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New York State Fiscal Year 2027 Executive Budget Summary

Overview

On January 20th, Governor Kathy Hochul announced highlights from her fifth Executive Budget, covering New York State Fiscal Year (FY) 2027, which will run from April 1, 2026 to March 31, 2027.

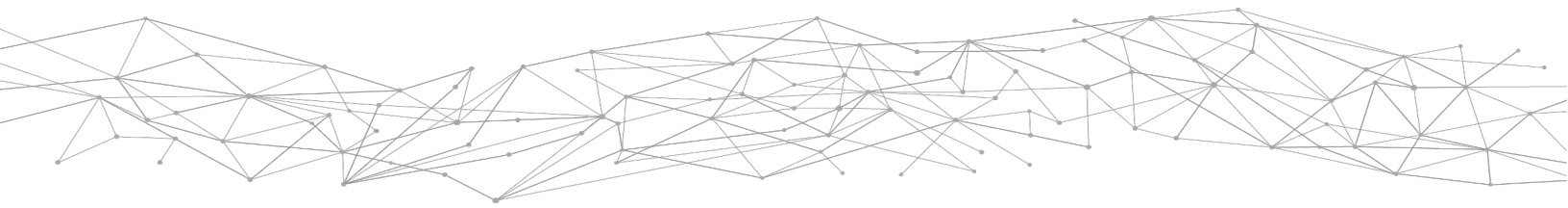
For FY 2027, the Division of the Budget (DOB) notes that New York's financial position remains favorable, reflecting several years of economic recovery following the Covid-19 pandemic. Updated economic and revenue forecasts show sustained growth in tax collections, driven primarily by finance and insurance sector bonuses, resulting in a combined upward adjustment of $5.9 billion in FY 2026 and FY 2027. However, DOB emphasizes that significant fiscal risks persist related to federal policy actions, including potential funding reductions combined with elevated enrollment and rising costs in public health insurance programs. Medicaid spending growth, in particular, remains a central driver of overall spending.

The FY 2027 Executive Budget proposes All Governmental spending of $260 billion, a 0.7 percent increase from the revised current FY estimate. State Operating Funds spending is projected at $157.4 billion, up 5.7 percent year over year. Roughly 65 percent of the annual spending increase is attributable to Medicaid and school aid. State-share Medicaid spending (excluding operational costs) is projected to reach $38.2 billion in FY 2027, an 11.4 percent increase from FY 2026 levels, and DOB reiterates the need to identify recurring savings in future budgets to ensure long-term sustainability.

Despite these cost pressures, the FY 2027 Budget supports continued investments across major policy areas, including child care expansion, mental health services, health care delivery system support, school aid, higher education, aging services, housing, and public safety.

Looking ahead, the Financial Plan shows reduced but still material outyear budget gaps, estimated at $6 billion in FY 2028, $9 billion in FY 2029, and $12.5 billion in FY 2030. In light of these projections and ongoing economic uncertainty, the Executive Budget maintains existing reserve levels and continues to emphasize conservative fiscal planning, prepayment of future obligations, and disciplined cash management to preserve long-term fiscal stability.

The below summary provides further detail on these and other Budget highlights. Where available, legislative sources are marked in [brackets]. The comprehensive Budget materials are available here.



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Medicaid

Medicaid Global Cap

The Executive Budget proposes to extend the Medicaid Global Cap by an additional year, through FY 2028 [Health and Mental Hygiene (HMH) bill, Part A]. The Global Cap sets a spending limit on state share Medicaid costs at the five-year rolling average of national Medicaid spending projections. The State projects that the Global Cap will increase from $26.5 billion in FY 2026 to $38.0 billion by FY 2030

Managed Care Savings

The Executive Budget includes the following proposals that are intended to reduce expenditures within the Medicaid managed care and related programs:

- Removing the guarantee of full Medicare coinsurance payments on crossover claims for ambulance services and psychologists;
- Eliminating the addition of Long Term Services and Supports (LTSS) in the Essential Plan while making dental and vision benefits permanent;
- Repealing the ability for children under the age of 19 to apply for a Medicaid presumptive eligibility determination;
- Developing a “Center of Excellence” model that would designate certain health care providers who are authorized to recommend Applied Behavior Analysis (ABA) services;
- Clarifying the medical necessity requirements for Medicaid coverage of biomarker precision medical testing; and
- Repealing continuous eligibility for Medicaid and CHIP through age six [HMH, Part M].

The Budget anticipates almost $64 million in State savings in FY 2027 and approximately $99 million in FY 2028 from these proposals.

Aggregate Medicaid Rate Increase for Hospitals and Nursing Homes

The Budget proposes to make further increases to Medicaid hospital and nursing home payments. Up to $1.5 billion is authorized for hospitals and nursing homes in FY 2027, with up to $1 billion allocated annually thereafter.

These increases are to be funded by the Healthcare Stability Fund and are contingent on fund balances and federal financial participation [HMH, Part O].

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Exclusion of Medicaid Services from IDR Process

The Governor is repeating her proposal from last year to remove the Medicaid program from being subject to the independent dispute resolution (IDR) process for surprise out-of-network bills [Briefing Book].

Health Home Care Management

The Budget seeks to maximize available Health Home resources for higher acuity children and adults by reforming eligibility criteria for low-acuity members [Briefing Book].

Health Insurance

Prior Authorization and Continuity of Care

The Budget includes several proposed reforms to health insurance prior authorization and utilization review processes. The proposal would expand the annual health insurance consumer guide issued by the Department of Financial Services (DFS) to include detailed, plan-specific data on prior authorization and utilization review activity, including but not limited to:

- The number of prior authorization requests;
- Approval and denial rates;
- Appeal and reversal rates; and
- CPT codes most frequently subject to prior authorization.

Plans would be subject to the new requirements beginning September 1, 2027. The proposal additionally limits prior authorization review for chronic conditions to no more than once per year following an approved course of treatment, and requires plans to increase transparency around prescription drug formularies.

The proposal also extends the continuity-of-care period for new enrollees whose provider is out-of-network from 60 days to 90 days, and expands protections for pregnant individuals [Transportation, Economic Development, and Environmental Conservation (TED), Part HH].

Hospitals

“Cooling Off” Period

The Budget includes a proposal to extend the timeframe of the cooling off period, in which managed care plans and hospitals must continue to operate under an existing contract following its termination, from two months to 120 days. The proposal also ensures that hospital-owned provider practices remain in-network during the cooling off period and authorizes DOH to review

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and approve all communications to consumers within the 60-day period prior to contract termination or renewal [HMH, Part M].

Hospital at Home Services

The Budget includes last year's proposal to codify the federal "Acute Hospital Care at Home" demonstration program in state law, which would allow general hospitals to provide acute care in patient homes. Such hospitals would not be permitted to provide home care or professional services. Patients must have a pre-existing clinical relationship with the hospital or health care professional providing the service. Hospitals would be responsible for coordinating discharge to home care agency as appropriate after the patient's acute care episode ends [HMH, Part K].

Long Term Care

Nursing Home Capital Reduction

The capital add-on component of skilled nursing facility (SNF) rates was decreased by 5% in FY 2021 and an additional 10% in FY 2025. This Budget would sunset the additional 10% reduction enacted in FY 2025 [HMH, Part L].

Personal Care Administrative Reimbursement

The Budget proposes to limit the personal care fee-for-service administrative reimbursement rate at 15% of total costs and normalize the direct care component of rates [Briefing Book].

Reinvesting Nursing Home VAPAP Funds

The Budget proposes to reduce the Nursing Home Vital Access Provider Assurance Program (VAPAP) pool and "redirect resources toward restoring the 10% reduction in capital reimbursement" [Briefing Book].

Elimination of Adult Home Advocacy and Adult Home Resident Council Programs

The Budget proposes to eliminate the Adult Home Advocacy and Adult Home Resident Council programs, initially established in 1995. The Budget memo indicates that similar programs to support individuals residing in adult homes have since been established, and DOH is therefore seeking to consolidate efforts [HMH, Part S].

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Workforce

Notably, the Executive Budget does not include the Governor's proposal from the last several years to join the interstate Nurse and Physician Licensure Compacts, which would simplify the process for nurses to use another state licensure to practice in New York. However, the Budget includes the Governor's prior proposals to expand scope of practice for certain personnel, as described below.

Scope of Practice: Medical Assistants

The Budget repeats the Governor's previous proposal to permit qualifying medical assistants to administer immunizations in an outpatient office under the supervision of a physician, physician assistant, or nurse practitioner [HMH, Part N, Subpart A].

Scope of Practice: Certified Medication Aides

The Budget repeats the Governor's previous proposal to allow certified medication aides in residential health care facilities to administer routine medications to residents under the supervision of a registered nurse [HMH, Part N, Subpart B].

Scope of Practice: Qualified Health Care Providers

The Budget amends several statues to allow actions previously limited to physicians to be performed by a "qualified health care provider acting within their scope of practice." For example, concussion and cardiac arrest clearance for students and medical certifications for individuals with disabilities [HMH, Part N, Subpart C].

Scope of Practice: Physician Assistants

The Budget repeats the Governor's previous proposal to allow physician assistants to practice independently under certain circumstances and in specific settings [HMH, Part N, Subpart E].

Oversight

The Budget repeats the Governor's proposal from FY 2026 to transfer licensing and oversight of physicians, physician assistants, and specialist assistants from the State Education Department (SED) to the Department of Health (DOH) [HMH, Part N, Subpart E].

Temporary Staffing Agencies

The Budget includes a proposal to strengthen oversight of temporary health care staffing agencies, including subcontracting and vendor management arrangements, by expanding

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reporting and record-keeping requirements. It also authorizes DOH to establish and enforce limits on agency profits [HMH, Part J].

Investor-Backed Health Care Transactions

The Executive Budget repeats, with modifications, last year's proposal to build on the requirements for material transactions implemented in the 2023-24 Enacted NYS Budget.

Written Notice

The Governor proposes requiring the following additional information in the written notice, which must be submitted to DOH at least 30 days before closing a material transaction:

- A statement about whether the involved parties or their parent companies own any other health care entity that has closed or reduced operations in the past three years; and
- A statement as to whether a sale-leaseback agreement or mortgage/lease payments are a component of the proposed transaction.

Reviews

DOH would conduct preliminary reviews of all proposed transactions. Review of a material transaction notice may also, at the discretion of DOH, consist of a full cost and market impact review, particularly if a transaction is valued at $100 million or more or DOH determines negative impacts to cost, quality, access, health equity, or competition. DOH may require the parties to delay closings to conduct the full review. However, DOH would **not** be given separate authority to refuse or disapprove the transaction, and the closing date may **not** be delayed for more than 180 days from the start of the original preliminary review. DOH may charge fees to the parties for all "actual, reasonable, and direct costs" incurred to perform its reviews.

Reporting and Confidentiality

During the five-years post-closing, entities would be required to annually report on metrics related to cost, quality, access, health equity, and competition. Nonpublic information would be kept confidential; however, data may be used as evidence in investigations, reviews, or other actions by DOH or the Attorney General, including in assessing Certificate of Need (CON) applications [HMH, Part H].

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Behavioral Health and I/DD

Single Integrated Licensure for Mental Health and Addiction Services

The Budget proposes authorizing the Office of Mental Health (OMH) and Office of Addiction Services and Supports (OASAS) to issue a joint license to providers who deliver both mental health and addiction services, and to set forth the associated regulations and reimbursement rates [HMH, Part Q]. OMH and OASAS will also develop a new "Co-Occurring Capable" (CoC) designation to help individuals identify the providers that best meet their needs [Briefing Book].

Targeted Inflationary Increase

The Budget includes the customary one-time "Targeted Inflationary Increase" at a rate of 1.7 percent for eligible human services programs for FY 2027. Eligible programs include those funded, licensed, or certified by OMH, OPWDD, OASAS, OCFS, OTDA, and SOFA [HMH, Part P].

Gambling Addiction Insurance Coverage

The Budget proposes to amend various provisions of the insurance law to replace "substance use disorder" with "substance-related and addictive disorder" to ensure that patients with gambling disorders receive the same insurance coverage and protections as individuals with substance use disorders [HMH, Part R].

Emergency Services

Emergency Medical Services EMS Scope of Practice

The Budget would authorize EMS practitioners to administer immunizations pursuant to non-patient-specific regiments prescribed or ordered by a physician or nurse practitioner [HMH, Part K].

Community Paramedicine

The Budget proposes to extend the authorization of existing community-based paramedicine programs and authorize DOH to expand the programs by allowing new applicants to apply to participate and existing participants to modify their current operations. Programs would be authorized for operation in a specific geographic area for an initial two-year period. The proposal would allow for up to 99 mobile integrated and community paramedicine programs statewide [HMH, Part K]. The Governor included a similar proposal in her FY 2025 Executive Budget, which was rejected by the legislature and omitted in the final Enacted Budget.

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Cardiac Emergencies

The Budget includes a proposal to update New York's automated external defibrillator (AED) law to:

- Modernize definitions in line with technological advancements;
- Clarify training and reporting requirements;
- Remove the requirement that providers enter into collaborative agreements with an emergency health care provider prior to purchasing and operating an AED; and
- Centralize oversight within DOH, including statewide registration of AED locations [HMH, Part G].

The Budget includes $3.2 million to establish regional training hubs for AEDs and CPR education [Briefing Book].

State Agencies

Department of Health (DOH)

The Executive Budget allocates $136.5 billion in All Funds appropriations for the Department of Health (DOH), representing a 7.4% increase from FY 2025, which includes:

- Aid to Localities: $131.4 billion [AtL 641]
- Capital Projects: $1.42 billion [Capital 386]
- State Operations: $3.699 billion [State Ops 345]

This includes total spending of:

- $119.1 billion for Medicaid [DOH Agency Appropriations]
- $6.9 billion for the Essential Plan [DOH Agency Appropriations]
- $1 billion in additional capital funding and $330 million in operational funding to supplement the Safety Net Hospital Transformation Program [Capital Plan, Financial Plan]
- $750 million in additional State General Fund resources in the Healthcare Stability Fund to support targeted health care investments in hospitals and nursing homes [Financial Plan]

Other investments include:

- $30 million in funding for the Statewide Health Information Network for New York (SHIN-NY), $2.5 million of which must be used for modernizing health reporting systems [Capital Projects]
- $75 million in new funding to the Medical Indemnity Fund (MIF) on a onetime basis to maintain the Fund's solvency through FY 2027 [Financial Plan]

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- $11 million in multi-year funding to transform the Certificate of Need process, including development of a new NYSE-CON online system [Briefing Book]
- $7 million for technological improvements to the vital records system [Briefing Book]
- More than $4 million in new funding for both Naturally Occurring Retirement Communities (NORCs) and Neighborhood Naturally Occurring Retirement Communities (NNORCS) [AtL 21-22]
- Provides $4.2 million for DOH to develop temporary staffing guidance for healthcare organizations [Briefing Book]
- $150,000 for additional staffing related to the expansion of reporting requirements for healthcare entities involved in material transactions [Briefing Book]
- $3 million to enable the State to participate in a federal nursing home staffing campaign aimed at increasing the number of nurses working in qualifying nursing homes, particularly in rural areas [Briefing Book]

Office of Mental Health (OMH)

The Executive Budget allocates $6.3 billion in All Funds appropriations for the Office of Mental Health (OMH), which includes:

- Aid to Localities: $3.45 billion [AtL 900]
- Capital Projects: $0.444 billion [Capital 471]
- State Operations: $2.40 billion [State Ops 540]

The Budget includes investments of:

- $17.5 million to expand Teen Mental Health First aid training [OMH Agency Appropriations]
- $1.8 million to support access to behavioral health services for LGBTQ+ youth [OMH Agency Appropriations]
- $500,000 for two additional Youth Safe Spaces programs [OMH Agency Appropriations]

Office of Addiction Services and Supports (OASAS)

The Executive Budget allocates $1.34 billion in All Funds appropriations for the Office of Addiction Services and Supports (OASAS), representing a 6.55% increase from FY 2026, which includes:

- Aid to Localities: $1.05 billion [AtL 872]
- Capital Projects: $0.093 billion [Capital 450]
- State Operations: $0.199 billion [State Ops 532]

The Budget includes investments of:

- $71.7 million for prevention, treatment, and recovery services, including $23 million specifically for recovery services and housing [AtL 882]

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- An unspecified amount for 15 new Youth Clubhouses, including through co-location with existing Recovery Community and Outreach Centers [OASAS Agency Appropriations]
- $1 million to establish a First Responder Behavioral Health Center of Excellence that will develop peer-led behavioral health programming and supports for first responder agencies [OASAS Agency Appropriations]

Office for People With Developmental Disabilities (OPWDD)

The Executive Budget allocates $10.3 billion in All Funds appropriations for the Office for People with Developmental Disabilities (OPWDD), which includes:

- Aid to Localities: $7.83 billion [AtL 931]
- Capital Projects: $0.143 billion [Capital 510]
- State Operations: $2.37 billion [State Ops 553]

The Budget includes investments of:

- $30 million to fund new service opportunities [OPWDD Agency Appropriations]
- $15 million to expand independent living opportunities for individuals with I/DD [OPWDD Agency Appropriations]
- An unspecified amount to enhance Family Care rates by 5% [OPWDD Agency Appropriations]

Multi-Agency Proposals

The Budget makes targeted investments to support the human services workforce, including:

- An additional $53.5 million in State funds to support minimum wage increases for staff at OPWDD, OMH, and OASAS programs [Briefing Book]
- $1 million to support a First Responder Behavioral Health Center of Excellence co-developed by OMH and OASAS [Briefing Book]

Other Health Care Provisions

Changes to Medical Indemnity Fund (MIF) Reimbursement

As mentioned above, to ensure solvency of the Medical Indemnity Fund (MIF), the Budget proposes to set reimbursement rates at 100% of the Medicare rate for qualifying health care costs. If no Medicare rate exists, the fund would pay 100% of Medicaid rates. If neither Medicare nor Medicaid rate exists, the proposal authorizes DOH to set a rate by regulation. The

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proposal carves out private duty nursing, which must be paid by the Medicaid fee schedule, and home and vehicle modifications, which would continue to be reimbursed via DOH-approved contracts [HMH, Part I].

The Budget projects savings of $50 million from this proposal in FY 2027. The Budget also includes $75 million in one-time funding to ensure continuation of the MIF through FY 2027 [Briefing Book].

Physician Excess Medical Malpractice Program Extension and Modifications

The Governor renews her prior proposals to continue the Physician Excess Medical Malpractice Program and change its premium payment structure. Beginning July 1, 2026, the proposal would change the timing of payments under the program by splitting the pool's 50% premium share into two installments across fiscal years and include a 50% practitioner cost-sharing requirement [HMH, Part D].

The State projects that it would save approximately $39 million per year through this modification.

Artificial Intelligence (AI)

The Budget proposes "initiatives to better support the ethical adoption of emerging AI technology within DOH and across the health care industry." This includes the creation of a consortium of health care leaders to share best practices on the implementation of AI health tools and the development of an AI governance model to evaluate risk and opportunities associated with such tools [Briefing Book].

Rural Health Transformation Program (RHTP)

The Budget includes $212 million in funding to support the RHTF award that the State recently received from the Centers for Medicare and Medicaid Services (CMS). The appropriations for this fund will allow the State to allocate both the Aid to Localities portion of the award ($191 million) as well as the State Operations component ($21 million). The Budget also includes appropriation language that will allow the State to award funds for this program without a competitive bid or request for proposal process [Briefing Book].

Extenders

The Budget proposes to extend or make permanent the authority for various existing provisions, such as:

- The authorization for the statewide Medicaid managed care program would be extended through FY 2032 [HMH, Part B, Sections 1-2].

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- The statutory authority for integrated Medicaid service delivery models and related demonstrations would be extended through FY 2029 [HMH, Part B, Section 3].
- The use of Office of Professional Medical Conduct (OPMC) funds for the Physician Profile website would be authorized permanently [HMH, Part B, Section 4].
- The authorization for the Statewide Health Information Network (SHIN-NY) and the Statewide Planning and Research Cooperative System (SPARCS) would be extended through FY 2029 [HMH, Part B, Section 5].
- The statutory authority related to pharmacy reimbursement and prescription drug coverage under the Elder Law program would be extended through FY 2029 [HMH, Part B, Section 6].
- The nursing home "Medicare Maximization" framework would be continued annually [HMH, Part B, Sections 7-9].
- The authority for DOH to negotiate supplemental rebates for certain drug classes is extended through FY 2029 and a related statutory sunset would be extended through FY 2032 [HMH, Part B, Sections 10-11].
- The statutory authority for statewide hospital quality and sole community pools that support Medicaid financing arrangements, including the New York City Health + Hospitals UPL conversion, would be extended through FY 2029 [HMH, Part B, Section 12].
- The authorization of services for nonresidents in adult homes, residents for adults, and enriched housing programs would be extended through July 2029 [HMH, Part B, Section 13].
- The exemption from electronic prescribing for low-income prescribers would be extended through May 2029 [HMH, Part B, Section 14].
- The distribution methodologies for the voluntary indigent care pool and Disproportionate Share Hospital (DSH) fund would be extended through December 2029 [HMH, Part B, Section 15].
- The regulatory flexibility for certain Delivery System Reform Incentive Payment (DSRIP) program promising practices is extended through FY 2028 [HMH, Part B, Section 16].
- Flexibilities for pharmacist-directed lab and testing flexibilities would be made permanent [HMH, Part B, Section 17].
- Permanently extending the Collaborative Drug Therapy Management (CDTM) demonstration [HMH, Part B, Section 18].
- Authorizing physician assistants to issue non-patient specific orders for routine Covid-19 and influenza testing permanently [HMH, Part B, Section 19].
- Extending the telehealth payment parity law through FY 2028 [HMH, Part B, Section 20].
- The Statewide Medicaid integrity and efficiency initiative to support audit recoveries, efficiencies, and other cost avoidance measures is extended through FY 2028 [HMH, Part B, Section 21].
- The authority for the NY State of Health customer service contract until August 19, 2027 [HMH, Part B, Section 22].

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- The Health Care Reform Act (HCRA) programs would be extended through FY 2029, consistent with the State's standard practice of reauthorizing HCRA in three-year increments [HMH, Part C].

Repealers

The Budget renews prior proposals to discontinue a variety of policies and programs, including:

- The Empire Clinical Research Investigator Program (ECRIP) [HMH, Part C, Section 6].
- The operating assistance sub-program for enriched housing in Adult Care Facilities [HMH, Part E].
- The Enhanced Quality of Adult Living (EQUAL) program, which offers incentive payments to operators of Adult Homes and Enriched Housing Program based on their safety net populations [HMH, Part E].
- The Tick-Borne Disease Institute [HMH, Part E].

The Budget also repeals a requirement for DOH to audit the number of working hours for hospital residents, which is duplicative of existing federal requirements [HMH, Part E].