

## LexisNexis® Emerging Issues Analysis:

### Joseph G. Casion, Esq. and Joshua E. Gewolb, Esq. New York Limits Executive Compensation and Administrative Expenses at State-Funded Service Providers

Below is an excerpt from “New York Limits Executive Compensation and Administrative Expenses at State-Funded Service Providers.” This article was published in July 2013 by LexisNexis® Emerging Issues Analysis.

*On May 29, 2013, thirteen New York State agencies, including the Department of Health (“DoH”), adopted final regulations limiting executive compensation and administrative expenses at State-funded service providers. The final regulations apply to service providers whose funding exceeds certain thresholds and:*

- *Require that at least 75% of state-reimbursed costs be spent on direct care or services, not administration, increasing to 85% by 2015;*
- *Cap state reimbursement used for executive salaries at \$199,000, subject to an annual adjustment;*
- *Limit use of non-state funds for executive salaries;*
- *Provide that state contracts can be terminated if the new rules are violated.*

*The final rules are the culmination of an intense process that began in 2012, when Governor Cuomo issued Executive Order 38 “to curb abuses in executive compensation and administrative costs and ensure that taxpayer dollars are used first and foremost to help New Yorkers in need.” The executive order was a response to a number of scandals involving Medicaid abuses in New York. One scandal gained significant media attention at Brooklyn’s Young Adult Institute (YAI), a not-for-profit organization serving the developmentally disabled. As revealed by a New York Times feature story, the top executives at YAI received seven-figure compensation packages, which included luxury cars, college tuition payments for their children, and expensive visits to high-end hotels.*

For a complete copy of this article, please contact Joshua Gewolb at 585-231-1151 or [jgewolb@hselaw.com](mailto:jgewolb@hselaw.com). ■

<sup>1</sup> “New York Limits Executive Compensation and Administrative Expenses at State-Funded Service Providers,” Emerging Issues Analysis, LexisNexis® (July 2013)



Harter Secret & Emery LLP

ATTORNEYS AND COUNSELORS

#### ROCHESTER

1600 Bausch & Lomb Place  
Rochester, NY 14604-2711  
585.232.6500

#### BUFFALO

Twelve Fountain Plaza, Suite 400  
Buffalo, NY 14202-2293  
716.853.1616

#### ALBANY

111 Washington Ave., Suite 303  
Albany, NY 12210-2209  
518.434.4377

#### NAPLES

5811 Pelican Bay Blvd., Suite 600  
Naples, Florida 34108-2711  
239.598.4444

#### PRACTICE LEADER

Joseph G. Casion  
[jcasion@hselaw.com](mailto:jcasion@hselaw.com)

#### PARTNERS

Jeffrey H. Bowen  
[jbowen@hselaw.com](mailto:jbowen@hselaw.com)

Theresa A. Conroy  
[tconroy@hselaw.com](mailto:tconroy@hselaw.com)

Paul W. Holloway  
[pholloway@hselaw.com](mailto:pholloway@hselaw.com)

John G. Horn  
[jhorn@hselaw.com](mailto:jhorn@hselaw.com)

Ross P. Lanzafame  
[rlanzafame@hselaw.com](mailto:rlanzafame@hselaw.com)

David M. Lascell  
[dlascell@hselaw.com](mailto:dlascell@hselaw.com)

Anthony D. Mancinelli  
[amancinelli@hselaw.com](mailto:amancinelli@hselaw.com)

Michael R. McEvoy  
[mmcevoy@hselaw.com](mailto:mmcevoy@hselaw.com)

Raymond P. Miller  
[rmiller@hselaw.com](mailto:rmiller@hselaw.com)

Richard T. Yarmel  
[ryarmel@hselaw.com](mailto:ryarmel@hselaw.com)

Craig J. Zicari  
[czicari@hselaw.com](mailto:czicari@hselaw.com)

#### ASSOCIATES

Joshua E. Gewolb  
[jgewolb@hselaw.com](mailto:jgewolb@hselaw.com)

Adrienne Laraby  
[alaraby@hselaw.com](mailto:alaraby@hselaw.com)

Christine M. O'Connor  
[cballard@hselaw.com](mailto:cballard@hselaw.com)

W. Derek Wilson  
[dwilson@hselaw.com](mailto:dwilson@hselaw.com)