

Save New York's broken Medicaid program

By The Editorial Board

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New York is projected to spend \$75 billion next year on Medicaid, a staggering amount that includes state, federal and local funding. That's twice as much as Texas, with 50 percent more residents than New York's 19 million, will spend on the program. And it's three times what Florida, with a population just a bit larger than New York's, has budgeted.

New York's Medicaid spending rate per enrollee, projected to exceed \$12,000 in 2020, will be 30 percent above the national average, and the program's range of benefits is the most generous in the nation. But its oversight and financial controls, experts say, are among the worst.

Some recipients and providers take advantage, or simply steal. Taxpayers pay the price. The state cannot let the program continue on this high-cost, low-accountability path.

Earlier this year, as the fiscal year ended on March 31, Gov. Andrew M. Cuomo pushed \$1.7 billion in Medicaid payments into the current fiscal year to balance the state's books. Cuomo did not publicize the need for that massive shift during budget negotiations, or while implementing a Medicaid rate increase for hospitals and nursing homes. That hike will cost the state \$140 million annually and please Service Employees International Union, Local 1199, a health care union whose support Cuomo values.

Medicaid spending was similarly shifted in years past, including \$435 million two years ago. But the \$1.7 billion finagled this year is a huge leap, and

budget officials now say they'll push at least \$2.2 billion of this year's Medicaid payments into next year's budget.

New York's Medicaid spending is expected to exceed its budget by \$3 billion in 2020, the biggest single item in a \$6 billion projected deficit. That hole must be closed with a minimum of chicanery and without the tax increases that many Democrats, including Assembly Speaker Carl Heastie, are threatening.

Cuomo and his staff are preparing the budget now, and Medicaid is not the only contentious issue. Education advocates want the large increases in state aid to which they've become accustomed. The Metropolitan Transportation Authority, too, faces huge funding shortfalls. And many departments of state government, starved for more funding as Cuomo pushed through annual school aid increases averaging 4%, need resources.

But the battle brewing is as much about control of the Democratic Party and the 2020 state elections as it is about schools, trains and nursing homes. Cuomo, along with the six Democratic senators from Long Island and allies from across the state, wants moderate stances, like no tax increases, that can sell in the suburbs and keep a wounded Republican Party at bay. But the left wing of the Democratic Party wants more tax revenue it can deploy toward a raft of initiatives.

To fend off demands for tax hikes, Cuomo's administration argues that the Medicaid overruns are the results of out-of-control programs and poor oversight and can be reined in with better management. This is partially true.

Audits show that changes in how nonemergency transportation for medical needs is provided for Medicaid recipients has led to skyrocketing costs and abuses. Switching nursing-home patients from fee-for-service programs to managed care has spawned duplicative reimbursements. A program to provide for the nonmedical needs of Medicaid recipients, like cleaning and bathing, costs far more here than in other states with comparably high

wages. A program that allows people caring for friends or relatives who are Medicaid recipients to be paid has spawned an industry devoted to helping people cash in. And a recent study from the Mercatus Center at George Mason University estimated that between 337,000 and 433,000 working-age New York state residents with income above the allowed limit are improperly enrolled in Medicaid, and do not qualify for the program.

But much of the shortfall springs from changes in the sources of funding. Local government payments to Medicaid are \$1 billion a year less than they would be had Cuomo not frozen county contributions in 2015 to quell rising property taxes. Federal reimbursements for the Affordable Care Act's Medicaid expansion are shrinking, costing New York another \$1 billion a year. And the state's increase of the minimum wage to \$15 an hour has pushed up expenses by \$1 billion more.

But along with these revenue losses, Medicaid costs are skyrocketing in New York even as enrollment stays steady. The solution is increased oversight and efficiency, not higher income taxes.

This oversight on Medicaid's individual transactions and changing trends must be a constant, multiagency endeavor. Both the Department of Health and the state comptroller must increase controls. Cheats need to go to jail. Unnecessary benefits need to be curtailed. Skyrocketing costs must be quickly understood, addressed and contained.

More than half of all births in New York are paid for by Medicaid. More than half of all Medicaid spending in New York goes to long-term care for the elderly and disabled. The state's commitment to the program is admirable. But the cost and the flaws in the program are unconscionable.

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