

# Now & Next

## Healthcare Alert

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### Select health-related provisions in New York's FY 2025–26 Budget

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Some programmatic healthcare provisions from the Executive Budget were included; many were not.



#### What's the impact?

- The Budget contains certain discrete non-financial provisions that impact healthcare stakeholders.
- While the Budget brings new Medicaid health benefit carve-outs, PBM rules, and mental health measures, key laws on transactions, medical debt consent, and provider scope of practices remain unchanged.

New York State recently [enacted State Fiscal Year \(SFY\) 2025–26 Budget](#), which includes several programmatic provisions impacting healthcare, including mental health services.

The Budget **does**:

- / carve out certain health benefits from managed care,
- / extend the “cooling off” period for hospital and payor network terminations,

- / impose transparency obligations on PBMs,
- / update the SAFE law,
- / require hospitals to notify community providers of mental health services of certain patient admissions, and
- / create a Behavioral Health Crisis Technical Center within the Office of Mental Health.

The Budget ***does not***:

- / change the material transaction law, the controlled substances laws, alter the medical debt consent law, expand scopes of practice, or add New York to nurse licensure compacts,
- / eliminate prescriber prevails,
- / require hospitals to report “community benefit expense” spending, or
- / make other changes identified below and discussed in our January 2025 [Summary of select health-related provisions in the State Fiscal 2025–26 Executive Budget](#).

In this alert, we highlight the changes that will impact healthcare stakeholders operating in New York state.

## NYS Medicaid Benefits

Coverage for long-term care nursing homes is now carved out of the Medicaid managed care benefit package—coverage is now through Medicaid fee-for-service, except for dual-eligible enrollees in Medicaid Advantage Plus that are nursing home certifiable.

The NYS Medicaid Program will now cover standard fertility preservation services to prevent or treat infertility, including the collection, freezing, preservation, and storage of eggs and sperms and medically necessary prescription drugs, effective October 1, 2025, but subject to federal financial participation. In addition, grant funding will be available to healthcare providers for improving access and expanding healthcare services related to infertility.

Effective immediately, services provided in school-based health centers are now statutorily prohibited from being provided through managed care programs.

## Pharmacy benefit managers

Starting in 2026, PBMs will be required, by July 1<sup>st</sup> of each year, to publish on their websites (and submitted to the Department of Financial Services and NYSDOH) a report that identifies the aggregated dollar amount of rebates, fees, price protection payments, and any other payments received from drug manufacturers through a rebate contract and the portion passed onto payors or retained by the PBM. In addition, PBMs will be required to summarize key contractual

provisions, including the drug codes associated with each rebate contract, the rebate contracting parties, and key terms regarding formulary placement, exclusions and prior authorization, the total number of prescriptions filled, and units dispensed under a rebate contract, and the financial terms between the PBM and the drug manufacturer related to rebates.

## **Update to SAFE Law for general hospitals**

Effective June 1, 2026, hospitals will be required to maintain Sexual Violence Response Coordinators and sufficient Sexual Assault Forensic Examiners (SAFE) who are properly trained in forensic examinations of sexual offense victims, able to assess the victim's physical injuries, provide necessary medical treatment like STI testing and emergency contraception, and manage any immediate medical needs on a twenty-four-hour day basis every day of the year.

## **General hospitals now required to provide certain notifications to “community providers of mental health services”**

A new Mental Hygiene Law § 9.64 is added that requires that hospitals, upon admission of a patient, or upon receiving a patient in a comprehensive psychiatric emergency program (CPEP), to identify “any community provider of mental health services that maintains such patient on its caseload” and to promptly notify the community provider. The statute does not define “community provider of mental health services” nor does it provide the form or content of the notification. Disclosure of clinical records and other healthcare information concerning the patient continues to be governed by other state laws.

## **New OMH “Behavioral Health Crisis Technical Center”**

The NYS Office of Mental Health (OMH) will establish a new Behavioral Health Crisis Technical Center tasked with, among other things, developing protocols to provide a “non-police, community-based public health response” to behavioral health crises, “including appropriate use of law enforcement.” The statute also establishes a new Statewide Emergency and Crisis Council that will report annually on the effectiveness of non-police crisis responses and related efforts.

## **Proposals that didn’t make the cut**

As always, several proposals were not enacted. In particular, no changes were made to Article 45 of the Public Health Law, which currently requires the reporting of “material transactions” in healthcare.

Further, the enacted legislation does not include a proposed amendment by the Governor that would have clarified the recently-enacted Public Health Law § 18-c, regarding payment

procedures for healthcare providers, by clarifying that patients can consent to payment before receiving medical services. As [previously reported](#), in the fall of last year, the New York State Department of Health (NYSDOH) stated that it was considering questions from a variety of stakeholders about the meaning of the statute. The NYSDOH further stated that the statute's implementation was "on hold until further guidance is released." That remains the case.

Additional proposals that were **not** enacted include:

- / The Governor's proposal to limit information on certain prescription labels to protect the identity of medication abortion prescribers; however, this [legislation](#) was passed by the legislature and signed by the Governor in February 2025 (outside the budget process) due to the indictment of a New York physician prescribing and mailing abortion pills to a patient living in Louisiana.
- / The Governor's proposal to exclude Medicaid or Medicaid managed care organizations (MMCOs) from the dispute resolution process related to bills for emergency services (a "surprise bill").
- / The perennial proposal to eliminate the "prescriber prevails" provision in the NYS Medicaid Program.
- / Authorizing DOH to impose certain penalties on Medicaid MCOs for failure to meet contractual obligations.
- / Changes to laws governing temporary operators of certain licensed healthcare facilities.
- / Requiring that general hospitals report how they spend "community benefit expenses."
- / Expansions to the Spinal Cord Injury Research Program.
- / Updates to New York's controlled substances laws, including the definitions of scheduled drugs.
- / Codifying abortion as "protected emergency medical care" and requiring hospitals to provide emergency abortion services when medically necessary and other amendments related to maternal and reproductive health.
- / Updates to the laws governing EMS services and a proposed "hospital at home" program.
- / Establishment and expansion of the scope of practice of physician assistants, certified nurse aides, medical assistants, pharmacists, pharmacy technicians, and dental hygienists, as well as the reintroduced proposals to join the Nurse Licensure Compact and transfer authority over certain licenses from the NYS Education Department to NYSDOH.
- / Updates to the Mental Hygiene Law regarding involuntary retention in healthcare facilities of persons with mental illness.

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