MHANYS
Mental Health Association
in New York State

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MHANYS Overview of Enacted State Budget

(May 9, 2025)

(click links for more detailed analysis)

Following a protracted State Budget negotiation between the Governor and Legislature, an agreement was reached on a $254 billion (all funds) budget and passed into law on May 9, 2025. MHANYS brings to you our analysis of the outcome with an emphasis on the implications for behavioral health.

Much of the focus of the past seven-weeks long negotiation was on policy issues such as involuntary commitment (also known as Kendra's Law), criminal justice reforms related to discovery laws, restrictions on wearing masks in public, and a "bell-to-bell" ban on cell phones in schools. Financially, the Budget does not include significant cuts to behavioral health, and the modest increases that are included fell short of what advocates had hoped for.

Health & Mental Hygiene (Article VII) Highlights

Targeted Inflationary Increase for Community-Based Human Services: For weeks MHANYS and allied organizations were present in the State Capitol rallying for a 7.8% Targeted Inflationary Increase (TII) for human services programs and workers. To achieve this, the Legislature would have had to add an additional 5.7% to the Governor's proposed 2.1%. We were hopeful since the Assembly and Senate one-house bills released in March included this amount. However, in the final negotiated budget agreement, the Legislature added .5%, bringing the total TII to 2.6%, (which is .3% lower than the actual Consumer Price Index). The total TII equates to approximately **$262 million** in new funding for community based human services. Our advocacy efforts effectively added an additional $50 million to the Governor's original proposal. Also, this funding comes with limited restrictions, meaning that the funding can be used for both programmatic costs as well as for worker wages and benefits. Advocates worked hard to assure this flexibility.

Prescriber Prevails: The Governor's proposal to eliminate Prescriber Prevails was rejected in the final budget. Prescriber Prevails is a provision in New York State Medicaid law that gives medical providers and patients the right to have final say when it comes to medical decisions and the medicine that physicians or other health care providers believe is the most effective treatment. Over the past several years the Governors have proposed to eliminate this critical patient protection. Fortunately, each year it has been preserved.

Involuntary Commitment: A major provision of the Governor's proposed budget was intended to address and strengthen New York's involuntary commitment and assisted outpatient treatment laws. The Governor proposed to expand treatment options for individuals experiencing serious mental illness and strengthen existing policies like Kendra's Law. After weeks of negotiation, the final agreement retained the Governor's original proposal and added key provisions advanced by the Legislature including a greater emphasis on hospital discharge process as well as certain incident review procedures within OMH. In total, the budget includes **$16.5 million** for increased coordination and oversight of Assisted Outpatient Treatment (AOT), and an additional **$2 million** for OMH staffing to increase reporting and monitoring, enhance statewide training and provide additional support for counties and providers.

In response to the Governor's original proposal MHANYS released its Ten Point Comprehensive Action Plan to Improve New York's Mental Hygiene System and Crisis Response. We are pleased that several of our recommendations have been addressed in the final budget, including mental health incident review panels. MHANYS would have preferred that the incident review process be more comprehensive and include transparency for the public.

Inpatient capacity expansion: The Budget includes $160 million to create a 100 new forensic inpatient psychiatric beds in New York City. This expansion aims to address the increasing demand for restoration services for incarcerated individuals deemed incompetent to stand trial.

Safe Option Support (SOS) Teams: The Budget includes $30 million to help connect New York City residents with a comprehensive range of services, including outreach, engagement, case management, and connections to essential resources like housing, mental health services, and medical care. An additional $1.4 million will be available to expand efforts to include street medicine/street psychiatry to SOS teams.

Welcome Centers: $25 million will be available to fund Welcome Centers in New York City subways to connect homeless individuals with support services and shelter.

Office of Mental Health – Aid to Localities Appropriations

Noteworthy appropriations are as follows:

- $8M for Daniel's Law pilot program, up to $2 million of this funding can be used for the Behavioral Health Crisis Technical Assistance Center (add on from Legislature)
- $60M for 9-8-8 suicide prevention and behavioral health crisis hotline
- $14.6M for Intensive FACT (Forensic Assertive Community Treatment) Teams
- $8.2M for Court-Based Mental Health Navigators
- $4.3M Transitional Housing for Individuals Referred Through Court System
- $2.8M Specialized Housing for People with SMI and Criminal History
- $1.5M for Mental Health Substance Use Disorder Ombudsman

- $2M for services and expenses of organizations related to suicide prevention, peer-to-peer training, and other mental health supports and services for veterans and first responders, including disaster relief workers
- $250,000 for Mental Health Advocates of Western New York
- $10,000 for MHA in Orange County
- $1.5M for services and expenses, grants or reimbursement of expenses incurred by local government agencies and/or community-based service providers, not-for-profit service providers or their employees providing community adult and youth mental health programs and services, as determined by the State Senate.
- $100,000 for MHANYS

In addition, the Governor has announced funding for the following as part of larger appropriations:
(1) $8 million to establish up to five new clubhouses and four Youth Safe Spaces; and, (2) $1.5 million to expand Teen Mental Health First Aid for high school students.

State Education Department – Aid to Localities

$500,000 for MHANYS' School Mental Health Resource and Training Center

Summary of the Final Budget Agreement on the Health & Mental Hygiene (Article VII) Legislation

This provides a summary of the parts of the most pertinent interest for our sector.

Part A: Medicaid global budget cap: Extends the Medicaid global budget cap for one year through the 2026-2027 fiscal year.

Part C: Prescriber Prevails: The final budget agreement rejected the Governor's proposal to eliminate a prescriber's ability to make final prescription determinations under the Medicaid program. These provisions would have limit the ability to prescribe antidepressants or antipsychotic medications if such drugs are not on the State's "preferred drug list." (Note: similar provisions have been rejected by the state legislature in several previous years.)

Part E: Medicaid Managed Care Amendments: These amendments make several programmatic changes to the Medicaid managed care program. They would shift Medicaid coverage for long-term nursing home stays (three months or more) from managed care to fee-for-service (with exceptions for dual eligibles enrolled in the Medicaid Advantage Plus Program), and subject to federal financial participation. This Part also would authorize New York State Department of Health (DOH) to impose enhanced penalties upon managed care organizations for failure to meet contractual obligations or performance standards, or for failure to comply with state or federal law or regulations.

Part F: Managed Care Organization tax: This section authorizes a New York State managed care organization (MCO) provider tax, subject to continued federal approval, of a Medicaid managed care waiver. The taxes collected could be used to fund the non-federal share of Medicaid expenditures, thereby generating a federal share and windfall. The MCO tax is anticipated to generate $1.4 billion in the 2025-26 fiscal year, and $3.3 billion in total.

Part H: EQUAL program: The final budget agreement rejected this Part, as proposed by the Governor, that would have eliminated the enhanced quality of adult living (EQUAL) program for adult care facility residents. This program is intended to enhance the quality of care and life experiences for such residents.

Part J: Statewide Transformation Grant Program: Technical amendments are made to ensure that previous recipients of grants under the Statewide Transformation III and IV Programs will not be unintentionally disqualified. These transformation programs primarily provide capital grants to eligible health and behavioral health recipients.

Part K: DOH appointed temporary operators for hospitals or adult care facilities: The final budget agreement rejected provisions proposed by the Governor to amend the authority of DOH to appoint temporary operators, with expanded authority, for general hospitals and adult care facilities, including adult homes, when necessary to protect health and safety of patients or residents, or when there is serious financial instability.

Part O: Opioid related proposals: The final budget agreement rejected this Part, as proposed by the Governor, that would have updated the New York State schedules for controlled substances, in order to conform with schedules of the federal Drug Enforcement Administration.

Part V: Oversight of certain professions: The final budget agreement rejected this Part, as proposed by the Governor, that would have expanded the scope of practice for certain medication aides, medical assistants, pharmacy technicians, pharmacists, and physician assistants, to increase their ability to perform immunizations and provide other needed care. This Part also would have transferred the licensing and oversight functions regarding professional misconduct of physicians, physician assistants, and specialist assistants from New York State Education Department to DOH.

Part W: Nurse licensure compacts: The final budget agreement rejected this Part, as proposed by the Governor, that would have allowed New York State to enter into an interstate licensure compact for nurses to help attract and retain such professionals.

Part Z: Extending the authority of the preferred source program: The final budget agreement authorizes the State's "preferred source program" for an additional three years until 2028. The Governor had proposed to make the program permanent. This program provides employment opportunities for

individuals with disabilities through preferred State purchasing of goods and services from programs employing such persons.

Part AA: Mental hygiene demonstration authority: The final budget agreement authorizes the State's mental hygiene demonstration authority for an additional three years until March 31, 2028. The Governor had proposed to make the program permanent. This proposal authorizes additional statutory flexibilities for the State mental hygiene agencies, through the time-limited demonstration programs.

Part BB: Temporary operator authority of OMH & OPWDD: The final budget agreement authorizes the temporary operator authority of OMH and OPWDD for an additional three years until March 31, 2028. The Governor had proposed to make the program permanent. This Part extends the authority of OMH and OPWDD to appoint "temporary operators" to take over programs that have serious health and safety or serious financial issues.

Part DD: Runaway and homeless youth, ability to provide consent: The final budget agreement authorizes runaway and homeless youth the ability to provide consent to receive outpatient and inpatient behavioral health services, without parental consent.

Part EE: Amendments to civil commitment statutes and Kendra's law

*(NOTE: New language added to the Governor's proposed budget bill is in **bold** below)*

Section 1 of this Part amends the Mental Hygiene Law (MHL) Article 9 definition of "likelihood to result in serious harm" to include "*a substantial risk of physical harm to the person due to an inability or refusal, as result of their mental illness, to provide for their own essential needs such as food, clothing, necessary medical care, personal safety, or shelter*." (*Note*: The term "likelihood to result in serious harm" is the definition which describes the clinical condition of individuals who can be picked up, transported, and admitted to psychiatric hospitals or CPEPs on an emergency basis.)

Sections 2 and 3 permit one of the two clinicians certifying involuntary commitment to a psychiatric hospital (often referred to as a "2PC") under MHL section 9.27, to be a psychiatric nurse practitioner.

Sections 4 and 5 amend MHL sections 9.37 and 9.39 to include commitment of individuals when there is "a substantial risk of physical harm to the person due to an inability or refusal, as a result of their mental illness, to provide for their own essential needs such as food, clothing, medical care, safety, or shelter."

In addition, section 5 amends section 9.39 of the MHL to require the hospital, admitting or receiving a person for examination, under that section to "ensure that reasonable efforts are made to identify and promptly notify any community provider of mental health services that maintains such person on its caseload." Further, if the person admitted under section 9.39 is discharged before admission to a psychiatric hospital, the discharge must be in compliance with discharge obligations under Article 28 of the Public Health Law and applicable regulations, and further the facility shall:

1) advise the patient of "clinically appropriate follow up services"

2) for individuals with "complex needs," as defined by OMH:

a) coordinate discharge planning with a care management program for individuals who are in such programs, and

b) provide referrals for care management services, community-based services, residential services, or peer-based programs, if clinically appropriate and available.

Section 6 amends MHL **section 9.40, which governs admissions to comprehensive psychiatric emergency programs (CPEPs), to impose new discharge obligations that are almost identical to those applicable to 9.39 hospitals (see section 5 above).**

Sections 7 and 7-a amend MHL section 9.41, which governs pickups and involuntary transports by police to psychiatric hospitals or CPEPs, for individuals who appear to be mentally ill and are likely result in serious harm to self or others. **If a police officer is directing the removal of such persons, they "shall" request the transport to be made by an emergency medical service "if practicable" based on the person's medical needs, capacity limits of the local EMS (as determined by that EMS), and the safety of the person being removed (as determined by the officer).**

Sections 8 and 8-a amend MHL section 9.45 to allow "domestic partners" to notify county Directors of Community Services, or their designees, of the need for individuals, who have a mental illness for which immediate care and treatment is appropriate and is likely to result in serious harm to self or others, to be removed and transported to a psychiatric hospital or CPEP for further examination and possible commitment.

Section 9 amends MHL section 9.60 (Kendra's Law) in several ways:

- Authorizes the re-issuance of an assisted outpatient treatment (AOT) court order that has expired within the past six months, when 1) the person has experienced a substantial increase in symptoms that substantially interferes with or limits "the person's ability to comply with recommended treatment," or 2) "due to a lack of compliance with recommended treatment" such person has **"undergone emergency observation, care and treatment,** or has been admitted for inpatient care or incarcerated." (**Current statutory language was eliminated that requires a showing that the symptoms interfere with or limit "one or more major life activities.**")
- Previous noncompliance with court oversight or mandated treatment would not preclude a finding that the person is "likely to benefit" from AOT (one of the necessary criteria for an AOT court order.)
- Domestic partners could petition for AOT treatments.

Section 10 adds a new MHL section 9.64 to require psychiatric hospitals or CPEPs to ensure that "reasonable efforts are made to identify and promptly notify" community health providers of persons on its caseload who are admitted to such facilities.

Section 11 amends MHL section 29.15 to add or enhance several requirements when discharging a person from a psychiatric hospital.

- Regarding the discharge planning portion of a patient's written service plan, with the consent of the patient, the hospital shall interview community providers of mental health services that maintain the patient on its caseload, **and local peer support programs, if applicable, to provide an opportunity to actively participate in the development of the discharge plan.**
- **With the consent of the patient, the service plan may be provided to a parent, any relative, close friend, or individual otherwise concerned with the welfare of the patient.**
- **Hospitals shall provide a discharge summary to the service providers responsible for the patient's care after discharge, as described in the service plan. The discharge summary shall include relevant clinical information and post discharge treatment recommendations. Hospitals shall obtain contact information of the patient, if possible, and confirm follow up appointments have been scheduled to occur within seven days of discharge, when possible (consistent with the recently enacted OMH and DOH regulations governing discharges from psychiatric hospitals).**
- **For patients with an elevated risk of violence, the hospitals must work collaboratively with the local director of community services and appropriate providers of services, or school if applicable, to incorporate strategies to address violence risk factors and access to weapons into the discharge plan.**
- **For patients with "complex needs" as determined by OMH regulations, additional requirements shall include:**

    - **providing service plans and discharge summaries in writing to the patient;**
    - **facilitating referrals to services at the time of discharge;**
    - **providing verbal clinical sign-out to the receiving outpatient or residential program;**
    - **communicating the discharge plan to the "designated post-discharge care manager" if applicable; and,**
    - **making referrals for care management services or community services and peer-based programs shall be facilitated, as clinically appropriate.**

Section 12 amends MHL section 29.15 to require a screening to determine a patient's risk of suicide, violence, and substance use to be included in any safety planning for the patient's discharge plan. Individuals with an elevated risk of self-harm or suicide shall have an individualized community suicide safety plan completed before discharge and the plan shall be provided to the patient's aftercare providers.

Section 13 adds a new MHL section 36.07 to create a Behavioral Health Crisis Technical Assistance Center within OMH, in conjunction with OASAS. The Center shall develop standardized protocols for community- behavioral health crises; assist local governments in the development of local service plans to address local crisis service needs; improve coordination among the state and local emergency response systems; and maintain a database of best practices. The Center shall employ one or more peers with lived experience, and consult with peers, family members, providers of services in and several others knowledgeable about crisis responses. (NOTE: The Aid to Localities bill includes $2 million for the creation of the Center, and $6 million more for expansion or creation of community

behavioral health, crisis response pilot projects, that utilize mental health professionals and peer advocates, consistent with the Daniel's Law task force report.)

Section 14 would require the Municipal Police Training Council to consult with OMH to develop written policies and procedures to handle situations involving persons who appear to be mentally ill and are conducting themselves in a manner which is likely result in serious harm to self or others. The Council would also recommend regulations to implement a required training program for all current and new police officers regarding the policies and procedures established by the Council.

Part FF: Targeted inflationary increase for community-based behavioral health providers
This Part provides a **2.6% targeted inflationary increase to community-based human service providers for fiscal year 2025–26. The Governor had proposed a 2.1% increase.** (Note: the applicable Consumer Price Index increase was 2.9%.)

New Part GG: Mental Health Incident Review Panels - Mandatory Establishment
(*This Part was not included in the Governor's budget, it is new, and was suggested as part of MHANYS 10 Point Plan.)*

Part GG amends existing MHL 31.37 to **require OMH to establish at least one mental health incident review panel per quarter**, to review incidents involving persons with serious mental illness in the community that involved the use of "deadly physical force" and resulted in "serious physical injury" to another. The purpose of incident review panels is "to make recommendations for corrective actions to improve the provision of mental health or related services, to improve the coordination, integration and accountability of care in the mental health service system, and to enhance individual and public safety." Local governmental units and non-governmental organizations or nonprofit mental health agencies may suggest appropriate incidents for review by a panel. Other aspects of this section:

- OMH also is **authorized** to establish additional panels for purposes of reviewing serious incidents involving persons with mental illness occurring in the community in which such person suffers "physical injury" or causes such physical injury to another person, suffers a serious and preventable medical complication, or becomes involved in a criminal incident involving violence.
- All review panels would include representation from the New York State Division of Criminal Justice Services.
- Any final reports issued by the review panels shall be confidential, and any individual receiving the report will be prohibited from further dissemination.
- OMH shall issue a cumulative report every two years to the Governor and the legislature, posted on the OMH website, summarizing the data, findings and recommendations made by the review panels.

New Part LL: Nassau Health Care Corporation: This Part would amend the statutory authority that controls the Nassau Health Care Corporation to require that each of its board members terms will expire on June 1, 2025. Six of the new 11 voting directors will be appointed by the Governor. The

corporation would be required to do a study for the "modernization and revitalization" of the corporation, including a review of the fiscal issues faced by the corporation. (One of the reported possible uses of the facility would be 120 bed facility for persons with mental illness).

Revenue Budget

Part U: Expands the employer tax credit for employment of persons with disabilities: This Part increases an existing tax credit for employers who employ persons with disabilities. The maximum credit for qualified full-time employees for tax years before 2025 is $2,100. This bill would increase the credit to $5,000 for first-year wages, beginning on January 1, 2025. Where the "federal work opportunity tax credit" applies, an additional $5,000 employer tax credit would be available for second-year wages earned by each qualified employee with a disability.

Transportation, Economic Development and Environmental Conservation Budget

Part U: Artificial Intelligence Companion Models - Suicide Prevention: This Part regulates artificial intelligence "companion models," which are AI algorithms "designed to simulate a sustained human or human-like relationship with a user." One of the new requirements for these "AI companions" is to require them to take reasonable actions to detect and address suicidal ideation or expressions of self-harm, expressed by the user.

Upon detection of suicidal ideation or self-harm, a notification must be sent to the user to refer them to crisis service providers, behavioral health hotlines, or other appropriate crisis services. All fees, fines and penalties collected under this article must be deposited into the Suicide Prevention Fund which is also established under this Part.

Education, Labor, Housing, and Family Assistance Budget

Part C – Bell-to-Bell ban on cell phones: Each school district, charter school, and board of cooperative educational services (BOCES) will be required to adopt a written policy prohibiting the use of internet-enabled devices by students during the school day anywhere on school grounds. These must be adopted by school districts, charter schools, and board of cooperative educational services (BOCES) by August 1, 2025, and published on their websites in "a clearly visible and conspicuous manner." School districts, charter schools, and BOCES are required to consult with local stakeholders, parents and students in development of policy.

Internet-enabled device is defined as "... any smartphone, tablet, smartwatch, or other device capable of connecting to the internet and enabling the user to access content on the internet, including social media applications." The definition **does not include**: "(i) non-internet-enabled devices such as cellular phones or other communication devices not capable of connecting to the internet or enabling the user to access content on the internet; or (ii) internet-enabled devices supplied by the school district, charter school, or board of cooperative educational services that are used for an educational purpose."

Additional details:

- Written policy must include one more methods for parents to be able to contact the student during the school day.
- Written policy must include one more methods for on-site storage where students may store internet-enabled devices during school day, which may include student lockers.
- Policy may be authorize the use of such devices during school day on school grounds for the following reasons: "(i) if authorized by a teacher, principal, or the school district, charter school, or board of cooperative educational services for a specific educational purpose; (ii) where necessary for the management of a student's healthcare; (iii) in the event of an emergency; (iv) for translation services; (v) on a case-by-case basis, upon review and determination by a school psychologist, school social worker, or school counselor, for a student caregiver who is routinely responsible for the care and wellbeing of a family member; or (vi) where required by law."
- By September 1, 2026, school districts, charter schools, and BOCES must publish an annual report on their websites detailing enforcement of the policy within the prior school year, including non-identifiable demographic data of students who faced disciplinary action for non-compliance, analysis of any demographic disparities in enforcement of the policy, and ways to action plan to mitigate any statistically significant disparate enforcement.
- Regarding suspensions, the law states, "Each school district, charter school, and board of cooperative educational services shall not permit the suspension of student if the sole grounds for the suspension is that the student accessed an internet-enabled device in violation of the policy adopted and implemented."

There is also $13.5 million in the Aid to Localities budget to assist with implementation of the bell-to-bell cell phone ban.

Part F: New York Opportunity Promise Scholarship: Final budget agreement includes the establishment of the New York Opportunity Promise Scholarship. This will provide tuition free education at community colleges (SUNY or CUNY) for individuals between the age of 25 and 55 leading to an associate's degree in a high-demand field including nursing and allied health professions. Individuals who have already obtained a postsecondary degree would not be eligible. Recipients would be required to complete at

least six credits per semester. The New York State Department of Labor is authorized to update the list of high demand fields annually.