

RESTORE CUTS AND INVEST IN HEALTH HOME CARE MANAGEMENT IN SFY 2026-27

A proven Medicaid cost-containment and equity strategy for New York

WHAT HEALTH HOME CARE MANAGEMENT IS

New York's Health Home Care Management (HHCM) program is a cornerstone of the State's Medicaid transformation. More than **180,000 high-risk adults and children** receive person-centered, integrated care coordination from a network of **4,500 community-based care managers** statewide. These care managers:

- Link members to primary and behavioral healthcare
- Help manage chronic conditions
- Address health-related social needs (HRSNs) such as housing instability, food insecurity, transportation barriers, and disruptions in benefits

HHCM keeps people connected to care, reduces avoidable utilization, and supports better outcomes for the highest-need Medicaid enrollees.

THE PROBLEM: FLAT RATES, RISING RISKS

Health Home rates have remained essentially **flat since 2018**, even as:

- Wage pressures and workforce competition have grown
- Administrative and reporting requirements have increased
- New federal and state eligibility changes threaten continuity of care

The Department of Health's Continued Eligibility Screening Tool (CEST) has resulted in 8,879 members being disenrolled between November 2023 and May 2025; 10.7% re-enrolled after an average gap of 116 days. Among those re-enrolled, 21% lost benefits, 14% experienced an adverse event, 13% lacked a primary or behavioral health provider, and 9% faced food insecurity. These disruptions push people into higher-acuity, higher-cost settings—shifting costs rather than creating savings.*

At the same time, federal Medicaid changes are projected to drive billions of dollars in lost revenue to hospitals and health centers. New York needs strategies that **protect access, advance equity, and reduce avoidable costs**.

*Foothold Care Manager (FCM) Data Analysis from November 1, 2023, to May 1, 2025

SFY 2026-27 BUDGET PRIORITIES

To stabilize and strengthen the Health Home Care Management system, we urge you to **REJECT** the Department of Health's (DOH) \$2.5 million cut to Health Homes, **INCLUDE** Children's High Fidelity Wraparound Services in the Targeted Inflationary Increase, and **INCLUDE** a 15% Medicaid rate increase for Health Homes in this year's final enacted budget:

REJECT \$2.5 Million Cut to Health Home Care Management

- Despite level funding in the Aid to Localities budget, the Department of Health is planning further cuts to Health Homes—on top of nearly \$100M already reduced—which now serve only the most medically complex Medicaid members.
- The CEST tool has sharply restricted eligibility, leading to nearly 8,900 disenrollments, very low re-enrollment rates, and significant harm among those who returned to care.
- These restrictive policies are not generating real savings; instead, they are driving higher costs by pushing vulnerable individuals into more expensive, higher-acuity care settings.

Increase Health Home Care Management Rates by 15%

- The lack of rate increases is contributing to growing instability among safety net providers and Care Management Agencies (CMAs).
- With appropriate rate adjustments and expanded eligibility, New York State can achieve Medicaid savings by reducing high-cost utilization and improving outcomes—while strengthening the care management workforce and preserving access for high-need populations.
- Rates have not increased in approximately 7 years.

Include HFW under the Targeted Inflationary Increase (TII)

The Health Home High-Fidelity Wraparound (HFW) program for children and youth with Serious Emotional Disturbance (SED) model is a critical, high-intensity service for some of New York's most vulnerable children.

- Last year's Targeted Inflationary Increase (TII) applied to "care coordination, including Health Home Plus services," overseen by the Office of Mental Health. The Department of Health's website further states that the HFW policy "only applies to Health Homes Serving Children (HHSC) Care Management Agencies (CMA) that have been approved and designated by the Office of Mental Health."

EVIDENCE: HEALTH HOMES DELIVER MEASURABLE SAVINGS AND BETTER OUTCOMES

Multiple evaluations show HHCM generates substantial system-wide savings and better outcomes compared to the broader Medicaid population:

Utilization & Costs

- Inpatient admissions: **-32.5%** for Health Home members vs **-4.8%** statewide
- Emergency Department visits: **-18.5%** vs **-4%** statewide
- Skilled nursing facility use: **-44.7%** vs **+10.8%** statewide
- A joint analysis by Northwell Health and Healthfirst found a \$288 PMPM reduction, 33% fewer ED visits, and 56% fewer inpatient admissions within 12 months of HHCM engagement

Behavioral Health Outcomes

- Adult Health Home members outperform the Medicaid population on 19 of 22 behavioral health measures
- Children's Health Home members outperform Medicaid on all 15 behavioral health measures, with dramatically higher follow-up rates after ED visits and hospitalizations for mental health and substance use

For More Information

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