

# LONG TERM CARE & GOVERNMENT AND REGULATORY AFFAIRS PRACTICES

## INFORMATION MEMO

SEPTEMBER 19, 2025

### The Dominoes Begin to Fall – New York State Pulls Back on Key Line of Health Insurance Following Passage of the Federal Reconciliation Bill

Bond closely has been tracking the effects of the One Big Beautiful Bill Act (“OBBA, or “H.R. 1”), which President Trump signed into law in Washington, D.C., on July 4. Ripples are beginning to be felt closer to home – among them, New York State has decided that because of inbound Federal funding cuts tied to H.R. 1, it no longer can provide Medicaid coverage to a swath of low-income individuals.

**What’s Changing, Specifically:** in March 2024, the United States Department of Health and Human Services and Department of Treasury approved New York State’s 1332 Waiver, effective through 2028. This waiver allowed New York “to pursue innovative strategies for providing residents with access to high quality, affordable health insurance.” However, H.R. 1 cut funding for New York’s 1332 waiver by eliminating related premium tax credit eligibility. As a consequence, New York lost \$7.5 billion in annual funding that had been directed to expand its Essential Plan (“EP”). In general, the EP has been available to individuals who are New York State residents, lawfully present in the United States, 19-64 years old, not eligible for traditional Medicaid or Child Health Plus, not eligible for employer or other coverage, and able to demonstrate their incomes are sufficiently modest.<sup>1</sup> When expanded last year, the program became available “to New Yorkers who are not eligible for Medicaid with incomes up to 250% of the federal poverty level, or about \$39,125 annually for an individual.”<sup>2</sup>

**NYS Efforts to Boundary the Cuts:** After New York State’s Department of Health (“DOH”) analyzed the impact of the cut, it determined the best course was to terminate its 1332 waiver and reverse the EP’s expansion while also reactivating its Basic Health Program (“BHP”), the latter by July 1, 2026. (The shift currently is subject to approval involving the Centers for Medicare and Medicaid Services and attendant public comment.) New York determined that through this maneuvering, it could retain insurance for the greatest number of persons. Nonetheless, an estimated 450,000 of the 1.7 million affected will lose coverage due to the switch.

**More to Come?** As we move into the fall, Bond closely will be watching whether New York State agencies make additional cuts tied to H.R. 1, whether in healthcare or beyond. (In July, the Governor asked for, and she has subsequently received, proposals for cuts from her agency heads.) Moreover, the New York State budget process for State Fiscal Year 2027 will be ramping up as 2025 moves to close: during the process, proposals that ultimately will find their way into Governor Hochul’s program bill proposal will be developed and incorporated into the budget proposal the Governor will issue next January. The budget will no doubt be austere and is expected to be finalized and signed into law on or about April 1, 2026.

Bond recognizes that the implications of H.R. 1 may well affect funding streams and operations of clients across the state.<sup>3</sup> Accordingly, Bond will be closely tracking these dynamics. Should you have questions, please contact [Ms. Macris](#), [Mr. Oberfield](#), or any of the Bond attorneys with whom you work regularly, whether in Bond’s [healthcare and long term care](#) or its [government and regulatory affairs](#) practices.

<sup>1</sup> See the New York State of Health’s Webpage on the Essential Plan, available at <https://info.nystateofhealth.ny.gov/EssentialPlan> (last accessed on September 18, 2025).

<sup>2</sup> See the New York State Department of Health’s September 10, 2025, press release concerning the insurance coverage shift, “Following Devastating Federal Funding Cuts, New York State Takes New Action to Preserve Health Care for As Many New Yorkers As Possible,” available at [https://www.health.ny.gov/press/releases/2025/2025-09-10\\_federal\\_funding\\_cuts.htm](https://www.health.ny.gov/press/releases/2025/2025-09-10_federal_funding_cuts.htm) (last accessed September 18, 2025).

<sup>3</sup> We highlighted some of these dynamics in earlier coverage of H.R. 1’s health and human services provisions, available here: <http://bsk.com/news-events-vid-eos/what-lies-ahead-for-healthcare-and-human-services-now-that-the-nbsp-one-big-beautiful-bill-act-is-law> (last accessed September 18, 2025).