New York Public Welfare Association

NYPWA Testimony on the Executive Budget for SFY 2023-24 for the

Joint Legislative Budget Committee on Health

Paul Brady, Executive Director

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The New York Public Welfare Association (NYPWA) represents all fifty-eight local departments of social services statewide. Our members are dedicated to improving the quality and effectiveness of social welfare policy so that it is accountable to taxpayers and protective of vulnerable people.

Governor Kathy Hochul's 2023-24 Executive Budget proposal offers an ambitious roadmap of fiscal investment and policy priorities during a time of economic uncertainty. As we continue to step out of the shadow of a global pandemic, it is obvious a toll was taken on the most vulnerable members of our communities. It is for these families and individuals that the Governor and the Legislature must strive to protect as we stand to meet new and longstanding health and human services challenges. To echo our budget comments from the Human Services hearing earlier this month, the world today is different than what it was just a few short years ago and we need to rethink how we care for our fellow citizens in their time of need.

Local Departments of Social Services (LDSS) are at the very heart of what it takes to keep adults, children, and families safe and healthy at home. When people face their greatest struggles, local social services staff are often there, ready to help however they can—but localities alone cannot ensure the health and well-being of vulnerable New Yorkers.

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Our budget testimony today will focus on the Executive's proposed changes to Medicaid, which would have a devastating ripple effect on LDSS operations and the services provided to our communities.

The Executive Budget monopolizes eFMAP funding and jeopardizes local investments in human services for children and families and other vital programs.

The NYPWA welcomes the Governor's decision to maintain local district Medicaid Administration caps in the proposed budget. Unfortunately, the Executive Budget would also assume the entire enhanced Federal Medicaid Assistance Percentage (eFMAP) savings under the Affordable Care Act (ACA) that had been shared with localities—an <u>unexpected</u> financial hit to counties the Executive estimates at $624 million, but which could be much higher.

Medicaid is the largest expense in a county's budget—and the administrative cap and eFMAP savings have helped keep local Medicaid costs and property taxes in check. Local departments of social services have been active partners with the State during the ongoing evolution of the State's takeover of Medicaid Administration. We have a shared interest in both controlling rising Medicaid costs and in serving our communities—especially since counties still handle the most complex Medicaid cases and have been assigned additional responsibilities in long term care (i.e., Home Care). The Medicaid rolls have risen because people are eligible based on the criteria established by Federal and State government. In addition, despite the cap on Medicaid Administration, the county local share of Medicaid remains among the highest in the nation. According to the Executive Budget Financial Plan: "Medicaid spending is currently projected to exceed the cap by $454 million in FY 2026 and $526 million in FY 2027. The higher cost is mainly attributable to higher-than-expected enrollment, utilization and spending trends."[1] At this pivotal time, local districts and the NYPWA stand ready to work with the State on finding real solutions to our Medicaid dilemma.

Now is <u>not</u> the time to shift additional Medicaid costs onto counties—and we urge the Legislature to OPPOSE the Executive's effort to assume full eFMAP savings. Local investments in human services for children and families and other vital programs will be jeopardized if these additional costs are shifted to counties.

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[1] https://nystatewatch.net/www/NY/library/23budget/finplan.pdf#page=23

State Continues to Delay Passing COVID-Related eFMAP Savings to Counties

The potential loss of ACA eFMAP savings comes at a time when the State continues to drag its feet on passing on separate eFMAP savings to counties directly related to the Federal Families Coronavirus Relief Act (FFCRA). For over three years, the federal government (through FFCRA) provided an additional 6.2 percent boost to New York State—with roughly 20 percent of that going to New York City and the counties. Unfortunately, the City and counties have yet to see those savings from the State.

New York State originally planned for these additional pandemic dollars to end by March 31—but the Federal Omnibus Appropriations bill passed and signed late last year extended how long the State will receive savings. That means 'COVID' eFMAP will not begin to wind down over the course of 2023 until April 1—slowly shrinking to 5 percent (April-June), 2.5 percent (July-September), and finally 1.5 percent (October-December) before returning to pre-pandemic levels thereafter.

The NYPWA urges to the State to not only reconcile the existing withheld COVID eFMAP due to the counties—but to also ensure that counties see their share of the additional 'wind down' amounts that were not originally planned for by the State.

It is easy to get lost in all the numbers and percentages surrounding the eFMAP issue. Yet at its heart, making sure counties receive their fair share of these funds will help local districts maintain other programs that directly improve the lives of our fellow New Yorkers.

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In closing, we wish to thank the NYS Assembly Ways and Means and NYS Senate Finance Committees for your leadership in bringing attention to these challenging Medicaid-related issues.

For additional information, contact:

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