

'Nothing more than political theater': Lawmakers raise doubts about Cuomo's \$6 billion Medicaid budget gap

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ALBANY — Skeptical lawmakers skewered state health officials Wednesday as they sought details on Gov. Cuomo's plan to tackle New York's projected \$6 billion Medicaid-induced budget deficit.

The governor pitched a plan that would penalize the city and other local governments for breaching a 3% spending cap and has created a "Medicaid Redesign Team" to identify \$2.5 billion in savings in the state's ballooning health plan covering the poor and elderly before the April 1 budget deadline.

"It is a little bit concerning, scratch that, a lot, very concerning that you are coming to a public hearing on Jan. 29 and you're telling us that by April 1 we have to just accept something that's put together by a magical crew of folks," Sen. Gustavo Rivera (D-Bronx), the chairman of his chamber's health committee, said as he peppered state Health Department commissioner Howard Zucker and state Medicaid Director Donna Frescatore with questions about the proposal.

"We don't know who they are, we don't know the power that they have, the time limit we have is we either accept it or, according to this language, there's just an across the board cuts. That is not acceptable," Rivera added.

Zucker defended Cuomo's plan to make the state's Medicaid program "fiscally sustainable" through the work of the task force and by capping spending that is often out of the hands of local governments.

"The department has risen to the occasion, and the entire administration, on many issues and even though April 1 is right around the corner we will rise to occasion again and address all these issues going forward as quickly as possible," he said.

Cuomo has directed the panel to develop solutions that don't increase costs for local governments or hurt Medicaid beneficiaries.

His budget czar, Robert Mujica, didn't rule out that the panel could possibly examine raising taxes and surcharges on health-insurance plans to cover costs, which has caused anxiety among critics and providers. Hospital groups, insurance companies and local governments have all voiced a willingness to collaborate with the commission.

Fiscal watchdogs have repeatedly noted that local municipalities have very minimal, if any ability, to reduce Medicaid spending as the state sets reimbursement rates to hospitals, nursing homes and physicians and eligibility standards.

“(Cuomo’s) executive budget proposes to reduce funding for the state’s biggest and most important program by 10 percent, or \$2.5 billion, but omits any plan for making that happen,” the Empire Center’s Bill Hammond testified Wednesday. “Instead, the governor is delegating details to a panel of industry insiders who haven’t yet been named and don’t have a clear deadline.”

While Frescatore indicated that appointments to the panel could come by the end of the week, Assemblyman Dick Gottfried said he fears the fix is in, calling the original Medicaid Redesign Team, convened in 2011, nothing more than “political theater.”

“Why would anyone believe MRT II would be any different?” he asked. “Is the cake batter not only already all mixed, but it’s been in the oven and we’re putting the icing on it?”

Assemblyman Ed Braunstein (D-Queens) told Frescatore he believes the spending cap “is nothing more than a mechanism to shift the burden of the medicaid increase to the city of New York.”

City officials echoed the concerns of lawmakers on Wednesday, claiming in a call with reporters that the cost shift for Medicaid would amount to a more than \$1 billion hit to the Big Apple.

“We have been looking through the state budget numbers and it’s now clear that the potential cost shift to the city could be up upwards of \$1.1 billion,” said First Deputy Mayor Dean Fuleihan.