



Office of  
Mental Health

# Town Hall on Federal Actions Part 2

Ann Marie T. Sullivan, MD  
Commissioner, New York State Office of Mental Health

AUGUST 4, 2025

# Agenda

- **Impact of Federal Legislation by Department of Health (DOH)**

Danielle Holahan, Executive Director, New York State of Health

- **Who is Impacted & When?**

- Changes to Federal Medicaid Eligibility
- Changes to Federal SNAP Eligibility

- **Opportunities to Assist**

- **Next Steps**

- **Additional Resources**

# **Impact of Federal Legislation**

## **Department of Health**

### **Analysis**

## Overview: Impacts on New York

### Summary of Federal Reconciliation Legislation on New York

<b>Newly Uninsured</b>	<b>1,464,740</b>
Lost Federal Funding	(\$10,082,692,468)
New State Funded Medicaid Costs	(\$3,343,048,327)
<b>Total Fiscal Impact NY</b>	<b>(\$13,452,740,795)</b>

*\*Estimates are mostly based on HR.1 and do not reflect all changes in the Senate-passed bill*

## Overview: New York's Integrated Insurance Marketplace

- Since 2010, the number of **uninsured in New York State has declined by over 1.3 million**, and the share of uninsured remains below 5%, driven by the ACA Expansion and New York's Essential Plan – an affordable coverage alternative to Qualified Health Plans for low-income New Yorkers offered since 2016.
- Today, the Essential Plan has **more than 1.6 million enrollees**. These enrollees are **hardworking individuals** employed by New York's small businesses, elder care and childcare, retail, food service, and manufacturing.
- With these uninsured reductions, we have seen corresponding reductions in uncompensated care in every part of the state, which is foundational to our state's health care economy.

## Overview: Essential Plan In The Crosshairs

- The healthcare provisions of the Federal Reconciliation Legislation will severely jeopardize the Essential Plan and New York's healthcare system.
- Funding for the Essential Plan is calculated based on federal premium tax credits, which is used to reimburse providers for care.
- The Legislation eliminates premium tax credit eligibility for almost **half of current enrollees and cuts more than 50% of the program's funding.**
- Combined, the provisions of this Legislation equate to over **\$10 billion in annual losses** for New Yorkers and our healthcare economy.
- The loss of this funding will impact every community in the state.
  - Uninsured consumers will still seek care in hospitals and will need other social services to maintain their health.
  - Hospital financial losses will result in job losses and harm local economies.

## Key Takeaways: Essential Plan In The Crosshairs

- The impact of the Legislation's provisions will devastate New York's Essential Plan and shift unsustainable costs to the State's Medicaid program.
- The State would not be able to absorb the impacts:
  - Loss of over **\$7.5 billion annually** – more than half of the Essential Plan's annual budget.
  - Additional State expenditures of **\$2.7 billion** due to federal cuts.
  - Hospital losses will exceed **\$1.3 billion annually** and will result in job losses and local economic impact.
  - **Over 730,000 individuals** will lose their federally-funded Essential Plan coverage, of which 506,000 will move to Medicaid and 224,000 will become uninsured.

## Key Takeaways: Essential Plan In The Crosshairs

- The impact of the Legislation's provisions would cut New York State's Essential Plan funding by more than half.
- The State would not be able to absorb these impacts and will create a significant negative economic ripple effects statewide.

**\$7.5  
Billion**

Lost annually --  
more than 50% of  
the Essential Plan  
annual budget

**\$2.7  
Billion**

In additional State  
expenditures due to  
loss of federal  
funding

**\$1.3 Billion**

Increase in hospital uncompensated care costs

**730,000**

Individuals lose their Essential Plan  
coverage

**Undercuts Affordability**

For All New Yorkers



## Overview: Medicaid and Child Health Plus

- The Legislation further destabilizes health insurance in New York and would disproportionately harm New York by cutting federal funds and raising state costs for Medicaid and CHP.
- Eligibility changes could increase the uninsured by 500K by 2029 — and over 1 million annually after work requirements begin (2029 - 2034). Total uninsured from proposed Legislation is estimated at nearly 1.5 million.
- Coverage losses would fall heavily on lower-cost expansion adults, driving up average Medicaid costs and uncompensated care for providers.
- Work requirements and other changes are expected to increase state administrative costs by more than 20%.

## Key Takeaways: State and Federal Medicaid Costs will Increase

- The impact of the Legislation's provisions will require wholesale changes to member benefits and eligibility to mitigate against the loss of coverage and new state Medicaid costs.
- The State would not be able to absorb the impacts:
  - Over **1 million Medicaid enrollees** – nearly 15% of the entire program – will lose coverage.
  - Additional State expenditures of over **\$3 billion** due to targeted federal cuts against New York.
  - Hospitals, Community Health Centers, Physicians and other providers will experience losses in revenue as populations lose coverage which will put essential Medicaid providers out of business and result in job losses and local economic impact.

## Key Takeaways: Legislative Provisions

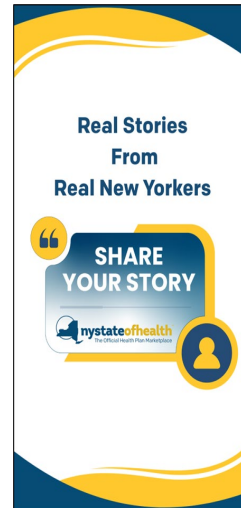
- QHP Eligibility for DACA Recipients
  - Income Verification When Data Sources Indicate Income Less Than 100% FPL
  - Requiring Income Verification When Tax Data is Unavailable
  - Shortening window for submitting DMI Documentation
  - Recapture of excess premium tax credits
  - Filing and reconciling
  - Marketplace Coverage eligibility for lawfully present immigrants
  - Restricting Medicaid and CHP eligibility for Immigrants
  - Coverage of gender affirming care as an essential health benefit
  - Bronze & Catastrophic plans treated as a HDHP
  - Shortening Open Enrollment Period
  - Medicaid Eligibility Determinations
  - Verifying Medicaid Enrollee Address and Other Information
- Medicaid Retroactive Coverage
  - Pre-enrollment verification of eligibility for premium tax credit
  - Work Requirements
  - Remove Guaranteed Continuous Coverage Rules for Children 0 to 6 Years Old
  - EP Eligibility for DACA Recipients

## Stay Connected Campaign:

- Integrated consumer awareness and education campaign focused on the impact of the Federal Cuts.
- Call to action encourages consumers to share their story – to date, over 600 New Yorkers have contributed.



The screenshot shows the nystateofhealth website. The header includes the logo, 'SUPPORT & RESOURCES', a language selector, and a 'Get Covered' button. The main navigation bar lists 'Individuals & Families', 'Employers', 'Assistors & Brokers', and 'Info & Events'. A sub-header reads 'Stay Connected: Get updates on the latest NY State of Health News and Events'. The main content area features a title 'Stay Connected: Get updates on the latest NY State of Health News and Events', followed by a section 'Impact of Federal Budget Bills On New York' with a paragraph of text and a link to a map. Below this is a section 'Watch for our messages to learn what this could mean for you.' with a paragraph. The next section is 'How could my health insurance change in 2026?' with sub-sections for 'ESSENTIAL PLAN', 'MEDICAID', and 'QUALIFIED HEALTH PLAN (QHP)', each containing a bulleted list of potential impacts. At the bottom, a 'Learn More:' section includes links to 'Download our Fact Sheet' (in English and Spanish) and 'Read the latest press releases'.



*“Because of this coverage, I have been able to stay on top of my treatment plan. Beyond the physical relief, the emotional and mental comfort of knowing I have reliable, affordable health insurance is priceless. It removes the fear of having to choose between basic necessities and paying for treatment.”*

**Who is Impacted & When?**

## Who is Impacted?

- **Adults aged 19-64 who qualify for Medicaid based on their “modified adjusted gross income” (MAGI) and earn between 100-138% FPL (\$1305-\$1800/mo.)** will be impacted by new Medicaid work requirements; 6-month eligibility redeterminations; Medicaid \$35 cost sharing for applicable services; and limits on retroactive coverage from 3 to 1 month.
  - Traditional Medicaid enrollees and CHP will see retroactive coverage limit changed from 3 months to 2 months
  - There are mandatory exemptions for certain individuals (e.g., pregnant women, those with disabling medical conditions or mental health disorder, individuals with SUD, tribal members, parents/caregivers of a dependent child 13 years and under, or a family caretaker of an individual with a disability).
  - June 1, 2026: HHS to release interim final rule with implementation requirements including clarification on exemptions and work verification processes.
- Individuals who receive SSI benefits and individuals who are disabled but do not receive SSI, or “SSI-related” are **NOT impacted** by the new provisions in the Congressional Budget Reconciliation Bill.

# Who is Impacted?

## Changes to Federal Medicaid Eligibility:

- Effective Oct. 1, 2026, Medicaid eligibility is restricted for “**qualified aliens**” who are considered:
  - Refugees
  - Asylees
  - Humanitarian parolees
  - Battered spouses and children of U.S. Citizens or Lawful Permanent Residents (LPRs)
  - trafficking victims
  - people granted “withholding of deportation”
  - Canadian born Native-Americans
- Qualified Aliens who are **pregnant or children <21** will remain Persons Residing Under Color of Law (PRUCOL).
- All other Previously Federally Qualified Aliens (non-pregnant adults) will lose FFP & move to FNP Medicaid (State only)

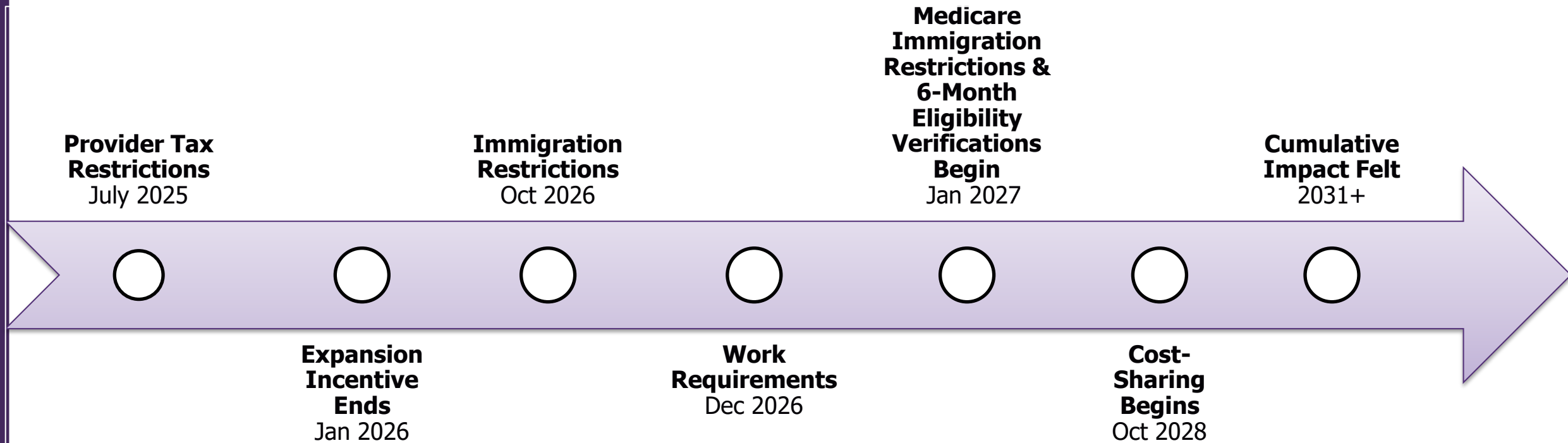
# Who is Impacted?

## Changes to Federal SNAP Eligibility:

- Enacted bill limits noncitizen eligibility for SNAP to the following groups:
  - Legal Permanent Residents (subject to the existing five-year-bar)
  - Cuban-Haitian Entrants
  - Compacts of Free Association (COFA) migrants lawfully residing in the United States
- Immediately eliminates SNAP eligibility for lawfully present non-citizens, including Registry Aliens (entered before 1948), those paroled into the United States, and those granted withholding of deportation.



# Implementation Timeline



# New Developments

# New Developments

- FY26 Senate Appropriations Bill released which includes:
  - \$385.5 million for Certified Community Behavioral Health Clinics
  - \$2.2 billion for the National Institute of Mental Health
  - \$1 billion for the Mental Health Block Grant
  - \$180 million for school-based mental health grants at the Department of Education
- HHS “**Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA)**; Interpretation of ‘Federal Public Benefit’”
  - New York joined 20 other States in suing the federal administration to stop its unlawful attempt to restrict benefits from being provided to individuals who are present in the United States without lawful immigration.
  - HHS has agreed to stay enforcement and application through September 10, 2025.
- On 7/25/25, a Presidential Executive Order was issued titled “**ENDING CRIME AND DISORDER ON AMERICA’S STREETS**”.
  - The content in this EO is very complex and both the NYS Governor’s Office and OMH are closely analyzing this order to understand any potential impact to services. We will be sharing information in these forums as soon as it becomes available.

- Art Kleinschmidt, Ph.D. was appointed as the Principal Deputy Assistant Secretary at the Substance Abuse and Mental Health Services Administration (SAMHSA).
- 7/29/25 - SAMHSA issued guidance reaffirming commitment to funding Life-Saving Overdose Prevention and Response Services and Infectious Disease Prevention Services. This includes:
  - Opioid overdose reversal supplies
  - Fentanyl and xylazine test strips
  - Wound care supplies



# Opportunities to Assist

## Opportunities to Assist

- Some of the Executive's budget priorities are not reflected in the Senate's budget bill. OMH will be closely monitoring federal budget negotiations, and we urge you to **reach out to your federal representatives** to let them know how these changes will impact the ability to both receive and deliver quality behavioral healthcare in NYS.
- **Educate impacted individuals** on the details of new eligibility redeterminations and work requirement policies, including timelines for implementation.
- **Provide support** to individuals who may be struggling to understand the new requirements or feeling overwhelmed by potential loss of benefits. Develop plans to address potential challenges that could jeopardize continued coverage.

## Opportunities to Assist

- Take advantage of opportunities to **offer feedback to LDSS and State partners** around what types of resources and implementation process would be most effective.
- Attend soon-to be-scheduled **OMH regional planning meetings** with other counties, providers, advocacy groups, and service recipients to help us develop strategies for addressing increasing need throughout our system of care.
- Submit your ideas for ways to increase efficiencies and decrease burdens on service providers and individuals receiving care to [planning@omh.ny.gov](mailto:planning@omh.ny.gov).

# Next Steps



## Next Steps

- Governor Kathy Hochul has directed State agencies to prepare comprehensive strategies to help limit the long-term damage to vital programs facing federal cuts.
- OMH is exploring opportunities to support our providers through these challenging times including:
  - Regulatory relief
  - Improved service design
  - Revenue maximization
- Regional in-person and virtual engagement sessions will be scheduled to get your feedback and input around ways to minimize impact.
- OMH will continue to keep the community updated on new and changing federal guidance that impacts behavioral healthcare.

# **Additional Resources**

# Resources

[NY State of Health Support & Resources – Stay Connected](#)

[Center for Health Care Strategies – Medicaid Work Requirements Implementation Series](#)

## For More Information

<https://info.nystateofhealth.ny.gov/stay-connected>





# Office of Mental Health