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Publications

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Pharmacies, Labs and More: Who Should Take Notice of New York's Medicaid Enrollment Moratorium?

Key Takeaways

- New York has imposed a six-month Medicaid enrollment moratorium affecting certain provider categories, including pharmacies, laboratories, DMEPOS suppliers, ABA providers, LHCSAs and potentially MLTC plans.
- The moratorium can delay or prevent processing of new enrollment and affected CHOW applications, including pending applications, creating uncertainty for providers, investors, lenders and parties to health care transactions.
- Affected parties should review pending applications, transaction timelines, regulatory approval conditions and ownership disclosures now, while preserving application records and monitoring forthcoming DOH guidance on scope, exceptions and post-moratorium procedures.

On July 30, New York Medicaid Director Amir Bassiri announced that the New York State Department of Health (DOH) was imposing an immediate six-month moratorium on new Medicaid enrollments for certain provider categories. DOH further indicated that the moratorium would pause and potentially prevent the processing of certain change of ownership (CHOW) applications involving the affected provider types. The announcement was made during the *State of the State of New York Medicaid* presentation at the United Hospital Fund's 2026 Medicaid Conference. At that time, DOH indicated that additional guidance would be forthcoming, including a webinar for providers and other stakeholders.

On August 6, DOH conducted a Medicaid Provider Revalidation webinar (Webinar) that provided additional information regarding the scope and duration of the moratorium, as well as its relationship to the state's broader Medicaid provider revalidation initiative and implementation of the new Provider Services Portal (PSP). During the Webinar, DOH confirmed that the Centers for Medicare & Medicaid Services (CMS) approved the moratorium on July 27 and that it will remain in effect through at least Jan. 27, 2027.

Although significant questions remain and DOH has not yet issued detailed written guidance, the Webinar clarified several key aspects of the moratorium. Here is what we know so far:

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Related Capabilities

- Licensure, Enrollment & Certification
- Health Care

Provider Categories Subject to the Moratorium

The moratorium applies to the following Medicaid provider categories/categories of service (COS):

- Laboratories *(COS 1000)*;
- Durable medical equipment suppliers (DMEPOS) *(COS 0321, COS 0323)*;
- Applied behavior analysis providers *(COS 0590, COS 0591)*;
- Licensed home care services agencies *(COS 0264)*;
- Pharmacies (*COS 0441, COS 0442)*; and
- Managed long-term care plans, including MLTC partial-capitation plans, Medicaid Advantage Plus plans and Program of All-Inclusive Care for the Elderly.

DOH confirmed that it will not process new enrollment applications or affected CHOW applications involving these provider categories during the moratorium period, including applications submitted prior to the moratorium taking effect. DOH further clarified that the moratorium applies regardless of the application's stage of review. Accordingly, pending applications are not grandfathered and will not continue to move through the approval process while the moratorium remains in effect.

The inclusion of pharmacies is particularly noteworthy because DOH identified specific pharmacy COS subject to the moratorium while other pharmacy enrollment categories remain in development:

- DOH identified Community/Retail Pharmacy (COS 0441) and Pharmacy-Based DME (COS 0442) as subject to the moratorium, with COS 0442 treated as a pharmacy-based DME category that may be enrolled only in conjunction with COS 0441, rather than as one of the seven pharmacy provider types, and as distinct from DMEPOS providers enrolled under COS 0321 and 0323.
- New York Medicaid's provider enrollment materials indicate that DOH ultimately intends to enroll pharmacies under *seven* pharmacy COS: clinic, hospital, community/retail, long-term care, home infusion therapy, compounding and specialty pharmacies.
- At present, eMedNY lists three of the seven pharmacy provider types as open for enrollment: Clinic Pharmacy (COS 0161), Hospital Pharmacy (COS 0288) and Community/Retail Pharmacy (COS 0441), while Pharmacy-Based DME (COS 0442) is separately available only in conjunction with COS 0441 and therefore is not counted among those three pharmacy provider types. Enrollment options for Long-Term Care Pharmacy (COS 0453), Home Infusion Therapy Pharmacy (COS 0451), Compounding Pharmacy (COS 0452) and Specialty Pharmacy (COS 0445) were identified as forthcoming, although no implementation timetable has been published.

Additional guidance may clarify whether the moratorium is intended to apply uniformly across all pharmacy COS, including those not yet open for enrollment.

Relationship to Medicaid Provider Revalidation and Enrollment Modernization

The moratorium comes as New York advances two major Medicaid enrollment initiatives: the revalidation of existing Medicaid providers and the replacement of its paper-based enrollment process with the PSP.

CMS has directed states to complete revalidation of Medicaid-enrolled providers over a two-year period. New York has now launched the PSP, which replaces the legacy paper-based enrollment and revalidation process. During the Webinar, DOH explained that the moratorium is being implemented as part of a broader program integrity initiative

associated with the implementation of New York's Provider Revalidation Plan. DOH also described the PSP as a centralized, web-based platform for provider enrollments, revalidations, reinstatements and ongoing provider maintenance activities.

The moratorium may provide DOH with additional flexibility to focus on implementing the revalidation initiative and transitioning providers to the PSP while reducing the volume of new enrollment applications and ownership-related transaction changes being processed through the current enrollment system.

Potential Impact on Pending Applications

The moratorium affects both prospective applications and applications already pending with DOH. As clarified during the Webinar, affected enrollment and CHOW applications will *not* be processed during the moratorium period, regardless of when they were filed or how far they progressed in the review process. DOH further indicated that applications may not simply resume where they left off once the moratorium expires. Depending on the circumstances, applicants may be required to provide updated information or satisfy additional review requirements before processing can continue. It remains unclear whether DOH will recognize exceptions for applications necessary to address beneficiary access concerns or transactions and operational changes that were substantially completed prior to the announcement. DOH has also not explained the procedures that will apply to affected applications once the moratorium is lifted.

Transactional Implications

The moratorium may materially affect transactions involving the identified provider categories. Asset acquisitions, mergers, equity transactions, internal reorganizations and other changes in ownership or control can require a new Medicaid enrollment, an amendment to an existing enrollment or DOH review of a CHOW filing. Transactions requiring one of those actions will likely face delays until the moratorium expires or DOH establishes an exception process.

Equity transactions may also be affected even when the enrolled provider entity remains in place. Depending on the transaction structure and applicable Medicaid disclosure requirements, a change in direct or indirect ownership may require an enrollment update that DOH could treat as subject to the moratorium. Conversely, a transaction that does not require a new enrollment or a material modification to existing enrollment information may fall outside the moratorium. That determination will depend on the structure of the transaction, the provider type and DOH's forthcoming interpretation of the announcement.

DOH also addressed questions regarding the interaction between the moratorium and the Certificate of Need (CON) process. According to DOH Webinar presenters, the moratorium does not directly affect CON review or approval. However, providers receiving CON approval during the moratorium may still be unable to complete related Medicaid enrollment or ownership approvals until the moratorium is lifted.

Recommended Actions

Providers, investors, lenders and transaction parties should promptly determine whether any pending or contemplated activity involving an affected provider category requires a new Medicaid enrollment, a CHOW filing or another modification to existing enrollment information.

For pending transactions, parties should review:

- Regulatory approval and enrollment conditions;

- Outside dates and extension rights;
- Interim operating covenants;
- Financing commitments and milestone dates;
- Termination provisions;
- Risk-allocation provisions addressing regulatory delay; and
- Any representations concerning the status or anticipated timing of Medicaid approvals.

Parties considering a new transaction should evaluate Medicaid enrollment implications early in the structuring process. Although alternative structures may reduce the risk of enrollment-related delay in some circumstances, any such approach must be evaluated carefully.

Providers with pending applications should also preserve copies of all submitted materials, correspondence, portal records and evidence of the application's procedural status as of July 27, 2026.

Looking Ahead

The moratorium represents a significant development for affected provider categories, particularly pharmacies and parties pursuing health care transactions in New York. Its ultimate impact will depend heavily on the guidance, definitions, exceptions and administrative procedures that DOH adopts in the coming months. Although the Webinar provided certain clarifications, several operational and transactional questions remain unresolved. DOH has indicated that additional guidance and FAQs are forthcoming. Until further guidance is issued, affected parties should assume that pending changes, new enrollments and Medicaid-related ownership changes involving affected provider categories will not be processed during the moratorium.

We will continue to monitor DOH publications and provide updates as additional information becomes available. If you have any questions about the moratorium's impact on your organization, please contact Stephen Angelette, Laura Pone, David Bird, Jean Mancheno, Natalie Bartolovic or your regular Polsinelli attorney.