



## MEMORANDUM

**To:** Mainstream Medicaid Managed Care Plans, Health and Recovery Plans (HARPs), HIV Special Needs Plans (HIV SNPs), and Medicaid Advantage Plus (MAP) Plans

**From:** New York State (NYS) Office of Mental Health (OMH)

**Date:** September 25, 2025

**Subject:** Rate Approval: April 2025 Cost of Living Adjustment (COLA) – Notification of Division of Budget (DOB) Approval

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Dear Health Plan Administrators,

On July 1, 2025, OMH notified Mainstream Medicaid Managed Care Plans, HARPs, HIV SNPs, and MAP Plans (collectively referred to as “MMCPs” herein) of increases to mental health outpatient service rates to reflect a legislatively mandated 2.6 percent COLA (also noted as Targeted Inflationary Increase (TII) in the State Fiscal Year (SFY) 2025-26 enacted budget) effective April 1, 2025. This memorandum is being sent to alert MMCPs that DOB approved the rate increase for the COLA (TII) on September 9, 2025.

Per Chapter 57 of the Laws of 2022 and Chapter 451 of the Laws of 2019, MMCPs are required to pay claims based on the effective date of the rate changes. As a result, MMCPs must complete necessary systems edits to ensure payable claims with dates of service on or after April 1, 2025, for applicable OMH programs are reimbursed accurately and timely, as described in the [July 1, 2025, memorandum](#). Additionally, MMCPs are required to conduct retrospective reconciliation to adjust payments for clean claims as necessary. MMCPs must complete these activities as soon as possible, but no later than 90 days from the date of this notification, **December 24, 2025**.

Please refer to the [OMH Medicaid Reimbursement Rates](#) webpage for the applicable services that get the COLA (TII) increase and the [April 1, 2025 Rate Update for COLA \(TII\)](#)<sup>1</sup> for the original notification distributed to MMCPs.

If you have any questions regarding these rate changes, please contact OMH Managed Care at 518-402-2822 or [BHO@omh.ny.gov](mailto:BHO@omh.ny.gov).

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<sup>1</sup> The April 1, 2025, COLA (TII) increase for Children’s Home and Community Based Services (HCBS) is pending DOB approval at this time. For more information, please go to the NYS Department of Health (DOH) [HCBS Provider Manuals and Rates](#) webpage.