ABBREVIATED PUBLIC NOTICE
Department of Health
Medicaid Redesign Team (MRT) Section 1115(a) Demonstration Extension Request

The New York State Department of Health ("New York" or the "State") is requesting a five-year extension of the existing Section 1115(a) Medicaid Redesign Team (MRT) demonstration, which is set to expire on March 31, 2027.

In compliance with 42 CFR 431.408(a)(1) The New York State Department of Health is pleased to announce that it will conduct one in-person and one virtual public hearing, to provide an overview of the State's Section 1115(a) demonstration extension request and allow members of the public to provide comments. Additionally, the second of these hearings, indicated below, will serve as the Annual 1115 Public Forum.

This notice further serves to open the public comment period, which will close on August 21, 2026, during which the public will be afforded the opportunity to provide written comments on this extension request.

Any updates related to the public hearings will be sent via the MRT Listserv. Please find New York's Section 1115(a) MRT demonstration extension request here: https://www.health.ny.gov/health_care/medicaid/redesign/1115_waiver/docs/1115_waiver_ext_request.pdf

The two public hearings will be held as follows:

1. **First Public Hearing**
    a. Location: Empire State Plaza, Concourse, Meeting Room 2, Albany, NY 12242
        - This meeting will be webcast live. Details will be shared via the MRT Listserv.
    b. Friday, July 31, 2026, 1-4pm.
    c. Pre-registration is not required. Individuals who wish to provide comment can email 1115waivers@health.ny.gov to be added to the speaker list or register upon arrival at the public hearing.
    d. Individuals will speak in order of registration. We kindly request that all comments be limited to five minutes per presenter to ensure that all public comments may be heard.

2. **Second Public Hearing & Annual 1115 Public Forum**
    a. Location: Virtual at https://meetny-gov.webex.com/weblink/register/r4afc8a662216bcae6488b6b36bb0efbe
    b. Tuesday, August 11, 2026, 1-4pm
    c. Pre-registration is required for anyone wishing to provide oral comment using this link: https://meetny-gov.webex.com/weblink/register/r4afc8a662216bcae6488b6b36bb0efbe

d. Individuals who wish to provide comment will need to register with an "SP" in front of their name (ex: SP Jane Doe) and must email 1115waivers@health.ny.gov no later than Monday, August 10, 2026 at 4pm to confirm registration.
e. Individuals will speak in their order of registration. We kindly request that all comments be limited to five minutes per presenter to ensure that all public comments may be heard.

American Sign Language (ASL) interpretation will be available, and the WebEx platform includes a closed captioning feature.

In compliance with STC 14.16, New York's most recent Annual Monitoring Report, dated December 2024, can be reviewed here: https://health.ny.gov/health_care/medicaid/redesign/reports/docs/2024_pp_annual_rpt.pdf. Per updated CMS guidance, the next annual report isn't due until September 2026, so this serves as the most recent filed report.

Goals and Objectives of the Extension

The goals and objectives of this demonstration extension are intended to continue, maintain, and operationalize the goals and objectives approved under the current Section 1115(a) demonstration, including:

- Improving access to healthcare for the Medicaid population;
- Improving the quality of health services delivered;
- Expanding coverage with resources generated through managed care efficiencies to additional low-income New Yorkers; and
- Addressing upstream drivers of health, advancing population health and supporting the delivery of HRSN services.

The proposed extension seeks to continue core waiver and expenditure authorities necessary to sustain initiatives that have been fully implemented through the waiver, allow recently approved initiatives to be fully implemented and demonstrate outcomes, and maintain continuity of coverage and services for Medicaid members, with the following programmatic amendments:

Initiatives to Continue without Amendments

New York is proposing to continue the following initiatives without amendment:

- **Mainstream Medicaid Managed Care (MMMC):** New York's program providing health insurance benefits to most members through contracted managed care organizations (MCOs) that coordinate care via a primary care provider across three plan types: Mainstream Managed Care[1], Health and

[1] Mainstream Managed Care is the state's standard Medicaid managed care system, whereas HARP & HIV-SNP are specialized programs.

Recovery Plans (HARP), and HIV Special Needs Plans (HIV-SNP).

- **Managed Long-Term Care (MLTC):** New York's managed care delivery system for individuals with chronic illness, disability, or functional limitations who need ongoing community-based long-term services and supports.

- **Facilitated Enrollment Services:** One-on-one assistance to help New Yorkers apply for and renew Medicaid, Child Health Plus, the Essential Plan, and Qualified Health Plans through New York State of Health.

- **Community Oriented Recovery and Empowerment (CORE):** Person-centered, recovery-oriented mobile behavioral health supports delivered in homes and communities to adult Medicaid beneficiaries (age 21+) with serious mental illness or substance use disorders.

- **Residential and Inpatient Treatment for Individuals with Substance Use Disorder (SUD):** Medicaid reimbursement for residential and inpatient treatment services for adults and children with opioid and other Substance Use Disorders (SUD). The purpose of this request is to strengthen statewide treatment infrastructure, preserve residential treatment capacity, improve coordination across the continuum of SUD care, and support ongoing reductions in avoidable emergency department use, inpatient admissions, overdose deaths, and other adverse health outcomes. This extension waives the Institution for Mental Diseases Exclusion, allowing federal funding of facilities with more than 16 beds specializing in psychiatric or SUD care and thereby enabling the State to provide adequate institutional care to its members. Combined with the broader continuum, IMDs help ensure individuals receive care in the most appropriate setting.

- **Designated State Health Programs (DSHP):** The State makes three requests concerning DSHP funding:

    - To rollover $1.5 billion[2] of already-drawn down DSHP funds that the State projects will remain unspent by the end of the demonstrations for continued use on the DSHP-funded initiatives approved in the current demonstration, including HRSN services, HERO and Workforce initiatives into the extension period;

    - To continue expenditure authority to draw down FFP for $672 million of unclaimed DSHP funds up to the already approved total $3.9 billion in total computable in the current demonstration[3] to be spent on the DSHP-funded initiatives; and

[2] DSHP preliminary financial projections summary—total expenditures—as of 06/01/26.
[3] DSHP preliminary financial projections summary—unclaimed DSHP funds—as of 06/01/26

- For the Workforce initiatives, to exercise the time-limited close-out expenditure authority referenced in the current demonstration's STCs. STC 12.7.d permits the State to pay administrative cost and monitor remaining service obligations associated with the Student Loan Repayment for Qualified Providers (known as the Healthcare Access Loan Repayment [HEALR] program) and Career Pathways Training programs from April 1, 2027 until March 31, 2031, as the programs phase out.

Initiatives Proposed to Be Amended

New York is requesting amendments to the following initiatives as part of the five-year extension of its Section 1115(a) Medicaid Redesign Team (MRT) demonstration:

- **Demonstration-Eligible- Populations:** The State requests to continue waiver authority for all existing, demonstration-eligible populations with the exception of Demonstration Population 2 (Temporary Assistance for Needy Families [TANF] Adults). For a full description of the TANF Adult discontinuation, see the Requested Initiatives to be Discontinued section below.

- **Workforce Initiatives:** The State proposes to close out current Workforce Initiatives—the (1) Health Care Access Loan Repayment (HEALR, in STCs as Student Loan Repayment for Qualified Providers) and (2) Career Pathways Training (CPT) programs—with continued, time-limited expenditure authority for close-out activities consistent with approved Special Terms and Conditions (STCs). The State is not seeking new workforce authority under this extension.

- **Health-Related Social Needs (HRSN) Services:** The State proposes to amend and continue its Health-Related Social Needs (HRSN) services initiative. The amendment would maintain- the full scope of HRSN services and eligible populations approved in the current demonstration, while making limited refinements to improve program alignment and sustainability.

  Specifically, the State proposes to:
  - Continue coverage of approved HRSN services, which include:
    - Care Management
      - Level One Care Management (Navigation Services)
      - Level Two Care Management (Enhanced Population)
    - Housing
      - Home Accessibility and Safety Modifications
      - Home Remediation Service
      - Asthma Remediation

                - Medical Respite (Recuperative Care)
                - Rent/Temporary Housing
                - Utility Setup/Assistance
                - Pre-Tenancy Services and Housing Navigation
                - Community Transitional Supports (CTS)
                - Tenancy Sustaining Services
            - Nutrition Supports
                - Nutrition Counseling and Education
                - Medically Tailored Meals or Clinically Appropriate Home Delivered Meals
                - Medically Tailored or Nutritionally Appropriate Food Prescriptions
                - Fresh Produce and Non-Perishable Groceries (Pantry Stocking)
            - Cooking Supplies
            - HRSN Transportation Services
        - Maintain delivery of HRSN services through Social Care Networks (SCNs);
        - Remove coverage of real estate brokerage fees associated with housing services due to changes in State law and limited program utilization;
        - Update the definition of enhanced HRSN populations to align with the CMS-approved HRSN Implementation Plan[4] and to group child populations together (1) Juvenile justice involved youth, foster care youth, and those under kinship care; (2) Children under age 6; and (3) Children under age of 18 with one or more chronic conditions) to be "High-Risk Children under Age 18", and;
        - Maintain non-risk payments for HRSN services for one additional year, prior to transitioning to risk-based funding[5] in April 2028; this additional year will allow the State to collect sufficient encounter, utilization, and cost data to support actuarially sound rate development and ensure compliance with managed care rate setting requirements.

- **Health Equity Regional Organization (HERO)**: The State requests to continue the remaining $78 million in expenditure authority for the HERO initiative. The purpose of this request is to build upon existing infrastructure and information gathered during the initial demonstration period and transition to an advanced analytics platform to better support program operations and program integrity. Evolving those functions of the HERO would enable New York to be at the

[4] Attachment J of Special Terms and Conditions (ny-medicaid-rdsgn-team-dmntn-aprvl-11242025.pdf)
[5] Capitated payments are fixed, pre-paid, per-person payments for providing contracted services.

forefront of Medicaid data analytics and program administration, including enabling real-time feedback to inform decision-making. In addition to supporting evidence-based policy decisions based on observed metrics of success, it would leverage predictive modeling, machine learning, and anomaly detection to help serve as an early warning system for outlier programmatic, billing, or referral patterns before they become material, enabling reforms and referrals to be implemented quickly as issues arise. By improving the speed and quality of data analysis and decision-making, this new capability will help improve program design and operations, while ensuring continued access to care for those who need it most.

- **Medicaid Hospital Global Budget Initiative:** The State is requesting Medicaid authority for hospital global budgets in accordance with the Achieving Healthcare Efficiency through Accountable Design (AHEAD) Model requirements. New York continues to prioritize hospital transformation efforts and readiness for the AHEAD model by working across the AHEAD project team and the Section 1115(a) demonstration team, coordinating closely with stakeholders, and making strides developing the Medicaid hospital global budget methodology. New York also continues to work with CMS and to hone the details of each Medicaid hospital global budget adjustment and baseline inclusion rules to ensure alignment with CMS criteria and the overall needs of the participating hospitals and Medicaid population impacted. New York will work to develop the HGB baseline through discussions with CMS, but the request is that the MHGBI funding will be maintained in the HGB baseline calculation for eligible hospitals.

Initiatives Proposed to Be Discontinued

New York proposes to discontinue the following initiatives by the end of the current demonstration period:

- **HRSN Infrastructure:** The State projects it will reach the expenditure cap for HRSN infrastructure by the end of the current demonstration and therefore does not request to continue expenditure for this initiative.

- **Demonstration Services for Behavioral Health Provided under MMMC:** New York implemented select behavioral health services for Medicaid Managed Care members under the current Section 1115(a) demonstration. As these services have transitioned to State Plan authority and become standard components of the Medicaid benefit package, the State proposes to discontinue this authority upon extension.

- **Self-Direction Pilot:** Neither the Adult Self-Direction Pilot nor the Child Self-Direction Pilot has drawn down Medicaid federal financial participation under

the Section 1115(a) demonstration. The Adult Self-Direction Pilot will continue to operate under state authority where appropriate. It has been funded exclusively with state funds and does not require extension of federal demonstration approval. The Child Self-Direction Pilot authorized under the current 1115 demonstration was never implemented, and the State does not anticipate implementing the pilot at this time.[6] Since ending this authority will not impact services delivered, the State does not intend to develop a transition plan.

- **Behavioral Health Home and Community-Based Services (BH HCBS):** The State proposes an amendment to phase out remaining Behavioral Health Home and Community-Based Services (BH HCBS) while continuing Community Oriented Recovery and Empowerment (CORE) Services. CORE Services replaced the majority of adult BH HCBS in 2022 and are now the primary rehabilitation service model for eligible members. Prior to the transition to CORE services, the utilization of BH HCBS services was low. Utilization began to decrease further each month following the CORE implementation in 2022. The State intends to fully transition remaining participants to CORE or other appropriate State Plan behavioral health services, ensuring continuity of care and no disruption of services.

  Final timing for the BH HCBS phase-out will be coordinated with the 1115 waiver extension timeline and public notice process to allow sufficient stakeholder engagement and implementation planning. By the end of the current demonstration, the State will issue formal notifications to members eligible for or receiving BH HCBS via Mainstream Managed Care plans. Every individual currently receiving BH HCBS will receive an individualized transition plan and will be connected to appropriate alternative services, including CORE Services and other State Plan behavioral health services. The transition will be complete by the end of the current demonstration and will preserve continuity of care with no service interruption.

- **Demonstration Population 2 (Temporary Assistance for Needy Families [TANF] Adult):** Individuals currently eligible based on TANF status will instead undergo a full Medicaid eligibility determination under State Plan rules. This amendment is intended to align demonstration eligibility with standard Medicaid eligibility processes. The State will work to transition members by January 1, 2027.

- **Continuous Eligibility for Children up to Age 6**: To comply with the July 2025

[6] Separate from New York's 1115 authority for the Child Self-Direction Pilot, the State's 1915(c) authority to provide Financial Management Services to assist members in purchasing Adaptive and Assistive Technology (ATT), Environmental Modifications (E-Mods), and Vehicle Modifications (V-Mods) will continue under the Children's Waiver. These services are authorized through the 1915(c) waiver and therefore do not depend on the Section 1115(a) demonstration authority that New York is requesting to discontinue.

CMS guidance, Section 1115(a) Demonstration Authority for Continuous Eligibility Initiatives, specifying that CMS does not anticipate extending existing Section 1115(a) demonstration authority for expanded continuous eligibility initiatives, the State has discontinued continuous eligibility for children up to age six. Affected children will be returned to standard renewal processes and evaluated for ongoing eligibility under Medicaid or other insurance affordability programs. By July 1, all individuals will either be re-enrolled in Medicaid if they remain eligible or transitioned to another program if they no longer qualify.

- **Twelve-Month Continuous Eligibility for Adults**: To comply with the July 2025 CMS guidance, Section 1115(a) Demonstration Authority for Continuous Eligibility Initiatives, specifying that CMS does not anticipate extending existing Section 1115(a) demonstration authority for expanded continuous eligibility, the State has discontinued Twelve-Month Continuous Eligibility. Pregnant individuals and those up to 12 months postpartum will still be eligible for 12-month continuous eligibility. Adults who maintained eligibility under this authority will be redetermined through standard renewal processes and assessed for eligibility for Medicaid, the Essential Plan, or other coverage options, with appropriate notice provided. By July 1, all individuals will either be re-enrolled in Medicaid if they remain eligible or transitioned to another program if they no longer qualify.

Eligibility Requirements, Benefits, and Cost Sharing Changes

This Section 1115(a) extension request primarily continues New York's existing Medicaid eligibility rules, benefits, and cost sharing requirements. For most individuals currently enrolled in Medicaid, this extension will not result in changes to eligibility or covered benefits.

Consistent with updated federal guidance and the maturation of certain demonstration initiatives, the extension reflects a limited set of changes described in the table below.

In addition to the initiative-level impacts to eligibility requirements, benefits, cost sharing, and delivery system identified in the table below, New York is actively preparing for the operational updates needed to comply with State Medicaid Director Letter (SMD) # 25-003 (RE: Medicaid Managed Care Payments and Emergency Medical Condition Coverage for Aliens Ineligible for Full Medicaid Benefits).[7] The State will continue to work with CMS to evaluate whether modifications to existing authorities are required, including as they relate to Section 1115(a) managed care authorities.

Table 1: Impact on Eligibility Requirements, Benefits, Cost Sharing, or Delivery System

[7] Caprice Knapp. (2025, September 30). *RE: Medicaid Managed Care Payments and Emergency Medical Condition Coverage for Aliens Ineligible for Full Medicaid Benefits.* CMS. https://www.medicaid.gov/federal-policy-guidance/downloads/smd25003.pdf

Initiative	Changes to Eligibility, Benefits, or Cost Sharing	Changes to Delivery System
Initiatives requested to continue without amendment		
MMMC	No change	No change
MLTC	No change	No change
Facilitated Enrollment Services	No change	No change
CORE	No change	No change
Residential and Inpatient Treatment for Individuals with Substance Use Disorder (SUD)	No change	No change
DSHP	No change	No change
Initiatives requested to continue with amendment		
Demonstration-Eligible Populations	*Changes to eligibility:* • Continuing expenditure and waiver authority for HCBS Expansion, Institution to Community, and Family of One Children • Discontinuing expenditure and waiver authority for TANF Adult	No change
HRSN Services	*Changes to benefits:* discontinuing Brokerage Fees as coverage is no longer necessary *Changes to eligibility terminology:* replacing three population categories—Juvenile Justice-Involved Youth, Foster Care Youth, and those under Kinship Care; children under the age of six; and children under the age of 18 with one or more chronic condition—with a new category "High-Risk Children under Age 18"	Moving from non-risk to risk-based arrangement in 2028
Workforce Initiatives	No change	No change

Initiative	Changes to Eligibility, Benefits, or Cost Sharing	Changes to Delivery System
HERO	No change	No change
MHGBI	Per New York's request in Section 3, the State will continue to work with CMS and to hone the details of the waiver authority and expenditure authority requests for this initiative.	
Initiatives requested to discontinue		
HRSN Infrastructure	No change	No change
Demonstration Services for Behavioral Health Provided under MMMC	*Changes to benefits:* discontinuing expenditure authority for Demonstration Services 9 (Residential addiction, crisis intervention, and licensed behavioral health practitioner services), which have entirely transitioned to the State Plan	No change
Self-Direction Pilot	*Changes to benefits:* discontinuing expenditure authority for children and adult self-direction	No change
BH HCBS	*Changes to benefits:* discontinuing a set of BH HCBS (Education Support Services, Pre-Vocational Services, Transitional Employment, Intensive Supported Employment, Ongoing Supported Employment, Habilitation, and Non-Medical Transportation) that have not transitioned to CORE	No change
Demonstration Population 2 (TANF Adult)	*Changes to eligibility:* discontinuing waiver and expenditure authority for TANF Adult	
Continuous Eligibility for Children up to Age Six	*Changes to eligibility:* discontinuing in accordance with CMS guidance[8]	No change

[8] Drew Snyder. (2025, July 17). *Section 1115 demonstration authority for continuous eligibility initiatives*. CMS. https://www.medicaid.gov/resources-for-states/downloads/contin-elig-ltr-to-states.pdf

Initiative	Changes to Eligibility, Benefits, or Cost Sharing	Changes to Delivery System
Twelve-Month Continuous Eligibility	*Changes to eligibility:* discontinuing in accordance with CMS guidance[9]	No change
Non-drug benefit cost sharing	*Changes to benefits and cost-sharing:* Discontinuing authority to comply with H.R.1 (Pub. L. No. 119-21, § 71120)	No change

Submission and Review of Public Comments
A draft of the proposed extension request is available for review at: https://www.health.ny.gov/health_care/medicaid/redesign/1115_waiver/docs/1115_waiver_ext_request.pdf

For individuals with limited online access and require special accommodation to access paper copies, please call (518) 473-0868.

Prior to finalizing the proposed extension application, the State will consider all written and verbal comments received. These comments will be summarized in the final submitted version. The State will post a transcript of the public hearings on the following website: https://www.health.ny.gov/health_care/medicaid/redesign/1115_waiver/

Please direct all questions to 1115waivers@health.ny.gov.

Written comments will be accepted by email at 1115waivers@health.ny.gov or by mail at:

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All comments must be postmarked or emailed by August 21, 2026.

[9] Ibid.