



8. Health Care

The Executive Budget builds upon the historic Medicaid reforms of the Medicaid Redesign Team that are achieving better health care outcomes at a more sustainable cost. The Budget supports more effective models of care, sustains the State's health benefit exchange, encourages regional collaborations among providers and communities, promotes the State's Prevention Agenda, and makes investments in health care infrastructure and caregiver supports.

Overview

The Department of Health's (DOH) mission is to ensure high quality health services are available to all New Yorkers. Consistent with this mission, DOH assures comprehensive health care and long-term care coverage for low- and middle-income individuals and families

through the Medicaid, Child Health Plus (CHP), and Elderly Pharmaceutical Insurance Coverage (EPIC) programs.

In addition to its health insurance programs, DOH protects public health, supervises public health activities throughout the State, and operates health care facilities including Helen Hayes Hospital, four veterans' nursing homes, and the Wadsworth Laboratories. The Department also oversees all other health care facilities in the State.

The Office of the Medicaid Inspector General, established as an independent entity in 2006, preserves the integrity of the Medicaid program by conducting and coordinating fraud, waste and abuse control activities for all State agencies responsible for Medicaid funded services.

The State Office for the Aging (SOFA) promotes and administers programs and services for New Yorkers 60 years of age and older. The Office oversees community-based services provided through a network of county Area Agencies on Aging and local providers.

Assuring Quality Health Care for All New Yorkers

New York's Medicaid program is the State's largest payer of health care and long-term care. Each month, over six million individuals receive Medicaid-eligible services through a network of more than 60,000 health care providers and more than 16 managed care plans. Total Federal, State and local Medicaid spending is expected to be \$62 billion in 2015-16.

Despite years of attempted cost containment, prior to 2011 Medicaid spending had grown at an unsustainable rate while failing to deliver the quality outcomes for New Yorkers. In 2009, according to a Commonwealth State Scorecard of Health System Performance, New York State ranked 22nd among states in quality of health care measures and worst among all 50 states in avoidable hospitalization.

Recognizing the need to control spending growth and improve health results, Governor Cuomo commissioned the Medicaid Redesign Team (MRT), a new and inclusive approach to developing health care policy. Comprised of individuals representing virtually every sector of the health care delivery system, and with widespread public input, the MRT advanced

proposals that create models of care to significantly improve health outcomes and allow future spending to grow at a sustainable level tied to rational measures of growth – the 10-year rolling average of the Medical Consumer Price Index (currently estimated at 3.6 percent).

The MRT's innovative and collaborative work has bent the cost curve for the Medicaid program and has saved the State and Federal governments over \$17 billion each, through 2014-15. Building on this success, and through further collaborations, New York has the potential to completely transform health care for all payers and recipients. The Executive Budget advances the transformation through new investments that will help introduce integrated models to improve care delivery and health outcomes at lower cost through New York's recently approved Medicaid waiver.

**Summary of Spending
(All Funds Unless Otherwise Noted)**

Category	2014-15 (millions)	2015-16 (millions)	Change	
			Dollars (millions)	Percent
Medicaid (Total All Funds)	58,752	62,046	3,294	5.6
Medicaid (Global Cap)	16,507	17,104	597	3.6
Department of Health Spending (Excluding Medicaid and BHP)	4,091	4,346	255	6.2
Basic Health Plan	0	1,679	1,679	NA
Office of the Medicaid Inspector General	57	54	(3)	(5.3)
Office for the Aging	222	227	5	2.4

Proposed 2015-16 Budget Actions

The Executive Budget reflects the continuation of the Medicaid spending cap enacted in 2011-12 and recommends funding consistent with its provisions. The Budget achieves \$54.7 million in savings from public health and aging programs through program reforms, enterprise-wide efficiency measures, and general cost-control efforts.

Health Care Transformation

The success of the MRT and other State initiatives demonstrates that through constructive

collaboration, unsustainable spending trends can be reversed while care delivery and health outcomes are improved. Recognizing the success of New York's efforts and the saving they have generated for the federal government, in April 2014 the federal government awarded New York State an \$8 billion, 5 year Medicaid waiver. In the first year under the waiver \$500 million was awarded to financially distressed safety net hospitals whose viability is critical to achieving ongoing reforms. Over the next year large consortiums of providers across the State will begin work as performing provider systems with the goal of reducing avoidable hospital use by 25 percent over the next five years. Through the new Delivery System Reform Incentive Payment (DSRIP) program, these systems will receive performance payments based upon achieving predefined results in system transformation, clinical management and population health.

In addition, the State was recently awarded \$100 million by the Federal government to implement the State Health Innovation Plan (SHIP). This plan will be implemented over a four year period to provide statewide access to high quality and coordinated care. The intent is to build upon Medicaid reform efforts and

translate these efforts to achieve similar outcomes across the State's entire health care system, both public and private.

The Executive Budget provides \$1.4 billion in new complimentary capital investments to make infrastructure improvements and provide additional tools to stabilize health care providers to advance health care transformation goals. This investment includes:

- **Brooklyn Health Care.** The health care needs of central and east Brooklyn communities are greater than can be accommodated by existing resources. \$700 million in capital funding is included to stabilize the health care delivery system in these communities, reduce unnecessary inpatient beds while improving the overall quality of inpatient and outpatient services and increase access to community-based primary and preventive health care services.
- **Upstate Health Care.** To meet the financial challenges that exist for smaller, community-based and geographically isolated hospitals and health care providers, the budget also reserves:
 - \$300 million to create an integrated health care delivery system in Oneida County to reduce unnecessary inpatient

beds and expand primary care services;
and

- \$400 million to support debt restructuring and other capital projects to promote appropriate regional consolidations among health care providers and further health care transformation in rural communities.

Medicaid Redesign

The Executive Budget continues the implementation of MRT recommendations. These reforms represent the most comprehensive Medicaid reform in State history, with initiatives designed to improve the full spectrum of health care delivery. A cost neutral package of new MRT initiatives is proposed to make critical investments in health care delivery and support health care transformation. This package includes:

- Implementation of the Basic Health Plan (BHP). The BHP is a new State health insurance option to cover low income individuals, authorized under the Affordable Care Act (ACA).
- Increased payments to essential community providers.

- Enhanced reimbursement to hospitals and nursing homes to promote continued reforms and performance improvements.
- Additional investments consistent with the State's Olmstead Plan, with Federal approval.
- Leveraging Health Homes – comprehensive care management entities – to establish better linkages and improve care coordination for children and the criminal justice population.
- Facilitating the coverage of new immigrant populations, in accordance with Federal requirements.
- Funding enhancements for medical transportation and services for those with traumatic brain injuries.
- Investments to continue Balanced Incentive Payment initiatives and provide additional community supports to the aged and disabled.

These investments are balanced by savings resulting from targeted Medicaid integrity initiatives to eliminate fraud and abuse, improvements in benefits design, greater controls on pharmaceuticals, and compliance with Federal law that requires spousal support.

New York Health Benefit Exchange

In 2013, the Governor issued Executive Order #42 to establish a New York Health Benefit Exchange in accordance with the ACA. The Exchange – NY State of Health – serves as a centralized marketplace to shop for, compare, and enroll in a health plan. The health plans offered through NY State of Health are, on average, 50 percent less expensive than those available in 2013 prior to the creation of the marketplace. To date, over 1.9 million New Yorkers have enrolled in coverage through the marketplace. The Executive Budget proposes a modest change in health insurance premiums, for coverage both inside and outside the Exchange (averaging less than \$25, annually), to provide a dedicated and sustainable revenue source to support the continued operations of the Exchange.

Public Health and Aging Programs

DOH and SOFA administer programs that support New York's public health and senior care systems. The Executive Budget makes necessary investments and reduces costs by restructuring programs and implementing administrative efficiencies

in government operations. These actions will save an estimated \$54.7 million in 2015-16 and \$54.9 million in 2016-17. Key items include:

- **Emergency Food Funding.** The Budget increases funding to the Hunger Prevention and Nutrition Assistance Program to allow the program to respond to emergency food needs of hungry New Yorkers. The budget adds \$4.5 million annually for this purpose, increasing support for the program to \$34.5 million.
- **Department of Financial Services (DFS) Program Funding.** The Budget increases funding for the Childhood Lead Poisoning Prevention and Lead Poisoning Prevention programs on the insurance industry assessment. Funding for the Childhood Obesity program is moved back to DOH.
- **Continue Support for the Spinal Cord Injury Research Program (SCIRP).** SCIRP supports peer reviewed research efforts designed to develop, test and validate therapies for the treatment of spinal cord injuries. The Budget continues SCIRP funding at \$7 million annually.
- **Investment in Caregiver Supports.** The Executive Budget invests \$25 million to support increased funding for caregiver respite services. In addition, funding is increased for Alzheimer's Disease Assistance Centers and the Alzheimer's Disease Community Assistance Program.

- **New York Connects.** NY Connects is a statewide, locally based point of entry system that provides one stop access to free, objective and comprehensive information and assistance on accessing long term care services and supports. The Budget provides additional State funding to maintain ongoing operational support to the New York Connects program and the “No Wrong Door” initiative as Federal Balancing Incentive Payments (BIP) funding is set to expire in October 2015. The Budget includes funding of \$8.2 million in 2015-16 and \$18.1 million in 2016-17.
- **Drinking Water Fluoridation Grants.** The Executive Budget invests \$5 million to provide assistance to community water systems incurring costs for the installation, repair, and upgrade of drinking water fluoridation systems.
- **Increased Funding for Indian Health Care Services.** The Budget includes additional funding to support Indian health care services in keeping with prior year spending levels. This reflects a \$6.4 million increase in program spending annually.
- **Adult Care Facilities Criminal History Record Check Funding.** The Executive Budget includes funding to support the administration of criminal history record checks for staff at adult care facilities. Funding of \$1.3 million annually is included for this purpose.

- **Better Target Health Care Spending.** The Budget consolidates 41 local assistance appropriations into five separate pools that serve similar functions or reflect common characteristics. Flexibility within the pools would allow spending to be targeted to best address current or emerging population health needs, achieving annual savings of \$21.3 million.
- **Roswell Park Cancer Institute Funding.** The Budget achieves savings and consolidates two appropriations for Roswell. The Institute will continue to receive annual State support of \$87.1 million or over \$650,000 per bed.
- **Reprogram Enhancing the Quality of Adult Living (EQUAL) Program Funding.** The Budget discontinues funding for the EQUAL program and reprograms approximately half of its funding into an initiative to support the move of adult home residents to supportive community housing. This results in a net annual savings of \$3.3 million.
- **Discontinue the Pilot Health Insurance Program.** The Budget discontinues the Pilot Health Insurance Program that supported the management and evaluation of public health insurance programs. This program is no longer necessary given the implementation of New York State of Health. This results in annual savings of \$1.1 million.

- **Discontinue Resident Working Audits.** The Budget discontinues a duplicative requirement that DOH conduct audits of medical residents' working hours. This results in annual savings of \$1.1 million.
- **Discontinue the Physician Profile Website.** The Budget discontinues the requirement that DOH maintain a physician profile website, as much of the information is duplicated on other publicly accessible websites. This results in an annual savings of \$1.2 million.

Other Initiatives

- **Ending the AIDS Epidemic.** New York's successful investments in the prevention and care for individuals with HIV/AIDS places the State in the unique position of being able to advance a plan for the end of the epidemic. The Budget includes funding to identify undiagnosed persons, link them with treatment and facilitate access to necessary medications to keep them HIV negative and prevent the further spread of the disease. The Budget also includes legislation to reduce barriers to treatment and promote risk remediation.
- **Office for Community Living.** Services and supports to individuals with long term care needs are dispersed across various State agencies, fragmented and uncoordinated. Legislation will be advanced with the Budget to engage the various agencies and stakeholders in developing a plan for the creation of an Office of

Community Living. The goal of creating a new office is to improve service delivery and outcomes for older adults and disabled individuals that live in the community.