

CHCANYS

2017-18 FINAL BUDGET **HIGHLIGHTS: HEALTH & MENTAL HYGIENE**

After negotiations that took hold in fits and starts, the Legislature and the Governor came to agreement on a final State budget over this weekend, one week after the start of the State fiscal year.

- **Uncompensated Care Funding for D&TCs.** The final budget maintains the base state funding for the uncompensated care pool at \$54.4M, but does not include any additional funds.
- **Compromise “super powers” language.** One item that kept budget negotiations open beyond April 1 was the Governor’s desire to obtain the authority to change budget items before the next budget process, citing uncertainty with respect to federal funding.
 - The agreed upon compromise was that if there are federal budget (including through continuing resolutions), statutory or regulatory changes that result in a reduction of federal financial participation greater than \$850M, the Division of Budget can develop a plan to reduce Medicaid appropriations, which it will then deliver to the Legislature. The plan must (a) specify the total amount of the reduction in federal financial participation in Medicaid, (b) itemize the specific programs and activities that will be affected by the reduction in federal financial participation in Medicaid, and (c) identify the general fund and state special revenue fund appropriations and related disbursements that shall be reduced. The reductions must “be applied equally and proportionally” to the affected programs. The legislature will then have 90 days to prepare its own plan (which may be adopted by concurrent resolution passed by both houses). If it fails to do adopt a different plan within the 90 day time period, the Administration’s plan automatically takes effect.
 - There is a similar provision for non-Medicaid funds impacted by federal budget changes.
- **Rejection of Public Health Program Pools.** The Governor would have eliminated line item funding for various public health programs (including, e.g., maternal health and school based health centers), created four pools, and cut overall funding by 20%. While the line items were by and large restored, many of these were restored with a 20% cut. These reductions in appropriations included, for example, funding for specific school based health centers, rural health programs, and certain maternal and public health programs.
- **Health Care Facility Transformation Program.** The final budget builds upon last year’s health care facility transformation program, which totaled \$195M (\$30M for community based health care providers, and \$165M for hospitals, nursing homes and D&TCs). The final budget adds \$500M to the pool. Of that, Montefiore would receive \$50M, and at least \$75M is dedicated to community based health care providers (D&TC, OASAS clinic, primary care provider, home care provider, Article 31 clinics). Of the \$500M, the Department could use up to \$300M to make awards to applicants who applied for the \$195M last fall. The final budget legislation requires that the Department announce the awards of the \$200M no later than May 1, 2017. That is, up to \$495M may be awarded to entities that applied last fall. A new RFA would be issued for any remaining dollars; and the legislation allows that the new RFA will reflect legislative and stakeholder input, including on whether the eligibility requirements for community based providers be expanded.

- **Health Care Regulation Modernization Team.** The Governor’s proposal to establish a team to advise on the restructuring of statutes, regulations and policies relating to governance and oversight of health care facilities and home care was **REJECTED**. We understand, however, that the Department may move forward with such efforts administratively.
- **NYC-targeted cuts.** The Governor’s proposal to require NYC to increase its commitment for school supportive health services to \$100M (or risk a \$50M cut in funding) was not included in the final budget, nor was the Governor’s proposal to reduce state funding to NYC for the General Public Health Work Program.
- **Essential Plan – Increasing Beneficiary Responsibility.** The Governor’s proposal would change the threshold at which Essential Plan beneficiaries are responsible for a \$20 monthly payment was **REJECTED**.
- **School Based Health Center Managed Care Carve Out.** While there was no statutory language agreed to, there was agreement to administratively delay the carve in until July 1, 2018.
- **Health Homes.** While the Senate would have struck \$105M in state share for health homes, the final budget reduced the funding from \$105M to \$85M. We understand, however, that because not all allocated dollars were spent on the program last year, the cut will not have an impact in SFY17-18.
- **Community Paramedicine.** The final budget did NOT include a provision to allow community paramedicine in the context of the hospital-home care-physician collaboration program.
- **Heroin and Opioid addiction:**
 - **\$30M** is added for heroin and opioid addiction services, including prevention, Treatment recovery and other opioid-related programming and activities.
 - **\$10M in capital** for prevention, treatment and recovery programs, and also could include housing, without competitive bidding.
- **SAPIS: \$2M** to fund the Substance Abuse Prevention and Intervention Specialists in New York City under the Department of Education.
- **Penalties for Wrongful Opioid Prescribing:** The final budget includes the Executive’s proposal to make it an "unacceptable practice" in the Medicaid program to prescribe opioids in violation of the statutory prescribing limitations, or contrary to the recommendations of the Drug Utilization Review Board.