

What Didn't Make the Cut: New York Healthcare Proposals to Watch for After the FY 2026-2027

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Governor Kathy Hochul's fiscal year (FY) 2026-2027 Executive Budget proposed several notable changes to New York State's healthcare regulatory landscape. Although the proposals noted below were not included in the final enacted budget, they remain important indicators of the Hochul administration's priorities around healthcare consolidation, professional oversight and workforce flexibility.

Changes to Healthcare Material Transactions Law

The Executive Budget would have expanded New York State Public Health Law Article 45-A, which currently requires advance notice to the New York State Department of Health (DOH) for certain "material transactions" involving "health care entities." The proposal largely revived amendments from the prior budget cycle. Among other changes, parties to covered transactions would have been required to provide additional pre-closing disclosures regarding facility closures, substantial reductions in services and financing arrangements, including sale-leaseback transactions, mortgages or similar structures.

The proposal also would have imposed a five-year post-closing reporting obligation, requiring parties to report on metrics used to assess the transaction's impact on cost, quality, access, health equity and competition. In addition, DOH would have been authorized to conduct a preliminary review of proposed transactions and, for transactions valued at \$100 million or more, a cost and market impact review. That process could have delayed closing for up to 180 days and allowed DOH to share submitted information with the Attorney General in connection with investigations or enforcement actions.

Transfer of Physician and Physician Assistant Oversight

The Executive Budget also would have transferred oversight of physicians and physician assistants (PAs) and specialist assistants from the New York State Education Department (SED) to DOH. This would have been a significant structural change, shifting licensure, professional discipline and professional entity formation oversight over physicians, PAs and specialist assistants to the DOH, which already regulates hospitals, clinics and other healthcare facilities. The proposal appeared designed to consolidate healthcare regulatory authority within DOH and align professional oversight more closely with the broader delivery system.

Physician Assistant Independent Practice

The Executive Budget further proposed to expand PA practice authority by permitting PAs to practice without physician supervision after completing more than 8,000 hours of practice in the same or a substantially similar specialty. This proposal would have permanently codified certain COVID-era flexibilities and reflected a broader policy interest in using non-physician practitioners to address access and workforce challenges. For provider organizations, the change could have affected supervision models, staffing plans, compliance policies and professional liability considerations.

Together, these proposals would have substantially expanded DOH's role in monitoring both market activity and professional practice. The material

transaction amendments would have moved Article 45-A beyond a notice-based framework toward more active oversight, with post-closing reporting and potential market-impact review. The professional oversight and PA authority proposals likewise would have shifted the regulatory balance between SED and DOH while potentially giving experienced PAs greater autonomy.

The fact that these proposals did not advance in the enacted FY 2026-2027 budget does not

necessarily mean they are off the table. Several items were reintroduced from prior budget cycles, suggesting that the Hochul administration may continue to pursue them through future budgets or stand-alone legislation. Healthcare entities, investors, physician practices, physicians and PAs should continue to monitor these issues, particularly where transactions, management services arrangements, professional entity structures or PA staffing models are under consideration.

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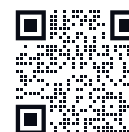
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