

State Financial Plan Projections Fiscal Years 2019 Through 2022



Health Care Transformation Fund (HCTF)

In September 2017, Fidelis Care (a nonprofit insurer associated with the Catholic Diocese of New York) agreed to sell substantially all its assets to Centene Corporation (under Sections 510 and 511-a of the Not-for-Profit Corporation Law “N-PCL”), a for-profit health insurer based in St. Louis, Missouri, in order to enter New York’s health insurance marketplace. Consistent with previous transactions of similar nature in New York, the transaction was subject to regulatory approval by the Department of Health, DFS and the Office of the Attorney General. The transaction included the health care companies’ agreement to contribute an estimated \$2 billion in both direct payments and taxes over the next five years.

The funds are expected to be used over the next five years to offset State costs for health care transformation activities, including enhancing access to affordable quality healthcare and healthcare related services for the poor, disabled, disadvantaged, elderly and/or underserved people of the State, and/or to assist populations with any unmet healthcare related needs including, but not limited to, those associated with the social determinants of health.

Following the completion of all regulatory approvals, the initial \$1 billion direct payment from Fidelis Care was deposited into the HCTF²² in July 2018. Future conversion proceeds expected to be deposited to the HCTF include \$468 million in FY 2020, followed by a \$118 million in both FY 2021 and FY 2022, and \$68 million in FY 2023. The direct payments to the HCTF do not include the impact of increased insurance tax receipts from Centene or higher Medicaid provider rates paid to Centene, which are reflected in the General Fund.

HEALTH CARE TRANSFORMATION FUND PURSUANT TO PART FFF OF CHAPTER 59 OF THE LAWS OF 2018 (millions of dollars)				
	FY 2019	FY 2020	FY 2021	FY 2022
Opening Balance	0	513	314	0
Receipts	1,068	468	118	118
Fidelis Payment	1,000	400	50	50
Centene Payment	68	68	68	68
Planned Uses	(555)	(667)	(432)	(118)
Housing Rental Subsidies	(274)	(274)	(154)	(118)
State Only Medicaid Payments	(136)	(136)	0	0
Capital Projects	(90)	(90)	0	0
Transitional Operational Support for Health Care Providers	(55)	(167)	(278)	0
Closing Balance	513	314	0	0

DOB expects to transfer HCTF funds to the General Fund to offset State costs for eligible health care transformation activities, including capital investments, debt restructuring activities, housing and other social purposes, and transitional operating support for health care facilities. The actual transfers will be reported in future Financial Plan Updates, as appropriate.

²² The HCTF was created pursuant to Part FFF of Chapter 59 of the Laws of 2018 to account for receipts such as those associated with the Fidelis- Centene sale. Moneys in HCTF shall be available for transfer to any other fund of the State as authorized and directed by the Director of the Budget to support health care delivery.

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Centene Payment	68	68	68	68	68
Planned Uses	<u>(555)</u>	<u>(667)</u>	<u>(432)</u>	<u>(118)</u>	<u>(68)</u>
Housing Rental Subsidies	(274)	(274)	(154)	(118)	(68)
State Only Medicaid Payments	(136)	(136)	0	0	0
Capital Projects	(90)	(90)	0	0	0
Transitional Operational Support for Health Care Providers	(55)	(167)	(278)	0	0
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State Financial Plan Multi-Year Projections

Health Care Transformation Fund

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HEALTH CARE TRANSFORMATION FUND					
PURSUANT TO PART FFF OF CHAPTER 59 OF THE LAWS OF 2018					
(millions of dollars)					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Opening Balance	0	513	314	0	0
Receipts	1,068	468	118	118	68
Fidelis Payment	1,000	400	50	50	0
Centene Payment	68	68	68	68	68
Planned Uses	(555)	(667)	(432)	(118)	(68)
Housing Rental Subsidies	(329)	(441)	(296)	(118)	(68)
State Only Medicaid Payments	(136)	(136)	(136)	0	0
Capital Projects	(90)	(90)	0	0	0
Closing Balance	513	314	0	0	0

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HEALTH CARE TRANSFORMATION FUND PURSUANT TO PART FFF OF CHAPTER 59 OF THE LAWS OF 2018 (millions of dollars)					
	FY 2019 Results	FY 2020 Enacted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Opening Balance	0	525	314	0	0
Receipts	<u>1,080</u>	<u>468</u>	<u>118</u>	<u>118</u>	<u>68</u>
Fidelis Payment	1,000	400	50	50	0
Centene Payment	68	68	68	68	68
STIP Interest	12	0	0	0	0
Planned Uses	<u>(555)</u>	<u>(679)</u>	<u>(432)</u>	<u>(118)</u>	<u>(68)</u>
Housing Rental Subsidies	(250)	(441)	(296)	(118)	(68)
State-Only Medicaid Payments	(150)	(148)	(136)	0	0
Capital Projects	(155)	(90)	0	0	0
Closing Balance	525	314	0	0	0

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Opening Balance	0	525	314	0	0
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STIP Interest	12	0	0	0	0
Planned Uses	<u>(555)</u>	<u>(679)</u>	<u>(432)</u>	<u>(118)</u>	<u>(68)</u>
Housing Rental Subsidies	(250)	(441)	(296)	(118)	(68)
State-Only Medicaid Payments	(150)	(148)	(136)	0	0
Capital Projects	(155)	(90)	0	0	0
Closing Balance	525	314	0	0	0

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