



Coalition Of Provider Associations

January 2018 - Governor Cuomo's 2018-2019 State Budget Proposal

Governor Cuomo delivered his 2018/19 Budget address on January 16, characterizing this year's budget as more an "economic transformation plan." He outlined threats, including a projected \$4.4 billion deficit, federal cuts to healthcare and a 25% increase in income and property taxes via the limitations on state and local tax deductions (SALT). He said that New York State will be engaged in a lawsuit, support of a bill to reverse the federal tax plan and an effort to restructure New York State's tax code to protect our citizens and the economic viability of our state. The "New York State Tax Payer Protection Act" will shift income tax away from employees and toward employers by instituting a wage tax (which is deductible from federal taxes) rather than a personal income tax. He stated that the property tax issue will begin to be dealt with in other ways which will be fully outlined shortly. He also mentioned increasing state revenue by \$1 billion, a 3% increase in school spending and a 3.25% increase in health spending. State agency budgets stay flat with \$262 million for DSP's, etc. (the 6.5% increase, indicating that the April payment is included at least in the first draft of the Governor's proposal) and \$26 million to combat the opioid crisis.

Senate Majority Leader John Flanagan's brief assessment of the spending plan included #bFair2DirectCare funding. Senator Flanagan said,

*"I think there's some good things in there. The money for education, the three percent (increase) is great. Investments in health care workers and **direct care workers**, all good. The revenue stuff we have to take a hard look at."*

Here are some preliminary details on the Governor's plan that apply to our supports and services:

Office for People With Developmental Disabilities

- Most significantly the Executive Budget includes **\$191 million** (state and federal funding which is an increase of \$170 million) to support the 2nd year of our multi-year #bFair2DirectCare funding request for a living wage for our low wage workers (3.25 percent in January 2018 and 3.25 percent in April 2018). The Executive Budget does not provide any additional funding for further phases of our #bFair2DirectCare request.
- **\$80 million** (an increase of \$55 million) to support the minimum wage and related fringe benefit cost increases associated with movement to a \$15 an hour living wage.
- In accordance with last year's budget agreement, the budget proposal defers the Medicaid Trend for Not for Profit OPWDD providers in order to partially fund the #bFair2DirectCare wage increases.
- Makes **\$120 million** (state and Federal funding when fully annualized) in additional funding available for "Program Priorities," including New Service Opportunities
- **\$15 million** in capital funds to develop independent living housing.
- **\$39 million** to support the transition from OPWDD's Medicaid Service Coordination program to a comprehensive care coordination model operated through several Care Coordination Organization/Health Homes (CCO/HHs), the first step in the transition to managed care.

- **Continue the Blue Ribbon Panel** to examine the feasibility of transitioning some or all operational components of the Institute for Basic Research in Developmental Disabilities (IBR) from the OPWDD to the CUNY College of Staten Island (COSI).

State Education Department

The Executive Budget recommends \$35.7 billion for the State Education Department with a \$769 million (3.0 percent) school aid increase. Although the Governor highlighted the significant Education increases made by his Administration, once again there does not appear to be any funding increases or set asides for 4410 or 853 Special Education schools.

The only mention of special education is **Summer School Special Education Programs** which the Executive Budget proposes to more closely align State reimbursement to school districts for summer school special education tuition costs with the wealth equalized aid ratio used to reimburse school districts for similar programs operated during the school year. This change would conform reimbursement for summer school special education tuition costs with the more equitable wealth adjusted financing structure of the State's School Aid funding system. Summer school special education transportation and maintenance costs will continue to be funded by the State at current rates.

The Executive proposal includes:

- An additional \$15 million investment in prekindergarten to expand high-quality half-day and full-day prekindergarten instruction for 3,000 three- and four-year-old children in high-need school districts.
- \$10 million to fund a second round of Empire State After School awards.
- \$6 million to expand high-quality computer science and engineering education.
- Legislation to ban lunch shaming practices in all schools, including serving alternative lunches (e.g., a cold cheese sandwich) to students who cannot pay at the point of services.
- \$186 million or 3% increase to reimburse nonpublic schools' costs for State-mandated activities
- \$5 million reimbursement program for science, technology, engineering, and math (STEM) instruction.

Department of Health

The Executive Budget recommends \$153.5 billion for DOH, including:

- **\$142 billion for Medicaid** (represents two year appropriation authority),
 - including \$4.3 billion for the Essential Plan, and
 - \$7.6 billion for remaining health program spending.

This reflects a \$5.6 billion increase due to the continuation of two-year appropriations for Medicaid, additional Federal Medicaid funding associated with projected programmatic growth, the Affordable Care Act, and minimum wage increases.

Major Budget initiatives include:

- **Early Intervention** "reforms" including proposals for increased third party insurance reimbursement and streamline the evaluation process for a saving \$3.2 million in 2018-2019 and \$11.9 million in 2019-2020. This is very concerning as the Early Intervention program has basically not received any funding increases and cannot continue with further cuts. We will provide a detailed analysis of these proposals shortly.

- **Elimination of prescriber prevails** for all medications including mental health medications. COPA will again oppose this elimination.
- An additional **\$425 million capital investment for health care** providers to “transition into fiscally sustainable systems” and to support capital projects, debt retirement, working capital and other non-capital needs. Including:
 - \$60 million will be reserved for community based providers (i.e., clinics, home care, assisted living programs (ALPs), primary care providers), however, up to \$20 million of the \$60 million is reserved for expansion of ALPs beds, and
 - \$45 million will be reserved for residential health care facilities. This investment will bring the total amount of capital support provided to health care providers for transformation efforts to \$3.7 billion over 5 years.

Office of Mental Health

- Continues the State’s **#bFair2DirectCare workforce funding** with an additional 3.25% for 100, 200 & 300 codes effective 4-1-18.
- **\$10 million** for existing supported housing and SRO programs.
- Additional **\$11 million** added for community reinvestment of hospital bed closures to community funding. The proposal this year is to close 100 beds.
- **\$50 million** in capital spending expansion of crisis respite capacity.
- **Elimination of Prescriber Prevails** from all medication including mental health. In last year’s proposed budget, prescriber prevails was included for mental health medication.
- **20 new ACT Teams** in New York State that would serve 1280 individuals. Ten of the teams would be in New York City and the rest would be in the rest of the State.
- Budget language would create a **jail based restoration program** that would create specialized residential units in jails. Currently many of these individuals are housing in OMH inpatient hospitals
- Expansion of Medicaid coverage for **tele-psychiatry** for home settings

The Budget Documents are all available at DOB's website:

Budget Bills:

<https://www.budget.ny.gov/pubs/archive/fy19/exec/>

Legislation:

<https://www.budget.ny.gov/pubs/archive/fy19/exec/fy19bills.html>

Please contact your COPA team for further information or questions.

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