



MEDICAID WATCH '05

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Some key facts to consider:

- Although New York's spending on nursing homes is far higher, federal quality measures do not show major differences with other states.
- Our nursing homes pay New York State's high workers' compensation rates; and for-profit homes pay high property taxes.
- The New York Association for Homes and Services for the Aging estimates that developing more alternatives to nursing-home care could reduce current nursing-home residency by 10 percent.
- Some 78 percent of our nursing-home residents are on Medicaid, compared to 65 percent nationally.
- 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.

WHY DOES NEW YORK SPEND BILLIONS MORE ON LONG-TERM CARE?

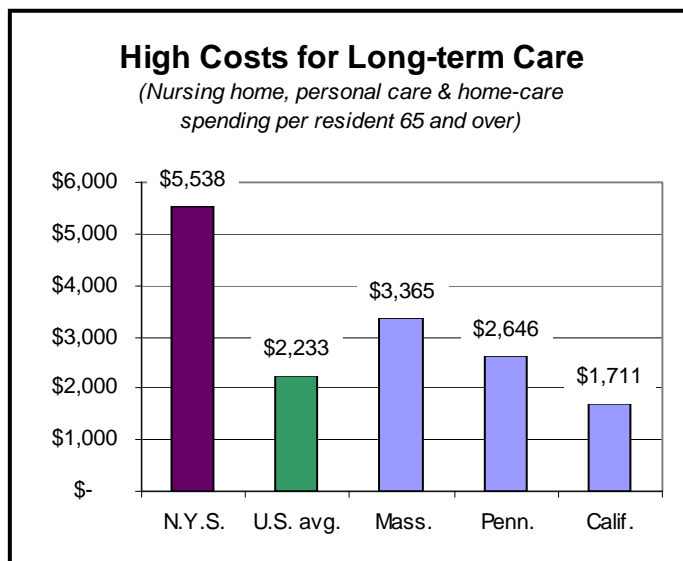
Defenders of the status quo in New York's costly Medicaid program like to argue that if we spend less, we'll end up leaving our elderly loved ones out on the street. If that's true, why doesn't every other state have such a crisis?

In New York, Medicaid spending on nursing homes, home care and personal care totals more than \$13.7 billion. That's more than 17 percent of the nationwide total. Our share of the nation's older population is less than 7 percent.

For every resident aged 65 or over, New York's Medicaid program spends more than \$5,500 on those three major elements of long-term care. That's 2.5 times the national average, and well above the cost in states such as Massachusetts and California.

If New York's spending on nursing homes, home care and personal care reflected national trends, taxpayers would save more than \$8 billion.

Albany spends billions on programs intended partly to keep older residents out of nursing homes. Yet among our 65-and-over population, 4.4



percent live in a nursing facility. That proportion is nearly one-sixth higher than the national average.

One reason we institutionalize more of our aging citizens: State government reflexively opposes entrepreneurial solutions, such as continuing-care retirement communities. In California, Pennsylvania and other states, such communities allow seniors to use their own resources, rather than

Medicaid, to choose a preferable place to live.

State policies give families incentives to shift costs to taxpayers. The state imposes heavy taxes on nursing homes that drive private-pay rates up by thousands of dollars a year. Spouses are free to refuse to pay for care; a Nassau County man worth more than \$1 million forced taxpayers to pay his wife's nursing-home bills.

HOME AND PERSONAL CARE: BILLIONS EXTRA IN NEW YORK

New York's Medicaid program spends far more on nursing homes than any other state's. But we're especially out of line in home and personal care, where we spend nearly one of every five dollars nationwide. (Our share of older U.S. residents is one in 14.)

New York City residents are the primary beneficiaries of home and personal care. Of \$3.2 billion spent statewide in 2003, 84 percent went to the five boroughs.

Home and personal care help older residents with services such as housekeeping,

dressing, bathing and meal preparation. Why does New York spend billions more than other states on such services? How do most older residents of Upstate and Long Island, and of other states, get by without such assistance? No one in Albany seems to ask.