



Updated: Sun., Jan. 2, 2011, 4:21 AM

Cuomo: Time to play Dr. No

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Last Updated: 4:21 AM, January 2, 2011

Posted: 10:45 PM, January 1, 2011

Gov. Cuomo enters office this week with the state's budget in shambles — thanks in large part to Medicaid.

The economy, the feds and Cuomo's predecessor have left him an unexpected current-year deficit of \$315 million. The state Division of the Budget projects that gap will increase to \$9 billion next fiscal year and \$17 billion two years hence.

Yet the real driving force behind this fiscal mess is the state's \$48 billion Medicaid program — the most expensive in the nation.

Medicaid is now "the single largest portion of total state spending," accounting for 22% of state budgets, according to the National Association of State Budget Officers. But the math is particularly frightening for New York. Medicaid consumes a whopping 28% of Albany's budget. Medicaid spending is growing at 14% a year in New York, compared to 8% nationwide.

When measured on a per-enrollee basis, New York's Medicaid program is the second-most expensive in the nation behind Rhode Island, according to the Kaiser Family Foundation.

Medicaid spending even defies projections. An unanticipated bump in Medicaid spending this year is what threw the state budget out of balance, and it will continue to add more than \$800 million to future years' deficits.

When you consider what taxpayers are getting in return for their \$48 billion, things get even uglier.

Medicaid reeks of waste, fraud and abuse. In 2003, one New York dentist fraudulently billed Medicaid for as many as 991 procedures in a single day. A former New York City fraud investigator has estimated that fraud and abuse account for as much as 40% of Medicaid spending in New York — an amount that dwarfs all future budget gaps combined.

ObamaCare makes this unmanageable program even worse. The health-care bill's Medicaid mandate forces states to expand eligibility, to enroll more people who were already eligible, and gives states less flexibility to eliminate abuse.

Should Gov. Cuomo fail to comply, New York will lose more than \$26 billion in federal funds.

Medicaid's soaring costs are leading more states than ever to ration care to patients. Arizona's GOP governor and legislature voted to nix organ transplants for certain enrollees. Call it a Republican death panel. ObamaCare will spur even more government rationing.

Medicaid is bleeding taxpayers and wrecking New York's health-care sector. But Gov. Cuomo can't fix Medicaid by himself. He needs the help of Congress.

There is a solution: block grants, where Congress gives each state a lump sum of money and the flexibility to run their Medicaid programs according to their state's unique needs.

The federal government currently funds Medicaid by matching each dollar a state spends. So New York can double its money by spending an additional dollar on Medicaid. It sounds like a bargain. It's actually a scam.

When every state uses Medicaid to raid the federal treasury — or more accurately, taxpayers in other states — you get . . . well, you get the fiscal mess we're in nationwide.

Medicaid's "matching grants" mean that when states eliminate waste, fraud and abuse, they only get to keep (at most) half the savings. So they don't try even half as hard as they should.

Matching grants have turned Albany into a giant health-insurance company with side interests in education, police and roads.

Block grants will be unpopular with all the usual suspects: state officials who make their careers on robbing out-of-state taxpayers; health-care providers who make their careers on an open-ended federal entitlement; federal bureaucrats; the innumerable Medicaid fraudsters who bilk taxpayers out of billions every year; and ideologues who see government-run health care as the highest form of compassion.

Congress should do it anyway.

Block grants are how President Bill Clinton and a Republican Congress reformed welfare back in 1996, to spectacular success. Welfare reform forced New York to be smarter about welfare spending, just as a block grant would force New York to rededicate Medicaid to its original mission — providing necessary medical care to the truly needy.

There's one place Gov. Cuomo can start on his own: Close the loopholes that allow well-to-do New Yorkers to feign poverty on paper so that Medicaid underwrites their long-term care. Medicaid exists for the poor, not to help well-off baby boomers protect their inheritance.

Steve Moses of the non-partisan Center for Long-Term Care Reform recommends that Cuomo take steps to ensure that New Yorkers with means pay for their own long-term care. These include reducing New York's home-equity exemption from \$750,000 to \$500,000 (and seeking a federal waiver to reduce it to \$0), expanding the use of liens and estate recovery and ending the abusive practice of "spousal refusal."

Reducing Medicaid abuse won't be easy. But Cuomo doesn't have much choice.

In fact, what he has is an opportunity to become the leading national spokesperson for block grants, the quickest and easiest course to relief for states toiling under the unsustainable yoke of Medicaid spending.

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