

# STATE OF NEW YORK

8055

2025-2026 Regular Sessions

## IN ASSEMBLY

April 22, 2025

Introduced by M. of A. SIMON -- read once and referred to the Committee on Health

AN ACT to amend the social services law, in relation to returning outpatient mental health and substance use disorder services to Medicaid fee-for-service

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Subdivision 3 of section 364-j of the social services law,  
2 is amended by adding three new paragraphs (d-4), (d-5) and (d-6) to read  
3 as follows:

4 (d-4) Subject to federal approval, outpatient mental health services  
5 as determined by the commissioner of the office of mental health,  
6 provided to individuals with mental illness at facilities or in programs  
7 licensed pursuant to article thirty-one of the mental hygiene law or  
8 clinics serving individuals with mental illness licensed pursuant to  
9 article thirty-one of the mental hygiene law, or dually licensed pursu-  
10 ant to article twenty-eight of the public health law and article thir-  
11 ty-one of the mental hygiene law shall be administered and managed under  
12 fee-for-service in the medical assistance program.

13 (d-5) Subject to federal approval, outpatient substance use services  
14 as determined by the commissioner of the office of addiction services  
15 and supports, provided to individuals with substance use disorder at  
16 facilities or in programs licensed pursuant to article thirty-two of the  
17 mental hygiene law or clinics servicing individuals with substance use  
18 disorders licensed pursuant to article thirty-two of the mental hygiene  
19 law, or dually licensed pursuant to article twenty-eight of the public  
20 health law and article thirty-two of the mental hygiene law shall be  
21 administered and managed under fee-for-service in the medical assistance  
22 program.

23 (d-6) Subject to federal approval, comprehensive Medicaid case manage-  
24 ment services provided to individuals with mental illness or substance

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

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1 use disorder shall be administered and managed under fee-for-service in  
2 the medical assistance program.

3 § 2. Section 365-m of the social services law is amended by adding a  
4 new subdivision 6 to read as follows:

5 6. (a) Pursuant to appropriations within the office of mental health  
6 and the office of addiction services and supports, the department of  
7 health shall reinvest savings realized through the transition of outpa-  
8 tient mental health and substance use disorder services pursuant to  
9 paragraph (d) of subdivision three of section three hundred sixty-four-j  
10 of this title from the managed care model to the Medicaid fee-for-ser-  
11 vice system for the purpose of increasing investment in community based  
12 behavioral health services, including residential services certified by  
13 the office of addiction services and supports.

14 (b) The commissioner shall include information regarding the funds  
15 available for reinvestment from the transition of outpatient behavioral  
16 health services from managed care to fee-for-service on its website and  
17 the funds shall be included in each year's annual budget itemization,  
18 beginning April first, two thousand twenty-six.

19 § 3. This act shall take effect October 1, 2025; provided, however,  
20 that the amendments to section 364-j of the social services law made by  
21 section one of this act shall not affect the repeal of such section and  
22 shall be deemed repealed therewith.