2026-27 Health/Medicaid Testimony

Provided by:

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INTRODUCTION

On behalf of the membership of LeadingAge New York, thank you for the opportunity to testify on the aspects of the State Fiscal Year (SFY) 2026-27 Executive Budget impacting long-term and post-acute care (LTC) providers,[1] aging services, and older adults. LeadingAge New York represents over 350 not-for-profit and public providers of LTC, aging services, and senior housing, as well as provider-sponsored Managed Long-Term Care (MLTC) plans and Programs of All-Inclusive Care for the Elderly (PACE). This testimony focuses on an issue that is critically important to so many New Yorkers: the deepening crisis in access to high-quality LTC.

With our growing population of older adults, demand for LTC and aging services is rising just as the availability of services is shrinking. Many LTC providers are being forced to close their doors or reduce the number of people they serve, due to the widening shortfall between Medicaid rates and costs, along with ongoing workforce shortages. Sadly, as our testimony details, it is often the highest-quality providers that are closing their doors or selling their facilities.

As a result, older New Yorkers, people with disabilities, and family caregivers are struggling to find the services they need. Shortages of aides, nurses, and nursing home beds are placing added strain on family caregivers, who must take time off from work or from caring for their children to ensure that their parent or grandparent is safe and has needed support. Those who need nursing home care are often unable to find an available bed close to loved ones. The effects of this crisis in access are spreading, causing gridlock in hospitals. When hospitals cannot discharge a patient for lack of an available nursing home bed or home health care, that patient's bed is unavailable to the next patient who comes into the emergency department.[2] Patients in the emergency department face long waits for an available bed on gurneys in hallways.

New Yorkers need an LTC system that offers access to high-quality services for people with varying levels of need in appropriate settings, on a statewide basis. Our families and neighbors are looking to you and to the Governor to ensure that they can grow old with dignity and security and social connection. Our beloved 90-year-old baseball coach needs quality care in a nursing home in his community where his wife is able to visit him easily. Our neighbor, the retired bus driver, who has dementia and loses his way when he wanders, needs access to a Medicaid Assisted Living Program (ALP) close to his friends. Our 60-year old teacher needs help in her home to lift and care for her 88-year-old mother who can no longer walk independently.

For over a decade, New York State has neglected the needs of our older family members and neighbors, despite their increasing numbers. Our LTC policy has focused on reducing spending

[1] The term LTC providers is used throughout this testimony to refer to providers that deliver long-term and/or post-acute care. These providers include home care agencies, nursing homes, hospice programs, adult day health care programs, and adult care/assisted living facilities.

[2] "Strong Memorial Hospital Sets Record for Most Patients on a Single Day," WROC, Jan. 19, 2024, accessed at https://www.rochesterfirst.com/rochester/strong-memorial-hospital-sets-hospital-record-for-most-patients-on-a-single-day; "Some Hudson Valley ER Wait Times Spiked 20% Last Year, LoHud.com, May 15, 2024; Munson, E., "Emergency Room Visits to Albany Med are Some of the Longest in the Country, *Times Union,* July 5, 2024.

through quick fixes and blunt cuts, rather than innovation and investment. Even when modest investments have been made in LTC, they have often been negated by simultaneous cuts. Today, LTC services in New York are in a precarious position due to chronic underfunding and sharply rising costs.

We appreciate the Governor's recognition of the need for additional nursing home funding in her Executive Budget. However, as discussed in more detail below, the actual amount she allotted to nursing homes is not specified. And, while adding funds for nursing homes, she also proposed cuts in funding for adult care facilities (ACFs) and did not address funding shortfalls in other home and community-based services (HCBS).

LeadingAge New York's not-for-profit members are committed to embracing every stage of life and supporting patients, residents, families, and staff to live fully with joy, dignity, and companionship. Our members strive to create chosen families of formal caregivers and new friends, in congregate settings and in private homes. They provide relief for devoted informal caregivers who may be stretched to the breaking point (and who are typically older adults themselves). Although struggling to stay afloat financially, our members are finding creative ways to build community and enrich the lives of the people they serve and their caregivers. The following are a few examples with links to photos and descriptions:

- Every year, the Jewish Home in Rochester's *Summit Knitters* knit hats and scarves for local children in need. This year, they knitted and donated 230 pieces.
- Residents of Methodist Home for Nursing and Rehabilitation starred in a Facebook reel, sharing their New Year's Eve party and resolutions with their friends and community.
- In January, residents and staff at Gurwin Jewish Nursing & Rehabilitation Center strutted down the runway in a winter fashion show.
- The New Jewish Home, in Manhattan, holds monthly virtual reality activities for residents, where they can safely explore scenes from around the world while improving their mental health and combating social isolation.
- Residents, staff, and family members from United Methodist Homes' Hilltop Campus convened for their annual holiday dance in December, featuring live music and a dance floor.
- Loretto's Community Residences hosted their annual International Tasting Festival, serving homemade food from around the world. Residents can record the foods they try in specially provided "passports."
- Santa Claus, Rudolph, and local first responders were all guests at Elizabeth Seton Children's Center's annual holiday party.

High-quality, financially viable LTC services and settings, like these, should be available and accessible at all levels of care, regardless of the individual's income and geography. New York's failure to provide adequate investment threatens the demise of high-quality, innovative providers that could provide the care our family members deserve. If New York is truly

committed to health equity and aging with dignity in one's preferred place for people of all income levels and in all regions of the state, it must be prepared to pay for it.

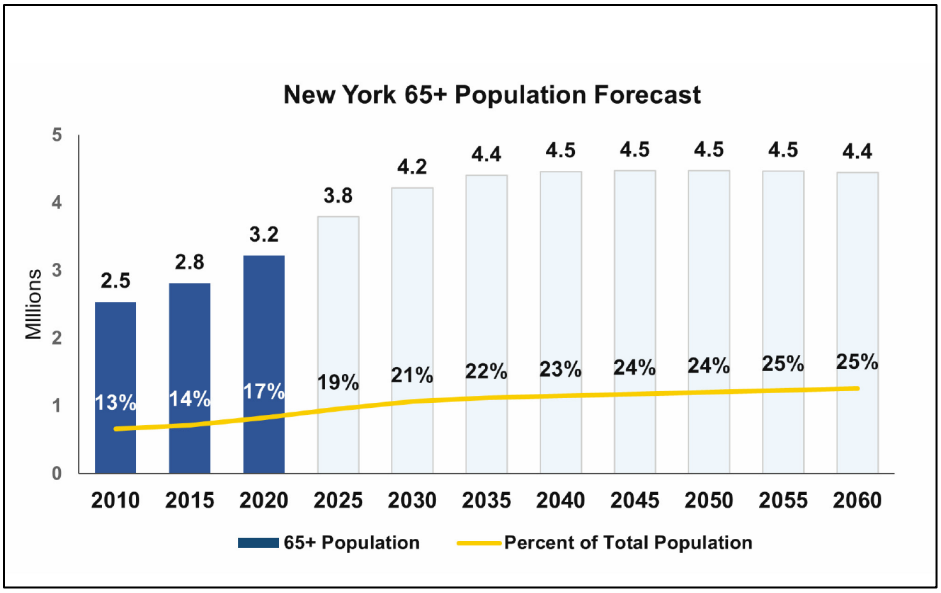
Our testimony elaborates on the challenges facing consumers and LTC providers. It is organized in six parts, as follows:

I. New York's Aging Population: What the Numbers Tell Us
II. The Medicaid Funding Gap: A System on the Brink
III. Overlooked Again: Older Adults and LTC Providers Left Out of Key Medicaid and Capital Investments
IV. The LTC Workforce Crisis
V. Strengthening the LTC Continuum: Budget Recommendations by Service Line
    a. Nursing Homes
    b. Programs of All-Inclusive Care for the Elderly and Managed Long-Term Care
    c. Adult Care Facilities and Assisted Living
    d. Home and Community-Based Services
VI. Building and Sustaining the LTC Workforce

I. NEW YORK'S AGING POPULATION: WHAT THE NUMBERS TELL US

The quality and accessibility of LTC services affects *all* New Yorkers, from older adults and people with disabilities, the family and friends who care for them, and every health care consumer who depends on open hospital beds and the availability of timely post-acute care. New York's demographic trends make this issue urgent: between 2015 and 2040, the number of adults over 85 will double in New York.[3] Alarmingly, while the percentage of our population over age 65 is growing, most projections show that the pool of working-age adults to care for them is shrinking.[4] Approximately 70% of adults who live beyond age 65 will need LTC at some point in their lifetime.[5] As our formal workforce continues to contract, informal caregivers are bearing a heavier burden. According to AARP, 26% of adult New Yorkers are caring for loved ones, and most of them – 77% – provide care without pay. Many face significant financial, physical, and emotional stress, and over two-thirds struggle to care for their own health.[6]

[3] Cornell University Program on Applied Demographics New York State Population Projections; http://pad.human.cornell.edu/; accessed Jan. 4, 2019.
[4] Cornell University Program on Applied Demographics New York State Population Projections; https://pad.human.cornell.edu/state_projections/poptrends.cfm; accessed Feb. 5, 2025.
[5] Johnson, R.W. "What is the Lifetime Risk of Needing Long-Term Services and Supports?" ASPE Research Brief. April 2019.
[6] AARP, Caregiving in the US 2025: Caregiving Across States, accessed at https://www.aarp.org/pri/topics/ltss/family-caregiving/caregiving-in-the-us-2025-caring-across-states/.



New York State Division of the Budget, SFY 2026-27 Executive Budget Briefing Book, accessed at https://www.budget.ny.gov/pubs/archive/fy27/ex/book/briefingbook.pdf.

II. THE MEDICAID FUNDING GAP: A SYSTEM ON THE BRINK

Medicaid is the primary payer for nursing home care and home care in New York, covering 73% of nursing home days and over 80% of the services provided by licensed home care services agencies (LHCSAs). Unlike hospitals, LTC providers do not have the opportunity to cross-subsidize their Medicaid losses with revenue from commercial health insurers. They rely almost exclusively on public funds. As the primary payer for LTC services in New York, Medicaid bears significant responsibility for access to high-quality LTC services, the financial viability of the LTC sector, and its capacity to compensate staff appropriately for the difficult and essential services they deliver.

New Yorkers rely overwhelmingly on Medicaid to cover their LTC needs. Medicaid pays for over 73% of nursing home days and over 80% of licensed home care services in New York.

Unfortunately, Medicaid reimbursement across the LTC continuum fails to cover the cost of delivering services, and the gap between rates and costs is growing. Medicaid rates for nursing homes, for example, are still based on 2007 costs. While costs have risen by over 50% since 2007, nursing home rates have increased by only 12.8%. This results in an average shortfall in rates compared to costs of $90 per resident per day across all nursing homes. The gap is **closer to $150 per resident per day for not-for-profit homes, which tend to staff better than for-profit homes**. In 2024, more than **80% of not-for-profit homes operated at a loss, with a median operating margin of -7.5%**.[7]

Similarly, there has been no standard trend factor increase since 2007 in the Medicaid ALP or in the State Supplement Program (SSP) rate paid to ACFs. The Supplemental Security Income (SSI)

[7] LeadingAge New York analysis of 2024 RHCF Medicaid cost reports.

Congregate Care rate for ACFs is **$46.88 per day**, which covers less than half of what it actually costs to provide room and board and all required services.

Home care agencies are facing similar strains. According to a 2025 report by the Home Care Association of New York State, 58% of certified home health agencies (CHHAs) and 57% of LHCSAs responding to their survey had negative operating margins in 2023. One of New York's largest home health agencies had to turn away nearly 18,000 patients in 2023, due to workforce shortages associated with inadequate reimbursement rates.

a. Inadequate Rates Drive Closures and Reductions in Services, Especially Among Quality Providers

LTC providers, especially those that are mission-driven and committed to quality care, are unable to continue to absorb such heavy financial losses year after year. Many are being forced to make difficult decisions to close or sell a facility or program, or cut capacity, often in an effort to save a broader continuum of care.

Since 2014, 41 nursing homes have closed in New York – almost all of which were not-for-profit – resulting in the loss of over 4,000 beds. Since 2024 alone, the State has lost 10 nursing homes due to closures, eliminating 1,162 beds. Today, two-thirds of beds across the state are operated by facilities that are in financial distress. Moreover, more than 7,000 of the remaining beds are being kept offline because nursing homes cannot find the staff necessary to fill them. In addition, eight not-for-profit nursing homes have been forced to sell since 2020, with at least another 15 in the sale process.

Most alarming, it is often the highest-quality nursing homes that are forced to close or sell. Homes that invest in better staffing and higher wages – most of them not-for-profit or public facilities – are generally in the most severe financial straits. Although not-for-profit and public homes make up just 33% of all nursing homes in the state, they account for **75% of the facilities recognized for top quality for three consecutive years under the State's 2024 Nursing Home Quality Initiative (NHQI)**. Of these top-quality homes, **15% have either closed or sold to new operators**. As has been the case in prior years, not-for-profit and public homes scored markedly better than their peers on the 2024 NHQI – nearly 80% of not-for-profit and public homes fell into the top three quintiles, compared to 50% of for-profit facilities, underscoring the magnitude of what New Yorkers stand to lose if these trends continue. New Yorkers are not just losing access to nursing home care; they are losing access to high-quality nursing home care.

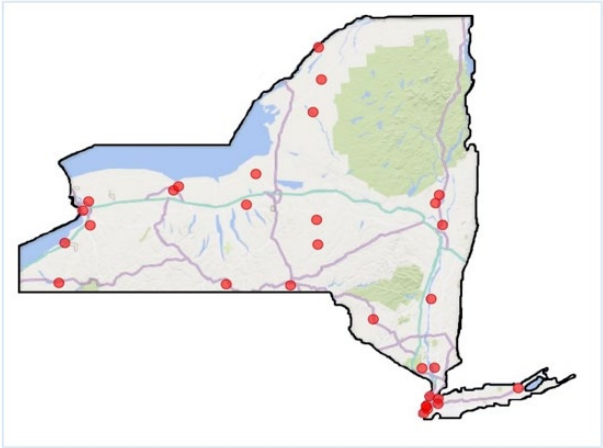
The State is also losing capacity among ACFs. **114 ACFs have closed** in New York since 2010, according to Department of Health (DOH) data (as of November 2025), resulting in **a loss of 5,168 beds**. In 2025 alone, **13 ACFs closed**, and in the past two years, **nine** facilities that operated Medicaid ALP beds have closed – an alarming new trend.

Similarly, capacity is shrinking across other HCBS. Since 2019, approximately 18 CHHAs have closed, and CHHA Medicare utilization in New York State has dropped precipitously, indicating a

constriction in CHHA capacity. Further, only 60 of the 120 licensed adult day health care (ADHC) programs have been able to reopen since these providers were ordered by the State to close for over a year during the COVID pandemic. Currently, 23 counties in the state that used to have one or more actively licensed ADHC programs have none.

This reduction in capacity across the LTC continuum is likely to accelerate if Medicaid underfunding is not addressed quickly. Given the growing number of older adults who need services, we are on an alarming trajectory. For consumers in need of LTC or post-acute care, high-quality options are limited and shrinking with each passing month.

Nursing Home Closures Since 2014



Source: LeadingAge NY Analysis of DOH Nursing Home Profiles (as of January 2025)

b. Lack of Access to Post-Acute Care Causes Gridlock in Hospitals

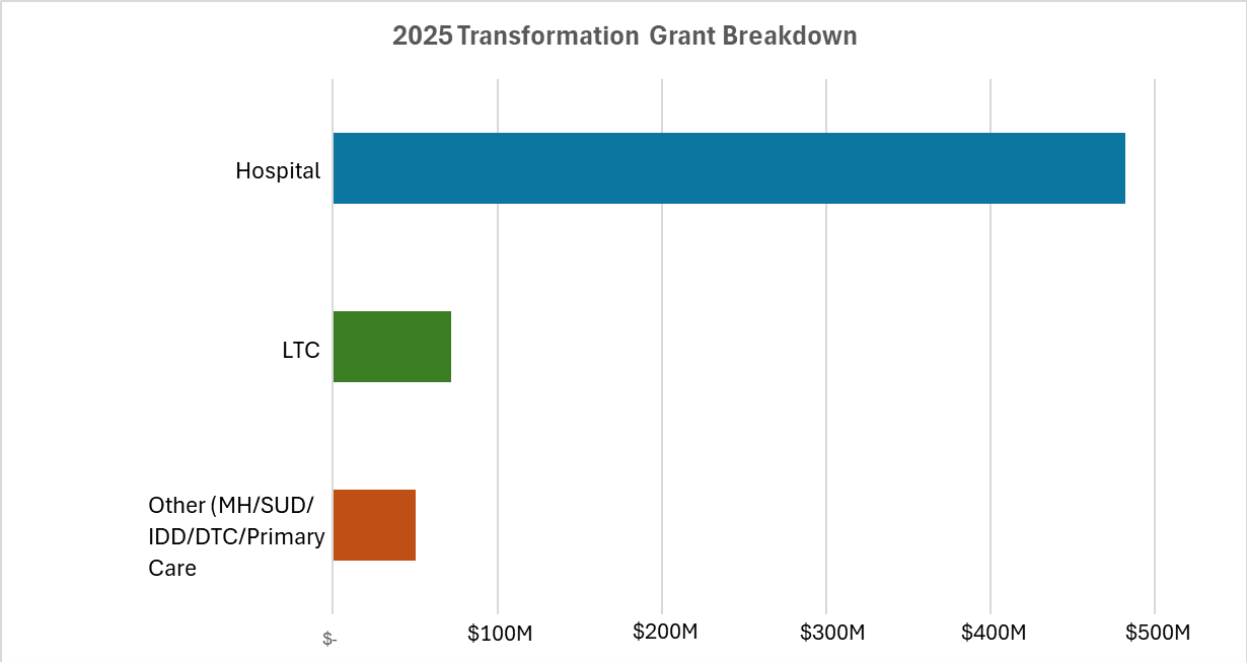
The contraction of nursing home and home health capacity is creating gridlock in hospitals and ripple effects throughout the health care system. Vulnerable hospital patients who are waiting for discharge cannot find appropriate post-discharge care close to home. The inability to find needed services is devastating for those who need them and for their caregivers. But it does not end there: hospital beds that could be freed up for new patients remain occupied by stable patients seeking a nursing home for post-acute care. New patients face shortages of available hospital beds, overcrowded emergency departments, and extended emergency medical services response times, affecting everyone in the community.

III. OVERLOOKED AGAIN: OLDER ADULTS AND LTC PROVIDERS LEFT OUT OF KEY MEDICAID AND CAPITAL INVESTMENTS

Despite deepening financial distress among LTC providers and growing need for services, the State has repeatedly failed to invest equitably in the LTC sector, even when capital grants or federal Medicaid funds are made available. For example, by the end of the coming fiscal year, the State's Medicaid 1115 New York Health Equity Reform Waiver will invest over $6 billion ($6B) in our health and social care systems, including $2.2B in a Hospital Global Budget

Initiative. Tragically, these funds will not support older adults in need of LTC or the LTC providers that serve them. Likewise, the waiver's investment in Career Pathways Training (CPT) for allied health care workers *does not* support training for home health aides, personal care aides, or certified nurse aides (CNAs) – key caregivers in LTC settings and services.

Similarly, LTC providers have been denied a fair share of State capital grants. **Only 12% of Statewide Health Care Facility Transformation Program (SHCFTP) funds awarded in 2025 have been allocated to LTC providers.** The most recent round of SHCFTP grants for technology and cybersecurity were awarded exclusively to hospitals.



Our LTC system today offers consumers a shrinking array of choices, with nursing home services too often provided in outdated, institutional facilities, rather than innovative, homelike environments, and limited access to telehealth or advanced technology solutions across the LTC continuum. Capital investments in LTC are sorely needed.

IV. THE LTC WORKFORCE CRISIS

Demographics, funding, labor market dynamics, and the lingering effects of COVID have combined to create an unprecedented workforce crisis in the field. Our members are doing everything in their power to recruit and retain staff. Yet, all report that they are unable to fill open positions, particularly in direct care. They cannot compete with other employers that have the luxury of raising prices to reflect labor market dynamics.

Federal immigration policy is exacerbating staffing challenges. Nearly three-quarters of home health aides and almost half of nurse aides are foreign-born.[8] While many are U.S. citizens, too many of our dedicated workers are losing legal status and work authorization due to recent federal actions.

LTC providers' extraordinary efforts to maintain high-quality staffing at appropriate levels, with inadequate reimbursement, are bankrupting them. The demanding nature of LTC work, the training and skill required, and inadequate reimbursement are driving people from the field. The State needs to shift its focus to find ways to attract and incentivize people to join in these important and meaningful careers.

V. STRENGTHENING THE LTC CONTINUUM: BUDGET RECOMMENDATIONS BY SERVICE LINE

Battered by mounting, unreimbursed costs and workforce shortages, New Yorkers are facing a future in which choice of LTC setting and provider is severely limited, and high-quality care is accessible only to the affluent. The State must deliver on its promise of a Medicaid program that ensures access to high-quality LTC for all New Yorkers. It cannot achieve its goal of health equity by balancing the Medicaid budget on the backs of older New Yorkers and people with disabilities who need LTC services.

With this as context, we offer the following recommendations for the Legislature to consider for the 2026-27 State Budget:

a. Nursing Homes

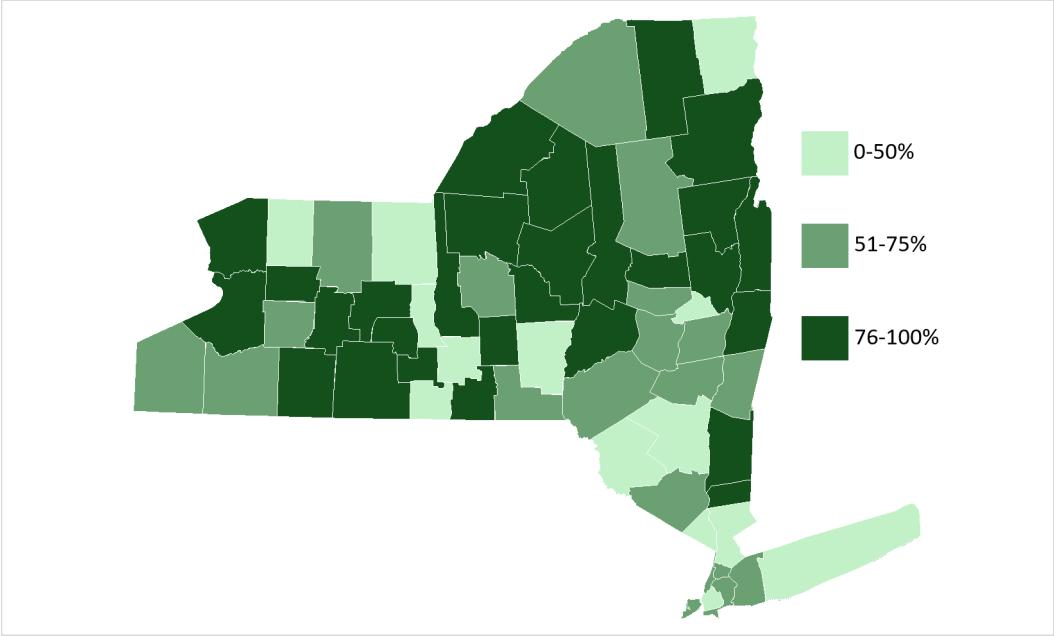
Nursing homes play a critical role in the State's health care system, providing medical, nursing, and rehabilitation services for more than 300,000 vulnerable individuals annually. New Yorkers depend on quality nursing homes in their communities to provide short-term rehabilitation after illness or injury, as well as LTC for those needing around-the-clock care.

As detailed above, inadequate Medicaid rates are driving high-quality nursing homes to close their doors, sell their facilities, or reduce admissions. Homes that invest in better staffing and pay higher wages – most of them not-for-profit or public facilities – are experiencing the most severe financial distress. For years, many not-for-profit providers have attempted to offset Medicaid shortfalls through charitable contributions, but the magnitude and duration of the losses – often exceeding $100 per Medicaid resident per day – have made this approach unsustainable. More than 60% of the nursing home beds in the state are at risk due to negative operating margins. The map below shows the percentage of at-risk beds in each county.

[8] Dreslin, S., "The Importance of Immigrants in New York's Healthcare Workforce," Step Two Policy Project, Aug. 4, 2025*, citing* United States Census Bureau, American Community Survey, 2023.

Nursing Home Beds in Jeopardy

Percent of beds operated by homes with negative margins, by county



Source: LeadingAge NY analysis of 2024 (latest available) certified Medicaid Cost Reports

Given the essential role of nursing homes and the dire need for additional financial support, we are encouraged by the Governor's proposal to invest an additional $1.5B in new funding for nursing home and hospital reimbursement over the amounts appropriated in prior years. To achieve some desperately needed stability, however, **half of the new funding must be allocated to nursing homes to begin closing the gap between the cost of care and outdated Medicaid rates**. While modest increases made in recent years have helped, they have done little to address the $1.6B structural shortfall that has accumulated over 15 years without inflation adjustments.

Notably, not only have nursing homes been operating with outdated rates, but **acuity ("case mix") adjustments have been frozen at July 2023 levels, resulting in an estimated reduction of $100 million ($100M) in nursing home funding annually**. This freeze has disproportionately harmed not-for-profit and public homes and made it more difficult for homes to admit residents with more complex needs.

We urge the Legislature to take the following steps to restore the viability of our nursing homes and preserve access to quality care:

- ***Ensure that the final budget includes the Executive's $1.5B for nursing homes and hospitals; that $750M in new funding is allocated to nursing homes.***

The Executive Budget proposes $1.5B (All Funds) in new funding to nursing homes and hospitals, $1B of which would continue annually. We commend the Governor for recognizing

the critical need for material investment to address years of underfunding in nursing homes. To curb ongoing nursing home closures and preserve access to quality care, we urge the Legislature to allocate half of the new funding to nursing homes, and ask the State to distribute the allocated funding without delay to forestall further closures.

Specifically, we urge the Legislature to:

- Support the Governor's proposal and ensure that $750M in new funding is allocated to nursing home care;
- Target funding to promote and reward better staffing and support lower-paid homes that are most at risk;
- Ensure that previously enacted funding continues and is distributed without delay; and
- Promote financial stability of the health care system by making this funding permanent and not subject to the uncertainties of annual funding availability.

Allocating at least half of the $1.5B in new funding to nursing homes would provide the sector with an equitable share, especially given the longstanding underfunding of nursing home care, the $100M that is being eliminated from nursing home reimbursement annually due to the case mix freeze, and the sizeable allotments of additional funding that are directed exclusively to hospitals in the Governor's budget.

Further, a permanent, material rate increase is needed to stabilize the financial condition of nursing homes and to allow them to ensure quality, provide competitive wages and benefits, meet collective bargaining agreement obligations, and modernize care models to address the needs of our aging population. Inadequate and unpredictable funding makes this impossible and negatively impacts residents, their families, staff, and the health system as a whole.

While funding is the most critical, immediate need, New York must also expedite its adoption of the new case mix adjustment methodology used in nursing home reimbursement. The methodology must be updated to ensure that rates appropriately reflect the costs of caring for residents with more complex needs. The freeze on case mix adjustments, which are designed to ensure that these residents are able to access care, has been in place since July 2023 and will **reduce nursing home funding by an estimated $300M by the end of Calendar Year 2026**. The case mix freeze must be lifted as soon as possible, and the outdated reimbursement system based on 2007 costs should be replaced with a rational methodology that aligns reimbursement with desired outcomes and workforce costs and is updated regularly to prevent subjecting those who need nursing home services to the type of crisis we currently face.

- ***Accept the restoration of the 10% capital cut and restore the remaining 5%.***

We support the Governor's proposal to redirect funding from the nursing home allocation of the Vital Access Provider Assurance Program (VAPAP) to restore the 10% cut made to nursing home capital reimbursement in 2024. While distressed facility funding is critical, the complexity and delays inherent in the nursing home VAPAP program have limited its effectiveness. In

addition to supporting the 10% restoration, we urge the Legislature to restore the remaining, damaging 5% capital cut.

Medicaid reimburses the pre-approved capital expenses incurred by a nursing home, and most financing arrangements are dependent on Medicaid meeting its promise. Any reduction to capital reimbursement not only threatens access to needed funding for improvements to make facilities more homelike and strengthen infection control, but also puts providers in danger of defaulting on existing loan obligations incurred and approved by DOH prior to the cut in reimbursement. These cuts are particularly damaging to not-for-profit homes that have no other source of capital for facility improvements. We urge the Legislature to support the 10% restoration and allocate the required $16M to restore the remaining 5% cut, an investment that would especially benefit pediatric homes and that would far outweigh the modest cost.

- ***Add titles to minimum staffing level provisions and allow nurses to satisfy aide hours.***

The minimum nurse staffing law enacted in 2021 sets inflexible staffing requirements that the vast majority of homes (nearly 70% in Quarter 2 of 2025) have found impossible to meet. The requirements are based solely on nurses and aides and require specified minimum hours for each, regardless of resident needs. For example, some of the "non-compliant" homes serve higher-acuity residents and actually exceed staffing levels for registered nurses (RNs) and overall, but still face penalties because their CNA hours are below required levels. Some specialize in rehabilitation, with residents spending hours each day with therapy staff whose care is not counted. Other "non-compliant" homes serve a large percentage of residents with cognitive deficits who need less nursing care, but more activities and supervision. Unfortunately, the law does not take into account the needs of higher-acuity residents and does not count activities or therapy staff in measuring staffing levels.

Denying the hours of care provided by other direct caregivers, or effectively requiring that RN or therapy time be replaced by aide hours, does not improve the quality of care for all residents. The law should be amended to take into consideration the hours worked by rehabilitation therapy staff, nurse practitioners, recreation and activities staff, aide trainees, and feeding assistants. We support *A.600 (Hevesi)/S.8286 (Addabbo)*, which would recognize the care provided by therapy staff, and urge the Legislature to enact and expand upon this legislation.

- ***Authorize medication aides in nursing homes.***

We support the Governor's proposal to authorize specially trained CNAs to work in nursing homes as certified medication aides (CMAs) administering routine medications to residents under the supervision of an RN. This proposal, or *A.1272 (Clark)*, would enable nurses to focus on higher-level tasks, while providing new career opportunities for CNAs and preserving quality and safety. Approximately 39 states already authorize medication aides in nursing homes. In New York State, the Office for People with Developmental Disabilities (OPWDD) already allows unlicensed direct care staff to administer medications.

The proposal would provide several benefits to nursing home residents and the people who care for them. It would allow RNs and licensed practical nurses (LPNs) to focus on higher-level tasks that make their jobs more rewarding and enable them to devote added attention to residents with more complex clinical needs. It would also provide another step on the career ladder for CNAs, providing them with additional training and compensation and a path to explore the possibility of a nursing degree. Unlike many workforce development proposals that require years to provide a measurable impact, this initiative could be implemented and begin to make a difference relatively quickly – without cost to the State.

We cannot abandon older adults with the highest care needs: those who require 24/7 care, skilled nursing, continuous medical oversight, and/or extensive assistance with activities of daily living. Our efforts to promote care in the most integrated setting should not deny those who need nursing home care access to the best possible quality of care and quality of life in close proximity to their loved ones.

b. Programs of All-Inclusive Care for the Elderly and Managed Long-Term Care

PACE programs and MLTC plans provide or arrange and pay for the LTC services provided to approximately 376,000 older adults and people with disabilities eligible for Medicaid in New York. These plans and programs enable some of the most vulnerable New Yorkers to live in the community by providing robust nurse-led care management and arranging for community-based services for individuals who would otherwise require a higher level of care. PACE as well as Medicaid Advantage Plus (MAP) plans combine both Medicaid and Medicare funding and services. PACE programs represent a hybrid payer/provider model that arranges needed care not only in the participant's home, but also in day centers that provide primary care, therapies, personal care, recreation, and socialization.

Over the past year, enrollment across all MLTC/PACE products has been flat, and **enrollment in partially capitated MLTC plans (i.e., those that do not cover Medicare benefits) has declined by approximately 18,000 enrollees**. Policy changes aimed at reducing enrollment growth and generating savings for the State have increased plan costs without providing corresponding rate adjustments. While the State has saved $500M (State share) from the shift to a single Consumer Directed Personal Assistance Program (CDPAP) fiscal intermediary (FI), MLTC plans and PACE programs have had to absorb increased costs associated with the transition of significant numbers of enrollees from CDPAP to LHCSAs.

We urge the Legislature to incorporate the following in its budget proposals:

- ***Restore the MLTC Quality Pool for partially capitated and MAP plans.***

When it was eliminated under the 2025-26 State Budget, the MLTC Quality Incentive Program distributed $44.8M (All Funds) to qualifying plans to fund value-based payments and rewards to high-quality providers (primarily LHCSAs) and additional supports for enrollees. This cut is

particularly objectionable, as it disproportionately hurts high-quality plans and providers. The pool should be restored to continue support for high-quality, community-based LTC. In addition to last year's cut, the Quality Pool suffered a $60M reduction in 2024.

- ***Raise PACE rates to reflect 100% of the "AWOP."***

PACE rates are capped, by federal regulation, at the amount that would otherwise be paid by Medicaid for a comparable population served outside of the PACE program (the "AWOP"). New York State pays PACE programs at 98% of the AWOP, rather than 100%, even though PACE programs are required to cover, at a minimum, the long-term services and supports covered by other MLTC products and often cover additional "wrap-around" social services. By raising rates to 100% of the AWOP, the State would strengthen these comprehensive, integrated programs.

The final budget should include legislation requiring the State to pay PACE programs 100% of the AWOP.

- ***Preserve partial cap MLTC and the access it has created – reject A.2018-A/S.2332-A.***

Although not in the Executive Budget, some advocates have advanced the elimination of partially capitated MLTC as a money-saving measure. The proposal would replace MLTC with fee-for-service (FFS) coverage or enrollment in an integrated plan. Proponents of this legislation overestimate any savings that might be achieved, and underestimate the cost that might be incurred and access that might be lost, by shifting to an FFS system. Prior to the expansion of MLTC in 2012, when personal care was primarily reimbursed through the FFS system, it was rarely approved and often unavailable in counties outside of New York City. In the absence of MLTC plans, no entity would be held accountable for developing networks of providers and securing access to services.

c. Adult Care Facilities and Assisted Living

Assisted living (AL) and ACF providers offer support in a homelike setting for over 38,000 New Yorkers, more than half of whom are age 81 or older. They are a popular option with consumers, and we anticipate that the demand for these services will only grow – as a result of demographic trends and because the reduction in nursing home capacity is driving greater need for ACF/AL services. Yet, as noted above, ACFs are closing in New York at an accelerating rate, with *13 closures in 2025 alone*, largely due to inadequate funding.

Given these demographic pressures and shrinking capacity, it is alarming – though not surprising – that New York ranks *worst in the nation* on AARP's AL supply metric, according to its 2023 State Scorecard Report. Access for older adults with low incomes is even more limited, and worsening.

ACF/AL providers face the same workforce shortages plaguing the broader LTC sector. Rising costs exacerbate these challenges and are threatening the viability of programs trying to serve

low-income New Yorkers. At the same time, a portion of the population with specialized needs around dementia and cognitive impairment could be better served in AL settings, if we ensured greater access for those who spend down their assets or are Medicaid-eligible. This is particularly important in light of the rising prevalence of Alzheimer's disease and dementia.[9] According to the Alzheimer's Association, New York is second among the five states with the highest projected prevalence of Alzheimer's.

We urge the Legislature to take the following steps in this year's budget to ensure the availability of ACF/AL services, particularly for low-income older adults and people with dementia:

- ***Increase the ALP Medicaid rate by 20% and update the base year.***

The ALP is New York's only Medicaid-funded AL option. It serves people who require a nursing home level of care, but do not need ongoing skilled services, at approximately half of the nursing home Medicaid rate. Like other LTC Medicaid providers, the ALP Medicaid rate has not received a standard trend factor increase in 16 years, and even absorbed a rate cut during the pandemic. While the investments of the past three years have been helpful, they have not made up for the chronic underfunding, sharply rising costs, and costs associated with the recruitment and retention of workers. We are seeing the results of that underfunding: the alarming new trend of ALP closures. *Nine ALPs have closed in the past two years*, and more are contemplating closure.

This year's Executive Budget proposal level-funds the program at last year's levels. The funding is year-to-year, subject to the availability of funds, rather than a rate increase that a program can reliably count on. This financial uncertainty and underfunding makes it difficult for ALPs to compete with other sectors for staff. The ALP Medicaid rate must be increased by 20% in this year's budget to recognize the growing costs over 16 years. In addition, the ALP Medicaid rate is calculated based on 1992 nursing home costs; this base year must be updated to ensure that it reflects current costs moving forward, as outlined in *A.1406 (Paulin)/S.3329 (Cooney)*.

- ***Establish a Special Needs Assisted Living demonstration program.***

Currently, there are limited options for Medicaid-eligible consumers in New York who have specialized and intensive care needs related to dementia. For those who can no longer live in their own homes, nursing homes are often the only option, given their payer source. Establishing and funding a demonstration program as outlined in *A.9418 (Paulin)/S.8635 (Fernandez)* to enable ALPs to better serve individuals with dementia would be a low-cost way to prevent unnecessary nursing home placement. An enhanced rate and specialized training and programming would enable ALPs to provide specialized services and an environment that supports the special needs of the population. We believe this demonstration will quickly

[9] Alzheimer's Association, *2025 Alzheimer's Disease Facts and Figures*.

demonstrate its cost-effectiveness and potential to save the State significant Medicaid dollars. The demonstration will also highlight the potential to serve more people with dementia in the least restrictive setting.

- ***Implement the new ALP needs-based application process and take interim steps to address need.***

There is a longstanding need for ALP services in many communities, yet providers cannot add ALP beds until the State implements a new ALP needs-based application process. We appreciated the opportunity to provide input into the development of this process with DOH, which first began before the pandemic, and later resumed. Despite the statutory April 1, 2025 deadline for this new process, it has not yet been implemented.

We know that once the new needs-based application process is implemented, it will take time for that process to result in actual beds coming online. DOH has indicated the need to adopt regulations prior to the acceptance of applications. We anticipate that this process will take a year or more. A simple step the State can take in this year's budget to address current need is to provide existing ALPs with an expedited process to expand their beds by nine or fewer if they can do so without construction. This process was enacted on a temporary basis through the 2018-19 State Budget and has been introduced in *A.2731 (Paulin)/S.7859 (Rivera)*. The State should also allow nursing homes to decertify beds to establish new ALP beds, as previously permitted under the Nursing Home Rightsizing Demonstration of 2010.

- ***Double the funding to $15M for the SNALR Voucher Program to meet current and growing demand.***

The Special Needs Assisted Living Residence (SNALR) Voucher Demonstration Program for Persons with Dementia is designed to assist individuals with dementia or Alzheimer's disease residing in SNALRs for at least one year who are at risk of requiring nursing home placement due to dwindling resources. The program provides stability and continuity of care by preventing unnecessary transfers. In addition, the program is designed to provide support *before* someone becomes Medicaid-eligible, by subsidizing up to 75% of their monthly payments. While the State has raised the cap on the total number of vouchers to 200, the program cannot expand without additional funding. In the past few years, the State has had to pause the processing of applications because the funding would not support additional vouchers. Given the rising prevalence of Alzheimer's disease, the program should be expanded to address the waiting lists and meet future demand. This program can prevent the need for someone to transition to a nursing home and become reliant on Medicaid.

- ***Commit to bring the State portion of the SSI rate for ACF residents up to present-day costs, starting this year with the first step of an incremental increase as outlined in A.4504-A (Davila)/S.180-B (Persaud).***

ACFs that serve low-income older adults are in financial distress due to inadequate reimbursement from government payers and rising costs. Approximately 12,000 ACF residents rely on SSI statewide. SSI, together with SSP, pays ACFs ***$46.88 per day*** to provide all regulatorily required services, including housing, meals, personal care, assistance with medications, case management, and more. There is no way to increase compensation to recruit and retain staff in this current environment with such inadequate reimbursement.

The SSP rate has not increased since 2007. LeadingAge New York's analysis of 2019 pre-pandemic ACF Financial Report data demonstrated that the per-resident cost of providing services is more than *twice* the daily reimbursement for this population – and the gap between costs and reimbursement has grown significantly since then. This chronic underpayment threatens access to ACF care for low-income adults; many ACFs serving individuals on SSI/SSP have closed for financial reasons. If SSI/Medicaid-eligible older adults cannot access ACFs in their communities, they will turn to nursing homes at a significantly higher cost to the State. LeadingAge New York estimates that *for every 45 low-income ACF residents who can remain in their ACF or are diverted from nursing home placement, the State saves at least $1M in Medicaid spending annually*.

We ask the Legislature to take steps to bring the SSP rate to present-day costs and then institute a COLA to ensure that it stays current.

- ***Restore the Enriched Housing Subsidy and EQUAL funding.***

The Governor's budget proposal eliminates two programs aimed at ACFs that serve low-income adults. These programs provide small, but critical, lifelines for woefully underpaid providers that serve low-income individuals.

The Enriched Housing Subsidy, typically funded at a total of $380,000, provides a modest subsidy per SSI beneficiary served to not-for-profit communities.

The Enhancing the Quality of Adult Living (EQUAL) program, typically funded at $6.5M, supports quality-of-life initiatives for low-income residents of ACFs. EQUAL supports both capital projects and other initiatives that are identified by the residents as priorities. This program is critically important to these residents.

We urge the Legislature to restore both programs in the budget.

- ***Allow nurses to provide nursing services in ACF/AL settings.***

We ask the Legislature to advance a no-cost workforce solution by enabling nurses working in ACF/AL settings to provide nursing services, as outlined in *A.525 (Solages)/S.3184 (Rivera)*. The Enhanced Assisted Living Residence (EALR) is the only ACF/AL setting that is permitted by the State to allow nurses to provide nursing services. During this workforce shortage, we should be maximizing resources and utilizing nurses in ACF/AL settings to provide periodic services

consistent with their scope of practice. Recognizing that not every ACF/AL has invested in hiring a nurse, this bill would *allow*, but not require, those ACFs/ALs that employ nurses the option to provide the service, consistent with the admission and retention standards for their licensure. Ultimately, this would support end-of-life care and improve care for people with dementia. This could prevent hospitalizations, emergency room visits, and 911 calls, and reduce overall Medicaid spending. Lastly, it would result in better service and outcomes for residents.

d. Home and Community-Based Services

HCBS providers, such as certified and licensed home care providers, social adult day care and ADHC programs, and hospice programs, continue to confront daunting financial and workforce challenges. While demand for community-based care is soaring due to our growing population of older adults, inadequate Medicaid rates, increased costs of supplies and care delivery, and unprecedented workforce shortages have destabilized the financial condition of HCBS providers. HCBS providers are being forced to limit patient admissions and create waiting lists because they are unable to find sufficient staff. This has repercussions for the entire health care system, delaying hospital and nursing home discharges to the community, increasing emergency room visits and hospitalizations, and leaving some with no access to care due to insufficient HCBS capacity.

Access to care will be further limited by the recently imposed cap on enrollment in the Nursing Home Transition and Diversion (NHTD) waiver program. Individuals who require supervision and services not covered by the MLTC program may have to seek residential care or do without the services they need.

- ***Support investments in home care and hospice.***

CHHAs, LHCSAs, and hospice programs are critical components of the health care delivery system. They are receiving growing numbers of referrals of complex patients and face challenges in admitting and serving them. CHHAs are particularly critical post-acute care providers, providing skilled care to patients discharged from hospitals and short-term rehabilitation. Hospice programs offer palliative care at the end of life to individuals in facilities and private homes.

Staffing shortages and reimbursement challenges are forcing home care agencies and hospice programs to limit admissions. Amidst a severe nursing shortage, home care agencies and hospice programs are increasingly unable to admit patients from hospitals and nursing homes, resulting in overall system backups and a lack of patient access to care. Notably, New York is ranked 50th in the nation in the proportion of Medicare beneficiaries who receive hospice services prior to death.

We urge the State to provide meaningful funding increases for home care and hospice providers to help them tackle the workforce crisis. Along with Medicaid rate increases, funding

is needed for financial incentives for frontline staff, nurse residency programs, nursing school collaborations, and to secure transportation to patients' homes.

We likewise request increased funding for LHCSAs and the MLTC plans that arrange and pay for the majority of LHCSA services in New York. MLTC plans have not received a rate update sufficient to account for increased costs associated with increased LHCSA utilization when CDPAP consumers shifted to LHCSA care during the transition to a single FI.

- ***Increase Medicaid reimbursement for ADHC.***

ADHC programs offer their registrants a valuable opportunity to receive skilled nursing care, personal care, socialization, recreation, and meals in a day program with an integrated care team, while continuing to live in their private homes. These programs also enable family caregivers to work, care for other family members, and experience some respite from demanding caregiving responsibilities. ADHC programs defer nursing home placement and prevent hospitalization, providing Medicaid and Medicare savings.

During the height of the pandemic, the State ordered ADHC programs to close for over a year, creating great uncertainty and loss of critical support for ADHC registrants and their families. Only 60 of the 120 licensed ADHC programs have reopened since May 2021, when the State authorized them to reopen. Many are struggling to stay open as they deal with staffing shortages and reimbursement challenges. Others are unable to reopen and operate with their current Medicaid rates.

Currently, 23 counties in the state that used to have one or more actively licensed ADHC programs have none. Syracuse, Binghamton, and Albany each have only one program. There are only two ADHC programs in the Bronx – a borough of approximately 200,000 adults over age 65 – while three of its programs remain closed. Most boroughs have only half of their programs open, and most upstate regions lack ADHC programs in their communities altogether.

LeadingAge New York and its affiliate, the Adult Day Health Care Council (ADHCC), request that ADHC programs also benefit from funding proposed for nursing homes and hospitals in the Executive Budget; that the State provide a significant Medicaid increase to allow ADHC programs to fully reopen and rebuild; and that the State provide a full restoration of both the 10% and 5% capital cuts imposed on nursing homes and ADHC programs.

- ***Fund Resident Assistants in affordable senior housing.***

LeadingAge New York recommends the development of a program to fund Resident Assistant positions in subsidized and income-restricted independent rental housing for low-income older adults. With a commitment of $10M over five years, grants could be made directly to senior housing operators to hire Resident Assistants, who would identify residents' needs, link them with existing community programs and resources, and coordinate on-site social and wellness

events. This assistance has been proven to help residents remain healthier and independent, generating significant, same-year Medicaid savings.

The older New Yorkers living in affordable senior housing are generally income-eligible for Medicaid, but struggle to navigate the network of health and social supports needed to age safely in place. The Resident Assistance program would help address this need by providing on-site, on-request assistance, including help accessing benefits and preventative programming, arranging transportation to medical appointments or using technology for telehealth and social engagement, and arranging for on-site activities to combat isolation and strengthen healthy living habits.

Based on an analysis of the Selfhelp Active Services for Aging Model (SHASAM) Resident Assistance program, we estimate that this investment would generate a State-share Medicaid **savings of at least $2.25 for every dollar invested**. A rigorous study of SHASAM found that the average Medicaid payment per person, per hospitalization was $3,937 less for Selfhelp residents as compared to older adults living in the same Queens ZIP codes without services, and Selfhelp residents were 68% less likely to be hospitalized overall.[10] Furthermore, with the SHASAM program in place, less than 2% of Selfhelp's residents are transferred to a nursing home in any given year.

This approach aligns with the Master Plan for Aging, which emphasizes the importance of community housing models – including a Resident Assistance program – that help older adults age safely at home while controlling health care and LTC costs. However, without State operational support, most providers have little or no avenue outside of charitable donations to maintain a much-needed Resident Assistant staff person.

We urge the Legislature to support the healthy aging of more low-income New Yorkers by supporting the inclusion of language as advanced in *A.1948 (Rosenthal)/S.956 (Kavanagh)* – which requires coordination between DOH and Homes and Community Renewal – and a targeted, evidence-based investment of $2M to establish a Resident Assistance program in the SFY 2026-27 budget.

- ***Support funding for aging services programs.***

LeadingAge New York supports increasing funding for the State Office for the Aging's Expanded In-Home Services for the Elderly (EISEP) and Community Services for the Elderly (CSE) programs to deliver personal care services and everyday supports to aging New Yorkers. The Executive Budget level-funds this despite longstanding waiting lists throughout the state.

[10] Gusmano, MK. Medicare Beneficiaries Living in Housing With Supportive Services Experienced Lower Hospital Use Than Others. Health Affairs. October 2018. Li, G., Vartanian, K., Weller, M., & Wright, B. Health in Housing: Exploring the Intersection between Housing and Health Care. Portland, OR: Center for Outcomes, Research & Education. 2016.

We also support the Governor's proposed increase of $8M for traditional and Neighborhood Naturally Occurring Retirement Communities (N/NORCs), as well as efforts to expand Neighborhood NORCs upstate so that more communities can utilize this valuable program.

VI. BUILDING AND SUSTAINING THE LTC WORKFORCE

In addition to the workforce initiative proposals noted above, such as allowing medication aides in nursing homes and periodic nursing in ACFs/ALs, we recommend the following to support preservation and further development of the LTC workforce. We stress, however, that the most impactful way is to fund these services adequately so providers can compete with other employers to recruit and retain workers.

- ***Modify the Nurses Across New York proposal to specifically identify LTC as an underserved population.***

Due to heavy reliance on Medicaid and inadequate reimbursement, LTC providers face greater challenges in recruiting and retaining nurses than most primary and acute care settings. The Nurses Across New York student loan repayment program can be strengthened to incentivize nurses to work in LTC. We urge the Legislature to modify the legislation supporting this program to explicitly identify LTC as an underserved population for the purposes of eligibility.

- ***Reduce unnecessary and duplicative reporting, surveys, audits, and other requirements.***

LTC providers are held to an overwhelming array of administrative requirements without any recognition of the additional personnel they require, their impact on residents and patients, and the costs they impose. In recent years, laws have been passed imposing requirements that virtually duplicate federal requirements or offer little, if any, value in terms of quality or safety. Yet they divert precious staffing resources from resident and patient care to low-value administrative tasks, contribute to worker burnout, and drive people out of the field. Legislators and regulators should consider the impact on residents and staff of any new administrative requirements.

One simple step the Legislature can take to support providers is to urge DOH and the Governor to eliminate the weekly Health Electronic Response Data System (HERDS) reporting, which has been a requirement for nursing homes, ACFs, home care, and hospice for nearly **six years**. Any necessary data regarding COVID can be collected in less onerous ways, and in fact is already being collected through other reporting requirements.

CONCLUSION

New York's older adults deserve better – and we are at a critical juncture. Our aging population is growing rapidly, yet our LTC system is on the brink of collapse. Without bold action now,

older adults will be left without the care they need to age with dignity in the places they call home.

While the Executive Budget makes important progress in addressing the gap between costs and reimbursement for nursing homes, we need to adequately fund nursing homes and all LTC settings and services. The array of offerings is critical to ensuring that people have access to the right services and supports when they need them, and to ensuring that the broader public has access to hospital, emergency room, and emergency response services when they need them.

Looking to the future, we can expect that a significant portion of older adults will continue to rely heavily on public programs – principally the Medicaid program – to cover their LTC needs. To ensure that accessible, high-quality services are available to older adults and people with disabilities now and in the future, this year's budget must make significant investments. We are already seeing the results of chronic underfunding, and they are alarming. Failing to address the need now will have unthinkable consequences.

Founded in 1961, LeadingAge New York is the only statewide organization representing the entire continuum of not-for-profit, mission-driven, and public continuing care, including home and community-based services, adult day health care, nursing homes, senior housing, continuing care retirement communities, adult care facilities, assisted living, and Managed Long-Term Care plans. LeadingAge New York's 350-plus members serve an estimated 500,000 New Yorkers of all ages annually.