



## Cuomo warns NY Medicaid program could become "unsustainable"

January 27, 2020

Brian Mann

All but fourteen states have expanded Medicaid under the Affordable Care Act. That's meant millions more Americans covered by insurance, receiving regular healthcare.

But now New York state is struggling to cut billions of dollars from its Medicaid program. Governor Andrew Cuomo warned last week it could become unsustainable.

### **A program making New Yorkers healthier, at a cost**

Here's the good news. Rachel Nuzum, a Medicaid expert with the Commonwealth Fund, a think-tank that supports public healthcare options, says Medicaid expansion under the Affordable Care Act is making Americans a lot healthier: "Significant improvements both in access to primary care, necessary medications, their ability to get preventative visits, screening tests and even their self-reported health status," Nuzum said.

New York is one of the success stories according to Governor Andrew Cuomo. Expanding Medicaid eligibility cut the number of uninsured sharply.

"We're not 100% but boy we're close. Six million people on Medicaid, one out of every three. And this is something to be proud of," Cuomo said during his budget address last week.

He means a third of people with health insurance in New York now get it from Medicaid. But Cuomo also laid down a warning: "If it is not financially sustainable, then we accomplish nothing."

Cuomo says projected deficits next year alone top two billion dollars.

"The cost of Medicaid is rising much higher than anyone projected. They started rising dramatically recently," he added.

### **Each state runs Medicaid differently**

Medicaid is an incredibly complex network of state-run programs that now cover more than 70 million people nationwide.

New York's version is more expensive — second only to California — in part because it offers a wider range of services, including mental health and drug treatment programs. So it's something of an outlier.

But some conservative economists say New York's Medicaid budget woes are typical in one respect.

"Actual enrollments have far exceeded projected enrollments," said Aron Yelowitz a professor of economics at the University of Kentucky and a senior fellow at the Cato Institute. His research suggests some people who should be diverted into private healthcare programs are winding up on Medicaid instead. "Something like half a million improperly enrolled individuals in nine expansion states."

There's a lot of disagreement about this "over-enrollment" question. And new sign-ups for Medicaid have slowed as the economy improved.

What's clear though is that other states are watching New York to see how they'll fix this shortfall.

"You know this need to be constantly balancing the dollars you're investing in Medicaid with making sure you're delivering high quality care — that is not a phenomenon unique to New York," said Rachel Nuzum with the Commonwealth Fund. "So I think there's a lot of interest in how they approach this."

### **Cost containment could hit healthcare providers, local governments**

Most of the cost of Medicaid expansion under the ACA is being paid by the federal government, but the share born by states is rising.

Governor Cuomo created a new commission to find efficiencies in New York's program. That could mean stricter enrollment standards, or cuts to reimbursements to health care providers.

Assembly Speaker Carl Heastie, a Democrat who represents the Bronx, says tax hikes for the wealthy should also be on the table. "We would always rather raise revenue than cut," Heastie said at a press conference last month. "We would always like to call on them to do more in that regard instead of cutting healthcare or denying healthcare."

One other controversial idea being considered in New York would make local governments pay more to help sustain Medicaid if costs keep rising fast. If approved by the state legislature that would force people in New York City to pay hundreds of millions more in taxes each year.

North Country Assemblyman Dan Stec from Queensbury says that cost shift would also burden many rural counties, which he says have little control over Medicaid growth.

"These mandates all come from Albany and it is by far the most expensive Medicaid program in the country," Stec said.

The new commission formed to study Medicaid growth has until the April budget deadline to report back.