

## **Commentary: Managed care for Medicaid's behavioral health services has been a disaster**

Removing community-based mental health and addiction services from New York's Medicaid managed-care program will save the state money and improve care.

By **Lauri Cole**, *For the Times Union*

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It's been 10 years since the Cuomo administration imposed a managed-care model on Medicaid's behavioral health services, allowing mostly for-profit health plan "middlemen" to oversee mental health and substance use disorder care for New Yorkers under Medicaid.

The use of this managed-care model has been a costly experiment, not only in financial terms, but in the number of lives lost or endangered. It places an unnecessary burden on taxpayers, restricts access to care and threatens the viability of community-based treatment providers.

When Gov. Kathy Hochul releases her executive budget in January, she must remove community-based mental health and substance use disorder services from the state's Medicaid managed-care program. By eliminating the middlemen, the state can save hundreds of millions of dollars per year and ensure that more funding goes to the actual care New Yorkers need.

Over the last decade, insurers have been paid handsomely by the state despite failing to comply with federal and state parity laws and other laws, regulations and contract provisions put in place to protect both Medicaid members and other taxpayers.

For instance, their contracts require the insurer to allocate a certain amount of their state funding for actual services for Medicaid members. The majority of insurers failed to comply with the requirement — and continue to do so. However, they were paid as if they achieved the metric. This allowed insurers to collect interest on funds they had failed to earn and failed to spend on services for New Yorkers in need of care, while they sat back and waited for the state to come calling for the money.

In 2022, Attorney General Letitia James investigated the state's health insurance plan provider directories for their mental health networks and found that 86% of providers listed were misleading or "ghost" providers — unreachable, not in-network, or not accepting new patients.

Restrictive health plan networks, the attorney general found, are misleading and limit an individual from getting the care they require. These harmful barriers often lead to far more costly emergency care — and often to tragic outcomes.

Insurers are required to reimburse fiscally fragile safety-net providers on time and in full. Despite the numerous laws New York has passed to reiterate these rules of the road, the insurers have an abysmal payment record. That leaves community-based providers waiting months and sometimes years to receive funds they are owed by the insurers. As a consequence, these providers are unable to meet increased demands for care. The result: long waits for New Yorkers who need mental health and substance use disorder help now.

Meanwhile, providers have to spend scarce resources to hire additional staff and even attorneys to push insurers to pay for the services they have already delivered.

At a time when three million New Yorkers are living with mental illness, and one-third do not get the treatment they need, we can't let insurers line their pockets with state payouts while they delay and deny care to Medicaid members.

To her credit, Gov. Kathy Hochul has made access to behavioral health care a leading priority. She has championed a landmark law to address inadequate reimbursement rates, requiring commercial insurance plans to, at a minimum, pay mental health and addiction care providers at the state-regulated Medicaid rates for the same services. Hochul also initiated a process to recoup hundreds of millions of dollars that plans failed to spend on care.

However, after 10 years it is clear that the state does not have the ability to oversee and address the myriad tactics used by insurers, most of which are driven by profit. We must fix our broken Medicaid model of care to ensure New Yorkers facing mental health and addiction challenges can get the care they need in a timely fashion.

Medicaid managed care adds no value and extracts scarce resources that could be better spent. New York taxpayers are crying out for smart reforms that make health care more affordable. By carving these services out of the managed-care model, Hochul will accomplish that goal.

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