

# Medicaid

## Medicaid Matters New York

# Matters

## Why New York Should Repeal the Medicaid Spending Cap

### Background

New York's Medicaid spending cap has been in place since 2011. It was presented as a mechanism to limit growth in Medicaid spending and instill discipline in Medicaid budgeting. The cap was set at an arbitrary, fixed moment in time and not designed to keep pace with program growth. The 2021-22 Executive budget would extend the cap for an additional two years.

### Why the cap should be repealed

- The cap is not designed to be responsive to increases in the number of people covered by the program or the cost of health care services.
- The cap was set arbitrarily and has not been adjusted to account for growth in the program. A certain amount of growth should be expected and predictable, for example, to accommodate an aging population that will turn to Medicaid to cover long-term services and supports, particularly in home- and community-based settings.
- Due to the economic downturn and job loss associated with the pandemic, over 700,000 new enrollees turned to Medicaid between March and November of 2020. This demonstrates the benefit of Medicaid being responsive and flexible, assuring that people did not lose access to health care when they lost employer-based health insurance. That is exactly how Medicaid should respond to economic downturns.
- The cap provides a platform for the Executive to frame Medicaid growth as a problem that requires austerity, when in fact, a strong Medicaid program provides a system that allows people to have access to health care when they need it.
- The statute that created the cap grants authority to the Division of the Budget to unilaterally cut the Medicaid budget mid-year to keep spending under the cap. The Legislature has no oversight over those cuts.
- Significant sums of public funds have been distributed outside the annual budget process at the Governor's discretion and determined to be 'cap neutral,' without explanation, to justify the expenditures.
- State Medicaid spending draws a federal match; it is the State's largest source of federal funding. By capping state spending, the global cap also effectively caps the amount of federal funding the state can receive for its Medicaid program, which is illogical during a health and financial crisis.
- Medicaid cuts that the Executive claims essential for remaining under the cap disproportionately impact:
  - People with disabilities and seniors reliant on community-based services and supports;
  - Safety-net hospitals and community-based providers, like community health centers providing primary care and community mental health centers; and
  - Historically under-resourced communities of color.
- It has been argued that if the cap were repealed, an alternate fiscal mechanism would be necessary to provide structure and discipline in Medicaid budgeting. No alternative is necessary. The Medicaid budget would once again be negotiated and enacted through the annual budget process set forth by the State Constitution.