



Department of Health

KATHY HOCHUL
Governor

JAMES V. McDONALD, MD, MPH
Commissioner

JOHANNE E. MORNE, MS
Executive Deputy Commissioner

June 30, 2025

Todd McMillion
Director
Department of Health and Human Services
Centers for Medicare and Medicaid Services
233 North Michigan Ave, Suite 600
Chicago, IL 60601

Re: SPA #25-0051
Inpatient Hospital Services

Dear Director McMillion:

The State requests approval of the enclosed amendment #25-0051 to the Title XIX (Medicaid) State Plan for inpatient hospital services to be effective April 1, 2025 (Appendix I). This amendment is being submitted based upon enacted legislation. A summary of the proposed amendment is contained in Appendix II.

This amendment is submitted pursuant to §1902(a) of the Social Security Act (42 USC 1396a(a)) and Title 42 of the Code of Federal Regulations (CFR), Part 447, Subpart C.

Notices of the changes in the methods and standards for setting payment rates for general hospital inpatient services were given in the *New York State Register* on March 26, 2025 and clarified on July 16, 2025. Copies of pertinent sections of enacted legislation are enclosed for your information (Appendix III). In addition, responses to the five standard funding questions are also enclosed (Appendix V).

If you have any questions regarding this State Plan Amendment submission, please do not hesitate to contact Regina Deyette, Medicaid State Plan Coordinator, Division of Finance and Rate Setting, Office of Health Insurance Programs at (518) 473-3658.

Sincerely,

A black rectangular redaction box covering the signature of Amir Bassiri.

Amir Bassiri
Medicaid Director
Office of Health Insurance Programs

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 5 — 0 0 5 1

2. STATE

N Y3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL
SECURITY ACT

XIX



XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

April 01, 2025

5. FEDERAL STATUTE/REGULATION CITATION

§ 1905(a)(1) Inpatient Hospital Services

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 04/01/25-09/30/25 \$ 5,944b. FFY 10/01/25-09/30/26 \$ 11,887

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A Part I Page: 117(m)

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)

Attachment 4.19-A Part I Page: 117(m)

9. SUBJECT OF AMENDMENT

2.6% Targeted Inflationary Increase- OMH CPEP EOB SFY 26

10. GOVERNOR'S REVIEW (Check One)



GOVERNOR'S OFFICE REPORTED NO COMMENT



COMMENTS OF GOVERNOR'S OFFICE ENCLOSED



NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL



OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME

Amir Bassiri

13. TITLE

Medicaid Director

14. DATE SUBMITTED

June 30, 2025

15. RETURN TO

New York State Department of Health
Division of Finance and Rate Setting
99 Washington Ave – One Commerce Plaza
Suite 1432
Albany, NY 12210**FOR CMS USE ONLY**

16. DATE RECEIVED

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

Appendix I
2025 Title XIX State Plan
Second Quarter Amendment
Amended SPA Pages

**New York
117(m)**

1905(a)(1) Inpatient Hospital Services

- i. Eligible hospitals will be those general hospitals which receive approval for certificate of need applications submitted to the Department of Health between April 1, 2010 and March 31, 2011 for adding new behavioral health inpatient beds in response to the decertification of other general hospital behavioral health inpatient beds in the same service area, or which the Commissioner of Health, in consultation with the Commissioner of Mental Health, has determined to have complied with Department of Health requests to adjust behavioral health service delivery in order to ensure access.
- ii. Eligible hospitals will, as a condition of their receipt of the rate adjustments, submit to the Department of Health proposed budgets for the expenditure of the additional Medicaid payments for the purpose of providing inpatient behavioral health services to Medicaid eligible individuals. The budgets must be approved by the Department of Health, in consultation with the Office of Mental Health, prior to the rate adjustments being issued.
- iii. Distributions will be made as add-ons to each eligible facility's inpatient Medicaid rate and will be allocated proportionally, utilizing the proportion of each approved hospital budget to the total amount of all approved hospital budgets. Distributions will be subsequently reconciled to ensure that actual aggregate expenditures are within available aggregate funding.
- l. For purposes of this section, the downstate region of New York State will consist of the following counties of: Bronx, New York, Kings, Queens, Richmond, Nassau, Suffolk, Westchester, Rockland, Orange, Putnam, and Dutchess; and the upstate region of New York State will consist of all other New York counties.
- m. Reimbursement equivalent to the inpatient hospital per diem rate of reimbursement will be made for extended observation bed (EOB) services in hospital-based comprehensive psychiatric emergency programs (CPEP), subsequent to a CPEP full or triage and referral visit and where the beneficiary remains in the CPEP for longer than 24 hours. Such reimbursement will be limited to 72 hours. Effective April 1, ~~2024~~ 2025, inpatient hospital rates for EOB services are available at the following Office of Mental Health website link:

https://omh.ny.gov/omhweb/medicaid_reimbursement/excel/cpep.xlsx

TN #25-0051 **Approval Date**

Supersedes TN #24-0055 **Effective Date** April 1, 2025

Appendix II
2025 Title XIX State Plan
Second Quarter Amendment
Summary

SUMMARY
SPA #25-0051

This State Plan Amendment proposes to provide a 2.6% targeted inflationary increase to the reimbursement fees for NYS Office of Mental Health Comprehensive Psychiatric Emergency Programs (CPEP) Emergency Observation Beds (EOB).

Appendix III
2025 Title XIX State Plan
Second Quarter Amendment
Authorizing Provisions

SPA 25-0051

PART FF of Chapter 57 of the Laws of 2025

31 Section 1. 1. Subject to available appropriations and approval of the
32 director of the budget, the commissioners of the office of mental
33 health, office for people with developmental disabilities, office of
34 addiction services and supports, office of temporary and disability
35 assistance, office of children and family services, and the state office
36 for the aging (hereinafter "the commissioners") shall establish a state
37 fiscal year 2025-2026 targeted inflationary increase, effective April 1,
38 2025, for projecting for the effects of inflation upon rates of
39 payments, contracts, or any other form of reimbursement for the programs
40 and services listed in subdivision four of this section. The targeted
41 inflationary increase established herein shall be applied to the appro
42 priate portion of reimbursable costs or contract amounts. Where appro
43 priate, transfers to the department of health (DOH) shall be made as
44 reimbursement for the state and/or local share of medical assistance.

45 2. Notwithstanding any inconsistent provision of law, subject to the
46 approval of the director of the budget and available appropriations
47 therefor, for the period of April 1, 2025 through March 31, 2026, the
48 commissioners shall provide funding to support a two and six-tenths
49 percent (2.6%) targeted inflationary increase under this section for all
50 eligible programs and services as determined pursuant to subdivision
51 four of this section.

52 3. Notwithstanding any inconsistent provision of law, and as approved
53 by the director of the budget, the 2.6 percent targeted inflationary
54 increase established herein shall be inclusive of all other inflationary
1 increases, cost of living type increases, inflation factors, or trend
2 factors that are newly applied effective April 1, 2025. Except for the
3 2.6 percent targeted inflationary increase established herein, for the
4 period commencing on April 1, 2025 and ending March 31, 2026 the commis
5 sioners shall not apply any other new targeted inflationary increases or
6 cost of living adjustments for the purpose of establishing rates of
7 payments, contracts or any other form of reimbursement. The phrase "all
8 other inflationary increases, cost of living type increases, inflation
9 factors, or trend factors" as defined in this subdivision shall not
10 include payments made pursuant to the American Rescue Plan Act or other
11 federal relief programs related to the Coronavirus Disease 2019 (COVID12
19) pandemic public health emergency. This subdivision shall not
13 prevent the office of children and family services from applying addi
14 tional trend factors or staff retention factors to eligible programs and
15 services under paragraph (v) of subdivision four of this section.

16 4. Eligible programs and services. (i) Programs and services funded,
17 licensed, or certified by the office of mental health (OMH) eligible for
18 the targeted inflationary increase established herein, pending federal
19 approval where applicable, include: office of mental health licensed
20 outpatient programs, pursuant to parts 587 and 599 of title 14 CRR-NY of
21 the office of mental health regulations including clinic (mental health
22 outpatient treatment and rehabilitative services programs), continuing
23 day treatment, day treatment, intensive outpatient programs and partial
24 hospitalization; outreach; crisis residence; crisis stabilization,
25 crisis/respite beds; mobile crisis, part 590 comprehensive psychiatric
26 emergency program services; crisis intervention; home based crisis
27 intervention; family care; supported single room occupancy; supported
28 housing programs/services excluding rent; treatment congregate;
29 supported congregate; community residence - children and youth;
30 treatment/apartment; supported apartment; community residence single

31 room occupancy; on-site rehabilitation; employment programs; recreation;
32 respite care; transportation; psychosocial club; assertive community
33 treatment; case management; care coordination, including health home
34 plus services; local government unit administration; monitoring and
35 evaluation; children and youth vocational services; single point of
36 access; school-based mental health program; family support children and
37 youth; advocacy/support services; drop in centers; recovery centers;
38 transition management services; bridge; home and community based waiver
39 services; behavioral health waiver services authorized pursuant to the
40 section 1115 MRT waiver; self-help programs; consumer service dollars;
41 conference of local mental hygiene directors; multicultural initiative;
42 ongoing integrated supported employment services; supported education;
43 mentally ill/chemical abuse (MICA) network; personalized recovery
44 oriented services; children and family treatment and support services;
45 residential treatment facilities operating pursuant to part 584 of title
46 14-NYCRR; geriatric demonstration programs; community-based mental
47 health family treatment and support; coordinated children's service
48 initiative; homeless services; and promise zones.

49 (ii) Programs and services funded, licensed, or certified by the
50 office for people with developmental disabilities (OPWDD) eligible for
51 the targeted inflationary increase established herein, pending federal
52 approval where applicable, include: local/unified services; chapter 620
53 services; voluntary operated community residential services; article 16
54 clinics; day treatment services; family support services; 100% day
55 training; epilepsy services; traumatic brain injury services; hepatitis
56 B services; independent practitioner services for individuals with
1 intellectual and/or developmental disabilities; crisis services for
2 individuals with intellectual and/or developmental disabilities; family
3 care residential habilitation; supervised residential habilitation;
4 supportive residential habilitation; respite; day habilitation; prevoca
5 tional services; supported employment; community habilitation; interme
6 diate care facility day and residential services; specialty hospital;
7 pathways to employment; intensive behavioral services; community transi
8 tion services; family education and training; fiscal intermediary;
9 support broker; and personal resource accounts.

10 (iii) Programs and services funded, licensed, or certified by the
11 office of addiction services and supports (OASAS) eligible for the
12 targeted inflationary increase established herein, pending federal
13 approval where applicable, include: medically supervised withdrawal
14 services - residential; medically supervised withdrawal services -
15 outpatient; medically managed detoxification; inpatient rehabilitation
16 services; outpatient opioid treatment; residential opioid treatment;
17 residential opioid treatment to abstinence; problem gambling treatment;
18 medically supervised outpatient; outpatient rehabilitation; specialized
19 services substance abuse programs; home and community based waiver
20 services pursuant to subdivision 9 of section 366 of the social services
21 law; children and family treatment and support services; continuum of
22 care rental assistance case management; NY/NY III post-treatment hous
23 ing; NY/NY III housing for persons at risk for homelessness; permanent
24 supported housing; youth clubhouse; recovery community centers; recovery
25 community organizing initiative; residential rehabilitation services for
26 youth (RRSY); intensive residential; community residential; supportive
27 living; residential services; job placement initiative; case management;
28 family support navigator; local government unit administration; peer
29 engagement; vocational rehabilitation; HIV early intervention services;
30 dual diagnosis coordinator; problem gambling resource centers; problem
31 gambling prevention; prevention resource centers; primary prevention

32 services; other prevention services; comprehensive outpatient clinic;
33 jail-based supports; and regional addiction resource centers.
34 (iv) Programs and services funded, licensed, or certified by the
35 office of temporary and disability assistance (OTDA) eligible for the
36 targeted inflationary increase established herein, pending federal
37 approval where applicable, include: the nutrition outreach and education
38 program (NOEP).
39 (v) Programs and services funded, licensed, or certified by the office
40 of children and family services (OCFS) eligible for the targeted infla41
tionary increase established herein, pending federal approval where
42 applicable, include: programs for which the office of children and fami43
ly services establishes maximum state aid rates pursuant to section
44 398-a of the social services law and section 4003 of the education law;
45 emergency foster homes; foster family boarding homes and therapeutic
46 foster homes; supervised settings as defined by subdivision twenty-two
47 of section 371 of the social services law; adoptive parents receiving
48 adoption subsidy pursuant to section 453 of the social services law; and
49 congregate and scattered supportive housing programs and supportive
50 services provided under the NY/NY III supportive housing agreement to
51 young adults leaving or having recently left foster care.
52 (vi) Programs and services funded, licensed, or certified by the state
53 office for the aging (SOFA) eligible for the targeted inflationary
54 increase established herein, pending federal approval where applicable,
55 include: community services for the elderly; expanded in-home services
56 for the elderly; and the wellness in nutrition program.
1 5. Each local government unit or direct contract provider receiving
2 funding for the targeted inflationary increase established herein shall
3 submit a written certification, in such form and at such time as each
4 commissioner shall prescribe, attesting how such funding will be or was
5 used to first promote the recruitment and retention of support staff,
6 direct care staff, clinical staff, non-executive administrative staff,
7 or respond to other critical non-personal service costs prior to
8 supporting any salary increases or other compensation for executive
9 level job titles.
10 6. Notwithstanding any inconsistent provision of law to the contrary,
11 agency commissioners shall be authorized to recoup funding from a local
12 governmental unit or direct contract provider for the targeted infla13
tionary increase established herein determined to have been used in a
14 manner inconsistent with the appropriation, or any other provision of
15 this section. Such agency commissioners shall be authorized to employ
16 any legal mechanism to recoup such funds, including an offset of other
17 funds that are owed to such local governmental unit or direct contract
18 provider.
19 § 2. This act shall take effect immediately and shall be deemed to
20 have been in full force and effect on and after April 1, 2025.

New York State Mental Hygiene Laws §7.15

(a) The commissioner shall plan, promote, establish, develop, coordinate, evaluate, and conduct programs and services of prevention, diagnosis, examination, care, treatment, rehabilitation, training, and research for the benefit of the mentally ill. Such programs shall include but not be limited to in-patient, out-patient, partial hospitalization, day care, emergency, rehabilitative, and other appropriate treatments and services. He or she shall take all actions that are necessary, desirable, or proper to implement

the purposes of this chapter and to carry out the purposes and objectives of the department within the amounts made available therefor by appropriation, grant, gift, devise, bequest, or allocation from the mental health services fund established under section ninety-seven-f of the state finance law.

(b) The activities described in subdivision (a) of this section may be undertaken in cooperation and agreement with other offices of the department and with other departments or agencies of the state, local or federal government, or with other organizations and individuals.

New York State Mental Hygiene Laws §43.02

(a) Notwithstanding any inconsistent provision of law, payment made by government agencies pursuant to title eleven of article five of the social services law for services provided by any facility licensed by the office of mental health pursuant to article thirty-one of this chapter or certified by the office of alcoholism and substance abuse services pursuant to this chapter to provide inpatient chemical dependence services, as defined in section 1.03 of this chapter, shall be at rates or fees certified by the commissioner of the respective office and approved by the director of the division of the budget, provided, however, the commissioner of mental health shall annually certify such rates or fees which may vary for distinct geographical areas of the state and, provided, further, that rates or fees for service for inpatient psychiatric services or inpatient chemical dependence services, at hospitals otherwise licensed pursuant to article twenty-eight of the public health law shall be established in accordance with section two thousand eight hundred seven of the public health law and, provided, further, that rates or fees for services provided by any facility or program licensed, operated or approved by the office for people with developmental disabilities, shall be certified by the commissioner of health; provided, however, that such methodologies shall be subject to approval by the office for people with developmental disabilities and shall take into account the policies and goals of such office.

(b) Operators of facilities licensed by the office of mental health pursuant to article thirty-one of this chapter, licensed by the office for people with developmental disabilities pursuant to article sixteen of this chapter or certified by the office of alcoholism and substance abuse services pursuant to this chapter to provide inpatient chemical dependence services shall provide to the commissioner of the respective office such financial, statistical and program information as the commissioner may determine to be necessary. The commissioner of the appropriate office shall have the power to conduct on-site audits of books and records of such facilities.

(c) The commissioner of the office of mental health, the commissioner of the office for people with developmental disabilities and the commissioner of the office of alcoholism and substance abuse services shall adopt rules and regulations to effectuate the provisions of this section. Such rules and regulations shall include, but not be limited to, provisions relating to:

(i) the establishment of a uniform statewide system of reports and audits relating to the quality of care provided, facility utilization and costs of providing services; such a uniform statewide system may provide for appropriate variation in the application of the system to different classes or subclasses of facilities licensed by the office of mental health pursuant to article thirty-one of this chapter or licensed or operated by the office for people with developmental disabilities pursuant to article sixteen of this chapter, or certified by the office of alcoholism and substance abuse services pursuant to this chapter to provide inpatient chemical dependence services; and

(ii) methodologies used in the establishment of the schedules of rates or fees pursuant to this section provided, however, that the commissioner of health shall adopt rules and regulations including methodologies developed by him or her for services provided by any facility or program licensed, operated or approved by the office for people with developmental disabilities; provided, however, that such rules and regulations shall be subject to the approval of the office for people with developmental disabilities and shall take into account the policies and goals of such office.

SECTION 43.01

Fees and rates for department services

Mental Hygiene (MHY) CHAPTER 27, TITLE E, ARTICLE 43

§ 43.01 Fees and rates for department services.

(a) The department shall charge fees for its services to patients and residents, provided, however, that no person shall be denied services because of inability or failure to pay a fee.

(b) The commissioner may establish, at least annually, schedules of rates for inpatient services that reflect the costs of services, care, treatment, maintenance, overhead, and administration which assure maximum recovery of such costs.

In addition, the commissioner may establish, at least annually, schedules of fees for noninpatient services which need not reflect the costs of services, care, treatment, maintenance, overhead, and administration.

(c) The executive budget, as recommended, shall reflect, by individual

facility, the costs of services, care, treatment, maintenance, overhead, and administration.

(d) All schedules of fees and rates which are established by the commissioner, shall be subject to the approval of the director of the division of the budget. Immediately upon their approval, copies of all schedules of fees and rates established pursuant to this section shall be forwarded to the chairman of the assembly ways and means committee and the chairman of the senate finance committee.

Appendix IV
2025 Title XIX State Plan
Second Quarter Amendment
Public Notice

MISCELLANEOUS NOTICES/HEARINGS

Notice of Abandoned Property Received by the State Comptroller

Pursuant to provisions of the Abandoned Property Law and related laws, the Office of the State Comptroller receives unclaimed monies and other property deemed abandoned. A list of the names and last known addresses of the entitled owners of this abandoned property is maintained by the office in accordance with Section 1401 of the Abandoned Property Law. Interested parties may inquire if they appear on the Abandoned Property Listing by contacting the Office of Unclaimed Funds, Monday through Friday from 8:00 a.m. to 4:30 p.m., at:

1-800-221-9311
or visit our web site at:
www.osc.state.ny.us

Claims for abandoned property must be filed with the New York State Comptroller's Office of Unclaimed Funds as provided in Section 1406 of the Abandoned Property Law. For further information contact: Office of the State Comptroller, Office of Unclaimed Funds, 110 State St., Albany, NY 12236.

PUBLIC NOTICE

Department of Civil Service

PURSUANT to the Open Meetings Law, the New York State Civil Service Commission hereby gives public notice of the following:

Please take notice that the regular monthly meeting of the State Civil Service Commission for April 2025 will be conducted on April 9 and April 10 commencing at 10:00 a.m. This meeting will be conducted at NYS Media Services Center, Suite 146, South Concourse, Empire State Plaza, Albany, NY with live coverage available at <https://www.cs.ny.gov/commission/>.

For further information, contact: Office of Commission Operations, Department of Civil Service, Empire State Plaza, Agency Bldg. 1, Albany, NY 12239, (518) 473-6598

PUBLIC NOTICE

Department of Health

Pursuant to 42 CFR Section 447.205, the Department of Health hereby gives public notice of the following:

The Department of Health proposes to amend the Title XIX (Medicaid) State Plan for all services to comply with the 2025-2026 proposed executive budget. The following changes are proposed:

All Services

Effective on or after April 1, 2025, the Department of Health will adjust Medicaid rates statewide to reflect a 2.1% percent Targeted Inflationary Increase for the following Office of Mental Health (OMH), Office of Addiction Services and Supports (OASAS), and Office for People With Developmental Disabilities (OPWDD) State Plan Services: OMH Outpatient Services, OMH Clinic Services, OMH Rehabilitative Services, Comprehensive Psychiatric Emergency Program, including Extended Observation Beds, Children Family Treatment Support Services, Health Home Plus, Psychiatric Residential Treatment Facilities for Children and Youth, OASAS Outpatient Addiction Services, OASAS Freestanding (non-hospital) Inpatient

Rehabilitation Services, OASAS Freestanding Inpatient Detox Services, OASAS Part 820 Residential Services, OASAS Residential Rehabilitation Services for Youth, Intermediate Care Facility (ICF/IDD), Day Treatment, Article 16 Clinic Services, Specialty Hospital, Independent Practitioner Services for Individual with Developmental Disabilities (IPSIDD), and OPWDD Crisis Services.

The estimated annual net aggregate increase in gross Medicaid expenditures attributable to this initiative contained in the budget for state fiscal year 2025-26 is \$28.3 million.

Non-Institutional Services

Effective on or after April 1, 2025 through March 31, 2028, this proposal would provide a three-year increase in funding associated with the reimbursement for diagnostic and treatment centers, including Federally Qualified Health Centers and Rural Health Clinics.

The estimated net aggregate increase in gross Medicaid expenditures attributable to this initiative contained in the budget for state fiscal year 2025-2026 is \$20 million.

Effective on or after April 1, 2025 through March 31, 2028, this proposal would provide a three-year increase in funding associated with the reimbursement for Assisted Living Programs (ALPs).

The estimated net aggregate increase in gross Medicaid expenditures attributable to this initiative contained in the budget for state fiscal year 2025-2026 is \$15 million.

Effective on or after April 1, 2025 through March 31, 2028, this proposal would provide a three-year increase in funding associated with the reimbursement for Adult Day Health Care programs (ADHCs).

The estimated net aggregate increase in gross Medicaid expenditures attributable to this initiative contained in the budget for state fiscal year 2025-2026 is \$5.4 million.

Effective on or after April 1, 2025 through March 31, 2028 this proposal would provide a three-year increase in funding associated with the reimbursement for Hospice programs.

The estimated net aggregate increase in gross Medicaid expenditures attributable to this initiative contained in the budget for state fiscal year 2025-2026 is \$0.7 million.

Effective on or after April 1, 2025 noticed provision for Supplemental payments intended for services provided for Voluntary Hospitals up to the upper payment limit for Voluntary Hospitals shall be eliminated. Funds shall be available as Indigent Care Pool (ICP) dollars only.

There is no estimated change to gross Medicaid expenditures as a result of this proposed amendment.

Effective on or after April 1, 2025, rates of payment for services provided by Health Facilities licensed under Article 29-I of the Public Health Law to individuals under age 21 years, will be increased to account for enhanced programmatic requirements and to ensure access to primary care services in these settings.

The estimated net aggregate increase in gross Medicaid expenditures attributable to this initiative contained in the budget for state fiscal year 2025-26 is \$36 million.

Effective on or after April 1, 2025, the Department of Health will adjust Medicaid rates statewide to account for increased labor costs resulting from statutorily required increases in New York State minimum wage for the following Office of Mental Health (OMH) State

Plan Services: OMH Outpatient Services, OMH Clinic Services, and OMH Rehabilitative Services.

The estimated annual net aggregate increase in gross Medicaid expenditures attributable to this initiative is \$84,000.

Institutional Services

Effective on or after April 1, 2025, the proposed amendment to the State Plan will allow Title XIX (Medicaid) reimbursement to general hospitals, as defined in Subdivision 10 of Section 2801 of the Public Health Law, for provision of inpatient acute care that is provided off-site, pursuant to the conditions set forth in proposed Subdivision 15 of Section 2803 of the Public Health Law (see Proposed Executive Budget, Health and Mental Hygiene, Part Y). Reimbursement rates will match those provided for inpatient acute care services provided on-site in licensed general hospital settings.

Under the proposed law, the Commissioner of Health of the State of New York may allow general hospitals to provide off-site acute care medical services that are (a) not home care services or professional services as defined in Subdivisions 1 and 2 of Section 3602 of the Public Health Law; (b) provided by a medical professional, including a physician, registered nurse, nurse practitioner, or physician assistant, to a patient with a preexisting clinical relationship with the general hospital or with the health care professional providing the service; and (c) provided to a patient for whom a medical professional has determined is appropriate to receive acute medical services at their residence. To participate, the general hospital must also have appropriate discharge planning in place to coordinate discharge to a home care agency where medically necessary and consented to by the patient after the patient's acute care episode ends, consistent with all applicable federal, state, and local laws.

There is no estimated change to gross Medicaid expenditures as a result of this proposed amendment.

Effective on or after April 1, 2025 the provision for Supplemental payments intended for services provided for Voluntary Hospitals up to the upper payment limit for Voluntary Hospitals shall be eliminated. Funds shall be available as Indigent Care Pool (ICP) dollars only.

There is no estimated change to gross Medicaid expenditures as a result of this proposed amendment.

Effective on or after April 1, 2025, hospitals owned and operated by the New York City Health and Hospitals Corporation are removed from participation in the Indigent Care Pool (ICP). Hospitals will continue to be funded in DSH via other DSH transactions.

The estimated annual net aggregate decrease in gross Medicaid expenditures attributable to this initiative contained in the budget for state fiscal year 2025-26 is (\$113 million).

Long Term Care Services

Effective on or after April 1, 2025 through March 31, 2028 this proposal would provide a three-year increase in funding associated with the reimbursement for residential health care facilities.

The estimated net aggregate increase in gross Medicaid expenditures attributable to this initiative contained in the budget for state fiscal year 2025-2026 is \$378.9 million.

Effective on or after April 1, 2025, the Department of Health proposes to amend the Title XIX (Medicaid) State Plan for long term care services related to temporary rate adjustments to long term care providers that are undergoing closure, merger, consolidation, acquisition or restructuring themselves or other health care providers. These payments are authorized by current State statutory and regulatory provisions. The temporary rate adjustments will be reviewed and approved by the CINERGY Collaborative.

The estimated net aggregate increase in gross Medicaid expenditures attributable to this initiative contained in the budget for state fiscal year 2025-2026 is \$30 million.

Effective on or after April 1, 2025 a demonstration program for aging adults with medical fragility shall be established. The aging adults with medical fragility demonstration will certify a medical fragility facility, as defined by Public Health Law § 2808-f, for the purpose of improving the quality of care for aging adults with medical fragility. The facility shall support the continuing needs for adults from age 35 years old to end of life who have a chronic debilitating condition or

conditions, are at risk of hospitalization, are technology-dependent for life or health sustaining functions, require complex medication regimens or medical interventions to maintain or to improve their health status, and/or are in need of ongoing assessment or intervention to prevent serious deterioration of their health status or medical complications that place their life, health or development at risk.

The State intends to utilize its current nursing home reimbursement rates for adults and take into account the methodology used to establish the operating component of the rates with an increase or decrease adjustment as appropriate to account for any discrete expenses associated with caring for aging adults with medical fragility, including addressing their distinct needs as aging adults for medical and psychological support services.

The estimated net aggregate increase in gross Medicaid expenditures attributable to this initiative contained in the budget for state fiscal year 2025-2026 is \$59.6 million.

The public is invited to review and comment on this proposed State Plan Amendment, a copy of which will be available for public review on the Department's website at http://www.health.ny.gov/regulations/state_plans/status. Individuals without Internet access may view the State Plan Amendments at any local (county) social services district.

For the New York City district, copies will be available at the following places:

New York County
250 Church Street
New York, New York 10018

Queens County, Queens Center
3220 Northern Boulevard
Long Island City, New York 11101

Kings County, Fulton Center
114 Willoughby Street
Brooklyn, New York 11201

Bronx County, Tremont Center
1916 Monterey Avenue
Bronx, New York 10457

Richmond County, Richmond Center
95 Central Avenue, St. George
Staten Island, New York 10301

For further information and to review and comment, please contact:
Department of Health, Division of Finance and Rate Setting, 99 Washington Ave., One Commerce Plaza, Suite 1432, Albany, NY 12210, spa-inquiries@health.ny.gov

PUBLIC NOTICE

Department of Health

Pursuant to 42 CFR Section 447.205, the Department of Health hereby gives public notice of the following:

The Department of Health proposes to amend the Title XIX (Medicaid) State Plan for non-institutional Services as authorized by § 2826 of New York Public Health Law. The following changes are proposed:

Non-Institutional Services

Effective on or after April 1, 2025, temporary rate adjustments have been approved for services related to providers that are undergoing closure, merger, consolidation, acquisition or restructuring themselves or other health care providers. The temporary rate adjustments have been reviewed and approved for the following Hospital:

- St. Mary's Healthcare

The aggregate payment amounts totaling up to \$11,370,250 for the period April 1, 2025, through March 31, 2026.

The aggregated payment amounts totaling up to \$10,220,250 for the period of April 1, 2026, through March 31, 2027.

Public Notice
NYS Department of Health

Pursuant to 42 CFR Section 447.205, the Department of Health hereby gives public notice of the following:

The Department of Health proposes to amend the Title XIX (Medicaid) State Plan for all services to comply with the 2025-2026 enacted budget. The following changes are proposed:

All Services

The following is a clarification to the March 26, 2025, noticed provision to adjust rates of payment statewide to reflect a 2.1 percent (2.1%) Targeted Inflationary Increase.

With clarification, this increase will now be 2.6 percent (2.6%) and relating to the following: Office of Mental Health (OMH), Office of Addiction Services and Supports (OASAS), and Office for People With Developmental Disabilities (OPWDD) State Plan Services: OMH Outpatient Services, OMH Clinic Services, OMH Rehabilitative Services, Comprehensive Psychiatric Emergency Program, including Extended Observation Beds, Children Family Treatment Support Services, Health Home Plus, Psychiatric Residential Treatment Facilities for Children and Youth, OASAS Outpatient Addiction Services, OASAS Freestanding (non-hospital) Inpatient Rehabilitation Services, OASAS Freestanding Inpatient Detox Services, OASAS Part 820 Residential Services, OASAS Residential Rehabilitation Services for Youth, Intermediate Care Facility (ICF/IDD), Day Treatment, Article 16 Clinic Services, Specialty Hospital,

Independent Practitioner Services for Individual with Developmental Disabilities (IPSIDD), and OPWDD Crisis Services.

The estimated net aggregate increase in gross Medicaid expenditures attributable to this initiative contained in the budget for state fiscal year 2025-26 is now \$34.9 million.

Non-Institutional Services

The following is a clarification to the March 26, 2025, noticed provision to provide a three-year increase in funding associated with the reimbursement for Adult Day Health Care programs (ADHCs).

With clarification, the estimated net aggregate increase in gross Medicaid expenditures attributable to this initiative contained in the budget for state fiscal year 2025-2026 is now \$6.4 million.

The following is a clarification to the March 26, 2025, noticed provision to provide a three-year increase in funding associated with the reimbursement for Hospice programs.

With clarification, the estimated net aggregate increase in gross Medicaid expenditures attributable to this initiative contained in the budget for state fiscal year 2025-2026 is now \$0.3 million.

Institutional Services

The following is a clarification to the March 26, 2025, noticed provision for hospitals owned and operated by the New York City Health and Hospitals Corporation

are removed from participation in the Indigent Care Pool (ICP). Hospitals will continue to be funded in DSH via other DSH transactions.

With clarification, such DSH transactions will continue April 1, 2025 through March 31, 2028. There is no change to the previously published fiscal impact.

Long Term Care Services

The following is a clarification to the March 26, 2025, noticed provision to provide a three-year increase in funding associated with the reimbursement for residential health care facilities.

With clarification, the estimated net aggregate increase in gross Medicaid expenditures attributable to this initiative contained in the budget for state fiscal year 2025-2026 is now \$438.3 million.

The public is invited to review and comment on this proposed State Plan Amendment, a copy of which will be available for public review on the Department's website at http://www.health.ny.gov/regulations/state_plans/status. Individuals without Internet access may view the State Plan Amendments at any local (county) social services district.

For the New York City district, copies will be available at the following places:

New York County
250 Church Street
New York, New York 10018

Queens County, Queens Center
3220 Northern Boulevard
Long Island City, New York 11101

Kings County, Fulton Center

114 Willoughby Street
Brooklyn, New York 11201

Bronx County, Tremont Center
1916 Monterey Avenue
Bronx, New York 10457

Richmond County, Richmond Center
95 Central Avenue, St. George
Staten Island, New York 10301

For further information and to review and comment, please contact:

New York State Department of Health
Division of Finance and Rate Setting
99 Washington Ave
One Commerce Plaza
Suite 1432
Albany, New York 12210
spa-inquiries@health.ny.gov

Appendix V
2025 Title XIX State Plan
Second Quarter Amendment
Responses to Standard Funding Questions

INSTITUTIONAL SERVICES
State Plan Amendment #25-0051

CMS Standard Funding Questions

The following questions are being asked and should be answered in relation to all payments made to all providers reimbursed pursuant to a methodology described in Attachment 4.19-A of the state plan.

- 1. Section 1903(a)(1) provides that Federal matching funds are only available for expenditures made by States for services under the approved State plan. Do providers receive and retain the total Medicaid expenditures claimed by the State (includes normal per diem, supplemental, enhanced payments, other) or is any portion of the payments returned to the State, local governmental entity, or any other intermediary organization? If providers are required to return any portion of payments, please provide a full description of the repayment process. Include in your response a full description of the methodology for the return of any of the amount or percentage of payments that are returned and the disposition and use of the funds once they are returned to the State (i.e., general fund, medical services account, etc.)**

Response: Providers receive and retain 100 percent of total Medicaid expenditures claimed by the State and the State does not require any provider to return any portion of such payments to the State, local government entities, or any other intermediary organization.

- 2. Section 1902(a)(2) provides that the lack of adequate funds from local sources will not result in lowering the amount, duration, scope, or quality of care and services available under the plan. Please describe how the state share of each type of Medicaid payment (normal per diem, supplemental, enhanced, other) is funded. Please describe whether the state share is from appropriations from the legislature to the Medicaid agency, through intergovernmental transfer agreements (IGTs), certified public expenditures (CPEs), provider taxes, or any other mechanism used by the state to provide state share. Note that, if the appropriation is not to the Medicaid agency, the source of the state share would necessarily be derived through either an IGT or CPE. In this case, please identify the agency to which the funds are appropriated. Please provide an estimate of total expenditure and State share amounts for each type of Medicaid payment. If any of the non-federal share is being provided using IGTs or CPEs, please fully describe the matching arrangement including when the state agency receives the transferred amounts from the local government entity transferring the funds. If CPEs are used, please describe the methodology used by the state to verify that the total expenditures being certified are eligible for Federal matching funds in accordance with 42 CFR 433.51(b). For any payment funded by CPEs or IGTs, please provide the following:**
 - (i) a complete list of the names of entities transferring or certifying funds;**
 - (ii) the operational nature of the entity (state, county, city, other);**

- (iii) the total amounts transferred or certified by each entity;
- (iv) clarify whether the certifying or transferring entity has general taxing authority: and,
- (v) whether the certifying or transferring entity received appropriations (identify level of appropriations).

Response: The Non-Federal share Medicaid provider payment is funded by a combination of the following funds/funding sources through enacted appropriations authority to the Department of Health (DOH) for the New York State Medicaid program or is funded by an IGT transferred from the counties.

		4/1/25 – 3/31/26	
Payment Type	Non-Federal Share Funding	Non-Federal	Gross
Hospital Inpatient Normal Per Diem	General Fund; Special Revenue Funds; County Contribution	\$2,624B	\$5,248B
Residential Treatment Facilities Normal Per Diem	General Fund; County Contribution	\$42M	\$84M
Hospital Inpatient Supplemental	General Fund	\$0M	\$0M
Indigent Care Pool	General Fund; Special Revenue Funds	\$300M	\$600M
Voluntary UPL	General Fund	\$170M	\$339M
Indigent Care Pool Adjustment	General Fund; IGT	\$473M	\$945M
Disproportionate Share Program	General Fund; IGT	\$393M	\$786M
State Public Inpatient UPL	General Fund	\$36M	\$72M
Non-State Government Inpatient UPL	IGT	\$282M	\$564M
Totals		\$4,319B	\$8,639B

A. **General Fund:** Revenue resources for the State's General Fund includes taxes (e.g., income, sales, etc.), and miscellaneous fees (including audit recoveries). Medicaid expenditures from the State's General Fund are authorized from Department of Health Medicaid.

- 1) New York State Audit Recoveries: The Department of Health collaborates with the Office of the Medicaid Inspector General (OMIG) and the Office of the Attorney General (AG) in recovering improperly expended Medicaid funds. OMIG conducts and coordinates the investigation, detection, audit, and review of Medicaid providers and recipients to ensure they are complying with all applicable laws and regulation. OMIG recovers any improper payments through cash collections and voided claim recoveries. Cash collections are deposited into the State's General Fund to offset Medicaid costs.

In addition to cash collections, OMIG finds inappropriately billed claims within provider claims. To correct an error, OMIG and DOH process the current accurate

claim, and reduce this claim by the inappropriate claim value to recoup the previous overclaim and decrease state spending.

B. Special Revenue Funds:

- 1) Health Care Reform Act (HCRA) Resource Fund: as authorized in section 92-dd of New York State Finance Law and was established in 1996, pursuant to New York State Public Health Law 2807-j and 2807-s (surcharges), 2807-c (1 percent), and 2807-d-1 (1.6 percent). HCRA resources include:
 - Surcharge on net patient service revenues for Inpatient Hospital Services.
 - The rate for commercial payors is 9.63 percent.
 - The rate for governmental payors, including Medicaid, is 7.04 percent.
 - Federal payors, including Medicare, are exempt from the surcharge.
 - 1 percent assessment on General Hospital Inpatient Revenue.
 - 1.6 percent Quality Contribution on Maternity and Newborn (IP) Services.
- 2) Health Facility Cash Assessment Program (HFCAP) Fund: Pursuant to New York State Public Health Law 2807-d, the total state assessment on each hospital's gross receipts received from all patient care services and other operating income, excluding gross receipts attributable to payments received pursuant to Title XVIII of the federal Social Security Act (Medicare), is 0.35 percent.

NOTE: New York's Health Care taxes are either broad based and uniform (as in all HFCAP assessments except for the Personal Care Provider Cash Assessment) or have a specific exemption known as the "D'Amato provision (Federal PHL section 105-33 4722 (c))" which allows the HCRA surcharges to exist in their current format. The single tax which has been determined by the State to be an impermissible provider tax is the HFCAP charge on Personal Care Providers. The State does not claim any Federal dollars for the surcharge collected in this manner in order to comply with all Federal provider tax rules.

C. Additional Resources for Non-Federal Share Funding:

County Contribution: In State Fiscal Year 2006, through enacted State legislation (Part C of Chapter 58 of the laws of 2005), New York State "capped" the amount localities contributed to the non-Federal share of providers claims. This was designed to relieve pressure on county property taxes and the NYC budget by limiting local contributions having New York State absorb all local program costs above this fixed statutory inflation rate (3% at the time).

However, in State Fiscal Year 2013 New York State provided additional relief to Localities by reducing local contributions annual growth from three percent to zero over a three-year period. Beginning in State Fiscal Year 2016, counties began paying a fixed cost in perpetuity as follows:

Entity	Annual Amount
New York City	\$5.378B

Suffolk County	\$256M
Nassau County	\$241M
Westchester County	\$223M
Erie County	\$216M
Rest of State (53 Counties)	\$1.320B
Total	\$7.634B

By eliminating the growth in localities Medicaid costs, the State has statutorily capped total Statewide County Medicaid expenditures at 2015 levels. All additional county Medicaid costs are funded by the State through State funding as described above. DOH provides annual letters to counties providing weekly contributions. Contributions are deposited directly into State escrow account and used to offset 'total' State share Medicaid funding.

NOTE: The Local Contribution is not tied to a specific claim or service category and instead is a capped amount based on 2015 county spending levels as stated above. Each deposit received is reviewed and compared to the amount each county is responsible to contribute to the Medicaid program to verify the county funds received are eligible for Medicaid expenses.

D. IGT Funding:

New York State requests the transfer of the IGT amounts from entities prior to the release of payments to the providers. The entities transferring IGT amounts are all units of government, and the nonfederal share is derived from state or local tax revenue funded accounts only. The providers keep and retain Medicaid payments. Please note that entities have taxing authority, and the State does not provide appropriations to the entities for IGTs.

Provider	Entity Transferring IGT Funds	4/1/25-3/31/26 IGT Amount
Bellevue Hospital Center	New York City	\$48M
Coney Island Hospital	New York City	\$30M
City Hospital Center at Elmhurst	New York City	\$21M
Harlem Hospital Center	New York City	\$70M
Henry J Carter Spec Hospital	New York City	\$3M
Jacobi Medical Center	New York City	\$21M
Kings County Hospital Center	New York City	\$44M
Lincoln Medical & Mental Health Center	New York City	\$19M
Metropolitan Hospital Center	New York City	\$16M
North Central Bronx Hospital	New York City	\$0M
Queens Hospital Center	New York City	\$10M
Woodhull Medical and Mental Health Center	New York City	\$50M
Erie County Medical Center	Erie County	\$50M
Lewis County General Hospital	Lewis County	\$3M
Nassau County Medical Center	Nassau County	\$53M

Westchester County Medical Center	Westchester County	\$157M
Wyoming County Community Hospital	Wyoming County	\$1M
NYC Health + Hospitals	New York City	\$23M
Total		\$620M

- 3. Section 1902(a)(30) requires that payments for services be consistent with efficiency, economy, and quality of care. Section 1903(a)(1) provides for Federal financial participation to States for expenditures for services under an approved State plan. If supplemental or enhanced payments are made, please provide the total amount for each type of supplemental or enhanced payment made to each provider type.**

Response: Please see list of supplemental payments below:

Payment Type	Private	State Government	Non-State Government	4/1/25-3/31/26 Gross Total
Indigent Care Pool/Voluntary UPL \$339M Guarantee	\$816M	\$7M	\$116M	\$939M
Indigent Care Pool Adjustment	\$0	\$132M	\$814M	\$945M
Disproportionate Share Program	\$0	\$772M	\$14M	\$786M
Vital Access Program	\$0	\$0	\$0	\$0
State Public Inpatient UPL	\$0	\$72	\$0	\$72
Non-State Government Inpatient UPL	\$0	\$0	\$564	\$564
Total	\$816M	\$982M	\$1,508M	\$3,306B

The Medicaid payments under this State Plan Amendment are not supplemental payments.

- 4. Please provide a detailed description of the methodology used by the state to estimate the upper payment limit (UPL) for each class of providers (State owned or operated, non-state government owned or operated, and privately owned or operated). Please provide a current (i.e. applicable to the current rate year) UPL demonstration. Under regulations at 42 CFR 447.272, States are prohibited from setting payment rates for Medicaid inpatient services that exceed a reasonable estimate of the amount that would be paid under Medicare payment principals.**

Response: The inpatient UPL demonstration utilizes cost-to-payment and payment-to-payment methodologies to estimate the upper payment limit for each class of providers. The Medicaid payments under this State Plan Amendment will be included in the 2025 inpatient UPL when it is submitted to CMS.

- 5. Does any governmental provider receive payments that in the aggregate (normal per diem, supplemental, enhanced, other) exceed their reasonable costs of**

providing services? If payments exceed the cost of services, do you recoup the excess and return the Federal share of the excess to CMS on the quarterly expenditure report?

Response: Providers do not receive payments that in the aggregate exceed their reasonable costs of providing services. If any providers received payments that in the aggregate exceeded their reasonable costs of providing services, the State would recoup the excess and return the Federal share of the excess to CMS on the quarterly expenditure report.

ACA Assurances:

- 1. Maintenance of Effort (MOE). Under section 1902(gg) of the Social Security Act (the Act), as amended by the Affordable Care Act, as a condition of receiving any Federal payments under the Medicaid program during the MOE period indicated below, the State shall not have in effect any eligibility standards, methodologies, or procedures in its Medicaid program which are more restrictive than such eligibility provisions as in effect in its Medicaid program on March 10, 2010.**

MOE Period.

- **Begins on: March 10, 2010, and**
- **Ends on: The date the Secretary of the Federal Department of Health and Human Services determines an Exchange established by a State under the provisions of section 1311 of the Affordable Care Act is fully operational.**

Response: This SPA complies with the conditions of the MOE provision of section 1902(gg) of the Act for continued funding under the Medicaid program.

- 2. Section 1905(y) and (z) of the Act provides for increased FMAs for expenditures made on or after January 1, 2014 for individuals determined eligible under section 1902(a)(10)(A)(i)(VIII) of the Act. Under section 1905(cc) of the Act, the increased FMA under sections 1905(y) and (z) would not be available for States that require local political subdivisions to contribute amounts toward the non-Federal share of the State's expenditures at a greater percentage than would have been required on December 31, 2009.**

Prior to January 1, 2014 States may potentially require contributions by local political subdivisions toward the non-Federal share of the States' expenditures at percentages greater than were required on December 31, 2009. However, because of the provisions of section 1905(cc) of the Act, it is important to determine and document/flag any SPAs/State plans which have such greater percentages prior to the January 1, 2014 date in order to anticipate potential violations and/or appropriate corrective actions by the States and the Federal government.

Response: This SPA would [] / would not [✓] violate these provisions, if they remained in effect on or after January 1, 2014.

3. Please indicate whether the State is currently in conformance with the requirements of section 1902(a)(37) of the Act regarding prompt payment of claims.

Response: The State complies with the requirements of section 1902(a)(37) of the Act regarding prompt payment of claims.

Tribal Assurance:

Section 1902(a)(73) of the Social Security Act the Act requires a State in which one or more Indian Health Programs or Urban Indian Organizations furnish health care services to establish a process for the State Medicaid agency to seek advice on a regular ongoing basis from designees of Indian health programs whether operated by the Indian Health Service HIS Tribes or Tribal organizations under the Indian Self Determination and Education Assistance Act ISDEAA or Urban Indian Organizations under the Indian Health Care Improvement Act.

IHCIA Section 2107(e)(I) of the Act was also amended to apply these requirements to the Children's Health Insurance Program CHIP. Consultation is required concerning Medicaid and CHIP matters having a direct impact on Indian health programs and Urban Indian organizations.

- a) Please describe the process the State uses to seek advice on a regular ongoing basis from federally recognized tribes Indian Health Programs and Urban Indian Organizations on matters related to Medicaid and CHIP programs and for consultation on State Plan Amendments waiver proposals waiver extensions waiver amendments waiver renewals and proposals for demonstration projects prior to submission to CMS.**
- b) Please include information about the frequency inclusiveness and process for seeking such advice.**
- c) Please describe the consultation process that occurred specifically for the development and submission of this State Plan Amendment when it occurred and who was involved.**

Response: Tribal consultation was performed in accordance with the State's tribal consultation policy as approved in SPA 17-0065, and documentation of such is included with this submission. To date, no feedback has been received from any tribal representative in response to the proposed change in this SPA.