

Congress of the United States
Washington, DC 20515

July 2, 2025

The Honorable Kathy Hochul
Governor
State of New York
New York State Capitol Building
Albany, NY 12224

Dear Governor Hochul:

The Committee on Oversight and Government Reform (the Committee) is investigating reports that the State of New York has been failing to abide by the law and match federal Medicaid funds. According to recent reports, the State of New York has been withholding or clawing back Medicaid funds from localities and low-income hospitals in order to buoy its failing balance sheet.¹ As part of its investigation into these allegations of financial impropriety, the Committee requests documents and communications regarding the State of New York's Medicaid program and use of federal funds.

Medicaid is a state and federal partnership created to provide health care for those most in need.² The federal government reimburses state Medicaid programs based on the Federal Medical Assistance Percentage (FMAP) which is based on a state's income relative to the national average, with a minimum reimbursement rate of 50 percent of a state's Medicaid costs and a maximum of 83 percent.³ Prior to 2023, New York received federal matching funds and provided them to localities based on services rendered to Medicaid recipients.⁴

However, in 2023, you proposed, and the state legislature passed, a budget proposal that withheld more than \$1 billion of federal Medicaid funds from localities to meet New York's budget shortfall.⁵ This fiscal coverup has forced local governments to increase property taxes and cut local services.⁶ It is felt most acutely in small and mid-sized counties like Broome and Erie who do not have the enormous tax base to easily make up for the state's clawbacks.⁷

¹ Miranda Devine, *NY Gov. Kathy Hochul's alleged hospital hoodwink in Nassau County*, NY POST, (Dec. 19, 2024); *See also* Kate Lisa, *State to gradually withhold federal Medicaid funds from localities*, SPECTRUM LOCAL NEWS (May 1, 2023).

² *Medicaid's Federal Medical Assistance Percentage (FMAP)*, CONG. RESEARCH SERV., (Apr. 2, 2025).

³ *Id.*

⁴ Kate Lisa, *State to gradually withhold federal Medicaid funds from localities*, SPECTRUM LOCAL NEWS (May 1, 2023).

⁵ *Id.*

⁶ *Id.*; *See also* Press Release, *Speaker Adrienne Adams and Finance Chair Justin Brannan Offer Testimony on Fiscal Year 2026 State Budget at Joint NYS Senate & Assembly Hearing on Local Government*, NEW YORK CITY COUNCIL, (Feb. 4, 2025).

⁷ Susan Arbetter, *Counties could lose big if Hochul's state budget is enacted*, SPECTRUM NEWS, (Feb. 1, 2023). *See also*

The Honorable Kathy Hochul

July 2, 2025

Page 2 of 3

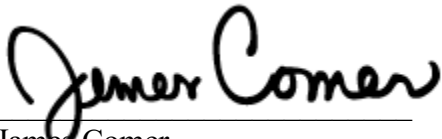
Sadly, the State of New York's abuse of the Medicaid system does not stop there. The Committee understands that the State of New York has concocted a scheme by which the State has forced a safety net hospital to reimburse the state's portion of Medicaid match, despite telling the federal government the funds had gone to the hospital.⁸ The State has reportedly engaged in this behavior for more than 20 years, to the tune of more than \$1 billion at just one hospital.⁹

The abuse of federal taxpayer funds intended to ensure health care coverage for the most vulnerable to cover up your state's budget shortfall is unacceptable. Therefore, we write to request the following information, covering the time period August 24, 2021, to the present, as soon as possible, by no later than July 16, 2025:

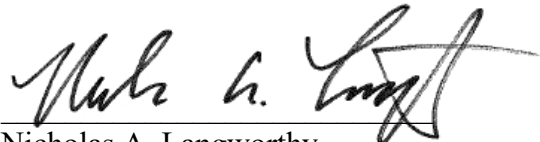
1. All documents and communications related to the Nassau University Medical Center;
2. All documents and communications related to the fiscal year 2024 budget provision related to the clawback of enhanced FMAP; and
3. All documents and communications related to the Medicaid Disproportionate Share Hospital payments program.

The Committee on Oversight and Government Reform is the principal oversight committee of the U.S. House of Representatives and has broad authority to investigate "any matter" at "any time" under House Rule X. To arrange for delivery of documents or to ask any related follow up questions, please contact the Committee on Oversight and Government Reform Majority staff at (202) 225-5074. Thank you for your attention to this important matter.

Sincerely,



James Comer
Chairman
Committee on Oversight and Government
Reform



Nicholas A. Langworthy
Member of Congress



Marjorie Taylor Greene
Chairwoman
Subcommittee on Delivering on
Government Efficiency



Michael V. Lawler
Member of Congress

⁸ Jordan Vallone, *Nassau University Medical Center announces lawsuit against New York state*, FREEHERALD, (Dec. 13, 2024).

⁹ *Id.*

The Honorable Kathy Hochul

July 2, 2025

Page 3 of 3

cc: The Honorable Robert Garcia, Ranking Member
Committee on Oversight and Government Reform

The Honorable Melanie Stansbury, Ranking Member
Subcommittee on Delivering on Government Efficiency