

'Blackmail' extension passes

Facing state shutdown legislators OK Paterson's \$385M in spending cuts

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ALBANY -- Even though one Assemblyman called it "gubernatorial blackmail," the Legislature on Monday reluctantly agreed to Gov. David Paterson's one-week budget extension bill that includes approximately \$385 million in cuts to health care spending, which critics said will hurt hospitals and could result in the loss of jobs.

The bill also contained what supporters hailed as a consumer-friendly move: the re-institution of rate regulations for HMOs that were dropped during the Pataki Administration.

Including a year's worth of health care cuts for the 2010-'11 budget represents a new approach by Paterson, who has been struggling to get lawmakers to complete a spending plan, which is more than two months overdue and has an unclosed \$9.2 billion deficit. The Administration says it's the only way they can make any progress in completing the budget. As time goes on and the state pays out bills for its numerous expenses, be they for health care, schools or myriad other activities, the deficit becomes that much harder to close.

If lawmakers weren't to vote for the weekly extenders, they could be blamed for triggering a shut-down of state government. The extenders, for example, authorize payrolls for state employees, Medicaid reimbursements and unemployment checks.

"We have no choice," said Deputy Senate Majority Leader Jeff Klein, D-Bronx/Westchester.

"I've been calling it gubernatorial blackmail," said Assemblyman Jack McEneny, D-Albany. "Every Sunday night, the budget expires," he added, explaining the need for the weekly extenders.

And while others agreed that they had no choice on voting for the extender, one Democratic Senator, Bronx Sen. Pedro Espada suggested he might not vote for the extender next week -- raising the possibility of a real deadlock and potential shut down, given that Republicans with a minority of 30 votes, have voted in lockstep against the budget measures.

To date, all 32 Democrats have voted for the extenders, but if just one decided not to, they wouldn't have the needed majority of votes and the extender might not pass.

"This week it's health care, next week it will be education. We have to put an end to deciding the fate of the state's 19.5 million residents on a week-to-week basis," Espada said, referring to earlier suggestions that the Administration next week would offer an extender filled with education cuts.

Certainly, the health care cuts -- representing an approximately a 1.5 percent year-to-year reduction, will put pressure on countless hospitals and other health care organizations.

"The Governor is employing a desperate tactic in order to force the hand of state government," said Tina Gerardi, CEO of the state Nurses Association.

She pointed out that included in those cuts are \$72 million in reductions to charity care reimbursement for hospitals and nearly \$13 million less for a variety of public health programs.

Albany Medical Center Hospital, for instance, is slated to lose nearly \$3 million in the 2010-11 budget, with Schenectady's Ellis Hospital losing more than \$625,000, according to the Greater New York Hospital Association.

Samaritan Hospital in Troy would lose more than \$545,000.

In addition to the cuts, Paterson's budget plan assumes an additional \$300 million in revenue from tougher enforcement of Medicaid fraud laws. All told, the budget plan carries \$775 million in reductions.

Despite their talk of legislative blackmail, some lawmakers saw glimmers of hope on Monday.

Sen. Marty Golden, a Brooklyn Republican, believes Paterson seems to have found his footing, noting that the governor is inching his way toward closing the budget week by week.

"I'm one of the guys who gives him credit," Golden said. "The governor had to do something and I applaud him for doing it."

Others suggested that Paterson's new peacemeal approach is spurring lawmakers to finally try and finalize the budget, since the budget would otherwise be completed on a week-in, week-out basis but without their input.

And some lawmakers hailed the reintroduction of HMO rate regulations, which used to be in place but were abandoned in 1996. Paterson's budget extender included a rule that forces HMOs to once again get permission from the state Insurance Department before raising their rates.

"For too long New York families and small businesses have been faced with the nightmare of choosing between out-of-control premiums or forgoing health insurance," said Sen. Neil Breslin, D-Delmar, who had sponsored an earlier effort to re-regulate HMOs.

