

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:

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

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

TITLE 1-B

RURAL HEALTH ZONE PILOT PROGRAM

Section 2958-b. Rural health zone pilot program.

23 § 2958-b. Rural health zone pilot program. 1. The commissioner shall,
24 within monies appropriated therefore, establish a rural health zone
25 pilot program. The commissioner shall establish pilot rural health zones
26 in:

27 (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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1 (b) Orleans, Genesee and Wyoming counties and contiguous areas of
2 eastern Erie and Niagara and western Monroe counties;

3 (c) Cortland and Tompkins counties; and

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

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

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

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

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

17 (iii) two members appointed by the governor; one member appointed by
18 the temporary president of the senate; one member appointed by the
19 speaker of the assembly; one member appointed by the minority leader of
20 the senate; and one member appointed by the minority leader of the
21 assembly. Each board member appointed by the governor, the temporary
22 president of the senate, the speaker of the assembly, the minority lead-
23 er of the senate and minority leader of the assembly shall be represen-
24 tative of business, health systems delivery, health care financing or
25 the public.

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

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

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

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

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

24 6. In addition to the obligation and authority of each board to estab-
25 lish and implement a rural health zone transformation plan, each zone
26 shall evaluate the potential for establishing a global medical budget
27 for the safety net providers, including hospitals, rural health clinics
28 and federally qualified health centers. The global medical budgets may
29 include voluntary participation of private third-party payors for
30 proportional funding of such budgets based on their relative enrollment
31 in such zone. In the event that a board determines that a global medical
32 budget is not warranted or recommended for safety net providers, the
33 board shall evaluate and identify any alternative third-party payor
34 reimbursement models or changes that may be warranted to achieve a more
35 stable and sustainable form and amount of compensation to the safety net
36 providers for their services to the zone population. Each board shall
37 provide their review and recommendations to the commissioner within two
38 years of the establishment of the board. In making its recommendations,
39 each zone shall seek consultation and comment from zone safety net
40 providers and private third-party payors who provide coverage to employ-
41 ers and individuals that are located in the zone. A copy of the recom-
42 mendations of each board required by this section shall also be provided
43 to the governor, the temporary president of the senate, the speaker of
44 the assembly, the chair of the senate standing committee on health, the
45 chair of the assembly health committee and the chair of the legislative
46 commission on the development of rural resources. Each board and the
47 department shall not have authority to adopt or implement any global
48 health budgets for any safety net providers absent enactment of further
49 legislation.

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

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

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

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

32 10. Each zone may collaborate and coordinate their planning and activ-
33 ities with other zones to promote efficiency, share best practices and
34 avoid unnecessary duplication of efforts or resources.

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

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

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

54 § 3. This act shall take effect immediately.