
**Draft Submission to the Centers for Medicare and Medicaid Services (CMS):
New York State's Request to Terminate the Section 1332 State Innovation Waiver and
Return to the Basic Health Program**

Open for Public Comment: September 10, 2025 to October 10, 2025

Anticipated Submission to CMS on October 15, 2025

Below, per the Specific Terms and Condition (STC) 8 regarding “State Request for Suspension, Withdrawal, or Termination of a Waiver,” is New York’s request to terminate the Section 1332 State Innovation Waiver.

The State may only request to suspend, withdraw, or terminate all or portions of its waiver plan consistent with the following requirements:

(a) Request for suspension, withdrawal, or termination: If the State wishes to suspend, withdraw, or terminate all or any portion(s) of the waiver, the State must submit a request to the Departments in writing specifying:

the reasons for the requested suspension, withdrawal, or termination;

Due to anticipated changes in federal pass-through funding because of premium tax credit eligibility changes codified in H.R. 1, Public Law No: 119-21, New York expects to receive substantially less federal funding for its section 1332 waiver. Given the magnitude of anticipated decreases in funding, New York will be unable to provide state funding to offset program costs. As a result, New York is requesting to terminate its 1332 waiver as currently approved and re-activate its (currently suspended) Basic Health Program (BHP). New York seeks to collaborate with CMS to design and provide affordable coverage options for members who will no longer qualify for current Essential Plan waiver coverage or the BHP.

the effective date of the requested suspension, withdrawal or termination;

New York is proposing to terminate its 1332 waiver within six months of the effective date of *Section 71302 of the Reconciliation Act*, Public Law No: 119-21. Given the current effective date of January 1, 2026 and current assumptions around federal passthrough funding levels and notice requirements in the waiver specific terms and conditions, New York intends to implement these changes by July 1, 2026. Affected enrollees’ coverage will be transitioned to CMS approved coverage options depending on their income at that time. Those who are eligible for BHP coverage will be in the Essential Plan under the BHP authority, experiencing no change in coverage.

and the proposed phase-out plan (with the summary of comments received, as described below).

Transition Timeline and Milestones

Phase 1: Planning and Coordination (Q3-Q4 of 2025)

- **Notice to CMS:** Submit formal intent to phase out New York’s 1332 waiver and unsuspend New York’s BHP.
- **Federal Coordination:** Finalize phaseout timeline, and transition to affordable coverage options for Essential Plan 200-250 population,
- **Stakeholder Engagement:** Convene plans, navigators, providers, and advocates.
- **Systems Update:** Update eligibility rules.

Phase 2: Outreach and Eligibility Preparation (Q1 of 2026)

Consumer Notice: Send individualized notices 90-days prior to effective date of eligibility change to all impacted Essential Plan expansion members explaining:

- Why the 1332 is ending and how that impacts their Essential Plan coverage.
- What coverage will be available on the Marketplace.
- Timeline and enrollment steps.

Phase 3: Special Enrollment Period and Coverage Transition (Q2 of 2026)

- **Enrollment Option:** Consistent with current coverage transition policies, members who want to enroll in CMS approved coverage options will have to log into their NY State of Health account and pick a plan within 60 days of the change in eligibility.
- **Enhanced Assistance:** Provide dedicated navigator and call center support during this Special Enrollment Period.

Phase 4: Program Close-Out and Monitoring (Q3 2026 – Q2 of 2027)

- **Final EP Expansion Claims Processing:** Reconcile any residual capitation claims for Essential Plan member services provided through June 30, 2026.

- **Reports to CMS:** Submit final quarterly and annual reports to CMS of EP Expansion
- **Final Insurer Reimbursement Implementation Plan (IRIP) payments issued:** The State will issue final IRIP payments to issuers through the end of the waiver period. No Qualified Health Plan premium adjustments are required since 2026 premiums will already assume the waiver is not in effect.
- **Cost-Sharing Reductions:** New York hopes to continue cost-sharing subsidies through the end of 2026, subject to available funds. Otherwise, they would terminate July 1, 2026.
- **Populations no longer eligible for Essential Plan:** Following the initial 90-day notice of coverage termination, members would receive follow-up communications and eligibility determination notices that include their coverage eligibility options effective July 1, 2026. The pregnancy population will return to being Medicaid eligible.
- **Evaluation:** Prepare and submit phase-out report assessing enrollee continuity, coverage uptake, and challenges.

In order to smoothly implement the waiver transition, New York respectfully requests approval of this phaseout plan by December 31, 2025 to ensure our team has time to effectuate the operational changes required.