



Department
of Health

Medicaid

Discontinuation of Children's Home and Community Based Services (HCBS) Day Habilitation Service Effective January 1, 2026

To: Medicaid Managed Care Plans (MMCPs) including Mainstream Medicaid Managed Care and HIV Special Needs Plans, Health Homes Serving Children (HHSC), Care Management Agencies (CMAs), Children and Youth Evaluation Services (C-YES), and Children's Waiver Home and Community Based (HCBS) Providers

DATE: December 23, 2025

The New York State Department of Health (the Department) has submitted a Waiver Amendment to the Centers for Medicare and Medicaid Services (CMS). Under this Amendment, Day Habilitation is removed as a covered service in the Children's Waiver. Any child who is receiving Day Habilitation services or has been referred for Day Habilitation service will be referred to a Community Habilitation provider to provide the same type of service as Day Habilitation in a less restrictive setting no later than March 1, 2026.

Care managers serving participants currently in receipt of or referred to Day Habilitation through the Children's Waiver must connect with participants/families to discuss this update. If it is determined that the participant has a continued need for supports with Activities of Daily Living (ADL)/Instrumental Activities of Daily Living (IADL) skill development, the participant can be referred to a Children's Waiver Community Habilitation provider for continued support in these areas. Community Habilitation service permits providers to provide the same type of service/support in a less restrictive setting. If the participant no longer requires these supports, they should be discharged from Day Habilitation without replacement.

Additionally, care managers should not refer new participants to Day Habilitation and explain that Community Habilitation can serve the participant in the same manner to meet their ADL/IADL skill development.

Care managers, HCBS providers, and MMCPs will have until March 1, 2026, to ensure the participant is transitioned, if appropriate, to Community Habilitation. Care managers will coordinate with participants/families and designated Day Habilitation service providers to complete referrals for impacted participants and update the participant's plan of care.

Authorization requests for new Community Habilitation services for participants transitioning from Day Habilitation to Community Habilitation as a result of this Waiver update must be submitted by March 1, 2026. **Day Habilitation claims with dates of service on or after March 1, 2026, will not be paid.**

Agencies currently designated to provide Day Habilitation under the Children's Waiver will receive a formal de-designation letter with an effective de-designation date on or after March 1, 2026.

MMCPs must configure their systems to reflect this update and engage in collaborative efforts with all participating agencies to prevent any potential service disruptions.

Questions related to this announcement can be sent to BH.Transition@health.ny.gov