



MEDICAID WATCH '05

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Some key facts to consider:

- Medicaid costs often vary sharply from one region to another. In 2000, according to Health Department data, an average hospital stay in New York City cost taxpayers \$12,329, while outside the city the average was \$6,532.
- Typically, the one key area in which New York spends relatively little is the program best suited to contain costs—managed care. Enrollment in managed care is proportionately far lower here than in most states.
- The state will spend some \$589 million just on Medicaid administration in the coming year, according to the Executive Budget.
- If we could simply get New York's overall Medicaid spending down to **twice** the national average, instead of 2.3 times average, taxpayers would save \$5.3 billion.

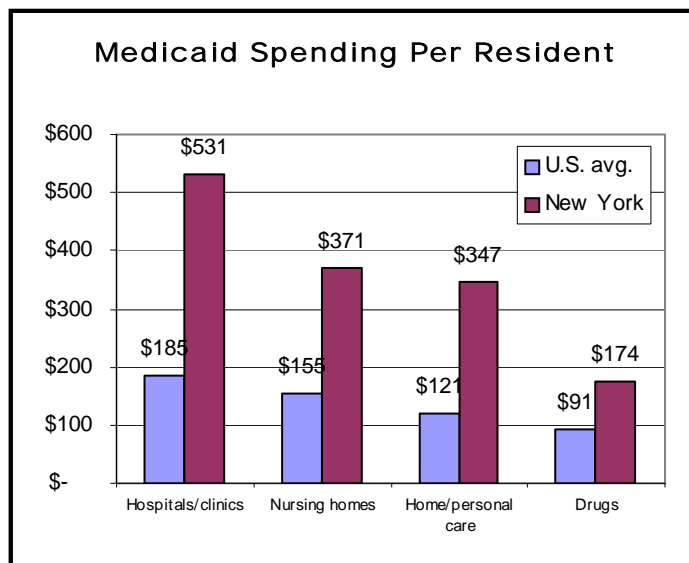
WHERE DO ALL THOSE BILLIONS OF TAXPAYER DOLLARS GO? ANSWER: ALL OF THE ABOVE

How does New York spend 2.3 times the national per-capita average on Medicaid? There's no single answer. Medicaid pays for many different programs. In almost every area, New York spends more – **much more** – than other states.

The biggest single gap between New York and the rest of the country is in spending on hospitals and clinics. With a total cost of \$10.2 billion in 2003, or \$531 for every state resident, our hospitals/clinics expenditures are almost three times the national average, on a per-capita basis. Reducing our spending in this area to the U.S. average would save taxpayers \$6.6 billion.

Expenditures in two other major areas drive New York's Medicaid spending far out of line with competing states.

We spent \$7.1 billion on nursing homes, and \$6.6 billion on home health care and personal care, in 2003. Our per-capita spending in each of those areas is well over twice the national average. In each case, reducing our spending to the average would save taxpayers more than \$4 billion.



Spending on prescription drugs has been rising in recent years, but is still far from the biggest cost in Medicaid.

New York enrolls far more residents, proportionately, than most states. As of 2003, 19.6 percent of New Yorkers were enrolled in Medicaid – compared to 13.9 percent nationwide.

It's often said that comparisons with other states are

misleading because Albany uses Medicaid to pay for services that other states fund through other means – caring for the mentally disabled, for instance.

There's some truth in that, though less than defenders of the status quo would have us believe. In any case, it doesn't explain our high spending on hospitals, nursing homes, and home and personal care.

TWO-THIRDS OF THE DOLLARS GO TO NEW YORK CITY

New York City's legislative delegation is traditionally the strongest supporter of Medicaid, and it's easy to see why.

The city is home to about 42 percent of the Empire State's population. But it represents just under two-thirds, or 66 percent, of individuals on Medi-

caid and of dollars spent on the program.

Long Island and the three counties just north of New York City – Westchester, Putnam and Rockland – represent 21 percent of the state population and just over 12 percent of Medicaid dollars.

The 52 counties of Upstate New York, from the lower Hudson Valley to the Niagara Frontier, are home to just over 36 percent of state residents. They spend fewer than 23 percent of all Medicaid dollars in the state.