



# MEDICAID WATCH '05

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## Some key facts to consider:

- New York State ranks below most other states in overall health, as measured by the United Health Foundation and other organizations.
- In the UHF ratings, New York scores well for motor vehicle deaths and occupational fatalities, but poorly for infectious disease and lack of health insurance — factors that arguably should be improved by high Medicaid spending.
- New York's ranking from UHF has improved since 1990, largely because of an extraordinary drop in violent crime. Since then, our number of uninsured as a share of total population has increased sharply.
- 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.

## DO BILLIONS IN EXTRA MEDICAID SPENDING BUY BETTER CARE? ALBANY DOESN'T KNOW

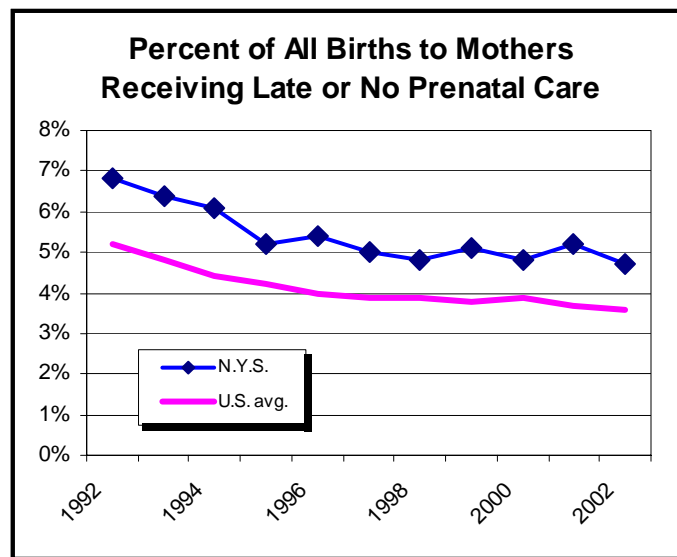
"In New York, we spend far more on health care than other states, without achieving dramatically better health outcomes for New Yorkers."

That was the conclusion Governor Pataki's Health Care Reform Working Group reached last year, after extensive study of the issue. No one has seriously challenged the finding.

As previous papers in this series have shown, Medicaid spending is higher in New York than anywhere else. It's even dramatically higher here than in states such as Massachusetts that have respected hospital systems and extensive social-welfare safety nets.

Many indicators show New Yorkers are not unusually healthy, despite all that spending. Our death rates from some diseases, such as AIDS and certain cancers, are higher than average; with some others, our death rates are lower than average. But in most cases, those indicators are heavily affected by lifestyle, genetic and other factors.

There are a few statistical indicators that, at least in theory, should be influenced by



government spending on health care. For instance, New York designs and promotes its Medicaid, Family Health Plus and Healthy NY programs to attract as many pregnant mothers as possible.

Spending on those programs has expanded dramatically over the past decade, and pregnant mothers seem to be getting better care. The proportion of babies whose mothers did not receive prena-

tal care, or did so late in pregnancy, has fallen noticeably.

But the same is true nationally, as shown above, even though spending elsewhere is much lower. And the disparity between New York and the rest of the nation is about the same as it was a decade ago, despite our billions in new spending.

New York must do more to analyze what our Medicaid billions buy — for the sake of recipients as well as taxpayers.

## TECHNOLOGY, FINANCIAL INCENTIVES CAN BOOST QUALITY

Two powerful forces — technology, and pay for performance — are driving quality improvement in health care around the country.

Employers and private-sector organizations provide much of the impetus. The Leapfrog Group uses employer purchasing power to promote

safer, higher-quality care. Regional efforts such as one led by the Taconic Independent Practice Association will share medical data electronically among doctors, hospitals, employers, consumers and others to coordinate care better, reduce medical errors and otherwise improve patient care.

Like most states, New York has done relatively little to promote technology and financial incentives as drivers of health-care quality. The new state budget includes demonstration projects for health information technology and pay-for-performance. Those efforts are small, but encouraging.