom of choice in obtaining such services." See SSL § 365-f(1); 18 NYCRR § 505.28(a). This program is an alternative to another New York State Medicaid program, Personal Care Services (PCS), which also provides home health services to eligible consumers. The Consumer Directed Personal Assistance Program allows consumers to select their own caregivers, who are often family members or close friends. The model promotes trust, continuity of care, and improved health outcomes. By contrast, the Personal Care Service program is a more traditional home health service featuring caregivers employed and trained by a licensed home care agency.

Consumers who select the Consumer Directed Personal Assistance Program are responsible for selecting, retaining, and scheduling their own personal assistants. To support those responsibilities, consumers partner with a fiscal intermediary, or "FI." This is an entity that performs solely administrative functions such as wage and benefit processing for personal assistants, processing all income tax and other required wage withholdings, and maintaining employment records on behalf of the consumer. See SSL § 365f(4a)(a)(i)-(ii); 18 NYCRR § 505.28(b)(8);(j).

b. Need for Program Reform

At the time the Legislature and Governor acted, New York was a significant outlier when compared to other states in both the number of fiscal intermediaries and in the cost of administrative services provided by those fiscal intermediaries. By the time the statute was amended, there were more than 600 fiscal intermediaries operating in New York — far exceeding the number in every other state. In fact, New York had more fiscal intermediaries than the rest of the country combined. By contrast, most other states had three or fewer fiscal intermediaries statewide.

The proliferation of fiscal intermediaries directly contributed to this explosion in spending and caused a variety of challenges to the program. First, the fragmentation and lack of scale among these fiscal intermediaries meant New York paid an excessively high administrative rate. In fact, the State's administrative rate was more than double the average rate paid by other state Medicaid agencies in states with similar programs and costs of living, such as Massachusetts—with some intermediaries receiving more than $1,000 per patient per month in administrative fees alone.

The excessive number of fiscal intermediaries operating in the State also undermined program oversight and integrity. For example, false and misleading marketing and solicitation of consumers caused consumers to receive inconsistent and conflicting messaging about the process and criteria necessary to qualify for benefits. The extraordinarily high number of New York fiscal intermediaries did not result in better services; audits of the program alleged poor compliance with federal electronic visit verification (EVV) requirements, which is a key tool for accountability and program integrity. The proliferation of fiscal intermediaries also limited the State's visibility into usage trends and its ability to conduct vigorous oversight over the program's usage. As the program quadrupled in size, it became increasingly difficult to ensure that spending was being used to support those consumers most in need of assistance and in accordance with program rules.

Furthermore, disparities among the hundreds of fiscal intermediaries created significant variability in wage and benefit packages for personal assistants, inconsistent messaging and application of overtime policies, and inconsistent compliance with requirements for maintaining accurate records. Similarly, depending on their region, consumers had widely varying access to fiscal intermediaries with cultural or linguistic experience—leading to inequities for consumers and personal assistants. The lack of visibility and accountability made the program ripe for fraud, waste, and abuse. In fact, just within the last few weeks the owner of a fiscal intermediary pleaded guilty to conspiring to defraud Medicaid in connection with a $68 million scheme involving the Consumer Directed Personal Assistance Program and other services that were not provided or were induced by the payment of illegal kickbacks and bribes.

II. Implementation of the Law

a. Amendments to Social Services Law Section 365-f

On April 20, 2024, the New York State Legislature passed, and the Governor signed into law, an amendment to the Consumer Directed Personal Assistance Program governing statute (SSL § 365-f, to address the above concerns, among others. The Amendment borrows from and builds on existing Consumer Directed Personal Assistance Program models in other states, wherein a state's Medicaid program contracts with a single statewide fiscal intermediary, which performs the requisite administrative functions for the entire program, thereby reducing administrative cost growth, strengthening oversight over the services provided, and ensuring overall program integrity.

b. Procurement of a Statewide Fiscal Intermediary

In June 2024, the Department issued a request for proposals for public bid following the procurement process prescribed by the Legislature. The Department received more than 136 responses, and reviewed each proposal based on the qualifying language, as per state law. At the end of that process, the Department selected Public Partnerships, LLC (PPL), the highest-scoring bidder. The contract between the Department and PPL was effective December 24, 2024, and PPL began registering consumers January 6, 2025.

c. Efforts to Frustrate the Transition

Many incumbent fiscal intermediaries who profited under the old system launched a misinformation campaign that was designed to frustrate the transition. Many incumbent Fiscal Intermediaries took other steps to slow the transition, by refusing to cooperate with the state and by declining to provide necessary consumer data.

Many of these efforts were illegal—blatant violations of the very same statute amended by this Legislature just over a year ago. By law, fiscal intermediaries are not permitted to take action to prevent a consumer from moving to a new fiscal intermediary. Nor may they "require the consumer or the personal assistant to switch to a personal care or home health care program under this section." See SSL § 365-f (4-d)(ii). Fiscal intermediaries also must transfer all records pertaining to the consumer's health and care authorizations and personnel documents to the new fiscal intermediary. See SSL § 365-f (4-d)(iii). When the fiscal intermediaries and their trade association decided not to abide by this law, the Department and Public Partners Limited suddenly faced the challenge of having to get this information from other sources, including from the consumers themselves — all while the misinformation campaign was telling consumers not to register with Public Partners Limited.

Many of the incumbent fiscal intermediaries also resorted to litigation. They filed numerous lawsuits seeking injunctive relief challenging the transition. However, as courts have consistently held, the allegations underlying these challenges amounted to "nothing more than conjecture, speculation, and unsubstantiated assertions," *Freedom Care LLC v. The Department of Health, et al.*, 161036/2024 (S. Ct. N.Y. Co. March 26, 2025), and have been uniformly rejected. But while these suits were meritless, they distracted consumers and personal assistants and delayed the transition process.

These concerted efforts, and many others – such as the organized campaign to recruit and train consumers to call and clog up Public Partners Limited call center, which began on its first day in operation – caused some bumps in the transition. However, the Department and Public Partners Limited rose to overcome each challenge in completing this transition.

d. Retroactive Pay Period

The misinformation campaign and the litigation put the Department in a difficult position. By law, only one fiscal intermediary was authorized to pay workers to provide Consumer Directed Personal Assistance Program services after April 1, 2025.

Nevertheless, to address concerns that some consumers and personal assistants may not have enrolled with Public Partners Limited by the April 1, 2025 deadline, the Department implemented a 30-day retroactive pay period. This allowed for workers who had not yet completed the transition to retroactively receive payments for hours worked in April upon completion of their registration with Public Partners Limited. This retroactive pay period was meant to ensure consumers would continue to receive care even if they or their workers required additional time to complete the transition.

Notice of this retroactive pay period was publicized on March 24, 2025.

III. Current Implementation Status

Today, the transition is essentially complete. According to Public Partners Limited, since the transition began, more than 230,000 consumers have successfully registered for their services as fiscal intermediary, with approximately 210,000 remaining in the program. Another 80,000 consumers who previously participated in the program have chosen to transition to New York's Personal Care Services. Consumers have always had the choice to move between the Consumer Directed Personal Assistance Program and Personal Care Services programs, and that has not changed. Consumers continue to have that choice.

The Department of Health recognizes that there are hundreds of thousands of personal assistants who have worked tirelessly to provide care under the Consumer Directed Personal Assistants Program. The Department is committed to supporting these critical service providers. Under the old system (with more than 600 fiscal intermediaries), the Department of Health did not have clear visibility into the number of personal assistants in the program. Under the new model, approximately 230,000 unique personal assistants have been fully onboarded with Public Partners Limited, with 10 percent serving multiple consumers. In addition, 230,000 personal assistants, or nearly every personal assistant who has completed onboarding, has been paid by PPL for time entered since April 1, 2025. The Department is aware of litigation against Public Partners Limited by personal assistants who allege that they have not been timely paid. The Department expects that Public Partners Limited will abide by New York's employment laws and that it will quickly reimburse any personal assistants who may have encountered legitimate difficulties in being paid for all services rendered in accordance with program rules. The Department continues to maintain a hotline dedicated exclusively to Consumer Directed Personal Assistance Program to assist consumers and personal assistants. Any complaints of personal assistants not being paid may be directed there for prompt assistance.

IV. Conclusion

The transition to a single fiscal intermediary was crucial to ensuring long-term viability for the New Yorkers who rely on this care. The Legislature and Governor deserve tremendous credit for tackling this difficult issue and advancing much-needed reforms, even in the face of controversy.

Despite efforts from self-interested parties who opposed the transition to one statewide fiscal intermediary and continue to push false narratives based on disinformation, the Department of Health was undeterred in faithfully executing the Legislature's mandate requiring this transition. Indeed, this law strengthened the program and prevented a fiscal crisis by eliminating fraud and wasteful spending and reducing unnecessary administrative costs to taxpayers — all while providing continued care to participants. These were critical steps to ensure that the program can continue to support New Yorkers who rely on home care services into the future. As New York faces billions in cuts from the recently enacted federal reconciliation bill, the State must continue to advance common-sense administrative reforms like the Consumer Directed Personal Assistance Program transition — reforms that protect care for vulnerable populations while also safeguarding taxpayer dollars.

The Department of Health is committed to ensuring that every single eligible consumer receives the care that they deserve. The Department will continue working with all stakeholders to ensure that result.