

How Will New York's Next Governor Address Health Care?

Restructuring New York's hospitals and nursing homes, expanding health insurance coverage, and decreasing the State's Medicaid expenditure have emerged as the predominant health care initiatives in the 2006 New York gubernatorial campaign, driven primarily by each candidate's proposals to "clean up" Albany. With the primaries approaching on September 12, this issue of *Health Care News In-Depth* summarizes the candidates' positions on reforming New York's current health care system.

NYS's 2006 gubernatorial candidates have advanced health care proposals that aim to improve access to affordable, high-quality care; reduce costs by combating Medicaid fraud, waste, and abuse; and re-evaluate the funding of the Health Care Reform Act (HCRA). The Democratic candidates are NYS Attorney General (AG) Eliot Spitzer and Nassau County Executive Tom Suozzi. John Faso, a former member and minority leader of the NYS Assembly from 1998 to 2002, is the Republican candidate.

Eliot Spitzer captured national attention for spearheading fraud investigations of Wall Street practices. Tom Suozzi, from Long Island, is best known for his "Fix Albany" campaign and his efforts to hold the State Legislature accountable for many of the State's problems, including local Medicaid cost increases. Eliot Spitzer is the favorite for both the Democratic nomination and the general election, with recent polls showing that he leads John Faso 65%–17%.¹

Affordable, High-Quality Care

While similar in their overarching goals, the plans of the candidates differ considerably in their proposed implementation. John Faso has focused on bolstering the individual private insurance market and promoting health care financing arrangements that emphasize individual choice of health plans. He supports increasing the use of health savings accounts (HSAs), the tax-deductible individual accounts set up to pay for medical expenses. If elected, he would allow public and private employers to offer HSAs. He also supports tax credits for

individuals to purchase health insurance.

Eliot Spitzer plans to increase access to affordable, high-quality care by extending existing public programs to all children and low-income families. Mr. Spitzer has committed to reducing the number of uninsured New Yorkers by half over the next four years by ensuring that every child in NYS has health coverage. His plan includes ensuring that premiums in public programs like Child Health Plus are more affordable; obligating schools to require parents to demonstrate that their children are covered by health insurance or, if they are not covered, to fill out an insurance application when a child is enrolled in school; having hospitals assist parents in enrolling every newborn in a health insurance plan; and making sure that children do not lose their health coverage because of bureaucratic complexity. To increase access to quality care in rural areas, Mr. Spitzer would increase State reimbursement rates for primary care physicians and address ways to increase access to specialty care. He also plans to create incentives to encourage medical professionals to stay in rural areas and will review policy options that can help keep health insurance companies in rural areas.

Mr. Suozzi has not proposed a specific plan for improving access to affordable, high-quality health care.

Combating Medicaid Fraud, Waste, and Abuse

The candidates diverge on their proposals to combat alleged fraud, waste, and abuse in the Medicaid system. Mr. Spitzer focuses on enacting a "Martin Act" specifically for health care

fraud that would give the AG tremendous power to investigate fraudulent practices by conducting examinations of Medicaid providers under oath and using the provider's answers in civil recovery actions, subpoenaing witnesses, and requiring the production of documents. As AG, Mr. Spitzer has used the Martin Act to great effect in his investigations of the financial services industry.

Tom Suozzi plans to reduce the Medicaid program's cost by 15%, with 7.5% cut by reducing fraud and the other 7.5% by making policy changes and reducing waste such as ending payment of Medicaid benefits for deceased individuals. Mr. Suozzi estimates that his proposals would save \$3.75 billion a year by his third year as Governor. Like Mr. Spitzer, Mr. Suozzi also supports a State False Claims Act, under which government attorneys or private lawyers hired by the government—instead of trial lawyers operating on a commission basis—would handle all cases involving allegations of fraudulent claims, and whistleblowers could gain a percentage of the financial recoveries. The use of such financial incentives would, Mr. Suozzi believes, encourage NYC and local counties to better coordinate their efforts in aggressively combating fraud cases.

Mr. Faso has not presented a specific proposal addressing health care fraud.

HCRA Funding

The Health Care Reform Act ended New York's previous system of setting hospital reimbursement rates in 1996 and is set to expire on June 30, 2007. Mr. Faso is concerned with what he

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How Will New York's Next Governor Address Health Care? *continued from front*

Major Health Care Proposals of NYS Governor Hopefuls			
ISSUE	ELIOT SPITZER'S PLAN	JOHN FASO'S PLAN	TOM SUOZZI'S PLAN
Restructuring hospitals & nursing homes/ Commission on Health Care Facilities in the 21st Century	Close or convert some hospitals into specialty services facilities; no obligation to follow the Commission's final recommendations. Principles to guide in restructuring: 1) maintain safety net services for vulnerable populations; 2) strengthen academic medical centers; 3) provide public subsidies to struggling institutions; 4) ensure orderly transition of displaced workers.	Believes NYS has more capacity than warranted; may support the recommendations of the Commission.	Create a needs-based assessment system to encourage alternatives to nursing home care; not obligated to follow the Commission's recommendations.
Reducing cost of health insurance	Assess capacity of New York's hospital and nursing home system; introduce sophisticated health information technology (HIT); improve management of chronic diseases; cut prescription drug costs by increasing the use of generic drugs and exploring the creation of a non-profit pharmacy benefit manager from which both Medicaid and commercial plans can buy.	Remove taxes on health insurance; promote economic growth to alleviate problems of the uninsured rather than raising taxes; improve use of Medicaid resources; improve use of managed care.	Cut cost of Medicaid program by fighting waste, fraud, and abuse; provide compatible and integrated systems for health records and databases; end payment of health insurance currently being paid to deceased individuals; get recipients the care they need.
Expanding health insurance coverage	Halve number of uninsured over next 4 years; ensure that every child is covered; remove bureaucratic barriers for 1 million adults who are eligible for coverage but are not enrolled.	Increase affordability and access; establish more community-health centers.	No proposal.
Employer-mandated health insurance proposals	Opposed the Fair Share for Health Care Act legislation because it did not offer the comprehensive health care reform needed to increase coverage and decrease costs.	Require studies to determine cost of new health insurance mandates before lawmakers can vote them into law; promote HSAs and the ability to use flexible spending plans to pay for medical expenses; inform individuals on costs to restrain health care spending.	No proposal.
Health savings accounts	No proposal.	Reform statutory rules that restrict availability of HSAs; make HSAs more affordable.	No proposal.
Reducing cost of Medicaid	Contain Medicaid prescription costs with Preferred Drug Lists and ensure that pharmaceutical companies do not abuse the "provider prevails" rule as a loop-hole. Require NYS Dep't of Health (DOH) to develop databases to identify and monitor patient outliers.	Allow local governments to design their own Medicaid benefit programs; redesign Medicaid benefits so that they aren't more gratuitous than private health insurance; make managed care mandatory for Medicaid.	Cut Medicaid cost by at least 15% by fighting waste, fraud, and abuse; end health insurance payments to deceased individuals; grant waivers to local communities to redesign their own Medicaid programs; eliminate non-essential Medicaid prescription drug benefits.
Medicaid fraud, waste, and abuse	Enhance AG's power to use automated fraud detection systems: "data mining"; enact Martin and False Claims Acts; include in State Budget provisions for AG and DOH adequate staffing levels; upgrade State computer systems.	No proposal.	Compatible, integrated systems for health records and databases; no health insurance to deceased individuals; enact False Claims Act; encourage better coordination among local governments and empower local counties and NYC to bring fraud cases.
Use of innovative technology in state of the art health information systems	Use electronic medical records to improve quality and reduce medical errors; appoint State coordinator for HIT to make sure that IT capital grants are awarded systematically.	Use technology more creatively to reduce medical error, achieve better health results, and provide more efficient use of resources.	Ensure health records and databases operate on compatible and integrated systems.
Stem cell research	Supports a 10-year, \$1 billion bond referendum to pay for stem cell research and other medical research.	No proposal.	No proposal.
Medical malpractice	No proposal.	No proposal.	No proposal.

Sources: Eliot Spitzer: "Eliot on Health Care," www.spitzer2006.com; "A Vision for the Future of Health Care," www.spitzer2006.com; "Improving the Lives of Seniors," www.spitzer2006.com; Bruce Lambert, "Spitzer Unveils \$1 Billion Stem Cell Proposal," *New York Times*, 13 Aug. 2006; Fredric Dicker, "Eliot in Split with Dems" *New York Post*, 20 June 2006. John Faso: Leora Falk, "Hospital Panel May Find Work Ends Up Ignored," *New York Sun*, 9 Aug. 2006; "Faso Outlines Business Policies to Syracuse Chamber of Commerce," www.johnfaso2006.com/updates.html; John Rodat, "SignalHealth Voices—John Faso, Candidate for Governor of New York," online posting, 15 Aug. 2006, www.signalhealth.com/node/647; "Faso Outlines Business Policies to Syracuse Chamber of Commerce," www.johnfaso2006.com/updates.html. Tom Suozzi: "Reforming New York's Health Care System," www.tomsuozzi.com/issues/healthcare; "Suozzi's \$5 Billion Taxpayers Savings Plan," www.tomsuozzi.com/announcements.

calls the "ill-advised" funding of HCRA and says the State needs to address HCRA's hidden taxes. If elected, Mr. Faso would, as a budgetary measure, move what he calls "legitimate general fund budget items" out of the HCRA expenditure pot and "back to the general fund"—something that the State Legislature has already taken steps to accomplish. He also plans to

reduce taxes imposed on health insurance through HCRA and would "lock up" the proceeds from insurance plan conversions (from nonprofit to for-profit entities) for initiatives to improve the quality of care and access over the long term.²

Neither Mr. Spitzer nor Mr. Suozzi has presented a proposal to amend HCRA funding.

For more information about the candidates, visit www.johnfaso2006.com, www.spitzer2006.com, and www.tomsuozzi.com.

References

1. Quinnipiac Univ., "Cuomo Tops Green By 13 Points Among Likely Dem Voters, Quinnipiac Univ. NYS Poll Finds; Spitzer Has 4-1 Lead In Primary, General Election," press rel., 23 Aug. 2006.
2. John Rodat, "SignalHealth Voices—John Faso, Candidate for Governor of New York," online posting, 15 Aug. 2006, www.signalhealth.com/node/647. ■