

# City Hall: Cuomo's Medicaid plan could cost the city \$1.1B

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Gov. Andrew Cuomo's Medicaid plan could blast a roughly \$1 billion hole in the city budget, de Blasio administration officials said Wednesday.

The new estimate is nearly double what City Hall bean-counters originally projected after the governor unveiled his spending plan earlier this month. It marks the latest salvo in a high-stakes budget war that will play out ahead of the new fiscal year.

In an effort to plug a \$6.1 billion state budget gap, Cuomo has proposed trimming Medicaid costs and offloading some of the state's increased payments to local governments. While the state has maintained the city is overstating the impact, de Blasio officials said Monday the Cuomo proposal marks the most serious blow to municipal finances in recent memory. In the budget battle that will be waged over the next few weeks, the city has an incentive to overstate the impact from state programs, while Albany has the opposite motivation.

"The consequences are devastating," First Deputy Mayor Dean Fuleihan said in a conference call with reporters.

Under Cuomo's plan, local governments around the state would be on the hook for increases in Medicaid costs beyond 3 percent annually. City Hall had initially calculated that, if this formula had been in place between 2018 and 2019, city taxpayers would have had to pay about \$645 million. However, Albany's plan came with an important caveat: Local governments such as New York City whose property taxes rise more than 2 percent annually would have to pay for all of the increases, Fuleihan said Wednesday.

And with that information, de Blasio officials said the proposal would have actually dinged the city to the tune of \$1.1 billion between 2018 and 2019. Fuleihan and David Greenberg, associate director from the city's Office of Management and Budget, said they expect similar cost increases going forward.

The state, however, challenged that logic and said a new Medicaid Redesign Team is aiming to get cost growth under 3 percent annually, which would reduce the obligation for local governments. New York City in particular would likely only have to pay an additional \$212 million next year, according to a Cuomo spokesperson who characterized the cost-sharing dynamic as a way to make local governments more accountable for cost growth.

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“In the 50 years before the state took over local Medicaid spending growth, the state and localities partnered to find savings,” budget spokesperson Freeman Klopott said in a prepared statement. “The proposals in the executive budget will revive that partnership as we return spending growth in the Medicaid program to 3 percent or less, consistent with the last eight years.”

But since the redesign team has yet to put forward any proposals it is difficult to independently assess the state's numbers.

State Comptroller Tom DiNapoli has said that [the state is primarily responsible](#) for growth in Medicaid costs. And because of the limited control the municipalities such as New York City have over how the program is run, the Citizens Budget Commission has characterized the way Albany shares costs with localities [as an unfunded mandate](#).

Klopott also disputed the city's \$1.1 billion figure, which he said is a misinterpretation of what is being proposed. However, City Hall said that it had based its estimate off of conversations Monday with the state Department of Budget.

In addition to the potential Medicaid hits, the de Blasio administration has identified several more financial obligations tucked into this year's budget, totaling more than a quarter of a billion dollars.

The state budget would require the city to chip in for a federal program called Temporary Assistance for Needy Families, which provides assistance to low-income households. Last year, Albany required the city to pay 10 percent of the cost for the federal grants, which took roughly \$125 million out of the budget. This year, the cut has jumped another 5 percent. A City Hall spokesperson said the hit will drain another \$100 million from the city's spending plan, though the Independent Budget Office put the tally at closer to \$66 million.

In addition, the state will fall short of school aid projections by roughly \$135 million, according to City Hall and IBO, meaning the mayor's office will have to find the money to cover projected costs in its own budget. The state's share of school spending in New York City has steadily fallen since the 1990s, [according to an IBO report](#) released Monday.

During his preliminary budget presentation, de Blasio sharply criticized additional invoices from the Metropolitan Transportation Authority, which is asking the city to chip in \$159 million this year for its dysfunctional Access-A-Ride program. And on the capital side, the MTA's \$51 billion five-year capital plan requires a \$3 billion contribution from the city.

Yet at the same time the mayor dinged management of the beleaguered authority, he has also missed opportunities to shape outcomes there. De Blasio declined to participate in an oversight panel that could have exerted influence over the spending plan, and has yet to name two nominees for MTA board members.