

Cuomo's Bad Medicine on Medicaid

Albany should cut costs instead of sticking local governments with the state's growing bill.

By The Editorial Board

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For years, New York State has operated one of the most generous Medicaid programs in the country, a point of pride in a state with a long tradition of investing in the social safety net.

The program provides health care and other services to more than six million people, largely low-income New Yorkers, and the costs are shared between the state and federal government.

But profligate spending has sent costs spiraling in recent years. The Medicaid program has become a driving force behind a [\\$6.1 billion hole in New York's budget next year](#), and a brewing political battle over what to do about it.

Though Medicaid costs are rising across the United States, in New York — among the country's largest programs, and long one of its most expensive — spending has surged. From 2015 to 2019, annual spending grew by an average of 6 percent, according to a [report](#) last year by the Empire Center for Public Policy, a conservative nonprofit research organization. That's roughly double the rate of growth in the previous several years, even as enrollment remained flat.

Health care and budget experts have said a variety of factors are behind the trend, including an increase in demand for personal care programs that provide nonmedical services to disabled New Yorkers, a minimum-wage increase and financial assistance that the state has provided to struggling hospitals.

New York's share of its \$75 billion annual Medicaid bill is now about \$30 billion and growing, imposing an increasingly untenable burden on state and local budgets. The federal government pays the rest.

The good news is that Gov. Andrew Cuomo, who is in charge of administering the federal program, has moved to rein in costs.

The bad news is that he has said localities will have to pay for increases in local Medicaid spending above 3 percent. That's unfair and unrealistic. Local governments in New York already pay more mandated Medicaid costs than local governments in [any](#)

[other state](#), a dynamic that's been in place since the program began in the 1960s. That's not unusual in New York, where Albany relies on New York City's tax base to fund the bulk of state services from education to commuter rails.

In 2018, local governments in New York sent \$7.6 billion to Albany for the program, according to a 2018 [report](#) from the Citizens Budget Commission. In Fulton County in upstate New York, for instance, the local Medicaid bill for 2016 amounted to more than 15 percent of the county budget. In New York City, the annual Medicaid tab is roughly \$5 billion, or nearly 5 percent of the city's budget.

If the spending increases continue, and the state forces local governments to pay for them, the de Blasio administration estimates the city would owe an additional \$1.1 billion next year. The state says the figure would be much lower.

Mr. Cuomo has called on local governments to reduce costs. That's fine: New York City and counties across the state, which oversee enrollment, should work to root out any fraud or abuse and ensure that those who sign up for the program are eligible and truly in need. "They are the on-the-ground administrator. We respond to them," Mr. Cuomo said in a phone call Wednesday.

Really though, local governments have limited say over how the program is run. Most of that responsibility rests with the state.

When it comes to reducing Medicaid costs, that's where the focus should remain. The most promising effort so far is Mr. Cuomo's Medicaid Redesign Team, a working group assigned to find \$2.5 billion in savings this year, preserving benefits while slashing waste.

The governor used a similar task force to successfully carry out [cost-saving Medicaid reforms](#) nearly a decade ago, aided by the Affordable Care Act.

The new group will be led by the [same two men](#): Michael Dowling, the president and C.E.O. of Northwell Health, and by Dennis Rivera, the former head of 1199 S.E.I.U., the powerhouse health care union. They are set to make their recommendations ahead of the April 1 budget deadline.

It will be up to Mr. Cuomo to ensure the public good is top of mind. The redesign group should issue a thorough report, presenting its findings to the public and the Legislature. Right now, it's not clear they plan to do so, and that's a problem.

While not perfect, the approach is far better than simply forking over more and more taxpayer dollars and sticking local governments with an ever-growing tab, as the state has been doing.

To get New York's Medicaid program back on track, the group will need to take a hard look at spending on nonmedical services like cooking and bathing for homebound New Yorkers. According to the Empire Center, New York's Medicaid spending on such personal services was the highest in the country. That may be because of a program that has expanded in recent years in which Medicaid pays nonmedical providers like family members to care for clients. In 2016, personal spending in New York accounted for 40 percent of national Medicaid spending for the category overall, up from 23 percent in 2011, the Empire Center said.

Complicating matters is a political dynamic friendly to the health care industry. In 2018, for example, the Greater New York Hospital Association gave [more than \\$1 million in political contributions to the state's Democratic Party](#). Not long afterward, the state increased Medicaid reimbursement rates for the first time since 2008, costing the state an estimated \$140 million per year. Mr. Cuomo has denied that donations influence his policy decisions, and Cuomo administration officials said at the time that the increase was necessary, and simply long overdue. Health care experts disagree, and say hospital revenue had already been on the rise.

New York's Medicaid bill is out of control. The first order of business is to understand more about why, and to be honest with the public about what needs to be done about it.

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