



Services

Division of the Budget

Budget Applications

State Agency Guide

Publications/Archive

Citizen's Guide

Investor's Guide

Public Authorities Control Board

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2009-10 Enacted Budget Gap-closing Plan – Health Care

[Gap-closing Plan](#) | [Health Care](#) | [Education](#) | [STAR](#) | [Higher Education](#) | [Human Services](#) | [Workforce](#) | [Public Protection](#) | [Local Governments](#) | [Mental Hygiene](#) | [Transportation](#) | [Economic Development, Environment & Parks](#) | [Federal Aid](#) | [Revenue Actions](#)

[Entire 2009-10 Enacted Budget Report](#) (PDF)

Health Care Initiatives

The Enacted Budget implements a Medicaid and health care savings and reform plan that includes \$2.3 billion in 2009-10 savings including actions taken in the Deficit Reduction Plan, the largest amount in state history. The budget includes major, permanent reforms to the way health care is delivered in New York to rationalize the State's Medicaid reimbursement system and provide increased investment in primary and preventative care.

Recommendations aimed at rationalizing ineffective reimbursement methodologies include:

- Hospitals.** Historically, New York has overpaid for inpatient care and provided insufficient resources for primary care. By modernizing the inpatient reimbursement methodology and reducing inflated inpatient rates by \$225 million, this budget brings inpatient reimbursement closer to actual costs – making Medicaid a smarter purchaser. Additionally, for the first time in more than two decades, Medicaid will pay a fair price for primary and other outpatient services in hospital clinics.
- Nursing Homes.** As with hospitals, the long-term care reforms rationalize the nursing home reimbursement system to enhance value and incentivize quality, and put in place measures to expand access to alternatives to nursing home care to ensure that seniors and the disabled receive the high quality care they need in the least restrictive, most appropriate setting. This budget adopts a new nursing home reimbursement methodology to take effect on April 1, 2010, that, for the first time, will drive efficiency while providing for quality and workforce development. A workgroup of industry representatives, consumers, workers and experts will be convened to inform the implementation of this new payment methodology.
- Home Care.** The Enacted Budget will initiate a workgroup of industry representatives, consumers, workers and experts to inform the development of a new home health care reimbursement methodology. The Enacted Budget also creates a pilot Long Term Care Assessment Center to consolidate and standardize the patient assessment and Medicaid authorization process, allowing the State to plan and manage limited resources while ensuring individuals receive the services and supports they need to remain in their communities. Beginning in January 2010, the first centers in one borough of New York City and one Upstate region will be implemented for new cases.

Gap Closing Actions

Enacted Budget Health Care Gap-closing Actions and Investments		
Proposal	2009-10 (\$ in millions)	2010-11 (\$ in millions)
Hospital Savings	\$306.4	\$365.8
Nursing Home Savings	\$224.6	\$302.6
Home Care Savings	\$67.6	\$84.5
Pharmacy Savings	\$27.7	\$64.6
Insurance Savings	\$743.5	\$477.9
Medicaid Fraud Prevention	\$175.0	\$175.0
Utilization Management Savings	\$13.3	\$19.7
Managed Care Savings	\$151.8	\$179.5

Other Actions	\$540.5	\$6.3
All Other Public Health Actions	\$104.6	\$56.7
Total — Savings Proposals	\$2,355.0	\$1,732.5
Investments	(\$59.0)	(\$138.1)
Grand Total — Savings & Investments	\$2,296.0	\$1,594.4

Hospital and Community-based Services

A series of proposals focus on continuing the multi-year hospital reimbursement reform started last year which will properly redirect resources and improve access to primary and preventive care while achieving savings through a more rational inpatient payment system.

These actions will save \$306.4 million in 2009-10 and \$365.8 million in 2010-11.

- **Advance Health System Reimbursement Reform.** The Health Care Improvement Act continues the reimbursement reform effort initiated in 2008-09 by updating inpatient reimbursement to current costs, calibrating inpatient rates to reflect patient severity, and channeling hospital inpatient savings to investments in more appropriate and cost-efficient primary and ambulatory care. *(2009-10 Net Savings: \$12.2 million; 2010-11 Net Savings: \$38.8 million)*
 - **Reimbursement Reform Savings.** Hospital inpatient savings of \$24.1 million are realized in 2009-10 by reducing inpatient rates to bring reimbursement closer to costs (\$15.2 million), accelerating the phase-in of detoxification reimbursement reform, enacted in 2008-09, from four years to three years and reducing payments for medically supervised detoxification (\$8.5 million); reviewing inpatient admissions for medical necessity (\$0.2 million); and implementing a new inpatient reimbursement methodology to better define the intensity of services (\$0.2 million).
 - **Investment of Reimbursement Reform Savings.** Savings from the proposals described above are re-invested in the health care system including hospital outpatient clinics (\$9.6 million); community-based clinics (\$3.9 million); community-based detoxification services (\$0.5 million). In addition, the Health Care Improvement Act includes enhanced funding for clinics and doctors that implement the “medical home” model which offers patient-centered care, especially critical for patients with chronic illnesses. The budget also recommends enhanced funding for primary care including cardiac rehabilitation services, referrals to substance abuse treatment and smoking cessation counseling for postpartum women, children and adolescents; a primary care demonstration in the Adirondack Park area (\$7.5 million); and physician and other practitioner reimbursement increases (\$1.4 million). These investments are partially offset by lower than initially projected spending for SFY 2008-09 ambulatory care investments (including asthma and diabetes education and prevention spending) (\$11 million).
- **Reallocate Graduate Medical Education Funds.** State-only Graduate Medical Education funding will be redirected to support hospitals serving uninsured patients, thereby drawing down federal matching funds. *(2009-10 Savings: \$141.3 million; 2010-11 Savings: \$141.3 million)*
- **Increase Indigent Care Funding for Community Clinics.** State funding for the indigent care pool for diagnostic and treatment centers will be increased from \$55 million to \$63 million. The State will seek Federal approval and funding to double the size of the pool. This pool will also be expanded to include clinics licensed by the Office of Mental Health. *(2009-10 Spending: \$8 million)*
- **Safety Net Payments to Hospitals.** Funding will be provided to high-volume Medicaid hospitals to buffer the impact of budget reductions. *(2009-10 Spending: \$25 million; 2010-11 Spending: \$25 million)*
- **Additional Disproportionate Share payments to Hospitals.** Additional funding for public hospitals, will result in increased gross payments to SUNY (\$48 million), NYC (\$300 million) and County hospitals (\$84 million). *(2009-10 Spending: \$24 million; 2010-11 Spending: \$24 million)*
- **Clinic Transition IT Funding.** Funding in 2009-10 will be provided to clinics for transition to electronic medical records. *(2009-10 Spending: \$3.7 million; 2010-11 Spending: \$0)*
- **Implement Deficit Reduction Bill.** This bill includes proposals to achieve savings by reinstating a hospital assessment at 0.35, eliminating trend factors, reducing or eliminating certain grants. *(2009-10 Savings: \$213.6 million; 2010-11 Savings: \$234.7 million)*

Nursing Homes

New York spends \$7 billion on nursing homes, far more than any other state and about the same as California and Pennsylvania combined. Medicaid underwrites 72 percent of

nursing home costs in New York – exceeding the national average of 65 percent. The Long Term Care Reform Act creates a more rational reimbursement system that is simple, transparent and uses an average price adjusted for the needs of the residents, not the individual facility's costs. These proposals will improve quality and efficiency and help control rising nursing home costs, making New York's payments more consistent with other states over time, and save \$224.6 million in 2009-10 and \$302.6 million in 2010-11.

- **Advance Nursing Home Reimbursement Reform.** The Enacted Budget begins the reform of the State's nursing home system by capping the proposed nursing home rebasing at \$230 million in the current year. A new regional pricing system, using more current Medicaid cost data and tied to quality, efficiency and resident need will replace the cost-based system effective April 1, 2010. Much needed investments to support development of assisted living beds and expansion of community based alternatives are also included. *(2009-10 Net Savings: \$115.3 million; 2010-11 Net Savings: \$183.4 million)*
 - **Reimbursement Reform Savings.** Savings (\$95 million) will be generated by capping planned nursing home "rebasings" (updating the base year cost) at \$230 million, phasing out 6,000 nursing home beds and replacing them with community alternatives over a five-year period (\$7.1 million), reforming assisted living program reimbursement (\$1.6 million), reducing nursing home AIDS rates (\$4.6 million), and limiting bed hold payments (\$9.9 million); and
 - **Reimbursement Reform Investments.** The budget invests a portion of the savings described above to phase-in 6,000 new assisted living beds over five years (\$2.6 million) and establish a falls prevention program for nursing home residents (\$300,000). The budget also lifts the moratorium on new community-based new adult day care programs.
- **Implement Deficit Reduction Bill.** This budget includes provisions to achieve savings by eliminating trend factors and reducing rates. *(2009-10 Savings: \$109.3 million; 2010-11 Savings: \$119.2 million)*

Home Care

Home care is the fastest growing area in Medicaid. New York currently spends far more on home care than any other state in the nation. The Enacted Budget will save \$67.6 million in 2009-10 and \$84.5 million in 2010-11.

- **Home Care Reform.** The Enacted budget invests in the development of a uniform assessment tool for home care (\$5 million), Consumer Directed Assistance Program (CDAP) and Vera Institute (\$1 million), and establishes a regional Long Term Care Assessment Center demonstration program. *(2009-10 Investments: \$7.0 million; 2010-11 Savings: \$2.6 million)*
- **Establish 0.35 Percent Assessment.** A 0.35 percent assessment on total home care provider revenues is established. An assessment on home care providers was previously in effect from 1995 through 1999. *(2009-10 Savings: \$14.2 million; 2010-11 Savings: \$16.0 million)*
- **Implement Deficit Reduction Bill.** This budget includes provisions to achieve savings by eliminating trend factors for personal care (PC), certified home health care agencies (CHHAs) and long term home health programs (LTHHCPs). *(2009-10 Savings: \$60.4 million; 2010-11 Savings: \$65.9 million)*

Pharmacy Services

Proposals in this area reduce state spending and maximize non-state revenues by directly negotiating with manufacturers for drug rebates and by accessing federal Medicare Part D coverage for New York's seniors. Common sense measures employed by commercial drug plans to ensure patients receive cost-effective high quality care are also proposed. These proposals will save \$27.7 million in 2009-10 and \$64.6 million in 2010-11.

- **Modify Supplemental Rebate Program.** Participation in the National Medicaid Pooling Initiative will be phased out, allowing the state to negotiate supplemental rebates directly with manufacturers. *(2009-10 Savings: \$1.8 million; 2010-11 Savings: \$11.0 million)*
- **Require Step Therapy for Certain Drugs.** Physicians will be required to prescribe equally effective, lower-cost drugs before using higher-cost alternatives. *(2009-10 Savings: \$0.5 million; 2010-11 Savings: \$1.1 million)*
- **Limit Quantity, Frequency and Duration of Certain Dispensed Medications.** The existing Medicaid prior authorization process will be employed to limit the number of units of certain dispensed medications that have a high incidence of fraud or misuse. *(2009-10 Savings: \$7.5 million; 2010-11 Savings: \$16.5 million)*
- **Establish Drug Utilization Review.** Standards developed by the Office of Mental Health governing the dispensing of psychotropic drugs will be used in the Medicaid

program. (2009-10 Savings: \$1.8 million; 2010-11 Savings: \$3.9 million)

- **Require Use of Brand Drugs When Less Costly.** The use of brand-name drugs will be required when the cost, less rebates, is less than the generic equivalent. (2009-10 Savings: \$1.8 million; 2010-11 Savings: \$4.0 million)
- **Incent e-Prescribing.** Incentives will be provided for prescribers and pharmacies to electronically send and receive prescriptions. (2009-10 Savings: \$1.2 million; 2010-11 Savings: \$2.7 million)
- **Require Eligible EPIC Seniors to Enroll in Medicare Savings Program.** Approximately 20,000 EPIC seniors who are income eligible, will be required to enroll in the Medicare Savings program to reduce costs both for them and the state. (2009-10 Savings: \$3.3 million; 2010-11 Savings: \$14.5 million)
- **Cover EPIC Mail Order Purchases.** EPIC will cover drug purchases through out-of-state mail order providers, taking advantage of more cost-effective options commonly offered by Medicare Part D plans. (2009-10 Savings: \$0.8 million; 2010-11 Savings: \$1.9 million)
- **First Databank Settlement.** Savings are anticipated from a reduction in the basis of Average Wholesale Price (AWP) pursuant to a settlement of claims against First Databank. This is expected to reduce Medicaid pharmacy reimbursement. (2009-10 Savings: \$9.0 million; 2010-11 Savings: \$9.0 million)
- **Increase Access to Coverage.** To enable eligible children and adults to secure and keep coverage, face-to-face interview, finger imaging, and asset test requirements are eliminated. Also, barriers to enrollment in Family Health Plus by public employees and 19 and 20 year-olds who do not live with their parents will be removed. (2009-10 Cost: \$1.5 million; 2010-11 Cost: \$5.3 million)
- **Expand Access to Coverage.** FHPlus coverage for adults will be expanded to 200 percent of the Federal Poverty Level provided federal waivers are granted and no new state funding is required.

Insurance

Targeted assessments on the Insurance industry are recommended to reflect the need to receive contributions from each sector of the state's healthcare system for gap-closing purposes. These actions will reduce spending by \$743.5 million in 2009-10 and \$477.9 million in 2010-11.

- **Extend Covered Lives Assessment.** The Covered Lives Assessment will be extended to health insurers headquartered out-of-state. (2009-10 Savings: \$5 million; 2010-11 Savings: \$5 million)
- **Implement Deficit Reduction Bill.** This bill includes provisions to increase a number of assessments on this industry to help fund health care programs including increasing surcharges collected on patient service revenues, shifting funding for the Healthy New York program to the Insurance Department and increasing the Covered Lives Assessment on health plans. (2009-10 Savings: \$738.5 million; 2010-11 Savings: \$472.9 million)

Medicaid Fraud Prevention

Over the last two years, the state has substantially increased resources used in identifying fraud and abuse in the Medicaid system. The number of staff targeted to fighting fraud in the Office of the Medicaid Inspector General has been significantly increased (more than 200 since 2006-07) and the computer systems have been upgraded, utilizing state-of-the-art technology to detect fraudulent practices before payments are made. These investments are paying dividends with the state share of collections from Medicaid fraud enforcement expected to reach a record level of \$870 million in 2009-10, an increase of \$175 million or 25 percent over last year.

Utilization and Management of Services

These proposals continue efforts commenced in recent years to manage the provision of Medicaid services to ensure that they are appropriate, meet patient need, are provided in a cost efficient manner and generate savings of \$13.3 million in 2009-10 and \$19.7 million in 2010-11.

- **Limit Case Management Services.** Limiting participation in case management to one service per enrollee will eliminate any unnecessary duplication of services. (2009-10 Savings: \$3.0 million; 2010-11 Savings: \$4.7 million)
- **Require Procedure and Diagnosis Coding.** Hospital and clinic claims will be required to contain accurate patient-specific diagnostic and practitioner codes to prevent inappropriate billing. (2009-10 Savings: \$2.6 million; 2010-11 Savings: \$3.0 million)
- **Require Radiology Prior Approval.** Prior approval for selected high cost radiological procedures will be required. (2009-10 Savings: \$2.3 million; 2010-11 Savings: \$5.8 million)

- **Enhance Practitioner, Laboratory and Durable Medical Equipment Controls.** Controls on practitioner and laboratory providers and durable medical equipment are being put in place to prevent inappropriate payments. (2009-10 Savings: \$5.4 million; 2010-11 Savings: \$6.2 million)

Managed Care

These proposals maximize the use of federal money and control the growth of spending while ensuring that managed care plans are able to provide access to quality care for Medicaid beneficiaries. These measures would save \$151.8 million in 2009-10 and \$179.5 million in 2010-11.

- **Maximize Federal Funding for Family Planning.** Federal reimbursement will be pursued for family planning services provided by managed care organizations, which are eligible for enhanced federal reimbursement of 90 percent. (2009-10 Savings: \$10.3 million; 2010-11 Savings: \$10.5 million)
- **Cap Managed Long Term Care Plan Administrative Costs.** Administrative costs in Managed Long Term Care will be capped to encourage operating efficiencies. (2009-10 Savings: \$7.6 million; 2010-11 Savings: \$8.3 million)
- **Cap Marketing Costs.** Marketing expenses will be limited to the statewide average for Medicaid managed care, Family Health Plus and Child Health Plus. (2009-10 Savings: \$16.9 million; 2010-11 Savings: \$18.5 million)
- **Maximize Enrollment of Dual Eligibles in Managed Care.** The enrollment of dual eligibles in managed care plans that participate in both Medicaid and Medicare programs will be aggressively pursued. (2009-10 Savings: \$3.0 million; 2010-11 Savings: \$5.0 million)
- **Expand Primary Care Case Management.** The primary care case management program will be expanded in rural counties to ensure access to an appropriate medical home. (2009-10 Savings: \$0 million; 2010-11 Savings: \$0.2 million)
- **Increase Family Contributions for Child Health Plus.** Monthly family contribution levels – based on income – for Child Health Plus will be increased consistent with other states. (2009-10 Savings: \$7.0 million; 2010-11 Savings: \$11.8 million)
- **Establish a For Profit HMO Tax.** Requires that for-profit HMOs pay premium taxes on the same basis as other for profit health plans (2009-10 Savings: \$107 million; 2010-11 Savings: \$125.2 million)

Other Budget Actions

A variety of other actions are proposed to achieve health care savings totaling \$540.5 million in 2009-10 and \$6.3 million in 2010-11.

- **Delay Medicaid Cycle Payment.** The last Medicaid payment due in 2009-10 will be delayed by one day to April 1, 2010. (2009-10 Savings: \$400 million; 2010-11 Savings: \$0 million)
- **Reduce HCRA Spending for Selected Programs.** AIDS Drug Assistance Program spending will be financed from available drug rebates and federal funds rather than HCRA funds (\$65.0 million). In addition, unnecessary telemedicine (\$2.0 million) funding will be eliminated. (2009-10 Savings: \$67.0 million; 2010-11 Savings: \$2.0 million)
- **Reduce Long-Term Care Initiatives.** Funding for several initiatives will be reduced to reflect spending needs. (2009-10 savings: \$3.9 million; 2010-11 savings: \$4.3 million)
- **Implement Deficit Reduction Bill.** This budget includes provisions to achieve savings by eliminating retroactive adjustments to the 2008 trend factors for hospitals, nursing homes and home care providers. (2009-10 Savings: \$69.6 million; 2010-11 Savings: \$0 million)

Public Health and Aging Programs

The Department of Health and the State Office for Aging administer a number of programs which support New York's public health and senior care systems. The budget achieves savings by recommending operating efficiencies, generating revenues, and reducing spending on less essential and lower priority programs. These measures combined will save \$104.6 million in 2009-10 and \$66.7 million in 2010-11.

- **Raise Retail Tobacco Fee.** The current \$100 annual fee will be changed to a graduated fee (\$100 to \$5,000) based on the level of a tobacco retailer's total sales. This generates additional revenues for health programs and serves the public health purpose of discouraging smoking. (2009-10 Savings: \$18.5 million; 2010-11 Savings: \$13.6 million)
- **Eliminate 2009-10 Human Services Cost-of-Living Adjustment (COLA).** The 2009-10 cost-of-living adjustment for public health (\$16.7 million) and aging (\$7.1 million) programs is eliminated. To continue the state's long term commitment,

these adjustments are planned to resume April 1, 2010 and the budget recommends extending the COLA for a third year in 2012-13. (2009-10 Savings: \$23.8 million; 2010-11 Savings: \$23.8 million)

- **Recoup New York City Overpayments.** Overpayments cited in recent state audits of New York City's General Public Health Work (\$15 million) and Early Intervention (\$9 million) programs will be recouped. (2009-10 Savings: \$24.0 million; 2010-11 Savings: \$0 million)
- **Reduce Spending for Senior Services.** Spending will be reduced for the Stony Brook Evaluation of Geriatric Home Care (\$0.1 million), NY Connects (\$3.5 million). In addition, funding is eliminated for the Affordable Independent Living Senior Housing Pilot (\$1.8 million), Social Workers for Geriatric In-Home Care (\$0.6 million), End of Life Care (\$0.2 million), Long Term Care Insurance Outreach and Education (\$2.8 million), and the Geriatric In-Home Medical Care Pilot (\$0.7 million). Even after these reductions, there will still be \$116.2 million spent on community senior services in 2009-10. (2009-10 Savings: \$9.7 million; 2010-11 Savings: \$9.7 million)
- **Realize State Operations Efficiencies.** State operations spending is reduced for the Department of Health (\$6.7M), Office of the Medicaid Inspector General (OMIG) (\$2.6 million including savings of \$0.8 million from eliminating OMIG funding for the Attorney General for anti-fraud activities) and Office for the Aging (\$0.3 million), by maintaining controls on hiring and non-personal services spending and by reducing non-essential contracts. (2009-10 Savings: \$9.6 million; 2010-11 Savings: \$9.6 million)
- **Reduce HCRA Anti-Tobacco Funding.** Spending for HCRA anti-tobacco related initiatives will be reduced in 2009-10. (2009-10 Savings: \$10 million; 2010-11 Savings: \$0 million)
- **Enrollment Portal Savings.** The Enacted Budget includes \$9 million in savings associated with a revised implementation schedule of the enrollment portal. (2009-10 Savings: \$9 million; 2010-11 Savings: \$0 million)

In addition, the State uses approximately \$1 billion of the \$5 billion state FMAP benefit provided through Medicaid to allow the restoration of health care savings proposals. This includes funding for hospitals (\$393 million), nursing homes (\$174 million), home care (\$133 million), insurance (\$112 million), pharmacy (\$72 million) and other health care savings (\$97 million).

Critical Investments

The Executive Budget recommendations include funding for several targeted investments that are priority areas and critically necessary. These investments will cost \$59.0 million in 2009-10 and \$138.1 million in 2010-11.

- **Extend HEAL NY.** HEAL NY will be extended for two-years, including capital funding for Roswell Park Cancer Institute, and appropriations for this purpose will be increased by \$650 million. (2009-10 Cost: \$25 million; 2010-11 Cost: \$118 million)
- **Enhance Lead Poisoning Prevention.** Funding for the Childhood Lead Poisoning Primary Prevention Program is increased and this pilot program is made permanent. The increased funding will allow further expansion of existing pilot projects to additional zip codes, support enhanced local activities including coordination with municipal building code departments, and add one to five more counties to the program. (2009-10 Cost: \$2.5 million; 2010-11 Cost: \$5.0 million)
- **Support Community Coalitions for Obesity Prevention.** New funding is recommended for local organizations to work together to create environmental and policy changes that support access to sustainable, healthy, affordable food and accessible safe environments for physical activity and play. (2009-10 Cost: \$1.0 million; 2010-11 Cost: \$1.0 million)
- **Increase Cancer Screening.** Additional funding of \$3.2 million is recommended to support the cancer services program which funds free mammograms, ovarian cancer screenings and colorectal screenings for uninsured and underinsured people. (2009-10 Cost: \$3.2 million; 2010-11 Cost: \$3.2 million)
- **Increase Food Bank Funding.** Increased funding will be provided to food banks to address growing needs in these difficult economic times. (2009-10 Cost: \$4.4 million; 2010-11 Cost: \$4.4 million)
- **Finance Emergency Preparedness.** Funding is recommended to maintain pharmaceutical supplies and medical equipment in the event of an emergency. (2009-10 Cost: \$1.2 million; 2010-11 Cost: \$1.2 million)
- **Legislative Initiatives.** Includes funding of \$20.2 million for various Aging and public health programs in areas such as primary care and quality incentive programs. (2009-10 Cost: \$20.2 million; 2010-11 Cost: \$0)

Transitioning to a stronger health care system

Savings actions allow New York to invest in primary and preventive care and avoid unnecessary and expensive hospitalizations, creating a higher quality and more sustainable system. New outpatient investments include:

- \$92 million on a full annual basis in hospital clinics; combined with the reforms in the 2008-09 Enacted Budget, overall investment in hospital clinics will total \$180 million.
- \$37.5 million in community health centers; combined with the reforms in the 2008-09 Enacted Budget, overall investment in community health centers will total \$50 million.
- \$68 million in fees to doctors and nurse practitioners; combined with the reforms in the 2008-09 Enacted Budget, overall investment in fees to doctors and nurse practitioners will total \$188 million.

The Enacted Budget recognizes the fact that hospitals will face challenges when adapting to a more rational reimbursement system, creating efficiencies in their operations, and realigning their business models towards primary care. To assist them, this budget includes a \$75 million Transitional Reform Fund. This “bridge to reform” provides affected institutions with a greater opportunity to adjust their operations through enhanced resources as they realign their delivery model away from expensive inpatient care and towards primary and preventive care and maintain services for uninsured patients. Other initiatives include:

- Making an additional \$283 million available to hospitals to cover the costs of uninsured patients.
- Maintaining New York’s commitment to its academic medical centers by creating a \$24.5 million pool of funds to allow them to drive positive change through research and best practice development
- Making an additional \$55 million available to community health centers to cover the costs of uninsured patients, subject to federal approval.
- Making \$50 million available to hospitals serving the largest numbers of Medicaid patients to buffer the impact of the budget reductions and reflect the additional costs associated with serving disproportionately large numbers of low-income patients.
- Making \$16 million available to community hospitals to cover the cost of uninsured patients.

Further, the budget includes a designated pool of \$25 million in discretionary HEAL funding (which becomes a total of \$50 million when matched with federal funding through the Federal-State Health Reform Partnership (FSHRP)) to assist struggling safety net and other hospitals with the capital for restructuring necessary to transition to a new reimbursement system. Finally, the budget authorizes the Department of Health to pursue a waiver from the federal government, as part of the State’s renewal on its current 1115 waiver this year, to seek enhanced federal matching dollars to support hospital and primary care reform.

Long Term Care Investments

Alternatives to nursing home care are expanded to allow seniors and the disabled to remain in the community by:

- Doubling the availability of assisted living by closing 6,000 unnecessary nursing home beds to be replaced by 6,000 new Assisting Living Program beds over the next five years. \$100 million in existing HEAL funding has been earmarked to facilitate this transition and to ensure that the nursing home infrastructure remains both safe and sound;
- The Enacted Budget also creates a workgroup of industry representatives, consumers, workers and experts to inform the development of a new home health care reimbursement methodology.

[^ Top](#)

Division of the Budget

About DOB

Employment at DOB

Budget Publications

Website Information

Site Map

Contact

Citizen’s Guide

The Budget Process

Financial Terms

State Agency Guide

Budget Bulletins

Budget Policy

Investor’s Guide

Annual Information Statement & Financial Disclosure

History	Disclaimer	Freedom of Information Law (FOIL)	and Reporting Manual	Detailed Debt Information
Division Procurement	Privacy Policy	State Government Structure	Budget Request Manual	Swaps
Press Releases	Printing Instructions			Variable Rate Obligations
Media Contact	Accessibility			Personal Income Tax Bonds & Sales Tax Revenue Bonds
School Funding Transparency Form				Bond Sale Schedule
				Credit Ratings

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