

## 2019-2020 New York State Executive Budget Proposal

### OVERVIEW

On January 15<sup>th</sup>, Governor Andrew Cuomo released his Executive Budget proposal for State Fiscal Year (FY) 2020, which begins April 1<sup>st</sup>, 2019. The budget calls for \$102 billion in state operating funds, and a \$176 billion total budget including transfers and “off-budget” capital, an increase of 2.0%. Additional information on important health care-related proposals is provided below.

The full Executive Budget proposal is available [here](#).

### MEDICAID PROPOSALS

- Increase State spending under the Medicaid Global Cap by 3.0% to a total of \$19.4 billion.
- Increase total Federal, State, and local Medicaid spending by 1.8% to a total of \$73.9 billion.
- Provide \$1.1 billion outside the Global Cap to support increases in the minimum wage for health care providers and to reconcile underpayments in prior years.
- Provide continuing funds to support critical health care providers through the State’s Vital Access Provider (VAP), Vital Access Provider Assurance Program (VAPAP), and Value Based Payment Quality Improvement (VBP QIP) programs.
- Reduce funding for the Office of the Medicaid Inspector General (OMIG) by 11% to \$43 million.
- Extend waiver authority for DSRIP participants to scale and replicate models coming out of the DSRIP program.
- Allow inpatient payment rates to be reduced due to performance on potentially avoidable inpatient services, with savings to be reinvested in primary care, maternity and other services.
- Continue to relieve local districts of Medicaid expenditure growth costs and associated administrative costs, including a takeover of third party insurance reviews and disenrollment, saving counties \$3.7 billion.

### Medicaid Reforms

The Executive Budget provides for continued funding to implement proposals developed through the Medicaid Redesign Team (MRT) initiative, as described below:

#### Pharmaceutical Pricing Proposals

- Extend the Medicaid drug cap through FY 2021 and enact other changes to limit the rising costs of prescription drugs, including:
  - Use of established cost-effectiveness thresholds for drugs exceeding the cap to determine target supplemental rebate amounts;

- Allowance of high-cost drugs to be referred to the Drug Utilization Review (DUR) Board if an existing supplemental rebate contract is in place;
- Elimination of the rebate adjustment when manufacturers are credited for other rebates for different drugs;
- Regulation of pharmacy benefit managers to reduce spread pricing.

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### **Long Term Care Proposals**

- Require legally responsible relatives to support costs of care for non-institutionalized family members receiving Medicaid.
- Transform nursing home patient acuity data collection to improve rate adequacy.
- Continue use of the State's transportation manager to promote cost-effective modes of transportation for Medicaid beneficiaries in long term care.
- Establish uniform reimbursement for fiscal intermediaries providing administrative and payroll services to self-directing Medicaid recipients receiving personal care.

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### **Value Based Payment Reforms**

- Incentivize providers and Medicaid Managed Care Organizations (MCOs) to establish new value-based payment arrangements and amend regulations to allow that reductions may be appropriate when prior authorization has allowed more services than were medically necessary.
- Discontinue the Population Health Improvement Program (PHIP), which had supported Delivery System Reform Innovation Program (DSRIP) goals, as Performing Provider Systems work toward self-sustainability.

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### **Other**

- Provide \$10 million to support the implementation of a federally-required electronic system verifying use of in-home Medicaid services.
- Reform the Health Homes program by streamlining the outreach reimbursement rate for care managers after initial contact, to incentivize care managers to enroll new members.
- Seek Federal funding through a waiver for State-funded supportive housing services.
- Seek Federal funding through a waiver to support medical services for inmates prior to release from a Department of Corrections and Community Supervision facility.
- Align Medicaid payment of Medicare Part B cost-sharing for dual-eligible members in order to ensure appropriate reimbursement for medical services.
- Implement the National Diabetes Prevention program for all Medicaid members.
- Provide \$60 million for Disproportionate Share Hospital (DSH) payments for uncompensated care provided by SUNY teaching hospitals.
- Conduct a study and engage industry stakeholders to examine potential additional staffing requirements for hospitals and nursing homes to improve patient safety.

## HEALTH CARE COVERAGE PROTECTIONS

### Affordable Care Act

To continue the progress made in expanding health care coverage as a result of the Affordable Care Act (ACA), the Executive Budget will codify the ACA's key provisions and regulatory protections into State law, including:

- A mandate requiring individuals to obtain health insurance;
- A requirement that all insurance policies regulated by the State cover the 10 essential benefits defined in the ACA;
- A ban on insurance limitations for preexisting conditions;
- A requirement that insurers publish updated and accurate lists of all formulary drugs accessible to consumers;
- Create a standardized formulary exception process for access to prescription drugs not listed on an insurer's formulary;
- Prohibit discriminatory benefit designs.

### New York State of Health (NYSOH) Marketplace

The budget will also codify the NYSOH, the official health plan marketplace that allows individuals to enroll in Medicaid, Child Health Plus, Qualified Health Plans, or the Essential Plan. The budget allocates \$575 million in total funding for the operation of NYSOH. The budget also anticipates \$5.0 billion in spending for the Essential Plan, an increase of 0.5%.

### Affordability and Expansion of Coverage

The budget describes the Governor's decision to establish a commission supported by the Department of Health (DOH) and Department of Financial Services (DFS) to develop options for achieving universal access to care in New York. The review process will analyze options for strengthening the commercial insurance market, expanding programs to include populations that are currently ineligible or cannot afford coverage, as well as innovative reimbursement models to improve efficiency and generate savings to support expanded coverage. The commission will report its findings by December 1, 2019.

## BEHAVIORAL HEALTH AND DISABILITIES

The Budget includes spending totals for the following agencies:

- \$3.7 billion (2.7% increase) for the Office for People with Developmental Disabilities (OPWDD);
- \$3.0 billion (1.8% increase) for the Office of Mental Health (OMH); and
- \$652.8 million (4.1% increase) for the Office of Alcoholism and Substance Abuse Services (OASAS).

Approximately \$2 billion in proposed spending for OPWDD and OMH programs would be paid for under the Medicaid Global Cap, an increase of approximately \$380 million.

Major budget proposals for each agency are described below.

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## **OPWDD**

- Provide up to \$120 million in new funding to support program reforms and services for individuals with developmental disabilities, including residential services, employment and day program opportunities, and respite services for caregivers.
- Provide an additional \$15 million in capital funding to develop independent living opportunities.
- Invest \$5 million in new resources to enhance provider readiness for OPWDD's transition to managed care (e.g. development of best practices, performance monitoring tools.)

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## **OMH**

- Provide \$10 million in additional funding for existing supported housing and single residence occupancy programs.
- Commit \$10 million in additional funds to provide high-need individuals residing in adult homes with specialized supports such as peer support and in-reach.
- Allocate \$60 million to maintain and preserve community-based residential facilities that provide an integrated setting for individuals with mental illness.
- Authorize the provision of mental health restoration services to inmates awaiting trial.
- Expand community-based programs in less restrictive settings.

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## **OASAS**

- Invest over \$200 million for a comprehensive approach to combat the opioid epidemic, including increasing access to naloxone and removing insurance barriers to treatment.
- Fully fund over 1,200 Opioid Treatment Program (OTP) slots that were added in FY2019.
- Add nearly 200 new residential treatment beds.
- Continue to commit \$3.75 million in funding to support medical-assisted treatment (MAT) in local jails and expand to additional facilities.
- Make permanent \$1.5 million in funding to support newly created substance use disorder and mental health ombudsman program, a joint effort between OASAS and OMH, to help patients navigate the behavioral health care system.

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## **Multiagency Items and Workforce**

- Support legislation to streamline agency operations and eliminate duplicative jurisdiction in situations where other agencies already have significant oversight.

- Provide an increase of more than \$1 million in funding and resources to support agency responsibilities associated with the Raise the Age initiative that aims to raise the age of criminal responsibility to 18 years.
- Enable Medicaid to cover Applied Behavioral Health Analysis treatment for children with autism.

The Budget also proposes the following workforce changes:

- Recommend 154 additional employees at DOH to support Medicaid operations.
- Recommend 40 additional employees at OMH to support forensic needs within facilities.
- Leverage \$214 million to support increased minimum wage costs for providers in the OPWDD, OMH, and OASAS not-for-profit workforce.
- Enact State Retiree Health Insurance Reforms to help contain growth of New York State Health Insurance Program costs.

## OPIOID CRISIS

- Invest over \$200 million for a comprehensive approach to combat the opioid crisis, including increasing access to naloxone and removing insurance barriers to treatment

## HUMAN SERVICES

- Provide \$2.7 billion in funding for Office of Children and Family Services (OCFS), a decrease of 9% from the previous fiscal year.
- Extend State's authority, including foster care agencies licensed by OCFS, to appoint a temporary operator for emergency shelters.
- Expand background checks for any individuals working in group care settings, to comply with Federal laws.
- Create Family First Transition Fund to leverage Federal and private foundation funds to provide counties and foster care agencies with support to expand kinship and foster care capacity.
- Establish OCFS human services training program to help with curriculum development.

## SUPPORTIVE HOUSING AND HOMELESS HOUSING

- Continue to support ongoing, \$20 billion, five-year Affordable Housing and Homelessness Initiative to invest in supportive housing and related services.
- Provide \$950 million for the construction or operation of 6,000 supportive housing units.

## OTHER PUBLIC HEALTH PROPOSALS

The Budget invests more than \$353 million to support services for public health and senior care programs, including the following initiatives:

- Allocate \$15 million to the State Office for the Aging (SOFA) for community-based services and supports aimed at helping the elderly stay in their communities.
- Authorize private pay models for middle-income individuals to purchase SOFA services, which historically have been aimed at lower-income individuals.
- Support 5% rate increase for licensed rehabilitation early intervention service providers.
- Continue \$200 million multiyear effort to support HIV prevention and treatment programs.
- Create permanent funding source for New York City program that limits the rent paid by residents living with HIV/AIDS by shifting costs to Safety Net Assistance.

## JUSTICE AGENDA

The Governor's Agenda to achieve social, racial, and economic justice includes several health-related initiatives, as summarized below.

### Reproductive Health

- Pass legislation to codify Roe v. Wade into State law and protect women's access to reproductive health options.
- Ensure comprehensive contraceptive coverage, including access to emergency contraception.
- Create the Maternal Mortality Review Board within DOH to review every maternal death in New York State and to develop recommendations to improve maternal care.
- Require large group insurance policies to provide coverage for three cycles of invitro fertilization and expands coverage for medically-appropriate fertility preservation.

### Tobacco Control Policy

- Implement comprehensive tobacco control agenda to reduce tobacco use, estimated to cost the State \$3.3 billion in Medicaid expenditures alone, including the following proposals:
  - Raising the minimum sales age for tobacco and e-cigarette products to age 21;
  - Prohibiting sales of tobacco and e-cigarette products in all pharmacies and restricting sales of e-cigarettes to licensed retailers;
  - Imposing 20% sales tax on vapor products.

## Regulated Cannabis Program

- Create a regulated program for adult-use cannabis for individuals ages 21 and older, under the newly established Office of Cannabis Management (OCM), which will administer licensing, production, and distribution of cannabis products in medical cannabis markets.

## CAPITAL PROJECTS

- The budget re-appropriates existing capital funding for health care providers.
  - \$525 million in unawarded Statewide Health Care Facility Transformation Program (SHCFTP) funding is re-allocated and an RFP is expected to be issued.
  - Up to \$300 million may be awarded to applications submitted in January 2018 for the second round of SHCFTP.
- \$30 million is proposed for the Statewide Health Information Network for New York.
- \$10 million is proposed for the All Payer Claims Database.
- \$5 million for regional perinatal care centers or other health providers to establish rural telehealth applications.

## ECONOMIC DEVELOPMENT

- Provide \$750 million for Round Nine of the Regional Economic Development Councils (REDC) to fund long-term regional priority projects and to support community revitalization.
- Provide \$325 million for initiatives to encourage development of innovative technologies and private investments in advanced science and technology, infrastructure, and other economic development initiatives.
- Invest \$500 million in the Broadband Fund Program to support the development of telecommunications infrastructure.
- Continue to support a \$750 million commitment to support the development of a life sciences laboratory public health initiative in the Capital Region.
- Allocate \$30 million to Binghamton University Health Science Center for geriatric science facilities and opioid addiction research programs.