

# Taking our Medicaid medicine: Attacking N.Y.'s massive spending problem will take courage in Albany

BILL HAMMOND – DAILY NEWS

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The good news for Gov. Cuomo is that experts have come to consensus on why [New York's Medicaid](#) program is so off-the-charts expensive.

The bad news is that the major cost driver is long-term care for the elderly and disabled - which, to date, [Albany](#) has treated as a political third rail.

And no wonder. We're talking about services aimed at some of the neediest, most vulnerable citizens of the state - frail grandmothers, mentally ill uncles, developmentally disabled daughters, sons with HIV and AIDS.

No elected official in his right mind wants to be accused of denying necessary care to any of these populations.

But the undeniable numbers - as laid out in a flurry of recent reports - leave no other choice but to find big savings, and soon. Otherwise, Medicaid will bankrupt the state.

As most know by now, New York's Medicaid budget - at \$50 billion a year and growing - is by far the costliest in the nation, outstripping even that of [California](#), with almost twice the population. The state's program is expensive no matter how you slice it - offering more services to more people at higher payment rates than all the national averages.

But where it really enters the stratosphere is long-term care.

Our spending per patient is a modest 10% higher than the national norm for children on Medicaid and 53% higher for able-bodied adults. But it's a whopping 77% above the per-patient norm for the elderly, and an incredible 95% higher for the blind and disabled.

Which is why long-term care accounts for 24% of the patients but 72% of the spending - or more than \$35 billion a year.

Those outlays have been soaring at unsustainable rates for years - and the first wave of baby boomers is just now hitting 65.

So the urgent need to bring this spending under control is clear. Whether Albany lawmakers have the stomach for the job is another matter.

When forced to trim Medicaid in the past, legislators have generally taken the path of least resistance. A favorite tactic is cracking down on waste, fraud and abuse - because who could be against that? They also love squeezing discounts from drug companies. They generally settle on across-the-board cuts to hospitals, nursing homes and other providers - a clumsy solution that hurts the lean operators just as much as the bloated ones.

Those tried-and-true steps might well be necessary in the face of a \$10 billion deficit. But they won't come close to curing the patient.

What lawmakers also have to do this time is seriously tackle the fastest-growing areas of spending: specifically, personal care and home care for the elderly and disabled.

Controlling spending on long-term care "is totally the hardest stuff," says [Elizabeth Lynam](#) of the [Citizens Budget Commission](#). "Yet that's where the money is."

The original idea of these programs was to give old folks the housekeeping and medical help they needed to stay out of nursing homes. It was supposed to improve their lives and save money.

But officials in charge of the programs - especially in [New York City](#) - have been so generous in awarding services that the money-saving goal went out the window.

According to a recent federal lawsuit, some patients are getting services at the rate of \$150,000 a year - double what a nursing home would cost.

Adding insult to injury, all those tax dollars are buying care that's scattershot and piecemeal.

As Cuomo's Medicaid czar, [Jason Helgerson](#), points out, New York ranks second to worst for hospitalizations that should have been avoided. Too many people with treatable asthma are winding up in emergency rooms. And too many patients are checking out of hospitals with inadequate support - causing them to relapse and check back in a few weeks later.

A smart solution would be to apply managed-care principles to long-term care, paying companies a fixed amount to keep elderly and disabled patients healthy - so providers have an incentive to do the best job at the least cost.

In the past, lawmakers have balked at such steps under pressure from the industry players who stand to lose money.

But now, as Helgerson rightly says: "The budget situation is so dire, the fiscal crisis is so immediate, that we have no choice but to address things that in the past were left alone."