

New York leads nation in spending on social aid

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ALBANY — Here's another distinction for New York: It gets more government aid per person from social programs than any other state.

A USA TODAY analysis Tuesday found that the state's Medicaid program is the most expensive in the nation, driving the average cost of all government benefits in New York to \$9,442 per person — the most in the country.

According to federal statistics, New York ranked 28th in Social Security payments per person and ninth in Medicare benefits last year. But spending on Medicaid, the health program for the poor, has long exceeded other states because of New York's broad initiatives and high poverty levels. Only Washington, D.C., spends more.

New York spent \$2,903 per person on Medicaid in 2010 — a third more than any other state, USA TODAY reported. The national average is \$1,364. Nevada spent the least at \$666 per person.

The USA TODAY analysis found that New York ranked in the middle of the pack in providing benefits to residents when spending is measured as a percentage of the state's income.

New York had to close a \$10 billion budget deficit for the 2011-12 fiscal year, which began April 1. The Legislature largely adopted the recommendations of Gov. Andrew Cuomo's Medicaid Redesign Team, which will produce savings of \$2.8 billion for the \$53 billion Medicaid program.

The budget places a cap on Medicaid spending, limits future growth, ends automatic rate increases and reduces reimbursement rates.

The program represents about 26 percent of the state's operating budget, slightly more than school aid, according to a report from the Medicaid Redesign Team.

Medicaid enrollment has soared, from 2.7 million enrollees in 2000 to 4.7 million in 2010 — fueled by an aging population and an expansion of the Family Health Plus and Child Health Plus programs for people whose incomes are too high for Medicaid benefits.

As a result, costs are skyrocketing: from \$45.6 billion in the 2008-09 fiscal year to a projected \$75 billion by 2014-15 if costs were not curbed, the governor's group found.

The Citizens Budget Commission said in a report last year that the largest Medicaid expense is for the elderly and disabled, who make up about 24 percent of enrollees but consume about 75 percent of the expenses.

New York also ranks among the top in the nation for its property taxes and was deemed to have the worst business climate in the nation last year by the Tax Foundation.

E.J. McMahon, senior fellow for the conservative Empire Center for New York State Policy, said most aspects of New York's Medicaid program are "way above the norm." The state and county governments split the cost of the state's share for the program. That has blurred financial accountability and allowed state lawmakers to "buy up to a dollar's worth of political capital for 25 cents," he said.

McMahon said he doesn't think the Medicaid redesign will make much of a difference. The state would have to look at eligibility to have an impact, he said.

"I think they have stunned the beast but they have not slain it," he said.

But Frank Mauro, executive director of the labor-backed Fiscal Policy Institute, said New York's Medicaid benefits are on par with neighboring states. New York has a higher poverty rate than they do, so its per capita spending exceeds other northeastern states.

U.S. Census data released last fall for 2009 showed that New York ranked 13th nationally for its poverty rate, compared to Connecticut, which had the second lowest poverty rate at 8.4 percent, and to New Jersey, which had the fourth lowest at 9.3 percent. New York's poverty rate was 15.8 percent.

"We have high poverty rates in a part of the country that has high average costs of living," Mauro said. "And we have reasonable benefits on Medicaid, as do New Jersey, Connecticut and Massachusetts, but we have more people eligible."

Even if New York's Medicaid spending were average, it would still rank in the top 16 states for government aid, McMahon said.

"This is really a measure of dependency on government," he said.

USA TODAY analyzed data from the Bureau of Economic Analysis and the Census Bureau to determine government benefits in each state. The benefit numbers represent average amounts received per person — not just for those in a program.

Besides Medicaid, the benefits include what people receive for Social Security, Medicare, food stamps, veterans' programs, college scholarships and many other government programs.