

Medicaid **Medicaid Matters New York** *Matters*

Testimony to the Assembly Ways and Means and Senate Finance Committees Joint Legislative Budget Hearing on Health/Medicaid February 8, 2022

Thank you for the opportunity to address you today. My name is Lara Kassel. I am the Coordinator of Medicaid Matters New York, the statewide coalition representing the interests of the over seven million New Yorkers served by the Medicaid program. Over 100 coalition members participate in our advocacy. They are people covered by Medicaid, family members, community-based organizations, community-based providers, legal services agencies, policy and advocacy organizations, statewide associations, and more.

Medicaid Matters believes New York needs a Medicaid program that delivers quality health care and services to all who need them. While not perfect and gaps remain, New York Medicaid has a long history of providing care and services to meet the needs of low-income people and people with disabilities.

This year's proposed budget makes some bold moves to invest in public coverage and access to services in important ways. However, the budget falls short in other areas that would promote access to needed services and help the entire system reach greater equity. The Governor seems committed to building the health care system and ensuring quality health care for all New Yorkers. In order to achieve these goals, the commitment must be met with investment in what matters to historically-marginalized New Yorkers, including immigrants, people living independently in their homes, and the safety net providers that go above and beyond to serve them. The Medicaid program must meet people where they are, support community-based services, protect safety-net providers, and promote health equity. The state budget must reflect these goals.

Medicaid Matters urges the following budget actions be taken:

Repeal the Medicaid global spending cap

The budget proposal includes an extension of the global cap for an additional two years. The global cap was arbitrarily set by the original Medicaid Redesign Team in 2011. It was not designed to allow the program to grow and respond to the needs of New Yorkers. For over ten years, the global cap has imposed arbitrary and often opaque cuts to Medicaid, often without any transparency into what was being done. These cuts frequently came to be used as an excuse for the need to maintain austerity in Medicaid, at the expense of much-needed flexibility. We need a budget focused on delivering care and services people need, not arbitrary numbers that turn people into dollar signs.

This year's budget proposes a change to the methodology by which the global cap is calculated. Instead of relying on the ten-year rolling average of the medical component of the Consumer Price Index, the cap would be based on the five-year rolling average of Medicaid spending projections within the National Health Expenditure Accounts produced by the federal Centers for Medicare

and Medicaid Service's actuary. While this change is intended to allow for growth and account for age and acuity of enrollees, it keeps the cap in place.

Repeal of the cap would remove the authority granted to the Division of the Budget to make mid-year budget adjustments under the guise of remaining under the cap. It would once again allow the Legislature to reasonably negotiate a Medicaid budget within the rubric of the annual budget process.

Provide eligibility equity for people with disabilities and older adults

Under the *Affordable Care Act*, New York State expanded Medicaid eligibility to 138% of the Federal poverty level for most adults. This expansion was not granted to people with disabilities and older adults (people with an income eligibility designation referred to as "aged/blind/disabled," or ABD). Medicaid Matters is thrilled the budget includes Medicaid income eligibility expansion for people with disabilities and older adults, raising their eligibility from 84% of the Federal poverty level to 138%, the same level for other adults. We also applaud the Governor for eliminating the asset test for people with the ABD designation. These changes are necessary steps towards addressing the inequity in Medicaid eligibility that currently exists in New York due to age and disability status.

Unfortunately, the Governor's budget does not include expansion of income eligibility for the Medicare Savings Program (MSP), an essential component of the eligibility equity agenda Medicaid Matters and other advocacy groups proposed.

There are three Medicare Savings Programs, which provide crucial financial support for low-income older adults and adults with disabilities, defraying Medicare premium costs. One of the MSP programs—Qualified Medicaid Beneficiary (QMB)—also covers Medicare coinsurance and deductibles. All MSP members are automatically enrolled in the Full Low Income Subsidy (LIS) for Part D, also known as "Extra Help," which is fully funded by the federal government. The U.S. Social Security Administration estimates the "Extra Help" saves consumers \$5,000 per year. Paying this monthly cost is a huge burden, with a disproportionate impact on people of color and people with disabilities who are more likely to have low income and assets.

Expand coverage for immigrants

Medicaid Matters applauds the Governor for expanding the Essential Plan eligibility from 200% to 250% of the federal poverty level. This would allow tens of thousands of uninsured New Yorkers to gain access to the program. The proposed budget, however, does nothing to advance access to coverage for immigrants. Medicaid Matters supports the Coverage for All campaign, calling for access to affordable health coverage for all New Yorkers, regardless of immigration status. A state-only coverage option would provide access to affordable health insurance coverage to approximately 150,000 New Yorkers.

We are also thrilled the Governor proposes to take up the federal option to expand post-pregnancy Medicaid coverage from 60 days to a full year. This overdue change will help address parental health and mental health issues by providing needed access to coverage. However, this change will exclude 3,500 immigrants who currently have state-only funded coverage for the duration of their pregnancy through 60-days post-pregnancy under the Medicaid for Pregnant Women program. Excluding immigrant women from the coverage expansion in the Medicaid for Pregnant Women program would be the first time New York's Medicaid program discriminates against

immigrants. In excluding a subset of post-pregnancy individuals, the state would be reversing, rather than furthering our shared goals of reducing maternal mortality and morbidity for all New Yorkers.

The Legislature should ensure the expansion of the Medicaid for Pregnant Women program covers all individuals currently eligible for the program, including immigrants. Providing \$24 million in state-only funds would ensure immigrants maintain Medicaid coverage for 12 months post-pregnancy, just like their citizen counterparts.

Promote community-based services and supports by funding the workforce

New York has one of the greatest home care workforce shortages in the nation. People with disabilities and older adults who rely on home care to live independently in their homes simply cannot find aides who will work for the wages Medicaid provides.

The Governor's budget provides one-time bonuses of \$500 to \$3,000 for health care workers across all sectors, including home care. While bonuses provide an incentive for workers to stay in the workforce, they do not address the workforce crisis that threatens the right to live in the community. New York needs to invest in the workforce by raising wages to be competitive enough to keep people working in health care, including home care. Medicaid Matters urges the Legislature to include Fair Pay for Home Care in this year's budget, which would increase wages to 150% of the regional minimum wage.

Protect safety-net hospitals

This year's budget protects providers from Medicaid cuts sustained in previous years by restoring an across-the-board cut made in last year's budget and providing an additional 1% across-the-board increase. There is also an opportunity for hospitals to benefit from health facility transformation grants, funded in the budget at \$2.4 billion. To ensure safety-net hospitals are treated equitably in the distribution of this funding, we need transparency, use of health equity principles, and regional planning in the process for awarding these funds. The guidelines for distribution of these funds must prioritize improved access to health care for medically-underserved people and communities. The Department of Health should be required to demonstrate how each award will address an identified gap in the health delivery system in the geographic region served by the recipient hospital or health system.

The final budget must also enact changes to the distribution of the hospital Indigent Care Pool (ICP). Medicaid Matters has long supported the legislation to target ICP funding to public and private enhanced safety-net providers, as defined by the Public Health Law. A portion of the ICP (\$275 million) would be converted to increased reimbursement rates for "enhanced safety-net hospitals" and to "qualified safety-net hospitals," which would make more money available for true safety-net hospitals. Implementing this measure would fix the unfair distribution of ICP, which provides support to hospitals to offset their losses by providing care to financially challenged patients.

Prioritize consumers in managed care reform

In this year's budget, the Governor proposes to require managed care plans to go through a procurement process to do business with New York's Medicaid program. The proposal would set the number of managed care plans to no more than five per region.

Medicaid Matters has extensive experience in advocacy related to Medicaid Managed Care. Since the implementation of the “Care Management for All” initiative began in 2011, we have tracked changes and how they have impacted people. No implementation of changes to managed care in New York has been without some negative impact on enrollees. For over a decade, the state has made major changes to managed care under the guise of reform, but people are harmed in the process. No matter how many plans are ultimately selected they must operate as part of a system which prioritizes patients and better health outcomes while offering full transparency into how plans operate. Otherwise the system is unlikely to provide the care or thoughtful management the people of New York need.

Any discussion of the managed Medicaid system must begin with a long-overdue examination of the managed care model contract, which sets the minimum requirements for what must be included in contracts between the state and the plans. This must be coupled with a meaningful overhaul and commitment by the state to invest in oversight of the managed care industry with an eye toward ensuring people are afforded every service to which they are entitled and ensuring true accountability for plans who fail to meet the requirements.

Restore prescriber prevails

The budget once again proposes to eliminate “prescriber prevails.” This longstanding requirement ensures that the prescriber of a medication has the final word in any disputes over the filling of a prescription for their patient. This requirement is necessary because these medications are used to treat complex medical conditions for which there are not clinically appropriate alternatives or where a substitution may harm patient health. For these reasons Medicaid Matters opposes this change and strongly urges prescriber prevails be restored.