

March 23, 2026

Statement on Federal Approval to Shrink the Essential Plan

470,000 New Yorkers will lose coverage in July—legislators must act to protect them

On March 20, 2026, New York received [final federal approval](#) for Governor Kathy Hochul’s request to shrink the Essential Plan by lowering eligibility from 250 percent to 200 percent of the Federal Poverty Line. This proposal will allow New York to maintain Essential Plan coverage for 1.3 million New Yorkers earning less than 200 percent of the poverty line—but unless the State takes immediate action it will also strip coverage for 470,000 enrollees earning above that amount, beginning in July 2026.

New York has ample resources to provide alternative coverage to this population. In her Fiscal Year 2027 executive budget proposal, Governor Hochul set aside approximately \$2.5 billion in FY27 and \$3.5 billion in future years to provide Medicaid coverage to some Essential Plan enrollees if the State did not receive federal approval for its request to maintain the Essential Plan. Now that the State has received federal approval these funds are no longer needed for that purpose. The State can and should use this newly available \$2.5 billion to protect coverage for those threatened with loss of the Essential Plan. [Past work](#) by FPI has shown that this sum is more than sufficient, and a recent [report](#) by the Community Service Society demonstrates that the State could cover all affected populations for \$2.4 billion.

Previous work from FPI has [shown](#) that the impact of Essential Plan loss would be felt statewide: 233,000 New York City residents are set to lose coverage in July alongside 70,000 Long Islanders, 47,000 residents of the Hudson Valley, 26,000 people in Western New York, and tens of thousands of others across the state.

Following the announcement of federal approval, Fiscal Policy Institute Health Policy Director Michael Kinnucan released the following statement:

“Now that Governor Hochul’s request to shrink the Essential Plan has received federal approval, half a million New Yorkers are four months away from losing their health insurance. This coverage cliff represents the largest and most rapid loss of access to healthcare in New York’s history and would have catastrophic consequences for our state’s healthcare system. The legislature must act to use existing financial plan resources or new revenue to protect New Yorkers’ healthcare.”

About FPI

The Fiscal Policy Institute (FPI) is an independent, nonpartisan, nonprofit think tank that advances sound and equitable fiscal policy to strengthen New York’s economy through research, analysis and

strategic communications. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared.