

Testimony of
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Citizens' Committee for Children of New York
FY27 Joint Legislative Budget Hearing on Health
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Since 1944, Citizens' Committee for Children of New York has served as an independent, multi-issue child advocacy organization dedicated to ensuring every New York child is healthy, housed, educated, and safe. CCC does not accept or receive public resources, provide direct services, or represent a sector or workforce; our priority is improving outcomes for children and families through civic engagement, research, and advocacy. We document the facts, engage, and mobilize New Yorkers, and advocate for solutions to ensure the wellbeing of New York's children, families, and communities.

We would like to thank Chair Krueger, Chair Pretlow, Chair Rivera, Chair Paulin, all the Senate and Assembly Committee members for holding today's Joint Hearing and allowing us the opportunity to respond to Governor Hochul's FY27 Executive Budget.

**Ensure Young Children with Developmental Delays and Disabilities Can
Access Early Intervention Services**

The Early Intervention (EI) Program is essential in ensuring that children under three years old with developmental delays or disabilities are given the services needed to reach their full potential. Early Intervention leads to improved cognitive, language and motor development, reducing the need for more intensive special education or adult disability services later in life.ⁱ It also promotes school achievement, better social interaction and improved overall quality of life and independence.

Early Intervention is not just a service for children. It also provides families with resources and supports to engage and support their child's development and well-being.ⁱⁱ EI empowers families by teaching parents the skills needed to support their child's development, helping families build routines and providing access to trustworthy, personalized information and therapies.

However, New York State is currently violating federal requirements to ensure children with disabilities receive their services within the legally mandated time frame. New York State **ranks 50th in the nation** for timeliness of service delivery among states, resulting in children waiting weeks, sometimes months, to receive their EI services, often aging out of the EI system and needing to rely on Preschool Special Education services. According to the U.S. Department of Education's Office of Special Education Programs, the Office of the NYS Comptroller, and the State Early Intervention Coordinating Council, approximately half of eligible children are not receiving services on time in New York.ⁱⁱⁱ

Across the state, children of color and children in rural and high poverty communities experience deep inequities in accessing EI services. The State Comptroller's February 2023 audit found that rates of initiation for an Individualized Family Service Plan (IFSP) were much lower for Black and Hispanic children.^{iv} Black and Hispanic children were also less likely to have their services within the 30-day requirement compared to white children.^v

These deep inequities in access to care are driven by a severe Early Intervention workforce crisis. Providers and families were hopeful when the FY25 Enacted Budget included a 5% in-person rate increase for EI providers, as well as a 4% modifier for services in rural and underserved areas. This was a critical first step for providers who had not seen a significant rate increase since the 1990's. However, the promised 5% rate increase has never been implemented, leaving providers stretched to a breaking point, and children going without their legally mandated services throughout the state.

This year's Executive Budget once again failed to fund the promised 5%. New York leaders must take steps to address the crisis keeping young children from accessing the developmental supports they need.

As a member of the Kids Can't Wait Campaign, we urge the Governor and Legislature to include the following in the FY27 Enacted Budget:

- Fulfill the promise made to providers and families by implementing the 5% provider rate increase that was promised two years ago in the Governor's FY25 Enacted Budget. Additionally, approve an additional 8% rate increase for all EI services. EI is deeply underfunded and needs more resources to ensure children receive timely services.
- Provide funding for a comprehensive review of New York's Early Intervention system to identify what will make services accessible, equitable and effective for every child who needs them. Advance and pass the Early Intervention Reform Bill (A283/S1222) to modernize and strengthen EI statewide.
- Fund a student loan forgiveness program to individuals entering the EI workforce in order to grow and sustain the EI workforce by expanding the pipeline of qualified early childhood professional. Advance the Early Intervention Loan Forgiveness Bill (A1974/S8290) to draw new providers into the EI field.

Address Federal Threats to Healthcare Access

On July 4, 2025, Congress passed H.R.1. The harms of this Act will be widespread and devastating, undermining healthcare access and anti-hunger services for millions across the country.

In New York, the legislation is anticipated to result in 1.5 million individuals losing their coverage.^{vi} This is largely due to the elimination of federally-funded health coverage for nearly 670,000 lawfully present immigrants.^{vii} Other coverage losses are anticipated as a result of new work reporting requirements, the expiration of enhanced premiums, and new administrative barriers, among other policy changes.

The harms of losing coverage for 1.5 million New Yorkers is difficult to underestimate. Individuals and families throughout the state will lose access to critical preventive and primary care. Many New Yorkers will delay or forego urgently needed services, until their healthcare needs worsen and drive them into

hospitals or emergency rooms. Families will be forced to make painful financial decisions around how to afford healthcare, housing, or other basic expenses.

In response to these cuts, New York state leaders must take definitive steps to mitigate the harms of coverage loss. A recent report by Community Service Society identifies urgently-needed investments to help address anticipated coverage losses in New York to legal immigrants as a result of federal policies.^{viii} These include:

- 1. Return to operating a Basic Health Program (BHP) to retain Essential Plan coverage for 609,000 Basic Health Plan-Eligible lawfully present immigrants.** The state has already submitted a 1332 waiver to CMS which would enable New York to reactivate its BHP in July 2026. This change will enable the State to continue providing federally-funded services to 1.3 million New Yorkers, but will still leave 444,000 citizen and immigrants New Yorkers newly ineligible for the Essential Plan. New York can fund the BHP population through its \$8.9 billion surplus in its BHP Trust Fund.
- 2. Offer a State-only funded bridge program for the 444,000 New Yorkers (citizen and immigrants) slated to lose Essential Plan coverage in mid-2026.** For those 444,000 who would no longer be eligible for Essential Plan coverage and could not afford marketplace coverage, the State should explore different options for offering state-funded coverage.
- 3. Offer State-only funded Essential Plan coverage to the 6,000 DACA and other residual PRUCOL immigrants with incomes between 138-200 percent of FPL.** This investment will enable coverage for DACA immigrants who will lose coverage when the State returns to a BHP.
- 4. Create a State-only funded premium assistance program to make Qualified Health Plans equally affordable for 30,000 lawfully present immigrants as to their citizen counterparts.** As a result of H.R.1, lawfully present immigrants between 200 and 400% FPL will lose eligibility for financial assistance to purchase a marketplace plan. New York should therefore create an affordable premium assistance program for this population.

Additionally, New York should invest in community-based consumer assistance and streamline administrative processes to reduce coverage disruption due to new work reporting requirements, six-month recertifications, and other burdensome federal requirements.

Through these critical investments, New York can help provide affordable coverage options for low-income New Yorkers, helping mitigate the long-term harms children and families will experience in the face of devastating federal funding cuts.

Address the Children's Behavioral Health Crisis

CCC coordinates the Healthy Minds, Healthy Kids Campaign (HMHK), a statewide coalition committed to ensuring all children in New York have access to the high-quality behavioral health services they need. Through this coalition, we work directly with parents, young people, advocates, and providers throughout the state who have witnessed firsthand the harms of a behavioral health system that has failed to serve the children, youth, and families who most need care.

For years, providers and families throughout the state have uplifted the widespread inability of children and families to access timely mental health and substance use disorder (SUD) supports. To understand the depth of the waitlist crisis confronting children and families in the state, CCC and partners in the Healthy Minds, Healthy Kids Campaign conducted a survey in the Fall of 2024 of children's outpatient providers across the state.^{ix} We received a total of 43 responses representing Long Island, New York City, Mid-Hudson, Capital District, Mohawk Valley, Southern Tier, Western New York, Finger Lakes, Central New York, and the North Country (Empire State Development Regions). Provider types included the following children's outpatient services:

- Article 31 Outpatient Clinics (22 responses)
- Children and Family Treatment and Support Services (CFTSS) Therapeutic Services: Psychosocial Rehabilitation Services (PSR), Other Licensed Professional (OLP), and Community Psychiatric Supports and Treatment (CPST) (27 responses)
- CFTSS Peer Services: Family Peer Support Services (FPSS) and Youth Peer Support (YPS) (18 responses)

These responses indicate striking and widespread waitlists and delays in care. All program types rated barriers such as inadequate reimbursement, staff turnover, and staff vacancy as significant, while CFTSS program types also nearly unanimously identified inadequate reimbursement for travel, care coordination, and documentation barriers as significant.

A majority of OMH Article 31 Clinics report children and families waiting for services:



A majority of OMH CFTSS therapeutic services (Psychosocial Rehabilitation, Other Licensed Practitioner, Community Psychiatric Supports and Treatment) report children and families waiting for services:



A majority of OMH CFTSS Peer Services (Family Peer Support Services, Youth Peer Supports) report children and families waiting for services:



The Impact of Workforce Shortages on Children and Families

This data could not be more clear: providers do not have the capacity to serve the number of children who need care, and as a result families are sitting on waitlists for weeks, months, and even years to get the care they need. **In fact, a 2024 study by the Healthy Minds, Healthy Kids Campaign found that at most, 1 in 4 New York children covered by Medicaid are accessing the outpatient behavioral health (mental health and/or substance use disorder) services they need.**^x

3 in 4 New York State Children Who Need Behavioral Health Care Are Not Receiving Critical Services

The charts below illustrate the percent of children in New York State who need outpatient services but are not receiving them.



Unfortunately, chronically low reimbursement rates have contributed to massive staff turnover and vacancies, and widespread provider shortages. HMK found that an additional 6,281 providers are needed to address the outpatient workforce shortage. This includes:



These shortages are, in turn, leading to unacceptably long waitlists for services. As a result of this waitlist crisis, families across the state are experiencing hospitalizations, police involvement, lost education, job loss, family anxiety, and numerous other harms caused by access barriers.

Implications and Opportunities from the Recent Children's Behavioral Health Class-Action Lawsuit

In August of 2025, New York State settled a class-action lawsuit requiring New York to develop and implement a multi-year plan to provide timely access to intensive home and community-based mental health services statewide to children in Medicaid. The findings that resulted in this settlement reaffirm the long-standing experiences of children, youth, and families throughout the state who have struggled to access comprehensive, timely home and community-based services.

CCC believes this settlement could offer an opportunity to transform New York's behavioral health system into one that meets the needs of all children and families across the state. The Settlement requires significant system reforms aimed at improving behavioral health access, improving child outcomes, and reducing unnecessary admissions to psychiatric hospitals, emergency departments, psychiatric residential treatment facilities, or other congregate settings. The Settlement also includes requirements for robust stakeholder involvement, data transparency, and impact monitoring.

Among the provisions of the settlement are requirements that the State's Implementation plan include proposed reimbursement rates for each relevant service "**set at amounts to ensure that payments to providers are consistent with efficiency, economy, and quality care and are sufficient to enlist enough providers to meet the needs of eligible children on a timely basis** in all regions and areas of New York State, at least to the extent that they are available to the general population in the geographic area. There shall be a reasonable and sound basis for any models or analyses used to determine reimbursement rates, and for all assumptions used in connection with such models or analysis." The settlement agreement also requires that the State conduct a regular review of reimbursement rates to determine whether rates constitute a barrier to access requiring corrective action.

Collectively, these mandated reforms can put New York State on a path towards addressing the severe access barriers facing thousands of families across the state.

Recommendations

- 1) **Invest \$200 million to increase access to children's behavioral health outpatient services.**

For years, CCC and the HMK campaign has drawn attention to the lack of access to a continuum of adequate behavioral services and supports for children, and in particular the lack of adequate

outpatient services. The class-action settlement reaffirms the urgent need to reform the system, and mandates rate reforms as part of the strategies New York must include in its implementation plan.

Since 2023, the Healthy Minds, Healthy Kids Campaign has recommended an investment of \$200 million to shore up Article 31 clinic, Article 32 clinic, CFTSS, and HCBS rates (these reforms are also addressed in A.8600 (Simon)/S.8427 (Brouk)). This proposal is based on a first-of-its-kind study of reforms needed to address rate inadequacy and workforce shortages, and is estimated to add 1,300 additional professionals to the workforce and serve over 26,000 additional children. This rate reform proposal directly addresses the CFTSS and HCBS services targeted in the state settlement, but also uplifts the urgency of addressing clinical Article 31 and Article 32 services in conjunction with home and community-based services.

New York must move with urgency to implement rate reforms we know are needed to strengthen and expand the children's behavioral health workforce, and combat the chronic waitlist crisis. As the State is considering solutions to meet the requirements of the settlement, we urge the State to act with haste to fund and implement these proposed reforms:

Trend rates to keep pace with inflation

Trends maintain, but do not advance, the children's behavioral health delivery system

- 3.2% trend for children's behavioral health clinic services: **\$10,749,230**
- 3.2% trend for children's HCBS and CFTSS services: **\$2,107,748**

Establish a care team coordination fee

Providers are responsible for coordinating with a growing array of care managers. They should be compensated for the time it takes to do so.

- \$7.50 Per Served Member Per Month (PSMPM) fee for children's clinics **\$12,112,200**
- \$7.50 PSMPM for CFTSS and children's HCBS **\$8,324,766**

Adjust children's clinic rates to reflect the unique and complex care children require

Account for the additional costs of navigating the complex web of service systems children and their families are at the nexus of. Enable providers to expand their capacity to meet the need.

- 35% enhancement for clinic visits provided to children **\$117,569,701**

Adjust CFTSS and children's HCBS to account for realistic volume for home and community-based services

Enable providers to expand capacity by acknowledging that the anticipated volume efficiencies have not materialized.

- Increase in CFTSS and children's HCBS rates to reflect the lack of economies of scale **\$44,460,329**

Total investment in children's behavioral health: \$200 million

2) Carve mental health and substance use disorder services out of Medicaid managed care.

Since 2019, for-profit managed care companies have been responsible for managing Medicaid mental health and substance use disorder supports for children in the State. In that time, it has become clear that the managed care system has failed New York's children:

- Youth suicide rates in NYS have risen by nearly 10% since 2014, and providers across the state report widespread waitlists and delayed care for children's services.^{xi}
- In an effort to contain costs, managed care companies regularly deny claims for care, delay payments, and introduce onerous administrative barriers that harm access to care.
- Each year managed care companies in NYS make approximately \$400 million in profits that could instead be reinvested into behavioral health services for New Yorkers.

It is past time that New York reject a system that creates new barriers for families while generating profits for managed care companies. We join the NYS Council for Community Behavioral Health Care and advocates across the state in urging New York leaders to **remove OMH and OASAS community-based behavioral health (mental health and substance use) services, including outpatient, residential, and rehabilitation services, from the state's Medicaid managed care program [S.8309A (Brouk)/A.8055 (Simon)].**

Carving behavioral health services out of managed care will improve access for children and families by allowing hundreds of millions of dollars can be reinvested into providing services rather than providing profits for managed care companies. Providers will face fewer administrative barriers, denials, and delays, allowing them to provide higher quality care and reduce waitlists for services.

Thank you for the opportunity to provide testimony today.

ⁱ Emma Eccels Jones College of Education and Human Services, Institute for Disability Research, Policy and Practice Utah State University "What is Early Intervention and Why is it Important." January 2024
<https://idrpp.usu.edu/files/policy/what-is-EI-why-important-for-web.pdf>

ⁱⁱ Emma Eccels Jones College of Education and Human Services, Institute for Disability Research, Policy and Practice Utah State University "What is Early Intervention and Why is it Important." January 2024.
<https://idrpp.usu.edu/files/policy/what-is-EI-why-important-for-web.pdf>

ⁱⁱⁱ United States Department of Education. "Differentiated Monitoring and Support: New York." February 2024.
<https://www.ed.gov/sites/ed/files/fund/data/report/idea/partcdmsrpts/dms-ny-c-report-final-02-29-2024.pdf>;
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^{iv} Oversight of the Early Intervention Program (February 2023). New York State Comptroller.
<https://www.osc.ny.gov/files/state-agencies/audits/pdf/sga-2023-21s25.pdf>

^v Oversight of the Early Intervention Program (February 2023). New York State Comptroller.
<https://www.osc.ny.gov/files/state-agencies/audits/pdf/sga-2023-21s25.pdf>

^{vi} New York State. "Governor Hochul Unveils Devastating Impacts of Republicans' 'Big Ugly Bill' on New York State." July 2025. <https://www.governor.ny.gov/news/governor-hochul-unveils-devastating-impacts-republicans-big-ugly-bill-new-york-state>

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- ^{vii} Elisabeth R. Benjamin and Mia Wagner. “Mitigating the Impact of HR 1 on New York’s Health Insurance Landscape: Four Policy Proposals to Preserve Coverage.” Community Service Society. February 2026.
- ^{viii} Elisabeth R. Benjamin and Mia Wagner. “Mitigating the Impact of HR 1 on New York’s Health Insurance Landscape: Four Policy Proposals to Preserve Coverage.” Community Service Society. February 2026.
- ^{ix} Healthy Minds, Healthy Kids. “An Urgent Crisis: Children, Youth, and Families Face Barriers to Mental Health Care Access in New York.” January 14, 2025. https://healthymindshealthykids.org/hmhk-publication/?post_type=data_publications&post_id=20315
- ^x Healthy Minds, Healthy Kids. “Youth Behavioral Health Gap Analysis: New York State.” November 18, 2024. https://healthymindshealthykids.org/hmhk-publication/?post_type=data_publications&post_id=20108
- ^{xi} Stateline. “Suicide claims more Gen Z lives than previous generation.” Analysis of CDC Data. October 2, 2025. <https://stateline.org/2025/10/02/suicide-claims-more-gen-z-lives-than-previous-generation/>