



MEDICAID WATCH '05

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Some key facts to consider:

- Nationwide, Medicaid accounts for an average 22 percent of state budgets. In New York, the proportion of overall state spending is roughly 44 percent.
- Florida, South Carolina and some other states base their reform proposals on a key principle traditionally shunned in New York — that Medicaid spending must be more predictable and affordable.
- Seventeen states, including New York, have won federal waivers to traditional Medicaid rules since 2001. Most were for cost-saving moves; New York's was for the biggest program expansion in the nation, Family Health Plus.
- On a per-capita basis, our Medicaid spending is 2.3 times the national average. If we could simply get that figure down to **twice** the national average, taxpayers would save \$5.3 billion.

OTHER STATES MOVE BOLDLY TO REFORM MEDICAID; WHY SHOULDN'T NEW YORK?

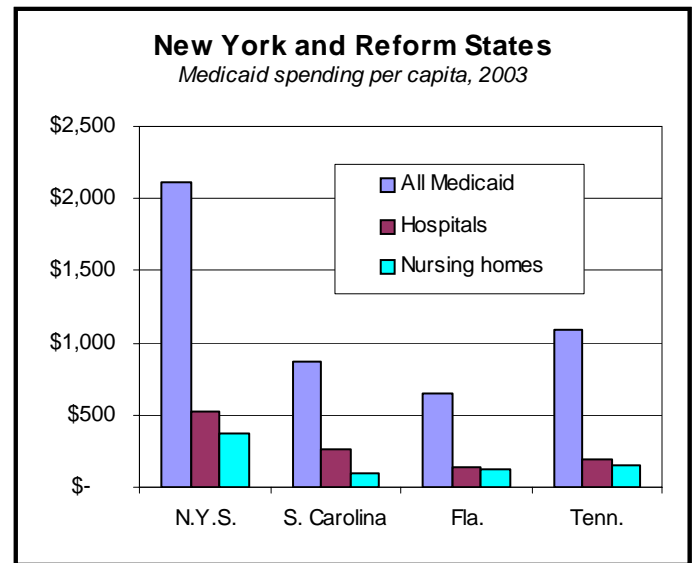
This year's New York State budget takes some steps toward a Medicaid system that provides better care, while acknowledging the need to control costs. Much more remains to be done in both areas.

Fortunately, ideas for major Medicaid reform — aimed at both controlling costs and improving quality of care — are bubbling up around the country. States such as South Carolina and Florida are considering especially innovative proposals.

Florida and South Carolina both seek federal permission to give consumers more power over their Medicaid benefits. That would drive more dollars where they are most needed, rather than allocate limited resources based on political demands.

In each state, recipients would be guaranteed coverage for preventive and catastrophic care. South Carolina is considering offering incentives to encourage behaviors such as receiving screening for diabetes, or maintaining cholesterol levels below certain points.

"It is essential to both enable and require that the Medi-



caid beneficiary participate as a prudent buyer of health care services," South Carolina Governor Mark Sanford says. That's even more true in New York, where spending is far higher and more individuals receive Medicaid benefits.

Both states would make it easier for Medicaid recipients to transition into employer-paid health insurance. In Florida, Governor Jeb Bush has proposed allowing some tax-

payer dollars to go toward employer-based insurance, where that would prevent the need for full Medicaid coverage.

What could a more consumer-friendly Medicaid system mean in New York? As just one example, it might mean fewer dollars going to the powerful hospital workers union, and more dollars spent on measuring and improving quality of care through use of technology and financial incentives.

TENNESSEE TAKES ACTION TO KEEP TENNCARE AFFORDABLE

"This is an area in which we literally could spend unlimited amounts. But as we all know, we don't have unlimited amounts to spend. We don't remotely have the money to continue on the current path."

Tennessee Governor Phil Bredesen made those comments recently on his decision

to preserve enriched health-care benefits for all children in the state's TennCare program, while cutting benefits for some adults.

The Volunteer State ranks near the top of all states in the percentage of residents covered by Medicaid (or, in its case, TennCare). Yet, like every

other state, it spends far less than New York. Our overall spending is nearly twice that in Tennessee, on a per-capita basis. Hospital spending is 2.5 times as high here.

Governor Bredesen also ordered a task force to study neighboring states' systems and suggest further changes.