STATE OF NEW YORK

5854

2025-2026 Regular Sessions

IN SENATE

March 3, 2025

Introduced by Sens. SKOUFIS, HARCKHAM, MAY -- read twice and ordered printed, and when printed to be committed to the Committee on Health

AN ACT to amend the public health law, in relation to establishing a pilot program in New York state for the establishment and operation of certain rural health zones

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Legislative findings. The legislature finds that collaboration and innovation are needed to address significant gaps in healthcare in rural areas of the state. To provide rural populations with better access to healthcare, the Rural Health Zone Pilot Program will work to improve the health of the targeted zone populations to standards consistent with quality, high levels of access to care and patient outcomes that reflect a patient-centric approach to physical, behavioral, and social well-being. A review of current practices in rural communities is required to identify areas for improvement to local health planning and infrastructure investment to improve access to care and clinical outcomes. This healthcare review, coupled with capital resources, programmatic support, and economic incentives, will create a healthier population, revitalize the workforce, and create greater opportunities for economic development within our rural communities. Ultimately, the Rural Health Zone Pilot Program will establish an innovative organizational replacement for a rural health care model that is no longer viable.

§ 2. Article 29-A of the public health law is amended by adding a new title 1-B to read as follows:

TITLE 1-B

RURAL HEALTH ZONE PILOT PROGRAM

Section 2958-b. Rural health zone pilot program.

§ 2958-b. Rural health zone pilot program. 1. The commissioner shall, within monies appropriated therefore, establish a rural health zone pilot program. The commissioner shall establish pilot rural health zones in:

(a) Orange, Sullivan, and Ulster counties;

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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(b) Orleans, Genesee and Wyoming counties and contiguous areas of eastern Erie and Niagara and western Monroe counties;

(c) Cortland and Tompkins counties; and

(d) a zone to be determined by the governor, the temporary president of the senate, and the speaker of the assembly no later than thirty days after the effective date of this act.

2. (a) The commissioner shall establish in each pilot rural health zone a rural health zone board. The powers and duties of each pilot rural health zone shall be vested in and exercised by rural health zone boards established for each zone consistent with this title.

(b) Each rural health zone board shall be comprised of at least eight members, which shall consist of:

(i) the public health commissioner from each county in the zone or such other person appointed by the local county executive;

(ii) one representative of the department, as designated by the commissioner;

(iii) two members appointed by the governor; one member appointed by the temporary president of the senate; one member appointed by the speaker of the assembly; one member appointed by the minority leader of the senate; and one member appointed by the minority leader of the assembly. Each board member appointed by the governor, the temporary president of the senate, the speaker of the assembly, the minority leader of the senate and minority leader of the assembly shall be representative of business, health systems delivery, health care financing or the public.

3. All appointees of each rural health zone board shall be made no later than sixty days after the effective date of this title. Each board shall meet as frequently as deemed necessary but at least four times in each calendar year. Members of each board shall designate one of its members as its chair. Each board shall enact and from time to time may amend by-laws in relation to its meetings and the transactions of its business. Each appointment shall be made for the duration of the pilot program. Any vacancy shall be filled by the appointing authority within sixty days. The members of each board shall serve without compensation, except that members shall be allowed their necessary and actual expenses incurred in the performance of their duties under this section. The department of health and the empire state development corporation shall provide each board with such facilities, assistance, and data as will enable each board to carry out its powers and duties within reason. Each board shall have the power to retain legal counsel and consultants deemed necessary by each board to carry out its powers and duties. The members of each board shall recuse themselves from discussions and actions where a conflict of interest may exist and shall not receive confidential information, data or material related to an entity where a conflict of interest may exist. Each board will have the authority to determine the geographic scope of the zone consistent with the authorizing statute and subject to review and confirmation by the commissioner.

4. Each rural health zone board shall review current community healthcare needs, infrastructure, and barriers to care within the pilot rural health zone and develop a rural health zone transformation plan. In connection with the development of the rural health zone transformation plan, each hospital, rural health clinic and federally qualified health center within the zone, and other safety net providers, managed care organizations and healthcare services providers as identified by each board, shall submit a proposed rural health transformation plan for such facility or clinic that the organization proposes to implement upon

approval by the board and receipt of necessary funding. Each board shall hold at least one public hearing with a public comment period in each of the counties comprising the zone on its rural health zone transformation plan upon at least thirty days notice to the public.

5. (a) The commissioner shall establish a rural health zone fund for each zone for the purposes of assisting the board in carrying out its powers and duties under this title. The commissioner shall, on an annual basis, specify funds for each zone to the respective fund, and shall be administered and disbursed in accordance with this title.

(b) Consistent with budgeted appropriations to each fund and the provisions of this title, each board shall have full authority to establish, evaluate and award grants, contracts, loans, including forgivable loans, and provide state income and other tax credits and abatements for persons and entities that are providing or supporting the delivery of health care services and related infrastructure in each zone. Each zone may award economic benefits to qualified persons or entities who are providing or supporting the provision of healthcare services to individuals who work or reside in the zone such economic benefits as described in article 18-B of the general municipal law or referred by section nine hundred sixty-six of the general municipal law. Each zone may provide grants, contracts or other budgetary support to hospitals and health systems that are primarily located outside the zone but that affiliate with, provide service to, or have hospital or clinic sites in the zone.

6. In addition to the obligation and authority of each board to establish and implement a rural health zone transformation plan, each zone shall evaluate the potential for establishing a global medical budget for the safety net providers, including hospitals, rural health clinics and federally qualified health centers. The global medical budgets may include voluntary participation of private third-party payors for proportional funding of such budgets based on their relative enrollment in such zone. In the event that a board determines that a global medical budget is not warranted or recommended for safety net providers, the board shall evaluate and identify any alternative third-party payor reimbursement models or changes that may be warranted to achieve a more stable and sustainable form and amount of compensation to the safety net providers for their services to the zone population. Each board shall provide their review and recommendations to the commissioner within two years of the establishment of the board. In making its recommendations, each zone shall seek consultation and comment from zone safety net providers and private third-party payors who provide coverage to employers and individuals that are located in the zone. A copy of the recommendations of each board required by this section shall also be provided to the governor, the temporary president of the senate, the speaker of the assembly, the chair of the senate standing committee on health, the chair of the assembly health committee and the chair of the legislative commission on the development of rural resources. Each board and the department shall not have authority to adopt or implement any global health budgets for any safety net providers absent enactment of further legislation.

7. Each board will consult with, and provide recommendations to, the commissioner and the public health and health planning council regarding necessary changes to state regulatory codes or establishment standards for entities that are providing services in the rural health zones and identify recommended state legislative changes. The commissioner is authorized to waive, modify or suspend the provisions of rules and regulations promulgated pursuant to this chapter if the commissioner deter-

mines that such waiver, modification or suspension is necessary for the successful implementing of the pilot program authorized pursuant to this title and provided that the commissioner determines that the health, safety and general welfare of people receiving health care under such rural dentistry pilot program will not be impaired as a result of such waiver, modification, or suspension.

8. The commissioner shall apply for funding and technical support for the project from the centers for Medicare and Medicaid services office of Innovations in accordance with section 1115-A of the social security act, 42 U.S.C. 1315-a. The commissioner and each board shall evaluate, in connection with such application, any potential changes to its New York state Medicaid plan and demonstration project and waiver that would apply in the zones during the period of the pilot program.

9. Within six months from the effective date of this title, the commissioner, in consultation with each board, shall establish uniform data measurement and reporting tool for the zones to review and evaluate progress during the pilot program, including relevant costs, community health outcomes and social determinates of health, and shall incorporate population health data that is currently being tracked and reported by the state at the county and regional level. No later than twelve months after the approval of the pilot program, and annually thereafter, in a form that conforms to the data measurement and reporting system created by the commissioner, each board shall report to the commissioner on the progress of the program. Such reports shall be publicly available and shall be provided to the governor, the temporary president of the senate, the speaker of the assembly, the chair of the senate standing committee on health, the chair of the assembly health committee and the chair of the legislative commission on the development of rural resources. The costs for the reporting requirements set forth in this section shall be allocated from the department's general operating budget.

10. Each zone may collaborate and coordinate their planning and activities with other zones to promote efficiency, share best practices and avoid unnecessary duplication of efforts or resources.

11. The rural health zone pilot program shall have a duration of five years from the date of the first adoption of a rural health zone transformation plan by each board. The pilot program may be extended from time to time by further legislation or by the commissioner as required to meet the requirements for any state innovation grant received from centers for Medicare and Medicaid services related to the pilot program.

12. Notwithstanding any other provision of law, for grants, contracts and allocations that are set forth and consistent with the plan adopted by the administrative board, each zone will not be subject to procurement, grant award or competitive bidding requirements.

13. The activities of the zones, each board and healthcare providers and participants in furtherance of the rural health zone planning and implementation and other efforts described in this title shall be exempt from the provisions and penalties of article twenty-two of the general business law respecting arrangements and agreements in restraint of trade. To the greatest extent possible, such activities shall be subject to the oversight of each board, the commissioner and the public health and planning council to provide state action immunity under state and federal antitrust law.

§ 3. This act shall take effect immediately.