

RMS End of Week Update 7/11/2025



NYS Division of Budget Director Blake Washington Responds to One Big Beautiful Bill Act

On July 10th, New York State Budget Director Blake Washington fielded questions from members of the Legislative Correspondents Association (LCA) regarding impacts of the federal budget - "The Big Beautiful Bill" (BBB) - on New York State's financial outlook.

Washington said the Division of the Budget (DOB) provided "preliminary estimates" of the BBB's impact on state programs, particularly relating to healthcare and food access. He noted a number of provisions would not take effect until after the end of the current fiscal year, March 31 of 2026; these would not have any impact on the currently enacted State Budget. The BBB's changes to Medicaid, however, are set to become effective New Years Day 2026, and this alone will amount to a state shortfall of around \$750 million in the current FY

2025-2026. DOB's preliminary analysis, Washington went on, estimates the BBB's total impact on the State Financial Plan to be a loss of \$3 billion for FY 2026-2027. He emphasized this number does not represent the totality of the federal budget's impact on the state and its residents, emphasizing "people will lose health insurance coverage" in addition to lost funding sources across practically the entire health sector. Washington used the word "destabilization" to describe the BBB's effect on the health sector, stressing it represented "a system-wide impact to the provider network," as well as to persons seeking care who may now be limited in options if not outright removed from their insurance. Asked if he had any solid estimate on the number of people who will lose coverage come January 1, Washington said DOB, along with the Department of Health (DOH), are still working to figure out the exact number. "The impact will be vast," Washington emphasized.

Asked if the state would be able to cover the \$750 million gap through March without the need for a Special Legislative Session, Washington responded "It remains to be seen." Washington maintained the state possesses some flexibility within the current Financial Plan to potentially move forward without a special session but left the door open as matters continue to be examined.

Asked what he'd advised be cut first, Washington stressed those conversations are ongoing and will involve a number of parties. Speaking for himself, Washington said you have to start with the "nice-to-haves" and not the "must haves" so as to lessen the impact on individual New Yorkers.

Asked if Governor Hochul was at all open to raising taxes in order to cover the shortfall produced by the BBB, Washington was noncommittal but questioned the desire of the Legislature to increase taxes "to obfuscate for the sins of our colleagues in Congress." Washington continued by saying "this is going to require some really challenging discussions," further stressed "there's no taxing our way out of this." Zach Williams of Bloomberg asked why the Governor would be unwilling to raise the funds necessary to fill the funding gap, saying "it sounds like she [Governor Hochul] just wants to blame the Republicans and campaign on this." Washington stressed "the reality of the situation" is the measure, which he noted amounts to a \$3 trillion cut to public services nationwide, was enacted by the Republican Party currently in power at the federal level. "That's just a fact," said Washington. Washington continued to receive pushback from reporters over the state's ability to backfill the \$3 billion gap but the Director repeatedly reiterated that attempting to compensate for decisions made at the federal level in such a way would only exacerbate the problem long term.

"Why is it a good idea to cut someone who is losing their health insurance a \$200 check," asked Alex Gault of Johnson Newspapers. Washington said state law,

enacted through the current State Budget, requires the inflationary rebate checks be distributed to New Yorkers. Gault repeated the question "Why is it a good idea?" twice more before Washington said "It's a good idea for me to follow state law." Asked if, given the benefit of hindsight, the inflation rebate checks might be viewed as a bad idea Washington said that was not the case and the checks still served their purpose for a large number of New Yorkers regardless of the decisions at the federal level.

Source: New York StateWatch

Fiscal Policy Institute Briefing and Report on the Federal Budget

On July 10, the Fiscal Policy Institute held a Briefing and Overview of the Federal Budget Reconciliation Bill (One Big Beautiful Bill Act – OBBBA). The OBBBA will increase the federal deficit by \$3.3 trillion over the next ten years through income tax cuts and tax credit increases. 70% of the tax cut benefits are estimated to accrue to the wealthiest households.

OBBBA Spending Cuts

- Medicaid & ACA - \$1.1 trillion
- IRA Climate Provisions - \$569 billion
- Student Loans - \$278 billion
- SNAP - \$189 billion

State and Local Tax Deductions (SALTs)

Higher SALT cap delivers small benefit to few households. Most taxpayers earning under \$305,000 get no benefit from the SALT deduction. *The maximum benefit of the SALT deduction is \$3,200 for taxpayers earning between \$450,000 and \$500,000.* There is no SALT deduction benefit for taxpayers earning more than \$530,000.

Fiscal Costs for New York

Fiscal Costs for New York



Provision	Cost to New York	Cost to Healthcare System	Timing
Essential Plan State Takeover	\$2.7 billion		1/1/26
Essential Plan Loss of Funding (Net of State Takeover)		\$4.9 billion	1/1/26
Cancelling the MCO tax	\$1.6 billion		1/1/26
Work requirements	\$500M	\$8.1 billion	As early as 1/1/26
Cut to DSH cap and changes to state directed payments	\$3.6B		
SNAP benefits cost shifting	\$1.1 billion		10/27; increases 10/28
SNAP administrative cost shifting	\$266 million		10/26
TOTAL CUTS	~\$10 billion	~\$13 billion	

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Major Healthcare Impacts

New York's state budget costs for health care will be cut by \$8.4 billion. Non-state budget costs amount to \$12.7 billion (federal funds that will be discontinued). A return to pre-ACA levels of uninsurance are expected due to ~1.5 million who will lose their insurance. These impacts are anticipated to begin by January 1, 2026.

Essential Plan Impact

The Essential Plan provides coverage to 1.6 million low income people who are ineligible for Medicaid. U.S. citizens and immigrants between 138% and 250% of FPL and lawfully present immigrants 0-138% of FPL. OBBBA will disqualify most immigrants for Essential Plan.

MCO Tax Impact


MCO Tax will be eliminated likely 1/1/26 resulting in an annual loss of \$1.6 billion.

Work Requirements & Other Medicaid Eligibility Impact

OBBBA requires states to implement burdensome eligibility checks including working requirements and more frequent redeterminations. These impacts are primarily expected to affect the "ACA expansion" population. These functions are expected to cost the state \$500 million to implement. NYS estimates that these requirements may kick 1.2 million people off of Medicaid. These changes are currently schedule for 1/1/26 although implementation is unlikely before that date.

NYS Hospital System at Risk

Uninsurance is expected to disproportionately impact safety net and rural hospitals. FPI estimates potential job losses of 215,000 across the labor market and potential for dozens of hospital closures.



Provision	State Budget Impact	Health System Impact	Coverage Impact	Timing
Essential Plan Changes	\$2.7 billion	\$4.9 billion	-225,000	Begins 1/1/2026
MCO tax cancellation	\$1.6 billion			Begins 1/1/2026
Medicaid Work Requirements etc.	\$500M implementation cost, potential \$1.4B benefit savings	\$7.6 billion	-1.2 million	As early as 1/1/2026
DSH cut	\$1.8B			4/1/26 (unless cancelled)
Changes to ACA exchange		\$200M	-80,000	As early as 1/1/2026
Changes to State-Directed Payments and Provider Taxes	Perhaps \$1.8B over time			Starting in 2028
Total	\$8.4 billion	\$12.7 billion	-1.5 million	

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State-Level Decision Points

- *How do we avoid coverage losses?* A dramatic increase in uninsured will just shift costs. Coverage losses likely to be concentrated among healthier people who are relatively affordable to insure.
- *How do we support safety-net hospitals?* The state needs to support safety-net hospitals in order to keep them open.

SNAP Impacts

- Benefits cost sharing requires states to pay for up to 15% of SNAP benefits which is expected to increase costs by \$1.1 billion (start date 10/2027)
- Administrative cost sharing will increase states' share of admin costs from 50% to 75% and is expected to increase costs by \$266 million (start date 10/2026)
- Eligibility restrictions (time limits/work requirements) will result in NYers losing benefits (immediate start date)

FPI Policy Recommendations – Revenue Raisers

- Personal income tax increase (\$5-\$10 billion)
- Corporate tax (\$9 billion)
- Sales tax on services (\$17-\$25 billion)

FPI also notes the state's current fiscal reserves, which could be utilized as a stop-gap measure, but not a long term solution to budget shortfalls.

Prior to its enactment, the Fiscal Policy Institute prepared an analysis of the "One Big Beautiful Bill Act" which you may [view/download here](#).

CDPAP hearing postponed at request of Hochul administration

The NYS Senate's inquiry into the transition of CDPAP to a single statewide fiscal intermediary, originally scheduled for July 9, has been postponed. The delay was requested by the New York State Department of Health (DOH), which cited scheduling constraints and indicated its availability to participate at a later date.

The offices of Senator James Skoufis (Government Operations and Investigations Committee) and Senator Gustavo Rivera (Health Committee) are currently working with DOH to identify a new date, likely in August. DOH has committed to participating in the rescheduled hearing.

FY 2025 4th Quarter Global Cap Report

The Medicaid Redesign Team (MRT) website has been updated to reflect the Fiscal Year (FY) 2025 4th Quarter Global Cap Report. The Department of Health (DOH) and the Division of the Budget (DOB) report that spending for the Fiscal Year (FY) 2025 Medicaid Global Spending Cap was approximately \$8.7 million (or 0.03%) below the \$31.7 billion target. The posted reports can be found at: https://www.health.ny.gov/health_care/medicaid/regulations/global_cap/.

NYS COVID-19 Monitoring Dashboard

Use this link to view the State's updated [COVID-19 Hub](#).

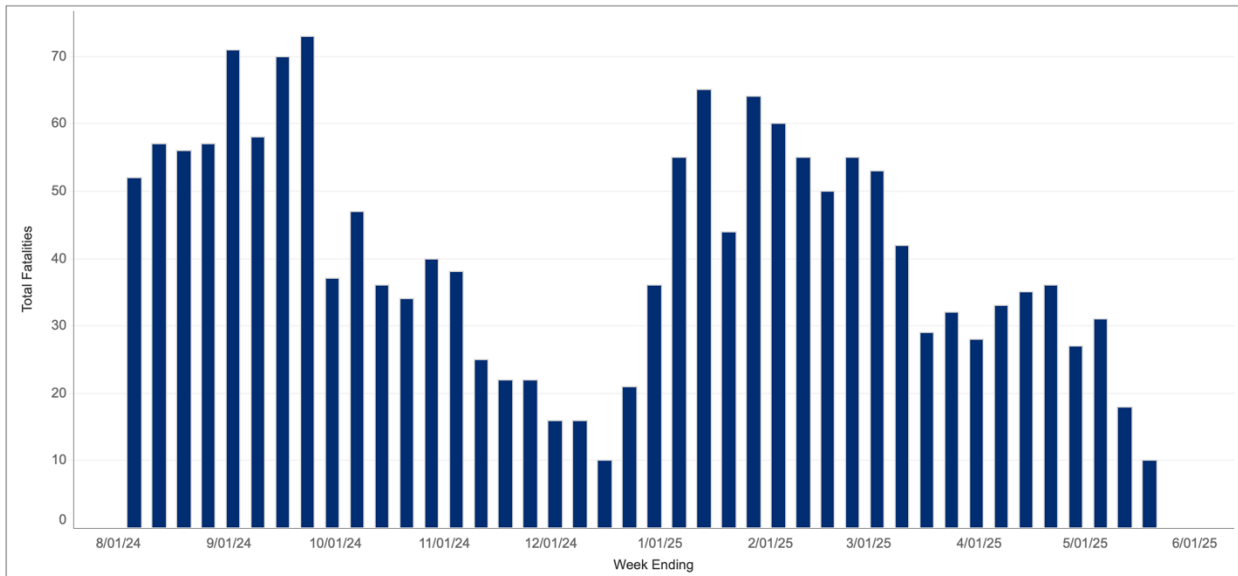
NYS COVID-19 Fatalities Tracker

Below we have included the Fatalities Tracker with the webpage where updated numbers can be found throughout the week linked [here](#).



Total Fatalities reported to and compiled by CDC : 85497

This weekly COVID-19 provisional death certificate data reported by NYS DOH and NYC to the CDC includes those who died in any location, including hospitals, nursing homes, adult care facilities, at home, in hospice and other settings.



Helpful Links and Resources

[**RMS Final Budget Tax/Revenue Table**](#)

[**RMS SFY 2025-26 Final Budget H/MH Summary**](#)

[**RMS End of Session H/MH Summary of Bills Passed Both Houses**](#)

[**Center for Disease Control and Prevention**](#)

[**Department of Financial Services information and resources**](#)

[**New York COVID-19 Vaccine Information Page**](#)

Department of Health

<https://coronavirus.health.ny.gov/home>

[**COVID-19 Guidance for Medicaid Providers**](#)

Office of Mental Health

<https://omh.ny.gov/omhweb/covid-19-resources.html>

OPWDD

<https://opwdd.ny.gov/coronavirus-guidance>

State Education Department

<http://www.op.nysed.gov/COVID-19.html>

NYS Department of Labor

<https://dol.ny.gov/>