



Client Alert

March 21, 2025

Albany Supreme Court Declares PMPM for Medicaid Managed Care Fiscal Intermediary Reimbursement Null and Void

On March 20, 2025, the Hon. Amy E. Joyce of the Albany Supreme Court declared DOH's three-tiered CDPAP Medicaid Managed Care reimbursement rate methodology to be null and void.

In late 2024, DOH announced a change to the existing CDPAP reimbursement methodology for Medicaid Managed Care through slide presentations and a monthly newsletter. In place of a negotiated, all-inclusive rate, DOH directed the Managed Care Plans (Plans) to implement a new rate methodology having two parts: (a) a negotiated rate for direct care costs, and (b) a fixed, three-tiered rate for administrative costs, calculated on a PMPM basis, based upon hours of service received by a Consumer.

CDPAANYs commenced its action to stop the implementation of the new rate structure and argued that the change to the three-tiered PMPM was a rule adopted in violation of the rulemaking procedure set forth in the State Administrative Procedure Act (SAPA) and New York State Constitution.

In its ruling, the Court agreed with CDPAANYs and declared DOH's changes to be null and void, finding that the changes explicitly directed that FIs bill the Plans pursuant to the three-tier methodology and directed Plans to pay FIs pursuant to the three-tier schedule. In doing so, the Court stated that DOH adopted a "rigid quasi-legislative norm" (i.e., a rule) by imposing a non-negotiable contractual term on all FIs contracting with Plans, without complying with the SAPA. DOH's determination to issue and implement the changes was found by the Court to be contrary to law and lawful procedure, and was arbitrary, capricious, and an abuse of discretion. We note that DOH may appeal the determination and ultimately may still act to change the reimbursement after complying with SAPA.

Our office will keep you updated with further developments.

DISCLAIMER

The information contained herein is provided by Glaser & Weiner, P.C. for informational purposes only. These materials should not be considered as, or as a substitute for, legal advice and they are not intended to nor do they create an attorney-client relationship. Because the materials included here are general, they may not apply to your individual legal or factual circumstances.

The information contained herein may be modified or rendered incorrect by future legislative or judicial developments. You should not take (or refrain from taking) any action based on the information you obtain from these materials without first obtaining professional counsel. It is possible that under the laws, rules or regulations of certain jurisdictions, this may be construed as an advertisement or solicitation. © 2024 Glaser & Weiner, P.C. All Rights Reserved.



REPRESENTING HOME HEALTH CARE AGENCIES
IN NEW YORK STATE

68 South Service Road ♦ Suite 100 ♦
Melville, NY 11747

P: 516.304.5858 ♦ F: 516.304.5855
www.glaserweiner.com

ATTORNEY ADVERTISING

Glaser & Weiner, P.C. | 68 South Service Road Suite 100 | Melville, NY 11747 US

[Unsubscribe](#) | [Update Profile](#) | [Constant Contact Data Notice](#)



Try email marketing for free today!