



FEDERAL FUNDS TO NEW YORK CITY: MEDICAID

Overview

Medicaid (Assistance Listing Number 93.778) is a health insurance entitlement program for low-income adults and children. Each state administers its own Medicaid program within federal guidelines, and it is jointly funded by the federal and state governments. New York State requires localities to provide funding toward the non-federal share. More than four million City residents were enrolled in the Medicaid program as of January 2025. The City reimburses the State for its local portion that has been capped since 2015 (see Figure 1). Eligible recipients include U.S. citizens, lawful permanent residents and those that meet immigration status requirements. Medicaid enrollees must meet income eligibility requirements. Pregnant women are eligible for full Medicaid benefits regardless of immigration status. In 2024, the State expanded Medicaid eligibility to undocumented adults 65 and older. Emergency Medicaid will pay for the treatment of an emergency medical condition to undocumented and temporary immigrant New Yorkers that are not eligible for full Medicaid benefits. Medicaid is a direct benefit to eligible recipients and the City receives federal funding for the administration of the program.

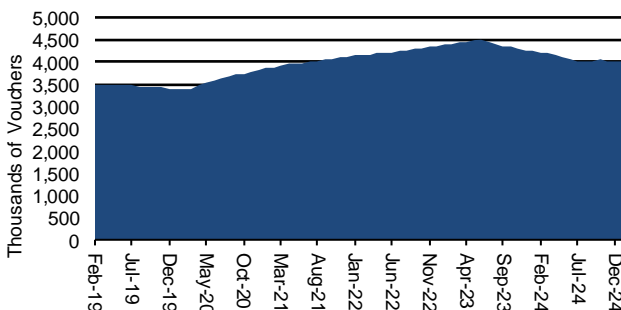
Citywide Funding

As noted in Figure 2, the City’s latest financial plan includes \$381 million in federal Medicaid grants citywide, with the majority budgeted at the Human Resources Administration (HRA). Medicaid is an insurance benefit provided to eligible residents and HRA is the responsible agency which processes certain Medicaid applications. More than half of the federal grants are for the reimbursement of administrative costs for the Medicaid program. City agencies also receive federal reimbursement for the delivery of Medicaid services such as speech, physical and occupational therapies in the Department of Education (DOE) and Early Intervention services in the Department of Health and Mental Hygiene (DOHMH).

IMPACT

- As of January 2025, HRA administered the Medicaid program for over 1.6 million residents; the remaining approximately 2.4 million residents are administered by the New York State Department of Health.

FIGURE 1
NYC Medicaid Enrollment



Sources: NYS Department of Health; OSC analysis

FIGURE 2
Medicaid Revenue by Department
FY 2026 Preliminary Budget
(in millions)

Department	FY 2025	FY 2026
Human Resources Adm	\$ 249.9	\$ 247.2
Dept of Education	81.0	81.0
Health and Mental Hygiene	40.7	38.1
Admin for Children’s Svcs	5.4	5.4
Dept for the Aging	4.1	3.7
Total	\$ 381.2	\$ 375.4

Sources: NYC Office of Management and Budget; OSC analysis

In FY 2025 and FY 2026, HRA anticipates receiving about \$205 million in federal funding in each year for administering the City program and the remaining funding is reimbursement for homecare services.

- The DOE is required by federal law to ensure students with disabilities have related services such as physical, occupational and speech therapies designed to meet their needs. The DOE is entitled to submit Medicaid reimbursement claims for covered services provided to Medicaid-eligible students. The DOE anticipates federal Medicaid reimbursement of \$81 million annually in FY 2025 and FY 2026. However, the DOE historically has had difficulty claiming this revenue and has only collected \$60 million in FY 2023 and \$67 million in FY 2024, [see OSC's report](#). During the 2023-24 school year, approximately 308,000 related service encounters were recorded.
- Established under the State public health law, the Early Intervention program is managed locally through DOHMH which contracts with non-profit providers serving children with an identified developmental delay up to the age of three. DOHMH has budgeted an average of \$19.5 million in federal Medicaid funding in fiscal years 2025 and 2026. Between fiscal years 2022 and 2024 about 14,900 new children annually received Early Intervention services.
- Funded by the New York State Office for the Aging, supported by federal grant funding and statutorily-mandated in New York State Elder Law, NY Connects provides access to information and assistance for older adults on long term services and supports. In the City, this program is administered by the Department for the Aging by contracting with one non-profit agency per borough. The January Plan budgets \$4.1 million in FY 2025 and \$3.7 million in FY 2026 in federal funds for the program.
- The City's estimates of federal receipts exclude most Medicaid funds. Such funds do not flow directly to the City. Instead, doctors and hospitals are reimbursed directly for the services they provide to enrollees in the Medicaid program. The federal share of Medicaid in New York City is about \$30 billion, not including supplemental Medicaid payments. The City reimburses the State for its portion of Medicaid costs for over four million Medicaid enrollees and for supplemental Medicaid payments to NYC Health + Hospitals (H+H) for the care they provide to a large number of Medicaid and uninsured patients. The January Plan budgets \$6.6 billion in FY 2025 and \$6.5 billion in FY 2026 for the City share of Medicaid expenses. The State caps the local share of Medicaid at calendar year 2015 levels, which is estimated to provide savings of over \$4 billion to the City in State fiscal year 2025.
- NYC Health + Hospitals is the largest public hospital system in the country and serves approximately one million City residents annually of which about 65 percent are on Medicaid or uninsured. During FY 2024, 58.2 percent of inpatient discharges and 46 percent of outpatient visits were covered by Medicaid. Medicaid is a significant source of revenue for the system; nearly 70 percent of its patient revenue annually is budgeted in its adopted FY 2025 accrual plan.
- The federal Affordable Care Act reduces federal Medicaid Disproportionate Share Hospitals (DSH) payments that provide financial assistance to hospitals that serve a large share of Medicaid and uninsured patients. H+H is the largest recipient of these funds in the State. The implementation of these reductions have been delayed since 2014 and are now scheduled to begin on October 1, 2025, pending no further delay from Congress. H+H has already accounted for the reduction of these payments in its financial plan but it is relying on the approval of the federal Centers for Medicare and Medicaid to approve alternative sources of supplemental Medicaid that would lessen the impact of the DSH cuts.