

MEDICAID IS A LIFELINE FOR SIX MILLION NEW YORKERS: IT MUST BE PROTECTED AND STRENGTHENED

One third of all New Yorkers are directly covered by Medicaid. It is truly the difference between life and death for some of the most vulnerable New Yorkers, including the frail elderly, adults with disabilities, and children with special needs. Millions more benefit indirectly from support for family members in need and access to crucial safety net institutions in their communities. The Medicaid program must be preserved and strengthened so that all New Yorkers can have access to quality, affordable health care.

Recent reports have suggested that Medicaid spending is growing faster than the State's self-imposed "global cap." The global spending cap restricts growth to the 10-year national average of medical inflation, currently 3 percent.

It is important to note, however, that arbitrary caps do not account for some very important realities of the Medicaid program:

- **Medicaid enrollment in New York has grown 35% since the global cap was instituted in 2011, from 4.8 million to 6.5 million beneficiaries.** While this has helped the State lower its rate of uninsured New Yorkers to historic lows—which we strongly support—it has also meant that a huge portion of Medicaid spending growth is due entirely to enrollment growth. Because of the global cap, this increase in enrollment meant there was not enough funding under the cap to invest in other Medicaid priorities, including strengthening safety net providers.
- **Medicaid has participated in New York's historic effort to raise incomes for low-income health care workers through an increase in the State's minimum wage.** This extremely important initiative has lifted home health care and other health care workers' wages, which was long overdue. These investments are vital, and strongly supported by lawmakers in Albany. They lift hardworking workers out of poverty and ensure a vital supply of home health care providers for elderly and disabled New Yorkers. But these increases do not fit neatly into arbitrary spending caps.
- Safety net providers—including hospitals and nursing homes—experience cost increases annually; however, **since the global cap was instituted, hospitals and nursing homes suffered rate cuts of 2% for three years followed by years of no inflation increases at all.** The State finally approved a one-time rate increase for hospitals (2%) and nursing homes (1.5%) in 2018, following the Legislature's approval of increased funding. **But a one-time increase is inadequate to make up for a decade of cuts and frozen funding.** And the State recently cut nursing homes rates by a whopping \$240 million, adding to the fiscal distress of many nursing homes.
- **Medicaid cuts and rate freezes have caused severe financial distress for New York's safety net institutions.** Hospitals and nursing homes that rely heavily on public programs—Medicaid and

Medicare—have struggled to survive, leading the State to provide special funding to 30 hospitals statewide just so they can keep their doors open and continue serving their communities. New York ranks 38th out of the 50 states in the number of hours of care a nursing home resident receives per day, leaving vulnerable nursing home residents at risk. An arbitrary cap does not account for these special circumstances and vital needs.

The freeze in Medicaid rates is certainly not the only factor contributing to the financial distress of health care providers and the threats to health care access. Hugely profitableⁱ insurance companies remain so by shifting costs to taxpayers in two ways: 1) they force enrollees to pay increasingly higher copays and deductibles, and 2) they inappropriately deny payments to hospitals and other health care providers, adding to their fiscal woes and reliance on public support.

Any additional controls on Medicaid spending must be done in a way that does not harm Medicaid beneficiaries or the safety net they rely on. We must analyze areas of fast-growing Medicaid spending to ensure that the payment and service delivery systems are as efficient and effective as possible; focus spending on the safety net providers who need it most; and stop insurance companies from harming taxpayers by forcing hospitals to collect high deductibles and copayments from consumers while denying payments for medically necessary care.

In this way we can reduce inappropriate growth while ensuring the Medicaid program remains a robust lifeline for the one-third of New Yorkers who need it.

ⁱ <https://www.forbes.com/sites/brucejapsen/2019/08/04/as-sanders-and-warren-attack-private-health-insurer-profits-soar/#18b591c532b1>