



Albany Update

Volume 5 February 5, 2005

Health and Medicaid Year Ahead Overview

Medicaid Proposals

Governor Pataki's SFY 2005-2006 budget proposal for health care and Medicaid are premised on two linked proposals: Medicaid cost containment and reduction in local governments costs from Medicaid. Legislative staff estimate that the cost containment initiatives proposed by the Governor would reduce payments to health care providers by approximately \$2.1 billion and reduce benefits to beneficiaries by approximately \$850 million. Additionally, the Governor proposes capping the growth in the local governments' share of Medicaid at 3.5% in 2006 and tightening this cap annually until full state takeover of the costs of Medicaid occurs in 2008. However, the Governor would require cost containment to be enacted as a condition of this takeover of local costs.

Health Care Reform

The Governor proposed extending the Health Care Reform Act (HCRA) from June 30, 2005 until June 30, 2007, with few changes to the HCRA system. However, the Governor also proposed two additional pieces of legislation that would: 1) establish a bi-partisan commission to immediately develop a list of hospitals and nursing homes that would be closed; and, 2) establish a \$1 billion bonding program to finance health care system restructuring and information technology over four years. Included in the Governor's proposal is the assumption that there would be an additional \$400 million available from the conversion of not-for-profit health insurers. The Governor also sought authority to apply for waivers from the federal government to restructure funding for health care services in New York State.

The Year Ahead

It is expected that the proposed Medicaid cuts will be vigorously opposed by the hospital and nursing home industry and the health care workers union. County government leaders have been actively seeking state takeover of local Medicaid costs. However, several prominent local government leaders have already expressed concern about the impact of the Governor's proposed cuts on the health care system.

Additionally, an expected decision from the NYS Court of Appeals on a lawsuit challenging the conversion of Empire Blue Cross from a not-for-profit entity to a for-profit insurer could have a significant impact on the health/Medicaid budget. Previous budgets have assumed \$1.8 billion in revenue from the Empire conversion. However, pending the resolution of the court case, none of the money has been transferred to the state. Furthermore, resolution of the court case could expedite efforts by another not-for-profit insurer -- HIP -- to convert. These conversions could result in billions of additional dollars available for funding health care programs.

FUNDRAISERS

Monday, February 7th

Senator Byron Brown [D]
Albany, \$300

Senator Hugh Farley [R]
Majority Whip
Albany, \$300

Senator Serphin Maltese [R]
Cities
Albany, \$350

Senator Carl Marcellino [R]
Chair—Environmental Conservation
Albany, \$350

Senator George Maziarz [R]
Chair—Labor
Albany, \$350

Senator George Onorato [D]
Vice Chair—Minority
Albany, \$250

Senator Mary Lou Rath [R]
Tourism
Albany, \$300

Senator Valesky [D]
Albany, \$250

Republican Assem Camp Comm
Albany, \$500

Thursday, February 10th

Senator Dale Volker [R]
Chair—Codes
Depew, \$150

Monday, February 14th

NYS Sen Rep	Sen Bonacic
Sen Stachowski	Assem W. Barclay
Assem Luis Diaz	Assem Peter Rivera
Majority Leader Sheldon Silver	