



Statement on the Medicaid Redesign Team Recommendations

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New York, NY – March 19, 2020 - Citizens Budget Commission (CBC) President Andrew Rein on the recommendations of the Medicaid Redesign Team:

"The Medicaid Redesign Team meets at noon today to vote on its final recommendations to save \$2.5 billion in Medicaid in fiscal year 2021. The MRT had a difficult task to do with little time, and deserves credit for soliciting public feedback, considering hundreds of proposals, and rising to the challenge of proposing significant reforms and savings without recommending tax increases. The MRT's recommendations focus on many of the right areas, particularly long term care and targeting the funds for supplemental payments and special programs; however the proposals fail to meet the \$2.5 billion savings target, leaving the State financial plan \$851 million short. In addition, the MRT did not recommend needed improvements to transparency and the Global Cap's accounting and design, leaving the budget vulnerable to continued fiscal gimmicks that mask true Medicaid spending.

The Executive Budget Financial Plan relied on two sources of savings to close the fiscal year 2021 Medicaid budget shortfall: \$890 million in recurring savings taken in fiscal year 2020 and \$2.5 billion in savings to be identified by the MRT.¹ The MRT's proposals include \$851 million of the \$890 million as credit toward its \$2.5 billion target. The MRT's own proposals only total \$1.6 billion in savings. Absent non-Medicaid savings being developed to offset the lower-than-expected Medicaid savings, this leaves a deficit in the State's financial plan, notwithstanding the yet unknown impact of the current pandemic and associated economic upheaval.

The MRT also fails to recommend improving transparency in Medicaid spending.² Fiscal maneuvers made in March 2019 resulted in a \$1.7 billion payment delay that went unreported for months because the Department of Health stopped releasing monthly Medicaid spending updates. Critically important data should be publicly provided regularly and should include information such as spending data for all Medicaid agencies and unit costs of services.

The MRT recommendations also miss an opportunity to amend the structure of the Medicaid Global Cap—the annual limit on growth in State Medicaid disbursements. Instead the MRT calls on the Executive and Legislature to re-define the Global Cap through budget negotiations.

Despite these shortcomings, the reported list of MRT recommendations includes some long overdue policy changes. Reforms to the Indigent Care Pool, which provides more than \$1 billion of funding to hospitals serving predominantly Medicaid and uninsured patients, will better target funding to hospitals in financial distress. Common sense adjustments to personal care services will preserve vital access to supports for enrollees with the greatest needs while achieving significant financial savings. Reductions in certain payments for case management administrative tasks and enrollment procedures will reduce spending while protecting health homes for high acuity enrollees. The partial restoration of the quality incentive pool can help promote improved quality while the system is restructured. Still, the lack of detail and time to review makes it difficult to understand the full impacts of the proposals on various stakeholders and the Medicaid budget; it is incumbent on the State to refine the plan in adoption and implementation.

Overall, the MRT's work has been commendable, compiling a menu of cost-saving options on an abbreviated timeframe while health care and public health are subject to shock from a global pandemic. The Executive and Legislature should commit to making fiscal and statutory details available promptly. The final negotiated budget should include the fundamental fixes to the Medicaid program that will ensure reforms meet fiscal goals while minimizing negative impacts on the state's health care system and patients."

¹ The fiscal year 2021 Executive Budget Financial Plan states, "The Executive Budget includes \$2.5 billion in cost-containment measures that are expected to be identified by the MRT II, as well as recurring savings from the FY 2020 Savings Plan (\$851 million)." See New York State Division of the Budget, *FY 2021 Executive Budget Financial Plan Updated for Governor's Amendments and Forecast Revisions* (February 2020), p. 36, <http://www.budget.ny.gov/pubs/archive/fy21/exec/fp/fy21fp-ex-amend.pdf>.

² Public Comment of Andrew Rein, President, Citizens Budget Commission, before the Medicaid Redesign Team, Public Comment Submitted to the Medicaid Redesign Team II (March 2, 2020), <https://cbcny.org/advocacy/public-comment-submitted-medicare-redesign-team-ii>.