



THE ASSEMBLY
STATE OF NEW YORK
ALBANY

CHAIR
Mental Health
COMMITTEES
Higher Education
Judiciary
Transportation
Ways and Means

JO ANNE SIMON
Assemblymember 52nd District

February 12, 2026

Hon. Carl E. Heastie
Speaker of the Assembly
932 Legislative Office Building
Albany, NY 12248

Re: Save the State \$400 Million/yr & Ensure Behavioral Health Providers Can Focus on Service Delivery

Dear Speaker Heastie,

We write to demonstrate our support for removing the unnecessary barriers and obstacles for New Yorkers with Medicaid in need of mental health and substance use disorder (SUD) care. Specifically, we urge that language be included in the upcoming Assembly one-house budget proposal to carve out most community behavioral healthcare (mental health and SUD care) from managed care so these services can be reimbursed directly under fee-for-service Medicaid, as provided for in [A8055](#) (Simon). **This measure will allow behavioral health providers to focus on service delivery to vulnerable New Yorkers and will save the state an estimated \$400 million per year – a win-win.**

Ten years ago, New York State carved its behavioral health services into the state's Medicaid managed care program so insurance companies, and their subcontractors, administer the billing and payment under Medicaid. Despite promises that this shift would improve access to care, care management and coordination and outcomes overall, instead it has led to serious negative consequences for vulnerable New Yorkers in need of these services and those who care for them. We continue to see high rates of overdose and serious mental health needs and crises. Further, New York's youth suicide rates have increased 9.9% over the last 10 years.

Managed care has put mostly for-profit middlemen - managed care plans - between New Yorkers with mental illness and substance use disorders and their health care providers. The insurers put up barriers like limited networks, prior authorizations and denials which make it harder for individuals to get the care they need. The plans have also been found to violate state laws, regulations or contract provisions while New Yorkers wait to obtain care from a community-based provider. Care providers must use their over-stretched valuable resources and employ full-time staff solely to deal with health plans and chase reimbursement from delinquent insurers. When plans fail to reimburse providers on-time and in full, providers are unable to pay adequate wages to staff or increase the amount of care and staff needed to match growing demand.

New York State could save approximately **\$400 million per year** by carving outpatient, residential and rehabilitation services for those in need of mental health and SUD care out of the state's Medicaid managed care program. Currently, managed care plans are permitted to keep 11% of the funds they are paid by the state for profit and 'administrative expenses' even though there is no value added by these companies. That translates into hundreds of millions of dollars per year that plans can currently pocket.

This proposal is strongly supported by organizations across the State which represent clients, families and providers in behavioral health who are clamoring for this dangerous situation to be addressed.

The savings that a carve out will generate can be re-directed to actual mental health and substance use disorder services for vulnerable New Yorkers, not to health insurance plan administration and profits. At a time when New Yorkers are facing so much uncertainty and threats to access to care due to recent federal actions and cuts, and we combat a mental health crisis, New York must take action and implement this Medicaid managed care carve out.

Thank you for your consideration of our request.

Very truly yours,

A handwritten signature in black ink that reads "Jo Anne Simon". The signature is fluid and cursive, with the first name "Jo" and last name "Simon" clearly legible.

Jo Anne Simon
Member of Assembly, AD-52

cc: Hon. J Gary Pretlow, Chair wamchair@nyassembly.gov