**[DATE]**

The Honorable Kathy Hochul

Governor

State of New York

NYS State Capitol

Albany, NY 12224

Re: Update and Redesign Nursing Home Medicaid Reimbursement in 2025-26 Executive Budget Proposal

Dear Governor Hochul,

I write to you on behalf of Heritage Ministries and the residents we serve to ask you to invest in quality care for New York’s nursing home residents in your State Fiscal Year (SFY) 2025-26 Executive Budget. New York’s nursing home Medicaid reimbursement is based on 2007 costs, and the gap between reimbursement and the actual cost of care is among the worst in the country. It is time that the state demonstrated its commitment to the wellbeing of nursing home residents by updating reimbursement to reflect current costs and resident needs.  This must begin with a 20 percent increase in Medicaid rates, followed by a plan to incentivize the delivery of high-quality care as part of the move to a new acuity adjustment model. Additionally, cuts to reimbursement for capital projects enacted in 2020 and 2024 must be restored to support investments that improve the quality of life and safety of residents.

The chronic underfunding of nursing home care in our state has made it nearly impossible for organizations like mine to retain and recruit staff, fulfill our mission, and remain viable. We are a mission-driven organization that aims to provide both a high quality of life and high-quality care to the people we serve -- older adults and individuals with disabilities who need skilled nursing care. While most of New York’s long-term nursing home residents rely on Medicaid to pay for their care, New York’s Medicaid reimbursement covers only 75 percent of the daily cost of care per resident. As a result, 85% of not-for-profit homes experienced an operating loss in 2022.

New York is losing needed nursing home capacity due to inadequate funding, creating congestion in hospitals and a crisis of care for consumers of all ages. Fourteen nursing homes have closed since 2020 – almost all of which were not-for-profit. Other homes are eliminating beds and limiting admissions due to staffing shortages and a lack of funds to pay the competitive wages needed to recruit and retain staff. More than 2,000 nursing home beds have been decertified since 2019, and there are 12,000 empty certified beds across the state on any given day -- 3,000 more empty beds than there were in 2019. This is not a product of reduced demand. Older adults in hospitals are experiencing prolonged hospital stays because they are unable to find nursing home care close to home. They are occupying hospital beds that are needed for new hospital admissions, and emergency departments across the state are experiencing overcrowding.

The Medicaid funding gap makes it impossible for nursing homes like mine to cover the costs of staff and operations.

While your administration’s recent Medicaid investments in nursing home care have been helpful, they have been more than offset by rising costs and cuts in capital reimbursement. We are doing everything in our power to recruit and retain direct care staff, but it has become impossible to keep up with desired wage increases, when the vast majority of our residents rely on Medicaid or Medicare, and our Medicaid rate covers only a fraction of the cost of their care. If we cannot recruit and retain sufficient staff to care for our residents, we must limit our admissions and close beds; or worse, close our doors.

Older adults and individuals living with medically complex conditions deserve access to high-quality care within their local communities, and the staff who care for the most vulnerable New Yorkers deserve to receive wages that align with the demanding and important work they perform. New York must address these issues in a comprehensive, thoughtful way that improves access to quality care for all New Yorkers. This entails a 20 percent increase in Medicaid rates for nursing homes to begin to cover the cost of care and a restoration of recent capital reimbursement cuts. Further, as your administration develops a new nursing home acuity adjustment methodology, I urge you to include incentives that promote quality and desired outcomes, support individuals with complex care needs, and enable innovation in care delivery. These steps would provide a long-term solution to stabilize the nursing home sector, promote quality care for our residents, and preserve access across the healthcare continuum.

Sincerely,

NAME

TITLE

ORGANIZATION

TOWN/CITY, NEW YORK