NEW YORK STATE | Department of Health

KATHY HOCHUL
Governor

JAMES V. McDONALD, MD, MPH
Commissioner

JOHANNE E. MORNE, MS
Executive Deputy Commissioner

November 2, 2026

Dear Administrator:

We are transmitting for your review the calculation of your hospital's initial inpatient acute, exempt hospital and exempt unit reimbursement rates for Medicaid Fee-for-Service (FFS), Medicaid Managed Care (MMC) and Workers' Compensation/No-Fault (WCNF), which are effective April 1, 2026. These rates have been promulgated in accordance with Article 2807-c and, for the acute rates, Article 2807-c (35)(c), of the Public Health Law.

The Medicaid FFS rates have been approved by the New York State Division of the Budget and have been transmitted to eMedNY for payment and automatic retroactive claims processing in cycle #2568 (check date of November 9, 2026 and check release date of November 25, 2026).

These rates are based upon the same information and methodology as the inpatient rates effective January 1, 2026, but take into consideration the following updates:

- 9.79% operating component rate increase, effective April 1, 2026, in accordance with the hospital investment per Part O of Chapter 57 of the Laws of 2026 of the State Fiscal Year (SFY) 2026-27 Enacted Budget. Please note that this percentage is anticipated to decrease to 5.75%, effective April 1, 2028. State Plan Amendment 26-0033 has been submitted to the Centers for Medicare and Medicaid Services (CMS).

- Financially Distressed/Safety Net Hospital State Directed Payment rate add-ons (MMC rates only). For April 1, 2026 – March 31, 2027 dates of service, CMS approved inpatient rate add-ons to the MMC rates of payment for hospitals that qualified as financially distressed/safety net. These add-ons are only applicable to the acute DRG and psychiatric exempt unit rates. Please refer to the billing guidelines in the attachment to this letter (clarifications to follow).

- NYC Average Commercial Rate (ACR) add-ons – Year 3 (MMC rates only). For April 1, 2026 – March 31, 2027 dates of service, approval is pending from CMS for the rate add-ons to the MMC rates of payment for NYC public hospitals that qualified. These add-ons are only applicable to the acute DRG rates and have been temporarily set to $0.00.

The Department has effectuated payments to health plans to align with the approved Managed Care State Directed Payment add-ons associated with this rate publication.

Service Intensity Weights (SIWs)/Outlier Thresholds/3M Grouper:

The Department will continue to use the July 1, 2018 All Patient Refined Diagnosis Related Groups (APR-DRGs) SIWs, average lengths of stay (ALOS) and outlier thresholds for discharge dates on and after April 1, 2026. Claims with discharge dates on and after April 1, 2026 will also continue to be processed using version 34 of the 3M APR-DRG grouping software.

Electronic Access – Health Commerce System (HCS):

As previously notified, the Department utilizes the "**Healthcare Financial Data Gateway**" application within the HCS for inpatient rate publications. The "Publications" tab of that application can be used to access your facility's rate sheets. Please note that the HCS is designed as a secure network and only those HCS accounts with access to the Healthcare Financial Data Gateway will be able to download the rate sheets. The web address for the HCS is https://commerce.health.state.ny.us/. Please select the "Help" menu if you have difficulty viewing any of the files.

Appeals:

All data associated with these rates was previously subjected to the appeal process. Therefore, only appeals for mathematical errors related to the hospital investment, or any other mathematical errors made by the Department, will be accepted for this rate period. The directed payment add-ons are not subject to appeal. If an appeal has already been submitted or you plan to submit an appeal for the January 1, 2026 rates before the deadline, it is not necessary to submit another appeal for the same issue for the April 1, 2026 rates.

Section 86-1.32 of the New York Codes, Rules and Regulations sets forth the rules governing appeals, which does not include issues regarding methodology. In filing an appeal, a facility must provide the following:

1. A cover letter signed by the Operator or Chief Executive Officer of the hospital containing a summary of the item(s) of appeal.

2. Supporting schedules or any other pertinent data is to be included with the facility's appeal letter.

3. All rate appeals and supporting documentation pertaining to the enclosed inpatient rates of service for Title XIX (Medicaid) beneficiaries must be submitted to the Bureau of Hospital and Clinic Rate Setting **no later than March 2, 2027**. It is requested that providers submit a copy of their appeal request via email to HospFFSunit@health.ny.gov. The Department **is not requiring that the original signed appeal request letter be mailed.**

   Where preferred, original appeal letters may be mailed to:

   Ms. Monique Grimm
   Bureau Director
   Bureau of Hospital and Clinic Rate Setting
   Division of Finance and Rate Setting
   One Commerce Plaza, Room 1430
   99 Washington Avenue
   Albany, NY 12210

Providers can expect a written acknowledgement from the Department once the letter has been received and an appeal# has been established and assigned to a rate analyst.

For FFS rate questions, please contact HospFFSunit@health.ny.gov. Otherwise, please contact the following:
Billing Guidelines: bmcr@health.ny.gov
Directed Payment Add-ons and Health Plan Premiums: phr@health.ny.gov

Sincerely,

Monique Grimm
Bureau Director
Bureau of Hospital and Clinic Rate Setting

Attachment

Attachment

(Billing Guidance for Financially Distressed/Safety Net Hospital Rate Add-ons)

(Pending Clarifications)

A) ***Inpatient Acute Discharges*****:** Acute inpatient discharges are defined as inpatient stays that in addition to medical/surgical stays, include areas such as maternity, newborn, and neonatal.

- Inpatient mental health and substance abuse, nursing facility and hospice services are not included

Claims Definition (Institutional Facility Claims only):

1) **Newborn / Newborn (Low Birth Weight)**
   - APR-DRGs: 580, 581, 583, 588, 589, 591, 593, 602, 603, 607, 608, 609, 611, 612, 613, 614, 621, 622, 623, 625, 626, 630, 631, 633, 634, 636, 639, 640
2) **Maternity**
   - APR-DRGs: 539, 540, 541, 542, 560
3) **Medical / Surgical**
   - Type of Bill: 11x, 12x, 41x **and**
   - Claim contains at least one of the following:
     - **Room and Board Revenue Codes**: 0024, 0100, 0101, 0110, 0111, 0112, 0113, 0117, 0118, 0119, 0120, 0121, 0122, 0123, 0127, 0128, 0129, 0130, 0131, 0132, 0133, 0137, 0138, 0139, 0140, 0141, 0142, 0143, 0147, 0148, 0149, 0150, 0151, 0152, 0153, 0157, 0158, 0159, 0160, 0164, 0170, 0171, 0172, 0173, 0174, 0179, 0200, 0201, 0202, 0203, 0206, 0207, 0208, 0209, 0210, 0211, 0212, 0213, 0214, 0219 **and**
   - Claim does not contain the following (Mental Health/Substance Abuse Treatment) ******:
     - **Rate Codes**: 1133-1146, 2852, 2957, 2858, 2993, 4001-4006, 4202-4204, 4210, 4213, 4220, 4608, 4800-4803
     - **APR-DRGs**: 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 770, 772, 773, 774, 775, 776

       Note: Exception applies for hospitals listed below due to absence of NYS Medicaid Psychiatric per diem rate

B) ***Inpatient Psychiatric Days*****:** Inpatient psychiatric days are defined as inpatient days for those service areas incurred in providing daily bedside care to Psychiatric inpatients. This category does not include days associated with substance use disorder (SUD) discharges

Claims Definition (Institutional Facility Claims only):

1) **Psychiatric**
   - Claim contains at least one of the following:
     - **Rate Codes**: 2858, 2852, 4001-4006, 4608 (Inpatient Mental Health******) **or**
     - **APR-DRGs**: 740, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760 **or**

****Note:** The following hospitals do not have a New York State Medicaid Fee-for-Service "per diem" psychiatric billing rate. Any claims within this category for these hospitals should be considered acute inpatient discharges. The acute inpatient discharge add-on would apply.

- Brooklyn Hospital Center
- Crouse Hospitals
- John R. Oishei Children's Hospital
- Mount St. Mary's Hospital
- St. John's Riverside Hospital
- Wyckoff Heights Medical Center