NEW YORK STATE SENATE
INTRODUCER'S MEMORANDUM IN SUPPORT
submitted in accordance with Senate Rule VI. Sec 1

BILL NUMBER: S7800

SPONSOR: RIVERA

TITLE OF BILL:

An act to amend the public health law, the social services law, the elder law and the mental hygiene law, in relation to long term care options; and to repeal certain provisions of the public health law relating to managed long term care

PURPOSE:

The purpose of this bill is to eliminate the current partially capitated Medicaid Long Term Care program and replace it with services delivered through a fee-for-service model while preserving fully capitated models.

SUMMARY OF SPECIFIC PROVISIONS:

Section 1 establishes legislative intent, including the desire of the legislature to eliminate the partially capitated managed long term care program and transition participants to a fee-forservice model while preserving fully capitated programs such as Program of All-inclusive Care of the Elderly (PACE), and Medicaid Advantage Plus (MAP).

Section 2 repeals and replaces section 4403-f of the public health law which established MLTC plans. The new section directs the Commissioner of Health (COH) to seek the appropriate federal approvals to provide Medicaid long term care services utilizing PACE, MAP, or a fee-forservice model with services coordinated by a care coordination entity. The new section grants the COH the authority to establish guidelines for the establishment and operation of care coordination entities. The new section would also establish a process that allows persons eligible to receive services to select either a PACE or MAP provider when appropriate, or a care coordination entity to assist in the delivery of fee-for-service based long term care care services. If a selection is not made in a timely fashion the COH would assign a care coordination entity for the person to receive long term care services in a fee-for-service model.

Section 3 modifies the social services laws to direct the COH to make regulations for a delivery of long term care services through a fee-for-service model. The regulations would include but not be limited to: the establishment and operation of care coordination entities; continuity of care; and conflict-free case management. Section 3 would also direct the Department of Health (DOH) to conduct an evaluation of the viability of using care coordination entities in place of the independent assessor for assessments or reassessments when determining an individual's needs.

Section 4 establishes a new section of unconsolidated law that directs the COH to convene an advisory group that is composed of and informed by stakeholder representatives. The advisory group would be tasked with: promoting the transition of persons in receipt of home and community-based long term care services into fee-for-service arrangements; and determining a process to transition providers to a fee-for-service reimbursement system. In implementing the transition to a fee-for-service based model both the COH and the advisory board are directed to

consider and select programs and policies that seek to maximize continuity of care, and minimize disruption to the provider labor workforce, and shall continue to support providers based on a commitment to quality and value. The section would establish a biannual reporting process on implementation of the transition.

Sections 5 through 25 make conforming changes to various sections of law replacing references to 4403-f of the public health law and Managed Long Term Care (MLTC). The references are replaced by "PACE or MAP", or "long term care options," which includes PACE, MAP, or fee-forservice based long term care, where appropriate.

Section 26 establishes the effective date. Sections 1, 3, and 4 would take effect immediately. The remaining sections would take effect April 1, 2026.

JUSTIFICATION:

New York State transitioned home care from a traditional fee-for-service model to a Medicaid managed care program or MLTC Plans in 2011, under direction from then Governor Andrew Cuomo's Medicaid Redesign Team. Under this model, New York State began paying for-profit insurance companies to manage and coordinate healthcare for several Medicaid services, in an attempt to improve care by coordinating between doctors and to save money by creating financial incentives to keep patients healthy and out of high-cost hospitals and nursing homes. The original intent was that MLTC plans would develop into fully capacitated plans over time. This has not happened.

Instead, the majority of the services for-profit insurance companies currently provide are solely home care. Because of this "care coordination" is limited, and the insurance companies administrative costs and profit are a drain on the Medicaid system. These resources could be reinvested to support the delivery of care through fee-for-service and fully capitated models ensuring more uniform care for residents of the state, as well as more adequate reimbursement to providers to support wage increases. This will help to assist providers in addressing healthcare workforce challenges facing the state.

In the past 3.75 years, New York State has given $5.9 billion to the 24 for-profit insurance companies managing home care in administrative costs and profit. In 2021 alone, the latest full year of data available, private insurance companies posted $722 million in profits, twice the national average.

To address this, the "Home Care Savings & Reinvestment Act" would repeal the partially capitated MLTC program and instead provide appropriate long term care benefits under a feefor-service model or through a fully capitated model where appropriate.

This bill is estimated to generate significant annual savings, which can be used to reinvest and support the Medicaid program while addressing healthcare workforce issues.

PRIOR LEGISLATIVE HISTORY:

New bill.

FISCAL IMPLICATIONS:

To be determined.

EFFECTIVE DATE:
Sections 1, 3, and 4 of the bill would take effect immediately. The remaining sections would take effect April 1, 2026.