



NY STATE OF HEALTH

(A Division operating under the New York State Department of Health)

Financial Statements

December 31, 2024

(With Independent Auditors' Report Thereon)

NY STATE OF HEALTH
(A DIVISION OPERATING UNDER THE NEW YORK STATE DEPARTMENT OF HEALTH)

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KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Executive Director of the NY State of Health,
New York State of Health Fund:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the NY State of Health Fund (the Fund or NYSoH), as of and for the year ended December 31, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of December 31, 2024, and the changes in financial position, for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in note 1, the financial statements of the NY State of Health Fund are intended to present the financial position of the NY State of Health Fund and do not purport to, and do not, present fairly the financial position of the New York State Department of Health, as of December 31, 2024, the changes in its financial position, for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,



misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2025 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

KPMG LLP

Albany, New York
May 21, 2025

NY STATE OF HEALTH

Management's Discussion and Analysis (unaudited)

December 31, 2024

Introduction

Management's discussion and analysis (MD&A) provides a narrative overview and analysis of the financial activities of NY State of Health as captured within the NY State of Health Fund (Fund or NYSoH) for the year ended December 31, 2024. The MD&A is intended to serve as an introduction to NYSoH's financial statements, which have the following components: (1) Balance Sheet, (2) Statement of Revenues, Expenditures and Changes in Fund Balances, and (3) notes to the financial statements. The MD&A is designed to assist the reader in focusing on significant financial matters, and provide an overview of NYSoH's financial activities. The following presentation is by necessity highly summarized, and in order to gain a thorough understanding of NYSoH's financial condition, the following financial statements, and notes should be reviewed in their entirety.

Background

NY State of Health, the official health plan Marketplace of New York State, authorized by the Federal Patient Protection and Affordable Care Act of 2010, was established in April 2012 by Governor Cuomo's Executive Order 42, and codified in Article 2, Title VII of the NY Public Health Law in 2019.

NY State of Health is an organized, online marketplace through which individuals and small businesses may shop for health insurance in a way that allows them to compare health plan options, calculate costs, and select coverage. Through the NY State of Health website, individuals may apply for and enroll in Insurance Affordability Programs including Medicaid, Child Health Plus, the Essential Plan, a Basic Health Program lookalike program, and Qualified Health Plans (QHPs) for which qualified individuals receive advanced premium tax credits and cost sharing reductions to help pay for coverage. Individuals can also enroll in QHPs at full premium. The Small Business Marketplace of the NY State of Health (also known as the Small Business Health Options program or "SHOP") allows small employers (defined as 100 or fewer employees) to enroll in QHPs certified by the Marketplace. Employers with fewer than 25 employees and meeting certain other federal requirements may qualify for federal small business tax credits using a sliding scale based on number of employees and average salary. As of April 2018, small employers can enroll in SHOP-certified products directly through health plans and certified brokers. New Yorkers can complete the Marketplace application online, in-person, over the phone, or by mail.

NY State of Health's operations began on October 1, 2013 when the Marketplace began accepting applications. NY State of Health's activity was funded solely by the Federal State Planning and Exchange Establishment Grants made available under the Affordable Care Act (ACA) through December 31, 2014. Starting January 1, 2015 funding was split between Federal grant funds (the federal special revenue fund), which supported expenditures related to design, development, and implementation (including outreach and advertising activities designed to attract new enrollees), and the State of New York (the State), which covers the remaining costs from general fund appropriations. Effective December 31, 2017 Federal Grant funds were no longer available, and NY State of Health reporting transitioned to a fund basis of accounting.

Effective January 1, 2018 NYSoH's operations are funded exclusively with revenue from the State's broad-based healthcare assessments.

The Financial Statements

NY State of Health expenses are accounted for and tracked using the Fund.

NY STATE OF HEALTH

Management's Discussion and Analysis (unaudited)

December 31, 2024

This annual report contains the following financial statements of the Fund for the year ended December 31, 2024: the Balance Sheet and Fund's Statement of Revenues, Expenditures and Changes in Fund Balances. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide additional details about the Fund's financial position and activities. These fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or are collectible within 12 months of the end of the current fiscal period. Most expenditures and related liabilities are recorded in the accounting period the liability is incurred to the extent it is expected to be paid with expendable available financial resources. Appropriations from state resources are recognized when the expense being funded is incurred.

Financial Information

Summarized financial information as of and for the year ended December 31, 2024 and 2023 is as follows:

Table 1 – Condensed Balance Sheet	2024	2023
	(In thousands)	(In thousands)
Current assets	\$ 6,495	10,585
Total assets	6,495	10,585
Current liabilities	6,495	10,585
Total liabilities	6,495	10,585
Fund Balance		—
Total Liabilities and Fund Balance	\$ —	—
Table 2 – Changes in Fund Balance	2024	2023
Federal grant revenue		—
Expenditures	\$ 30,584	41,134
Expenditures in excess of revenues	(30,584)	(41,134)
Appropriations from State resources/total other financing services	30,584	41,134
Net change in fund balance	\$ —	—

- The assets and liabilities on December 31, 2024, consist of due from State resources and accrued liabilities. Due from State resources represents the receivable for accrued expenditures at year-end that are to be funded by the State general fund appropriations. The accrued liabilities primarily represent contracted services incurred but not yet paid.

NY STATE OF HEALTH

Management's Discussion and Analysis (unaudited)

December 31, 2024

- Decreases in current assets and the related accrued liabilities is the result of expanded allocation of Marketing, Outreach and Consulting expenses to the Essential Plan effective April 1, 2024.

Economic Factors affecting NY State of Health

The approved State annual budget for fiscal year April 1, 2024 – March 31, 2025 and the proposed budget for fiscal year April 1, 2025 – March 31, 2026 have included funding to cover the Funds expenditures.

Contacting the NY State of Health's Financial Management

This financial report is designed to provide a general overview of NY State of Health's finances and to show accountability for the funds it receives. If you have any questions about this report or need additional financial information, submit questions to the NY State of Health at Corning Tower, Empire State Plaza, Suite 2580, Albany, New York 12237. Additional information can be found on our Website at www.nystateofhealth.ny.gov.

FINANCIAL STATEMENTS

NY STATE OF HEALTH
(A Division operating under the New York State Department of Health)

Balance Sheet

Year Ended December 31, 2024

	<u>2024</u>
Assets:	
Due from State resources	\$ 6,494,616
Due from Federal government	<u>—</u>
Total assets	<u><u>\$ 6,494,616</u></u>
Liabilities:	
Accrued liabilities	\$ <u>6,494,616</u>
Total liabilities	<u><u>6,494,616</u></u>
Fund balance:	
Assigned	<u>—</u>
Unassigned	<u>—</u>
Total fund balance	<u>—</u>
Total liabilities and fund balance	<u><u>\$ 6,494,616</u></u>

See accompanying notes to the basic financial statements.

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Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2024

	<u>2024</u>
Revenues:	
Federal grant	\$ —
Total revenues	<u>—</u>
Expenditures:	
Division operations:	
Personal service	3,437,464
Nonpersonal service	24,814,528
Fringe benefits	<u>2,332,353</u>
Total expenditures	<u>30,584,345</u>
Total expenditures in excess of revenues	<u>(30,584,345)</u>
Other financing sources:	
Appropriations from State resources	<u>30,584,345</u>
Total other financing sources	<u>30,584,345</u>
Net change in fund balance	—
Fund balance: January 1, 2024	<u>—</u>
Fund balance: December 31, 2024	\$ <u><u>—</u></u>

See accompanying notes to the basic financial statements.

NY STATE OF HEALTH

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Notes to Basic Financial Statements

December 31, 2024

(1) Organization and Description of Operations

The NY State of Health Fund (the Fund or NYSoH) was established by NY State of Health, a division that operates within the New York State Department of Health (DOH). The purpose of NY State of Health is to provide a centralized location where individuals and small businesses (fewer than 100 employees) can purchase health insurance. NY State of Health, the official health plan Marketplace of New York State, authorized by the Federal Patient Protection and Affordable Care Act of 2010, was established in April 2012 by Governor Cuomo's Executive Order 42, and codified in Article 2, Title VII of the NY Public Health Law in 2019. On October 1, 2013, NY State of Health's Marketplace was officially operational and consumers were able to begin shopping for health insurance.

NY State of Health is a large enterprise that covers many different services, including eligibility determinations, appeals of eligibility determinations, contracting with IT systems and customer service providers, maintaining enrollment systems, and monitoring insurance providers. NY State of Health does not directly collect premiums from individuals and small businesses that enroll in health insurance through the Marketplace, rather the Marketplace transmits enrollment information to the insurer that has been selected by the enrollee and the insurer bills the enrollee directly.

(2) Summary of Significant Accounting Policies

(a) Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America.

The Fund's financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

Revenues are recognized when earned and when they are both measurable and available. Revenues are considered available when they are collectible within the current period or within 12 months of the end of the current fiscal period. Expenditures and related liabilities are recorded in the accounting period the liability is incurred, to the extent it is expected to be paid with expendable available financial resources.

(b) Use of Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

(c) Due from State Resources/Appropriation from State Resources

Due from State resources represents amounts owed by the Fund that will be funded through appropriations from State resources.

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Notes to Basic Financial Statements

December 31, 2024

(d) Expenditures

For the Fund fiscal year ended December 31, 2024, shared expenses were allocated between the NY State of Health programs: Qualified Health Plans (QHP), Medicaid/Child Health Plus and the Essential Plan. Allocation percentages are determined using the annual enrollment projections for all expenses. The allocation methodology is approved annually by CMS. Shared expenses amongst all funding sources include the customer service center, maintenance and development of the enrollment system, enrollment assistance programs, quality assurance programs and certain labor and related fringe/indirect costs. Starting in April 2024 many expenses that were previously paid by the Fund only are allocated between the Fund and the Essential Plan on the basis of enrollment. These expenses include consulting, advertising/marketing, and outreach as well as certain labor and related fringe/indirect costs.

(e) Workers Compensation

Workers Compensation is provided with the NY State Insurance Fund acting as the State administrator and claims processing agent. Under an agreement with the State Insurance Fund, the State pays only what is necessary to fund claims. Under an agreement with the State Insurance Fund, the Fund paid \$120,897 for 2024, to cover 100% of their required employer contributions for workers compensation. These payments are made through application of the workers compensation rate within the New York State Fringe Benefit rate calculated by the State's Division of the Budget. The workers compensation rate was 4.02% for the period of January 1, 2024 through March 31, 2024 and 5.47% for the period of April 1, 2024 through December 31, 2024.

(f) Pension Contribution

Under Chapter 49 of the Law of 2003, the annual contribution rates are based on the value of the States Common Retirement Funds as of the preceding April, with a minimum contribution of 4.5%. The Fund paid \$298,340 for 2024, to cover 100% of the required employer contributions for retirement benefits. These payments are made through application of the pension benefit rate within the New York State Fringe Benefit rate calculated by the State's Division of the Budget. The pension benefit rate was 10.32% for the period of January 1, 2024 through March 31, 2024, and 13.40% for the period of April 1, 2024 through December 31, 2024.

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Notes to Basic Financial Statements

December 31, 2024

(3) Accrued Liabilities

Accrued liabilities consist of the following at December 31, 2024:

Personal services:		
Salary and fringe	\$	282,147
Accrued vacation		<u>393,620</u>
Total personal services		<u>675,767</u>
Contractual services:		
Advertising expense		1,065,856
Call center services		2,187,066
IT contractors		730,100
All other		<u>1,144,340</u>
Total contractual services		<u>5,127,362</u>
Other nonpersonal services:		
Indirect costs		<u>691,487</u>
Total other nonpersonal services	\$	<u>691,487</u>
Total	\$	<u><u>6,494,616</u></u>

(4) Commitments and Contingencies

Per Section 1311(d)(5) of the Affordable Care Act, Marketplaces must be self-sustaining beginning January 1, 2015, and grant funds may not be used for ongoing operations. Marketplaces demonstrate self-sustainability by, among other things, having a source of funding other than Federal grants for ongoing operations.

The State has assumed the costs for operations. The enacted annual State budget for its fiscal years ending March 31, 2025 and March 31, 2024 has included funding to cover these costs. The Executive Budget for April 1, 2025 through March 31, 2026 includes funding to cover these costs through the next fiscal year.