



Department of Health

KATHY HOCHUL
Governor

JAMES V. McDONALD, MD, MPH
Commissioner

JOHANNE E. MORNE, MS
Executive Deputy Commissioner

September 10, 2026

Dear Administrator:

This letter provides information about your free-standing and hospital-based nursing facilities' Medicaid initial rates for the period commencing January 1, 2026. These rates have been promulgated in accordance with sections 2807 and 2808 of the Public Health Law and Part 86-2 of the Commissioner of Health's Administrative Rules and Regulations. The initial rates are provided on the Health Commerce System (HCS) application (Healthcare Financial Data Gateway) labeled "2026 Initial NH Rates" and include the following components:

- **Operating Component:** The nursing home rates reflect the pricing methodology as prescribed by regulation (Part 86-2.40).
- **Minimum Wage Adjustment:** This year's adjustment accounts for increases to \$17.00 per hour in New York City, Nassau, Suffolk & Westchester regions and \$16.00 per hour for the remainder of the state.
- **Pediatric Trend:** These rates reflect the required trend factor increases for Pediatric nursing homes.
- **Capital Component:** The 2026 capital reimbursement rates are based on each facility's 2024 certified cost report and reflect accepted attestations received during the preview period.

The capital component is reduced by 5% and an additional 10%, in accordance with §2808-(2-b)(a)(iv) of the Public Health law. The reductions are included on the capital rate sheet and are labeled "Total 95%" and "Total (Additional 10% reduction)". Pediatric facilities are exempt from the additional 10% capital reduction.

The additional 10% reduction was eliminated in the SFY 2027 State budget and will be removed from the rates effective April 1, 2026 in a subsequent rate update.

Due to litigation resolution, residual equity reimbursement has been removed from the capital rates for those facilities that were receiving reimbursement subject to State Court Order (Aaron Manor v. Zucker, and related cases). The Department is currently preparing the package to initiate the recoupment for the related retroactive funds going back to the 4/1/20 budget action implementation date for those facilities that were receiving reimbursement subject to the State Court Order. However, facilities involved in ongoing Federal litigation regarding the elimination of residual equity reimbursement continue to receive residual equity reimbursement in these rates and will not have their retroactive payments recouped at this time.

The Department's regulations allow rate appeals to be filed within **120 days** from the date of this letter. The deadline to file appeals pertaining to the January 1, 2026 rates is midnight, January 8, 2027. Facilities should use publication date 9/10/2026 to file an appeal for the 2026 initial rates.

The processing of the 2026 Initial Rates will take effect in cycle #2561 with a check release date of 10/7/2026. Should you have any questions, please email NFRATES@health.ny.gov and someone will respond to your inquiry.

Sincerely,

Laura Rosenthal, Director
Bureau of Nursing Home & Long-Term Care Rate Setting
Division of Finance and Rate Setting
Office of Health Insurance Programs