November 13 and 14, 2012

The Road Ahead for New York

Post Election Commentary and Discussion on Medicaid and Medicare

The following is a snapshot of the Medicare and Medicaid Programs in New York State, highlighting enrollment, spending, and quality. Included are factors affecting the programs' future outlook and reforms from both the state and federal level.

MEDICARE | *Enacted in1965* *Title XVIII of the Social Security Act*

Medicare is a federally run program, fully funded by federal dollars.

MEDICAID | *Enacted in1965* *Title XIX of the Social Security Act*

Medicaid is a state run program with federal oversight, financed jointly by state and federal dollars.

ENROLLEES & ELIGIBILITY

96% of NYS' senior population is enrolled in Medicare.

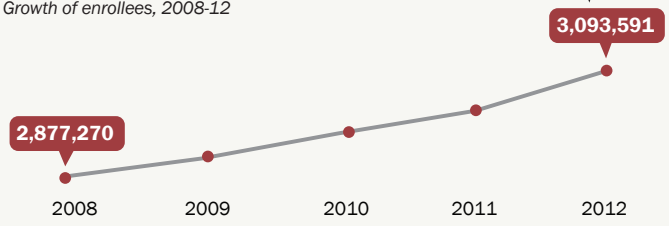
Medicare enrollees in NYS, 2012

3,093,591

Eligible

Persons aged 65+, disabled persons under age 65.

Growth of enrollees, 2008-12



NYS' Medicaid program covers

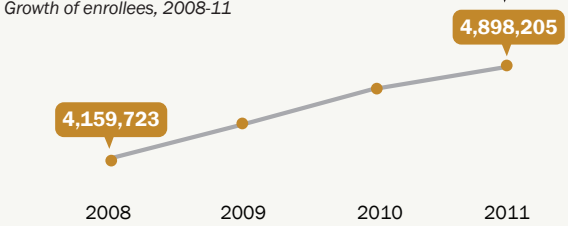
Medicaid enrollees in NYS, 2011

4,898,205

Eligible

Low-income individuals and families including seniors and the disabled.

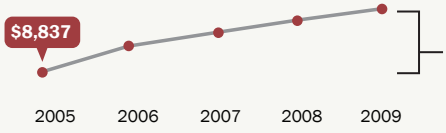
Growth of enrollees, 2008-11



COSTS

NYS Medicare **costs are growing** at an unsustainable rate.

Annual cost per enrollee, 2005-09



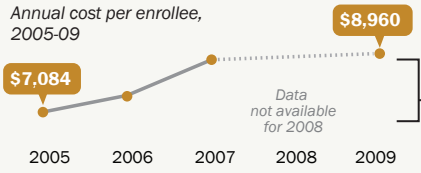
Annual cost per enrollee

$11,604 2009

31% increase in spending per enrollee from 2005-2009

NYS **spends more than twice the national average** on Medicaid per-capita.

Annual cost per enrollee, 2005-09



Annual cost per enrollee

$8,960 2009

26% increase in spending per enrollee from 2005-2009

Federal dollars alone fund NYS Medicare

$33,811,236,228 **TOTAL federal spending**, 2009

NYS and federal dollars fund NYS Medicaid

$52,122,037,794 **TOTAL federal and state spending in NYS**, 2010

Federal share **$31,740,661,884**

NYS share **$20,381,375,910**

QUALITY

State spending for Medicare and Medicaid **is not translating to greater quality of care.**

NYS rank across quality indicators, 2012

NYS ranks the lowest in **avoidable hospital use**, a factor that drives up costs.

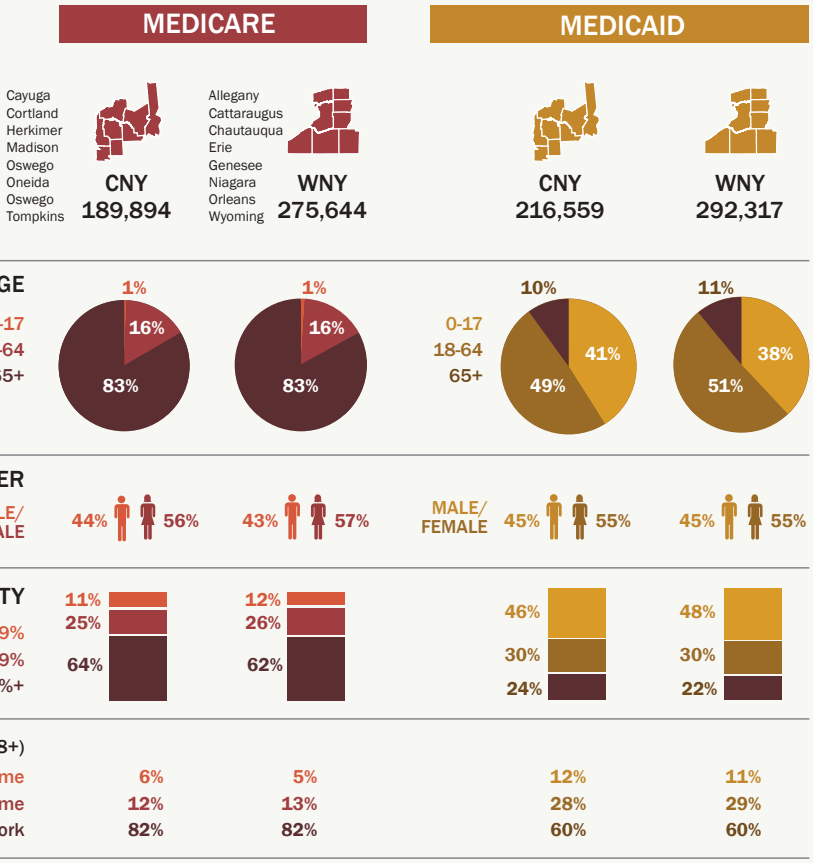
Who is enrolled in NYS' Medicare and Medicaid Programs?

The demographic breakdown of Medicaid and Medicare enrollees in Central New York (CNY) and Western New York (WNY) regions are reflective of NYS as a whole.

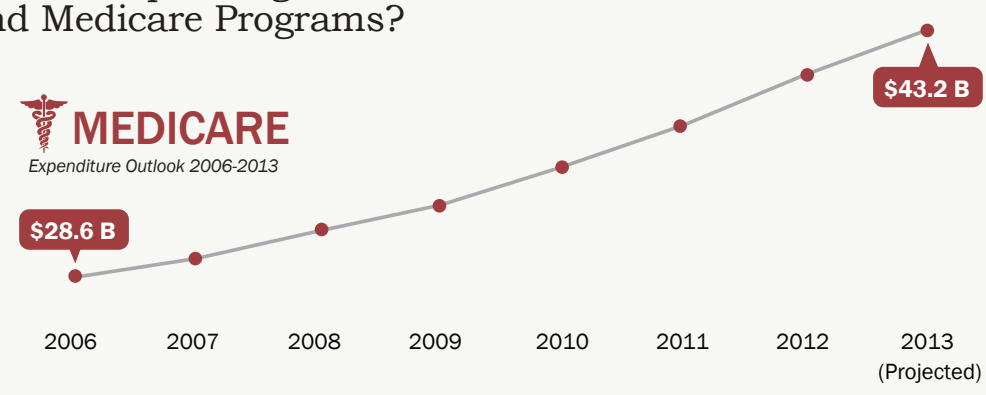
NYS provides Medicaid coverage well beyond the Federal Poverty Level (FPL) minimums to capture populations who would normally not be eligible in other states, such as pregnant women and children. Even with expanded coverage, a majority of Medicaid enrollees still fall below 100% of the FPL. At the same time, most Medicare recipients in CNY and WNY have annual incomes above 200% of the FPL.

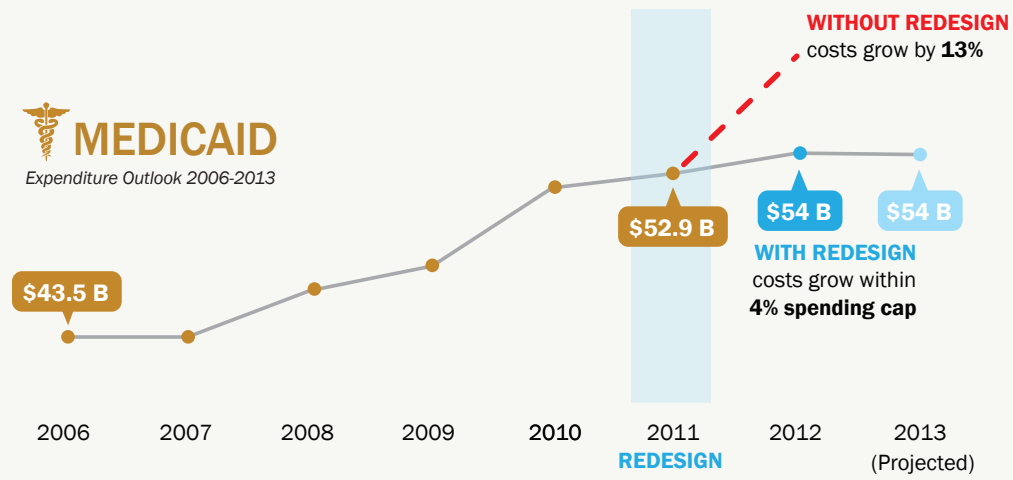
2012 Federal Poverty Levels	
FAMILY SIZE	INCOME
1	$11,170
3	$19,090

Demographic characteristics of enrollees in Medicare and Medicaid, 2008-2011



Where is spending headed for NYS' Medicaid and Medicare Programs?





The Many Reasons Costs Increase

Enrollment Growth

Avoidable Hospitalizations

High-Need & High-Cost Patients

Expensive New Health Care Technologies

Fraud & Waste

What changes are underway for Medicare and Medicaid?

The Federal **Affordable Care Act** (ACA) and **New York's Medicaid Redesign Team's** Multi-Year Action Plan are expected to lead to significant changes for Medicare and Medicaid Programs in New York, especially in terms of care delivery, quality, and cost.

AFFORDABLE CARE ACT

Signed into law by President Obama on March 23, 2010; the most significant regulatory overhaul of the U.S. healthcare system since the passage of Medicare and Medicaid in 1965.

NYS MEDICAID REDESIGN TEAM

Established by NYS Governor Cuomo in 2011 to curb spending growth and improve health outcomes; creates a national model for healthcare delivery.

MEDICARE CHANGES

Affordable Care Act reforms aim to reduce the rate at which Medicare costs are growing as part of the Federal Budget, while also requiring the program doesn't reduce eligibility and benefits. The ultimate concern is how solvent the program will be in the future given the expected growth in enrollment (baby boomers) and the growth in health care costs overall.

By 2020 another 747,336 New Yorkers will age-in to Medicare.

AFFORDABLE CARE ACT

GOAL: Reduce Medicare costs without sacrificing eligibility and benefits.

WHAT WILL BE DONE

Expansion of Medicare Prescription Drug Coverage

Free Preventative Services to Seniors

Revised Payment Structures

Medicare Advantage Plans to bring costs into better alignment with service costs provided for under Medicare Part A/B.

Annual updates to traditional fee-for-service payments accounts for economic indicators over provider cost increases alone.

Reduction in Disproportionate Share Hospital Payments and Home Health Providers

Reduce Fraud & Waste

MEDICAID CHANGES

Affordable Care Act will reduce the number of uninsured in the U.S. by expanding Medicaid eligibility thresholds to capture individuals, couples without children, and families that have household incomes up to 133% of the federal poverty level. However, since these populations are already covered by NYS' Medicaid program, it is anticipated these changes will have little impact on Medicaid in NYS.

The **Medicaid Redesign Team** initial recommendations saved $2.2 billion for NYS' 2011-2012 State Budget. The team developed a Multi-Year Action Plan that will fundamentally transform the program. But its implementation depends on the state getting a federal waiver which has already been applied for and is currently pending. The waiver request is the most comprehensive over-haul of NYS' Medicaid program in state history.

By 2014 NYS expects another 513,000 people to become Medicaid eligible.

AFFORDABLE CARE ACT

GOAL: Expand Medicaid coverage minimums to capture additional uninsured populations.

WHAT WILL BE DONE

Expanded Threshold for Medicaid Eligibility

NYS MEDICAID REDESIGN TEAM

THREE GOALS:
Improving Care, Improving Health, Reducing Costs

WHAT WILL BE DONE

Comprehensive Care Management through Patient Centered Medical Homes, Health Homes, and Behavioral Health Organizations, along with improved health information technology.

Improved Workforce flexibility by training on chronic disease management and care coordination, and expanding the scope of practice for key health care professionals.

Eliminate Barriers to care with workforce training, expanded language options, improved awareness, targeted outreach, stable housing, and education of endemic diseases.

Address Spending with Global Medicaid Spending Cap, capitation-based payments, Accountable Care Organization payment models, Medical Indemnity Fund, hospital quality initiatives, and aligning Medicare and Medicaid purchasing strategies.

For additional information on the redesign and waiver visit: **http://www.health.ny.gov/health_care/medicaid/redesign/**

What do the changes mean for New Yorkers?

Overall New York is expected to adapt better than most states to the reforms in the Affordable Care Act, as Medicaid Redesign will set New York ahead as a leader in health care reform. At this time, some reforms have already been implemented, while a complete roll out is expected over the next five years. By 2020, New Yorkers are expected to see the following impacts from these reforms:

	MEDICARE ($993 B saved nationally between now and 2020*)	MEDICAID ($17.2 B reduction in spending by NYS from 2011 to 2017)
PATIENTS	Increased quality of care; slow the rate of out-of-pocket cost increases; lower Part B premiums; increased drug coverage; free preventative services; and, reduced utilization of advanced imaging services.	Slight increase in co-payments; greater care oversight; improved care options and coordination; reduced barriers to care; reduced utilization of advanced imaging services; and, access to patient information.
STATE	Limit waste and fraud; closer oversight and validation of providers; reduction in hospital readmissions; reduced reliance on NY Elderly Pharmaceutical Insurance Coverage Program; and, long-term solvency of Medicare Hospital Insurance trust Fund.	Increased enrollment; limited spending growth; reduction of state deficit; reduced financial burden on local governments; and, fewer uninsured.
PROVIDERS	Quality-of-care incentives; limit overutilization of advanced imaging services; improved coordination and communication between providers; reduced or restructured payments; and, effective management of high-need patients.	Improved coordination and communication between providers; limit overutilization of advanced imaging services; quality-of-care incentives; better workforce; and, effective management of high-need patients.

*Total savings includes $575 billion to the Medicare Hospital Insurance Trust Fund by 2020 and $419 billion cumulative savings to the Federal Budget (CMS Office of the Actuary,2010).

Data Sources and Notes

Page 1 Data provided by Kaiser Family Foundation: Medicare Health and Prescription Drug Plan Tracker2005-2009, Medicare Spending Per Enrollee by State of Residence 2005-2009, Medicaid Payments per Enrollee 2005-2009, available online at (http://www.statehealthfacts.org) and (http://healthplantracker.kff.org); NYSDOH, Number of Medicaid Enrollees by Category of Eligibility and Social Service District, 2008-2011; New York Medicaid Statistics: Medicaid Enrollments and Payments, available online (http://www.medicaid.gov); and The Commonwealth Fund: Aiming Higher, Results from a State Scorecard on Health System Performance 2009, available online (http://www.commonwealthfund.org).

Page 2 Demographics Data provided by U.S. Census Bureau, 2008-2011 American Community Survey 3-Year Estimates: Tables B27001, B27016, and B27012, available online (http://factfinder2.census.gov).

Page 2 Medicare Expenditure Outlook See page 1 sources.

Page 2 Medicaid Expenditure Outlook See page 1 sources and NY's 2012-2013 Executive Budget & Reform Plan, available online (http://www.govenor.ny.gov).

Bibliography

Congressional Budget Office. (2011). The Long-Term Outlook for Mandatory Spending on Health Care. CBO's 2011 Long-Term Budget Outlook. Washington, D.C. U.S. Government . [Online] Retrieved on October 15, 2012, from http://www.cbo.gov.

Cornell University, Cornell Program on Applied Demographics, Cornell Population Center. NY State Population Projections 2020. Retrieved on November 8, 2012 from http://pad.human.cornell.edu/index.cfm.

Correspondence with Jason Helgerson, New York State Medicaid Director and Deputy Commissioner, Office of Health Insurance Programs, October 9, 2012.

Correspondence with Joe Baker, President, Medicare Rights Center, October 5, 2012.

Correspondence with Kalin Delehanty, Project Manager, Medicaid Redesign Team , NYS Department of Health, November 7, 2012.

Foundation for Health Coverage Education. (2012, January). 2012 Federal Poverty Level. [Online] Retrieved on October 9, 2012, from http://www.coverageforall.org.

Henry J. Kaiser Family Foundation. (2011, April). Federal Core Requirements and State Options in Medicaid: Current Policies and Key Issues. Kaiser Commission on Medicaid and the Uninsured. [Online] Retrieved on October 5, 2012, from www.kff.org.

Henry J. Kaiser Family Foundation. Medicaid Expansion to 133% of Federal Poverty Level: Estimated Increase in Enrollment and Spending Relative to Baseline by 2019. [Online] Retrieved on October 10,2012 from http://statehealthfacts.org.

Federal Core Requirements and State Options in Medicaid: Current Policies and Key Issues. Kaiser Commission on Medicaid and the Uninsured. [Online] Retrieved on October 5, 2012, from www.kff.org.

Medicaid Redesign Team. (2011). A Plan to Transform the Empire State's Medicaid Program, Multi-Year Action Plan. New York State Department of Health. [Online] Retrieved on October 5, 2012 from http://www.health.ny.gov.

Megna, Robert L. (2012, January 17). 2012-13 Executive Budget & Reform Plan: New NY Transformation Plan...the next step. Governor Andrew M. Cuomo. 12-13, 33-38. [Online] Retrieved on October 15, 2012, from http://www.governor.ny.gov.

NY State Department of Health. (2012, July). Medicaid in New York State. Retrieved on October 2, 2012, from http://www.health.ny.gov/health_care/medicaid/.

U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. (2012). Medicare. Retrieved October 10, 2012, from http://www.medicare.gov.

U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. (2012). Medicaid. Retrieved October 10, 2012, from http://www.medicare.gov.

Health Foundation for Western & Central New York
Investing in Better Health for People and Communities

www.hfwcny.org

Main Office
Larkin at Exchange
726 Exchange Street, Suite 518
Buffalo, NY 14210-1485

Syracuse Office
431 E. Fayette Street
Suite 250
Syracuse, NY 13202