

GOVERNMENT AND REGULATORY AFFAIRS

INFORMATION MEMO

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Gov. Hochul's Executive Budget Proposal Offers Promise and Poses Questions for Healthcare Providers

With the release earlier this week of the Gov. Hochul's [budget](#), Bond's [government and regulatory affairs](#) team, along with its [health care](#) practice, have reviewed the proposals and offers highlights relevant to Bond's healthcare clients.

The big news in health care preceded the formal issuance of the Governor's budget: the approval of long-awaited [1115 waiver](#) and the \$7.5 billion in investment over the next several years it will bring. The Governor's budget identified these new funds as a primary source of new investment in healthcare in the coming budget year (the waiver's focal areas including health related social needs, funding for certain distressed downstate hospitals and workforce 'pipeline' initiatives). On the other hand, hundreds of millions in cuts have been proposed that would affect programming in the long term care space, and reductions are proposed in reimbursement rates for capital projects, as has diminishment in the compensation attached to certain consumer directed care activities. Moreover, the language incorporates a call for the industry to caucus and recommend from where to extract additional cuts. The Governor frames this in her '[briefing book](#)' as a means of controlling an area of significant growth in state spending that is categorized as unsustainable: advocates have already begun to push back concerning the timing of these cuts as New York's population ages and demonstrates increasing frailty. Relatedly, human services organizations have voiced disappointment that the budget, as proposed, incorporates a modest 1.5% Cost of Living Adjustment (COLA) in contrast to last year's 5.4% COLA.

In addition to these fiscal proposals, the budget included several legislative proposals that are likely to impact healthcare providers if adopted into law. In an effort to continue to support the healthcare workforce, the Budget proposes that New York enter into Interstate Compacts for licensed physicians and registered nurses (RNs) and licensed practical nurses (LPNs). If adopted, entry into these Compacts would permit reciprocal practice between New York-licensed professionals and those licensed in other Compact states. Also embedded within are proposal is language to create quality and aligned standards in the assisted living space.

The budget also includes a provision to set a floor for commercial insurance rates for behavioral health services by requiring that commercial insurance pay, at a minimum, the reimbursement rate that Medicaid pays. This proposal is part of the Hochul administration's larger effort to expand the availability of behavioral health services.

Employers in health and beyond may be exhaling sighs of relief, however, concerning COVID-19 '[sick leave](#)'. Policies established during the worst of the pandemic to provide compensated time for

COVID-related illness affecting employees and their families has, in the eyes of many employers, extended beyond their usefulness, and the Governor proposes the end of the program through the budget approval process. During the preceding legislative session, bill language had been filed to do just that, but it did not advance.

Bond's Government and Regulatory Affairs practice will offer updates as budget negotiations advance, ahead of an expected agreement on the budget, on or about April 1, 2024.

If you have any questions about the information presented in this memo, please contact [Roger Bearden](#), [Gabriel Oberfield](#), any attorney in Bond's [government and regulatory affairs](#) practice or the attorney are the firm with whom you are regularly in contact.

