



**MEMORANDUM OF SUPPORT**  
**Community Health Center Rate Reform**  
A.7560 (Paulin)/S.6959 (Rivera)  
January 8, 2024

The Community Health Care Association of New York State (CHCANYS) strongly supports A.7560 (Paulin)/S.6959 (Rivera) which will close the gap between CHC Medicaid payment rates and the costs of delivering services by implementing a new and updated payment rate that will count for increases in operational costs and the new, expanded model of health and social care that is the hallmark of CHCs.

CHCANYS is the primary care association for New York's federally qualified health centers (FQHCs), also known as community health centers (CHCs). Located in low-income and medically underserved neighborhoods, CHCs provide a full range of primary and preventive health care and enabling services for over 2.3 million patients at more than 800 sites regardless of insurance, immigration status, or ability to pay. The majority of New York's CHC patients are extremely low-income – 89% live below 200% of the Federal poverty level. Additionally, 68% are Black, Indigenous, or People of Color (BIPOC), 28% speak limited or no English, 12% are uninsured, more than 4% are unhoused, and 68% are enrolled in Medicaid, CHIP, or are dually enrolled in Medicare and Medicaid.

New York must protect and expand CHCs' comprehensive care model. According to analysis conducted by the Urban Institute, on average, CHC costs are 44% higher than the maximum allowable CHC Medicaid rate.<sup>1</sup> The base reimbursement rate was set more than 20 years ago – based off costs in 1999 – and has been limited to marginal increases over time. Moreover, the NYS Medicaid reimbursement methodology includes ceilings on operating costs to cap CHC payments and those ceilings have limited necessary growth in the rates. As a result, CHCs are facing rising operating costs that far exceed reimbursement rates. Costs today for personnel, benefits, equipment, medical supplies, and office space are all significantly higher than what they were decades ago and have risen exponentially since the pandemic.

Moreover, CHCs are doing so much more than ever – delivering a full spectrum of comprehensive primary and preventive care services as well as addressing social needs such as housing, transportation, and food insecurity but at the same rate. This is untenable especially as patient demand continues to grow. Adding to these difficulties, CHCs have long experienced workforce shortages due to these cost pressures, with the COVID-19 pandemic further exacerbating the shortages. CHCs continue to report increasing difficulty in recruiting health professionals of all kinds, including nurses, behavioral health clinicians, and dentists. CHCs attempt to offer competitive salaries, but salaries offered by travel nursing agencies and for-profit providers are nearly impossible to match given the deficits in CHC Medicaid reimbursement rates. The discrepancy between reimbursement rates for CHCs and actual costs is a barrier to expanding access to care in New York's most vulnerable communities.

**CHCANYS strongly urges the NYS Legislature to pass Community Health Center Rate Reform A.7560 (Paulin)/S.6959 (Rivera) to ensure that CHCs can continue to provide critically needed services to underserved communities across the State.**

For questions, please reach out to Marie Mongeon, Vice President of Policy, at [mmongeon@chcanys.org](mailto:mmongeon@chcanys.org).

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<sup>1</sup> <https://www.urban.org/research/publication/critical-role-new-yorks-community-health-centers-advancing-equity-medicaid>