



September 15, 2025

Testimony on Behalf of the New York City Independent Budget Office
City Council Committees on Governmental Operations, General Welfare and Hospitals

On behalf of the Independent Budget Office (IBO), thank you for the opportunity to testify today on the impact of federal budget cuts on NYC. I am Marla Simpson, Special Assistant to IBO Director Louisa Chafee, who is unable to be here today. Together with my colleague, Senior Research and Strategy Officer Sarita Subramanian, I will provide an overview of IBO's current work on this important topic.

Since the passage of the One Big Beautiful Bill Act (OBBBA) in July, IBO has focused on the many ways in which these changes will affect the NYC budget and all New Yorkers, as they cascade through multiple funding streams: funds awarded to the State, to the City, and directly to individuals. While the largest fiscal impacts to the State will likely occur during state fiscal year 2027, which begins in April 2026, some severe impacts will more immediately be felt by individuals beginning this coming January.

To contextualize the potential impacts of the cuts and regulatory changes, IBO is preparing a series of explanatory reports—entitled “Federal Changes, Local Impact”—to assess the evolving federal dynamic. The reports will highlight challenges flowing from the OBBBA, rescission of appropriated funds, reductions in federal staff, and presidential executive orders. IBO will focus on areas in which the City receives substantial federal funds that may now be at risk. The first report, focusing on NYC's public hospital system, Health + Hospitals (H+H), will be released later this week, with subsequent reports released regularly thereafter. Topic areas may include: the NYC Housing Authority, funding for the arts, K-12 education, higher education, disaster relief and public safety, environmental regulation, tax code changes, and income and food supports. I will now turn to my colleague, who will zero in on the impact of the cuts to the Supplemental Nutrition Assistance Program (SNAP) and Medicaid.

According to the NYC Human Resources Administration, as of July 2025, over one million NYC residents rely on SNAP to feed their families, receiving between \$292 and \$975 a month, based on household size. Cuts to SNAP, which will likely be the first federal cuts to hit New Yorkers, include stringent work requirements, increased reporting, burdensome recertification rules, and new limits on the cost of the Thrifty Food Plan—the baseline for determining benefit levels. All of these changes kick in just as inflation is driving grocery costs ever upward. Cuts or pauses to other food programs have already affected food pantries, which will make it harder for New Yorkers who are hurt by these cuts to find alternative support.

At the same time, as of July 2025, almost seven million New Yorkers statewide received essential health care through Medicaid, with over 57% of them—nearly four million—here in NYC. The OBBBA does not directly impact reimbursement rates for Medicaid but does eliminate funding for individuals who are not citizens. It also imposes stringent work requirements for all enrollees. Medicaid revenue impacts to the State are expected beginning in January 2026. Initially, Governor Hochul announced

that the State expected more than one million individuals to become uninsured. This is largely a result of the State's inability going forward to maintain the New York State Essential Plan, a Basic Health Program established under the Affordable Care Act. Just last week, Governor Hochul announced plans to revert the eligibility criteria for the State's Basic Health Program to the previous limit of 200% of the Federal Poverty Line. This would allow more than one million Essential Plan members to remain insured. However, another 450,000 former Essential Plan members whose incomes are between 200% and 250% of the Federal Poverty Line, and who were previously included in the program's expansion, are now likely to lose coverage.

As detailed in IBO's upcoming H+H report, H+H is the largest public hospital system in the nation, serving over one million patients annually and employing over 43,000 workers. Its fiscal year 2025 operating budget was \$13.5 billion. H+H is a safety net health system,ⁱ as defined by the State Department of Health, as over 65% of its adult patients are either uninsured or reliant on Medicaid. This makes H+H particularly sensitive to these recent policy changes. Because over half of the system's operating revenue stems from public insurance reimbursement, inclusive of both Medicaid and Medicare, and supplemental Medicaid payments, H+H receives operating subsidies from the City's coffers—almost \$3 billion in 2025, or 28% of its total budget.

IBO's report details H+H's extensive network of sites, centers, clinics, and other services such as Correctional Health Services for individuals in Department of Correction custody. H+H also administers insurance (MetroPlus) and provides health care access for New Yorkers who do not qualify for and are unable to afford insurance (NYC Care).

Because H+H's mandate is to serve all New Yorkers regardless of ability to pay, the decline in the size of the insured population will reduce revenues, raising questions as to how the State and City may be able to respond. In the past, such financial challenges have sometimes been offset by City intervention and, in the case of the COVID-19 pandemic, federal stimulus funding. The State and City may choose to either insure or otherwise pay for medical care (for example through programs like NYC Care), but the flexibility to do so may depend on the scale of all the federal cuts that may simultaneously impact multiple different areas. Beyond the implications for direct funding, IBO's report notes that economic activity may also be affected as employees or contractors potentially lose their jobs as these systems are forced to downsize. Most importantly, there are potentially devastating impacts on health outcomes for individuals who may be forced to forego primary or emergency care, or who are unable to afford necessary medication.

IBO will continue to monitor federal changes that will have local impacts. Thank you for the opportunity to testify and we are happy to answer questions.

ⁱ The State Department of Health [states](#) that a safety net provider must have at least 35 percent of all patient volume in their outpatient lines of business must be associated with Medicaid, uninsured and Dual Eligible individuals and at least 30 percent of inpatient treatment associated with these populations, or the provider must serve at least 30 percent of this population type in the proposed county or multi-county community.

