

New York State Budget 2008

Revenues Not Cuts

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I represent 18,000 clerical and administrative employees who work for the City of New York. Our members play key roles in the enrollment, billing and financial counseling processes. In addition we represent Eligibility Specialist Level 2 employees in the Human Resource Administration who determine Medicaid, Child Health Plus and Family Health Plus. We also represent 911 Operators, 311 Dispatchers and clerical and administrative staff in nearly all city agencies.

Introduction

It is important that government serve the people. Government leaders must seek ways to enhance services for all of our population. Government services are needed because the private sector cannot deliver them as efficiently and without higher costs. It is important that revenues be raised rather than cut services in order to balance the budget. Tax cuts for corporations and the very rich have not led to the creation of more jobs nor the well being of the majority of our population. The Bush tax cuts in 2000 that benefited the richest the most have not led to a stronger economy, or more net income for 95% of our population. But the Clinton tax increases on the wealthy in the early 1900's did.

I will focus more on the issue of public health for illustration since this is the area I am most familiar with. The key is to utilize the public sector in delivering of services and raising revenues as key to balancing the state budget.

Public Health

Fortunately Governor Spitzer knows that public health programs are more efficient and less costly than private for-profit health care. This was reflected in his budget last year whereby "Medicaid dollars followed Medicaid patients." Medicaid and Medicare are the best, most comprehensive forms of health insurance with the lowest administrative costs. More of the funds for these public programs are used for the direct delivery of health care services than does private insurance where profit making exists.

A representative from Blue Cross/Blue Shield stated at the recently held Healthcare Reform Hearings that their administrative costs and profits accounted for 20% of their costs. This is in sharp contrast to the publicly run HHC Metro Plus HMO that has an overhead of only 5%.

Almost two years ago after they went for profit, the Blue Cross/Blue Shield in Northeastern New York State dropped Family Health Coverage to over 16,000 families. The reason given was that the program was "not profitable enough."

Recently HHC officials were asked about expanding their public Metro Plus HMO to other city workers outside of hospitals. They said it was problematic since they found that HIP and GHI routinely deny 30% of their claims. They said that HHC could not do this in good conscience. Note that HIP and GHI have not yet gone “for profit”.

It is no accident that the Berger Commission Report targeted private hospitals for closure and consolidation of services. No public hospital in New York City was targeted.

The HHC public health system stands in sharp contrast to its private counterparts. HHC facilities have received the highest rates by the Joint Commission on Health Accreditation. It is a universal health care system that denies no one access to health care. HHC is a system of citywide networks where quality services are shared. It leads the private sector institutions in registering the uninsured for Medicaid and other insurance programs and in providing multi-lingual services. But because they are doing better than the private sector tax funding that is needed for expansion of language services has been denied and given to the private sector.

HHC facilities have average mortality rates that are better than state, regional and federal averages. In addition HHC was the first to publish data on performance such a mortality and infection rate data on their website. According to Arthur A. Levin, director of the New York City based Center for Medical Consumers, “There has sort of been over the years a public perception that the public hospitals are not as good as private hospitals. I’m sure that is the reason why HHC published this data. It makes them look good.”

However, HHC is not all it could be. The staffing has been reduced over the past 10 years by nearly a third. Services could be expanded to meet the needs of all city residents if HHC received its fair share of funding. City tax levy dollars now go to support the system but is limited and not expected after the current mayor leaves office.

The Berger Commission Report talked about the need for more primary care. This is something that the HHC has already been doing but has not received fair compensation for. In addition there must be investment in job training, career ladders and backfills.

There must be more of an emphasis on public health. We need to reduce the wasteful profit motive in health care. HHC stands as one model for others to emulate in moving in this direction of where we need to take our health care system. This can be accomplished by the Department of Health mandates, budget allocation prioritization, requiring Bad Debt and Charity Pools to be more equitable in distribution of resources, or through HCRA.

Service Cuts or Revenue Raising

The governor has stated that “hard choices” will have to be made in dealing with our state budget. I must tell you that those of us who have worked inside the health care system, especially in public health don’t need to face any more hard choices.

The HHC has drastically cut staffing and waste over the years. The staff has worked their finger to the bone and successfully dropped patient waiting times and average length of stay thereby saving money while improving quality.

Yet studies show that there still is a disparity in care from rich and poor neighbors in the city. These studies show that there is still a big need for more primary care.

We think the governor is right to re-regulate the insurance industry. These companies along with Big Pharma are the primary reasons that healthcare costs have skyrocketed.

In order to generate revenue, we need to return to **a fair tax system**. We need to make those who have benefited most, especially the past 13 years from the tax cutting frenzy ante up. According to the Fiscal Policy Institute, “the state government lost close to \$16 billion last year because of tax cuts enacted since 1994 and that the richest people and corporations have benefited the most from them. They report that New York’s top state personal income tax rate is at an historical low relative to New Jersey and Connecticut.” Poll after poll shows that the public is willing to pay increased taxes for a universal healthcare system.

It is ludicrous that Wall Street executives rake in billions of dollars in bonus money this year and it seems government is prioritizing budget cuts, especially in Medicaid and other public health programs, and not going after those fat cats. They pay fewer taxes than they did 15 years ago.

Finally, if there are mandates for primary care or any service, there must be a funding stream allocated. Reimbursement rates for clinics, Ambulatory Surgery and Emergency Room visits must be increased in order to meet the costs. There should and must be a reimbursement rate for language interpretation. How else will healthcare institutions such as HHC pay for the language services sorely needed in order to increase access to care and quality?

So in order to balance the state budget and transform our health system in a positive direction we need to raise revenues. Fair taxation should be established. We also can place special taxes on Big Pharma and HMOs who have made such huge profits the past few years. The State should close corporate loopholes and demand that any taxes granted in order to create jobs actually create jobs or the taxes should be collected. Finally if Medicaid funding is cut then other tax revenue funds must be found to pay for the services that are needed while not receiving any matching funds from the Federal Government.

Conclusion

I thank the Governor and Finance Director Francis for holding these public hearings and for the opportunity to express my opinions on how to improve and balance the state budget. As public employees we believe enhancing services is for the public good. Raising revenues as outlined above will both balance the budget and make sure services are enhanced. It is hoped that we can continue this dialogue. If you have further question or need our assistance please contact us.