



# BUDGET WATCH '03

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## Some key facts to consider:

- New York's per-capita spending on hospitals and long-term care is more than twice as high as the U.S. average.
- Our Medicaid spending on home and community care in 1999 was \$4.2 billion—nearly four times the national average per capita.
- If New York could simply bring its per-capita Medicaid spending down to twice the national average, taxpayers would save more than \$4 billion a year.
- As of 2001, 26 percent of New York's Medicaid population was in managed care—less than half the national rate.
- Simply holding overall state-funds spending increases to the rate of inflation over the last five years could have saved the state \$7.9 billion this year.

## TO CLOSE THE GAP, GO WHERE THE SPENDING IS: MEDICAID

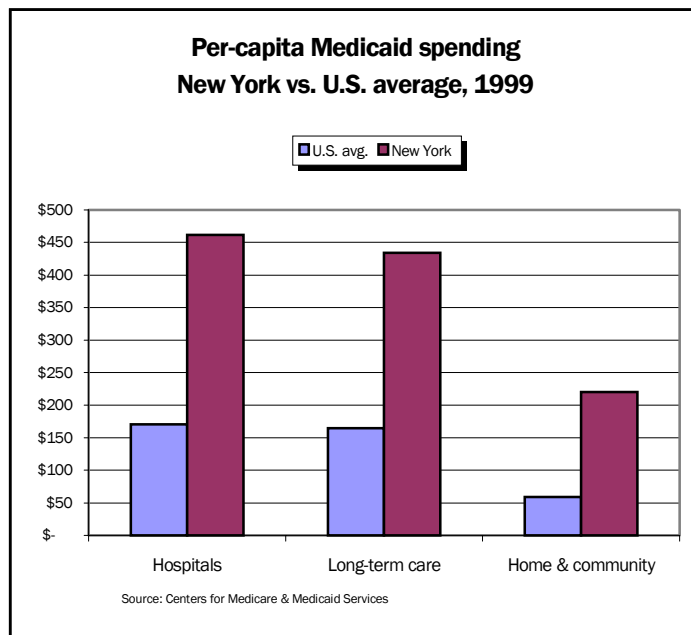
New York faces a major budget gap for one reason: overspending.

And, more than anything else, one program—Medicaid—is responsible for the problem. With Albany now focusing on how to close the gap, that program belongs first on the agenda.

Medicaid spending will total \$36 billion in New York this fiscal year. That's more than the entire budget for each of 40 other states. It works out to \$1,890 for every state resident, roughly 2.5 times the per-capita average nationwide.

Among all the states' programs, "New York continues to be number one in total spending, spending per capita, program cost per recipient, rates paid to providers, and in almost every Medicaid service spending category," the state Budget Division wrote three years ago.

Since then, our Medicaid spending has continued to grow by leaps and bounds. This year's figure is up more than 21 percent—a staggering \$6 billion—from the 1999-2000 fiscal year.



Medicaid provides valuable health care to people who might otherwise have no access to it.

But that doesn't necessarily mean we must accept hospital stays and long-term care costs that are far beyond national norms.

Nor does it mean it's wise

to tax Medicaid itself to pay hospitals for training doctors who practice out of state — as New York does.

Governor Pataki and the Legislature solved a problem like this in 1995 by restraining Medicaid spending. That success can be the model for 2003.

## ALBANY IS ONE REASON FOR OUR HIGH LOCAL TAXES

Medicaid has a disastrous impact not only on our state budget, but on our local taxes as well.

Since Governor Rockefeller created New York's Medicaid program, Albany has forced counties and New York City to pay part of the cost—so that

state leaders can take credit for more spending while shifting much of the tax burden to others. The rising cost of Medicaid is one reason our local taxes are the highest in the nation — and why New York City and counties across the state are planning big tax increases.

Maybe it's time to consider what county officials have sought for years—a phased state takeover of Medicaid—coupled with matching reductions in county property taxes. That would be one way to give Albany more incentive to control costs, once and for all.