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Judge Backs Deal To Overhaul NY Kids' Mental Healthcare

By **Mark Payne**

Law360 (August 19, 2025, 5:47 PM EDT) -- A New York federal judge has given the green light to allow the state to revamp its Medicaid mental health services for children to expand greater in-home and crisis care to prevent the institutionalization of kids.

U.S. District Judge Nusrat J. Choudhury on Monday approved the settlement between the state and a class of Medicaid-eligible youth, which will still go through a January 2026 fairness hearing before taking effect. It includes a multiyear plan to better provide teenage Medicaid recipients with mental health services

The approval comes a little over a week after the state and the class of children, led by four minors, reached a settlement to provide broad changes to the state's Medicaid mental health program for youth.

"After nearly two years of litigation and another one-and-a-half years of extensive negotiations between the parties on their own and with the assistance of this court as mediator, the parties have entered into a proposed settlement agreement," Judge Choudhury wrote.

The changes will require the state to provide Medicaid coverage that includes intensive care coordination, intensive home-based care, and mobile mental health crisis care. Further, the state will also have to reconfigure the Children and Family Treatment and Support Services program and the Home and Community-Based Services program.

Kim Lewis, managing director of California Advocacy of the National Health Law Program, one of the litigation groups representing the class, said last week after the settlement was reached that it should lead to better mental healthcare for New York children.

"This settlement is an important step toward making sure children get the care they need, when and where they need it," she said.

The NHLP, along with Children's Rights, Disability Rights New York and Proskauer Rose LLP, sued on behalf of the class in 2022, alleging New York had failed to provide Medicaid-eligible children the mental health services they needed. Without those services, their mental health deteriorated, the plaintiffs said.

Further, they alleged the state's failure to provide those services violated the Medicaid Act, the Americans with Disabilities Act, and the Rehabilitation Act. Judge Choudhury granted the groups class status in February 2024, finding that their claims were common and applied to minors across the state who needed healthcare coverage.

Daniele Gerard, senior staff attorney for Children's Rights, said in a statement to Law360

on Tuesday that the preliminary approval is a "major step" for kids needing intensive mental health services.

"Such services result in the best long-term outcomes for children, including improved school attendance and performance, increases in emotional and behavioral strength, more stable living situations, reduced suicide attempts, and fewer contacts with law enforcement," she said.

After the January hearing, the parties will have 18 months to implement the changes.

The New York attorney general's office declined to comment Tuesday.

The New York Department of Health didn't immediately respond to a request for comment Tuesday.

New York is represented by Adam Sansolo and Yuval Rubinstein of the Office of the New York State Attorney General.

The youth plaintiffs are represented by Daniele Gerard and Harry Frischer of Children's Rights, Brandy L.L. Tomlinson of Disability Rights New York, Kimberly Lewis and Jane Perkins of the National Health Law Program and Steven Holinstat and Jacob Wonn of Proskauer Rose LLP.

The case is C.K. et al. v. New York State Department of Health et al., case number 2:22-cv-01791, in the U.S. District Court for the Eastern District of New York.

--Editing by Janice Carter Brown.

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