

Key Budgetary Changes Affecting Small Businesses - FY23 to FY24

Empire State Development (ESD) is New York's chief economic development agency. The mission of ESD is to promote a vigorous and growing economy, encourage business investment and job creation, and support diverse, prosperous local economies across New York State through the use of loans, grants, tax credits, real estate development, marketing and other forms of assistance.

The New York State Economic Development Law requires ESD to prepare an annual summary for the small business community of the key budgetary changes impacting small businesses – deemed to be one which is a resident in New York State, independently owned and operated, not dominant in its field and employs 100 or less employees.

Agency: Department of Labor

Program: Empire State Apprenticeship Tax Credit Program

2022-23 Budget: As of January 1, 2018, the Empire State Apprenticeship Tax Credit Program is providing up to \$10 Million annually to offer tax incentives to certified businesses for employing qualified apprentices in demand occupations or industries or regional growth sectors. These include, but are not limited to, those trades identified by the Regional Economic Development Councils such as clean energy, healthcare, advanced manufacturing, and conservation. Qualified apprentices must be employed full-time for at least six months of a calendar year and must have been enrolled as an apprentice on or after January 1, 2018.

This tax credit was originally scheduled to run through 2022; however, as part of Governor Hochul's 2022 State-of-the-State address, the tax credit is expected to be extended through 2026.

As New York State continues to rebound economically from the COVID-19 pandemic, the Empire State Apprenticeship Tax Credit program continues to offer incentives to aid businesses looking to rebuild their workforce, post-COVID. NYSDOL is also exploring the possibility of issuing another funding opportunity to continue apprenticeship expansion opportunities which, if issued, can be braided together with this tax credit, offering a significant incentive to businesses.

2023-24 Budget: As of January 1, 2018, the Empire State Apprenticeship Tax Credit Program is providing up to \$10 Million annually to offer tax incentives to certified businesses for employing qualified apprentices in demand occupations or industries or regional growth sectors. These include, but are not limited to, those trades identified by the Regional Economic Development Councils such as clean energy, healthcare, advanced manufacturing, and conservation.

Qualified apprentices must be employed full-time for at least six months of a calendar year and must have been enrolled as an apprentice on or after January 1, 2018.

This tax credit was originally scheduled to run through 2022; however, the tax credit was extended through 2026.

The Empire State Apprenticeship Tax Credit program continues to offer incentives to aid businesses looking to rebuild their workforce, particularly post-COVID. Also available is the Apprenticeship Expansion Grant-4 RFA which, when braided together with this tax credit, offers a significant incentive to businesses.

Summary: Saves New York businesses money: This program will make the tax credit available to businesses across the state as they train New York's future skilled workforce.

Agency Contact:

Chris Pinheiro

Director

Apprenticeship and Infrastructure

New York State Department of Labor

State Campus – Building 12, Room 450

Albany NY 12226

Chris.Pinheiro@labor.ny.gov

518-457-1996

Agency: Department of Labor

Program: New York Youth Jobs Program

2022-23 Budget: As of January 1, 2022, extending the New York Youth Jobs Program: The FY 2023 Executive Budget extends the New York Youth Jobs Program with an annual \$40 million allocation over the next five years, through 2027. The available credit remains at \$750 per month up to six months for eligible youth hired full-time with an additional \$1,500 for retaining the youth an additional six months and another \$1,500 for retaining the youth a second full year. For youth hired part-time the available credit remain at \$375 per month up to six months for with an additional \$750 for retaining the youth an additional six months and another \$750 for retaining the youth a second full year. Number of certified youths: 57,805

2023-2024 Budget: As of January 1, 2023, the available credit remains at \$750 per month up to six months for eligible youth hired full-time with an additional \$1,500 for retaining the youth an additional six months and another \$1,500 for retaining the youth a second full year. For youth hired part-time the available credit remain at \$375 per month up to six months with an additional \$750 for retaining the youth an additional six months and another \$750 for retaining the youth a second full year.

Summary: The program has been extended another five years, through 2027.

Agency Contact:

Conor Donnelly

Workforce Programs Specialist 3

New York State Department of Labor

State Campus – Building 12, Room 408

Albany, NY 12240

Conor.Donnelly@labor.ny.gov

518-457-7977

Agency: Department of Labor

Program: Existing Employee Training (EET) Program (2018-2023)

Employee Retention and Advancement Training (ERAT) Program (2024)

2022-2023 Budget: Included in the Governor’s Consolidated Funding Application Workforce Development Initiative (CFA WDI), up to \$25 million is available for all CFA WDI programs on a first-come, first-served basis. EET Program funds are available to provide occupational skills training courses for employed, existing workers seeking to enter or remain in middle-skill occupations at private for-profit or not-for-profit businesses with two or more full-time employees.

2023-2024 Budget: As of Fall 2023, NYSDOL will no longer participate in the CFA Program and will move to a NYSDOL-specific Workforce Development Training (WDT) Program. Up to \$25 million will be available on a first-come, first-served basis for all WDT programs. ERAT Program funds will be available to provide occupational skills training courses for employed, existing workers seeking to enter or remain in middle-skills occupations at private for profit or not-for-profit businesses with two or more full-time employees.

Summary: The EET/ERAT Program saves New York businesses money by supporting training programs that meet the specific needs of business, and helping current workers obtain the skills needed to meet the ever-evolving demands of business to retain employment or advance to higher positions within the company.

Website Link: <https://dol.ny.gov/funding-opportunities-0>

Agency Contact:

Liz Martin

Bureau Manager – Workforce Development and Strategic Planning

New York State Department of Labor

State Campus – Building 12, Room 450

Albany, NY 12240

Elizabeth.Martin@labor.ny.gov

(518)457-1438

Agency: Department of Labor

Program: Unemployed/Underemployed Worker Training (UWT) Program (2018-2023)

Reemployment Training Grant (RTG) Program (2024)

2022-2023 Budget: Included in the Governor's Consolidated Funding Application Workforce Development Initiative (CFA WDI), up to \$25 million is available for all CFA WDI programs on a first-come, first-served basis. UWT Program funds are available to fund private for-profit or not-for-profit businesses; municipalities; and educational institutions, including colleges and universities with two or more full-time employees. Participating entities will provide occupational skills training courses that will qualify unemployed and/or underemployed individuals, with an emphasis on priority populations, to enter employment or obtain a higher level of employment.

2023-2024 Budget: As of fall 2023, NYSDOL will no longer participate in the CFA Program and will move to a NYSDOL-specific Workforce Development Training (WDT) Program. Up to \$25 million will be available on a first-come, first-served basis for all WDT programs. RTG Program funds will be available to fund private for-profit or not-for-profit businesses; municipalities; and educational institutions, including colleges and universities, with two or more full-time employees. Participating entities will provide occupational skills training courses that will qualify unemployed and/or underemployed individuals, with an emphasis on priority populations, to enter employment or obtain a higher level of employment.

Summary: The UWT/RTG Program saves New York businesses money and develops a local talent pool with relevant occupational skills that provide a competitive advantage to businesses. It also supports training programs that will address the insufficient supply of workers by providing the specific occupational skills and credentials needed by local businesses.

Priority Populations: With an emphasis on serving priority populations, UWT/RTG will provide additional points in scoring to proposals that seek to train at least 50% of their intended participants from one or more of the following categories: displaced homemakers, low income individuals, Native Americans, individuals with disabilities (including youth with disabilities and recovering drug addicts), older individuals, individuals currently and formerly involved in the justice system, homeless individuals or homeless youth, youth who are in or have aged out of the foster care system, individuals who are English language learners, individuals who have low levels of literacy, individuals facing substantial cultural barriers, migrant and seasonal farm workers, single parents (including single pregnant women), long term unemployed workers, Temporary Assistance and Needy Families (TANF) recipients, Supplemental Nutrition Assistance Program (SNAP) recipients, and veterans.

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Agency Contact:

Liz Martin

Bureau Manager – Workforce Development and Strategic Planning

New York State Department of Labor

State Campus – Building 12, Room 450

Albany, NY 12240

Elizabeth.Martin@labor.ny.gov

(518)457-1438

Agency: Department of Labor

Program: Work Readiness Training (WRT) Program (2023)

2023-2024 Budget: Up to \$25 million will be available on a first-come, first-served basis for all WDT programs. WRT Program funds will be available to fund private for-profit or not-for-profit businesses; municipalities; and educational institutions, including colleges and universities, with two or more full-time employees. Participating entities will provide training in workplace readiness skills, including but not limited to, social/interpersonal skills such as communication, problem solving, and conflict resolution; independent living skills such as time management, using transportation, and appropriate behavior; and other topics such as financial and digital literacy, job-seeking skills, and understanding employer expectations.

Summary: The WRT Program will save New York businesses money and time by training individuals in the critical skills required for obtaining employment.

Website Link: <https://dol.ny.gov/funding-opportunities-0>

Agency Contact:

Liz Martin

Bureau Manager – Workforce Development and Strategic Planning

New York State Department of Labor

State Campus – Building 12, Room 450

Albany, NY 12240

Elizabeth.Martin@labor.ny.gov

(518)457-1438

Agency: Department of Labor

Program: Western NY Employment Strikeforce

2022-2023 Budget: As of June 15, 2022, there were 38,039 customers served by Western NY staff and 28,936 individuals have been placed into employment, a placement rate of 76%.

2023-2024 Budget: As of June 20, 2023, there were 45,039 customers served by Western NY staff and 33,895 individuals have been placed into employment, a placement rate of 75%.

Summary: The WNY Strikeforce saves New York businesses time and money while providing a competitive advantage: The Strikeforce initiative will provide skilled jobseekers directly to hiring businesses.

- Outreach that engages members of the business community, identifies hiring businesses, develops job openings for Jobs Express and provides customized recruitment services that fill those openings with the initiative's customer's skill sets.
 - Daily outreach directly engaging businesses to connect Strikeforce customers to jobs.
 - Development of customized recruitments and job fairs: Coordinates and schedules events, posts all openings, works in conjunction with Career Center staff to ensure all openings are matched and qualified customers are referred.
 - Maintains communication with business customer and monitors matching and referral services of Career Center staff to ensure business satisfaction with quantity and quality of candidates referred.
 - Provides resumes of qualified applicants directly to hiring managers and advocates on behalf of customers with the business.
- Job placement services that match each unemployed customer to multiple job openings with the goal of job placement. Services include:
 - Work with community partners to identify customer base of jobseekers in need of assistance.
 - An initial assessment of a customer's knowledge, skills, abilities and work history.
 - A job search strategy with customer's unique employment needs in mind.
 - A job-search-ready resume.
 - Job leads and referrals to jobs.

Agency Contact:

Vicki Mockler

Bureau Director

New York State Department of Labor

State Campus - Building. 12, Room 428

Albany, NY 12240

Vicki.Mockler@labor.ny.gov

518-485-2601

Agency: Department of Labor

Program: Apprenticeship Expansion Grant (combined with the Middle Skills Jobs Gap Training Fund)

2022-2023 Budget: With New York State continuing to rebound economically from the COVID-19 pandemic, this grant solicitation was amended in August 2021 to make up to \$2 million available to serve apprentices in Registered Apprenticeships (RA) in trades in high-demand occupations, with a focus on the emerging fields of Advanced Manufacturing, Healthcare, and Information Technology, as well as other in-demand occupations many of which have been hard hit by the COVID-19 pandemic. RAs in the field of construction are not eligible for funding under this Request for Applications (RFA) unless the trade is to be used for the upkeep and maintenance of a facility owned by the business entity employing the apprentice. This funding covers costs associated with training apprentices through RA, such as Related Instruction (RI), On-the-Job Training (OJT), books, and tools.

This current opportunity is set to expire on July 1, 2022; however, NYSDOL is exploring the possibility of issuing a new funding opportunity to replace this existing grant solicitation, to continue apprenticeship expansion opportunities. If issued as expected, this new funding opportunity can also be braided with the Empire State Apprenticeship Tax Credit Program, which will offer a significant incentive to businesses.

2023-2024 Budget: A new funding opportunity, Apprenticeship Expansion Grant-3 RFA, to replace the grant solicitation that ended on July 1, 2022, was issued July 20, 2022, and ran through December 30, 2022. This grant solicitation made up to \$2.55 million available to serve apprentices in Registered Apprenticeships in trades in high-demand occupations, with a focus on the emerging fields of Advanced Manufacturing, Healthcare, Hospitality, and Information Technology, as well as other in-demand occupations many of which had been hard hit by the COVID-19 pandemic. RAs in the field of construction are not eligible for funding under this RFA unless the trade is to be used for the upkeep and maintenance of a facility owned by the business entity employing the apprentice. This funding covers costs associated with training apprentices through RA, such as RI, OJT, books, and tools.

Another grant solicitation, Apprenticeship Expansion Grant-4 RFA, was issued on March 24, 2023, making up to \$3 million available to serve apprentices in RAs in trades in high-demand occupations, with a focus on the emerging fields of Advanced Manufacturing, Healthcare, Hospitality, and Information Technology, as well as other in-demand occupations. RAs in the field of construction are not eligible for funding under this RFA unless the trade is to be used for the upkeep and maintenance of a facility owned by the business entity employing the apprentice. This funding covers costs associated with training apprentices through RA, including but not limited to RI, OJT, books, and tools. This current opportunity is set to expire on August 30, 2024. Also available is the Empire State Apprenticeship Tax Credit Program which, when braided together with the Apprenticeship Expansion Grant-4 RFA, offers a significant incentive to businesses.

Summary: This funding opportunity has saved New York businesses money while providing a competitive advantage and ensuring that New York has a pool of middle-skill workers available to meet the business needs specific to each region. It is anticipated that this new funding opportunity will enable innovation-based businesses to continue to bring their employment opportunities to New York, thereby expanding access to available talent, reducing recruitment costs for businesses, providing a competitive advantage, and helping to retain businesses in the State.

Agency Contact:

Chris Pinheiro

Director

Apprenticeship and Infrastructure

New York State Department of Labor

State Campus – Building 12, Room 450

Albany, NY 12226

Chris.Pinheiro@labor.ny.gov

518-457-1996

Agency: Department of Health

Program: Improve Access to Primary Care

Benchmark Primary Care Reimbursement at 80% of Medicare

2022-23 Budget: The FY 2023 Enacted Budget included an increase to the Medicaid Physician Fee Schedule for non-facility settings to 70% of the Medicare reimbursement rate.

2023-24 Budget In the FY 2024 Enacted Budget, the Medicaid program further increased the Medicaid Physician Fee Schedule. Effective October 1, 2023, physician fees for Evaluation & Management and Medicine procedure codes were increased to 80% of the current Medicare Fee Schedule. Through this benchmarking, the State is investing \$35.4 million gross (\$17.7 million state share) in SFY 2024 in order to incentivize providers to accept more Medicaid patients in private practice settings and increase access to primary care. Medicaid's Nurse Practitioner and Midwife Fee Schedules are benchmarked to the Physician Fee Schedule and have been commensurately increased.

Summary: The Medicaid Physician Fee Schedule was last benchmarked to Medicare (at 60%) in 2009 and prior to the SFY 2023 budget action, some rates benchmarked to only 14% of Medicare's current rate. Finding Medicaid-participating providers with available appointments can be a barrier to preventive and chronic care, and providers were disincentivized to provide services to Medicaid enrollees because of outdated and comparatively lower reimbursement rates.

To incentivize physicians to expand services to more Medicaid enrollees, the Fee-for-Service (FFS) Medicaid reimbursement rates for physicians, including primary care providers, was benchmarked to 80% of current Medicare reimbursement rates. Increasing the availability of preventive, community-based care will impact the more than seven million Medicaid enrollees in New York as well as 25,000 primary care physicians participating with Medicaid.

Promote Telehealth through eVisits

2022-23 Budget: N/A

2023-24 Budget: The FY 2024 Enacted Budget included an investment in Telehealth to reimburse eVisits at 80% of the Medicare rate for eVisits. eVisits are digital patient-initiated communications with providers using online portals or other electronic modalities. eVisits are covered by many payers, including Medicare and provide compensation to providers for the time they spend on problem-focused communications with patients outside of normal visits.

Summary: This proposal would reimburse providers for time spent digitally communicating with patients via online portal or other electronic messaging. Coverage of eVisits would appropriately reimburse providers for the medical decision-making they do outside of normal

visits and would encourage portal-based healthcare where appropriate and when preferred by their patients, improving access to care. Based on current utilization of eVisits among Medicaid members dually enrolled in Medicare, there is an expectation that a small proportion (5%) of those using telehealth would engage in eVisits for approximately 1.5 eVisits per year.

Increase Reimbursement for School Based Health Centers (SBHCs)

2022-23 Budget: N/A

2023-24 Budget The FY2024 Enacted Budget included a 10% increase to SBHCs (provided by Article 28) and 25% increase to School Based Mental Health Services (provided by an Article 31).

The Public Health Emergency had a drastic impact on the availability of SBHCs in Medicaid and the FY 2024 Budget included a substantial investment to increase reimbursement rates to both SBHCs and School Based Mental Health Centers. Since 2019, there has been a 36% decrease in the number of SBHCs billing the Medicaid program (126 in 2019 as compared to 80 in 2022).

Summary: SBHCs provide comprehensive health services to thousands of school-age children who have limited access do to financial, geographical or other barriers to care. SBHCs were established in recognition of the need to improve primary and preventive health care of children in low-income, high-risk communities. Since 1981, state, federal and private foundation funds have been used to develop and implement projects to provide these expanded school health services for pre-school and school age children through health teams composed of nurse practitioners, physician assistants, community health aides, collaborating physicians, social workers, psychologists, collaborating psychiatrists, health educators, nutritionists, dentists and dental hygienists.

Establish Medicaid Reimbursement for Community Health Workers (CHWs)

2022-23 Budget: New York State Medicaid has submitted a State Plan Amendment to include Community Health Workers as Medicaid providers and cover Community Health Worker services provided to the maternal population.

2023-24 Budget: The FY 2024 Enacted Budget included an expansion for CHW coverage (effective 1/1/24) to include coverage of the services for children under age 21 and high-risk populations, as well as individuals affected by interpersonal violence, housing or food insecurity, individuals with chronic health conditions, and justice involved populations, allowing for critical access for the most vulnerable populations

Summary: CHWs will be enrolled as billing providers statewide and will be reimbursed under Medicaid fee-for-service and Medicaid managed care for services provided to eligible individuals. This benefit expansion will ensure that approximately 1.7 million Medicaid enrollees who are not covered under managed care will have access to these critical services outside of the 1115 Health Equity Waiver Amendment.

Community Health Workers are public health workers that reflects the community served (through lived experience that may include, but is not limited to pregnancy and birth, housing status, mental health conditions or substance use, shared race, ethnicity, language, or community of residence), and function as a liaison between healthcare systems, social services, and community-based organizations in an effort to improve overall access to services/resources and encourage improved health outcomes of the population served. Community Health Worker services are support services that do not require a professional license to provide in the categories of health advocacy, health education, and health navigation.

Agency Contact:

April Hamilton

Executive Deputy Director, Division of Program Development and Management

Office of Health Insurance Programs

New York State Department of Health

1 Commerce Plaza

Albany, NY 12210

April.Hamilton@health.ny.gov

518-473-0919

Agency: Department of Health

Program: Expand Medicaid Coverage of Preventative Care

Expand Medicaid Coverage of Nutritionist Services to all Populations

2022-23 Budget: The FY 2023 Enacted Budget authorized certified nutritionists to enroll and bill Medicaid for services provided to pregnant and post-partum Medicaid members within their scope of practice.

2023-24 Budget: The FY 2024 Enacted Budget expands the FY2023 Budget initiative to allow certified nutritionists to enroll and bill Medicaid for services provided to all Medicaid members within their scope of practice. Many managed care plans already provide reimbursement to nutritionists for medical nutrition therapy and in 2023, this benefit was expanded to all pregnant and postpartum Medicaid members. It is also currently available to Medicaid members who are eligible for the Early Intervention Program. Registered Dietitians are also eligible providers of Diabetes Self-Management Training (DSMT).

Summary: Medically necessary nutrition counseling is already a covered benefit for all other populations, but it currently must be provided by a licensed practitioner. This proposal would ensure ongoing access to these services by qualified providers trained specifically to provide medical nutrition therapy, which is critical during the healthcare worker shortage. This would be implemented via a State Plan Amendment, effective October 1, 2023.

Statewide Medicaid Coverage and Higher Reimbursement for Doulas

2022-23 Budget: N/A

2023-24 Budget: The FY 2024 Enacted Budget expands Medicaid coverage for doula services to all pregnant, birthing, and postpartum Medicaid-enrolled individuals through 12-months postpartum.

Summary: The covered doulas services will include and expand upon those services covered in the Medicaid Doulas Services Pilot in Erie County based on the learnings from the pilot implementation. A total of eight perinatal (prenatal and postpartum periods) visits will be covered, as well as one labor and delivery support visit by a doula. An additional fee will be paid to doulas to accompany their Medicaid client to one postpartum visit to the perinatal provider within the recommended timeframe for follow-up for postpartum care. A State Plan Amendment, effective 1/1/24, will be submitted to add doulas as New York State Medicaid providers and to include reimbursement for doula services to the eligible population. Doulas will be enrolled as billing providers statewide and will be reimbursed under Medicaid fee-for-service and Medicaid managed care.

A doula is a non-medical provider of physical, emotional, and informational support to pregnant people before, during, and after delivery. Doulas do not prescribe treatment, complete a physical or behavioral health assessment, or provide medical care or advice. Doulas may provide prenatal and postpartum visits and continuous emotional labor support. In contrast to the intermittent care most people receive in hospitals when giving birth, studies have shown that the presence of a continuous support person throughout labor leads to better outcomes for the parent and baby.

Establish Reimbursement Rates for Certain Dental Services to Ensure Access for Children and Individuals with Intellectual and Developmental Disabilities (IDD)

2022-23 Budget: N/A

2023-24 Budget: The FY 2024 Enacted Budget established Medicaid reimbursement rates for office-based dental services to include nitrous oxide and oral sedation when provided to children under 21 and individuals with IDD. Reimbursement for nitrous oxide and oral sedation for children and the IDD population in all settings, clinic and private offices, will allow for expanded access and potentially decrease the need for expensive operating room dental treatment.

Summary: An estimated full annual gross investment of \$2.7 million (\$1.4 million state share) is required to activate procedure codes for nitrous oxide and oral sedation during dental office visits for children under the age of 21 and individuals with I/DD. This assumes that, of approximately 7,000 individuals with I/DD and 275,000 children under age 21, 20% would require these services at an average cost of \$25 per visit. This investment would be offset with savings in utilization of the operating room for dental procedures.

Increase Reimbursement for Private Practice Dentists Serving the Intellectual and Developmental Disabilities (IDD) Population

2022-23 Budget: N/A

2023-24 Budget: The FY 2024 Enacted Budget also created a reimbursement incentive for private practice dentists to increase access to dental services for the IDD population. The reimbursement amount would be based on the percentage increase in access to this population beyond the office's current baseline.

Summary: Annual reimbursement for privately practicing dentists serving approximately 14,000 members with I/DD is approximately \$3.0 million in Medicaid FFS. An estimated \$840,000 gross (\$420,000 state share) is required on a full annual basis to increase reimbursement rates for privately practicing dentists who serve individuals with IDD by 20 percent and to account for an anticipated 30% increase in utilization

Increase Reimbursement for Ambulatory Surgery Dental Services for the Intellectual and Development Disabilities (IDD) Population

2022-23 Budget: N/A

2023-24 Budget: The FY 2024 Budget authorizes the Department to adjust Medicaid reimbursement guidelines to ensure more timely access to dental surgical procedures for the IDD population and children under 21. Operating room wait times for vulnerable populations of up to 18 months for a broken tooth or routine care can be significantly reduced with these investments and facility rates for the operating room should be benchmarked to other comparable medical procedures to ensure timely access.

Summary: Currently, 1,379 individuals with IDD require dental procedures to be performed in an ambulatory surgery setting. However, current reimbursement rates provided to ambulatory surgery centers for use of the operating room (OR) are not adequate, as reimbursement is limited to one unit per visit and individuals often require lengthy procedures. To accommodate these longer procedures, this proposal will increase the maximum reimbursable units from 1 to 5 and anticipates that the average number of units per billed per visit will increase to 5 per utilizer. It is also anticipated the number of individuals receiving this service will double as a result of this change and the gross estimated annual investment is \$11.40 million (\$5.7 million state share).

Agency Contact:

April Hamilton
Executive Deputy Director, Division of Program Development and Management
Office of Health Insurance Programs
New York State Department of Health
1 Commerce Plaza
Albany, NY 12210
April.Hamilton@health.ny.gov
518-473-0919