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FOR IMMEDIATE RELEASE JANUARY 4, 1995

PRESIDENT CLINTON'S MEDICAID PLAN DISASTER FOR NEW YORK

LAWMAKERS SAY GOP PLAN RIGHT APPROACH

(WASHINGTON, D.C.) Based on information provided by the Republican Governor's Association following an analysis by Governor George Pataki, U.S. Representatives Susan Molinari, Bill Paxon and Jerry Solomon blasted President Clinton's latest Medicaid plan as a "financial nightmare" for New York State's taxpaying families.

The three Representatives, each Members of the House Republican Leadership, said their GOP Medicaid alternative was the only approach that would "rein in runaway Medicaid costs and provide much needed relief to New York State taxpayers."

The RGA information showed the President's Medicaid plan would cost New York taxpayers $45 billion more over seven years than the GOP plan, including $3.8 billion extra in the next year alone.

"The President's plan forces New York property taxpayers to bear an unacceptable burden to maintain a broken system," said Paxon.

Molinari said the President's plan would allow Medicaid to continue on its "runaway path of escalating costs and force Governor Pataki to consider draconian cuts in the state budget."

Solomon called the Clinton approach "a typical Washington knows best solution to a problem best solved at the state and local level."

The three lawmakers said the RGA information underscores the need for Congress to oppose the President's plan and support the GOP approach to reforming Medicaid.

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REPUBLICAN NEW YORK LAWMAKERS CLAIMS ABOUT THE PRESIDENT'S MEDICAID PLAN

- **Republican Cuts Are Far Higher.** While we have not seen any analysis by the Republican New York lawmakers, it is clear that their claim's are wrong. The President's plan cuts Medicaid by $54 billion over seven years -- less than half of the $117 billion in cuts proposed by the Republicans. It simply is not possible that people in New York would pay more under the President's plan than under the excessive cuts proposed by the Republicans.

- **New York Loses Under Republican Plan.** Under the President's Medicaid plan, New York will get over $10 billion more than under the Republican's plan.

- **States Bear 100% of the Risk Under the Republican Plan.** Under a block grant, each state gets a fixed amount of money regardless of the situation in the state. That means that states are completely at risk during economic downturns that may cause Medicaid enrollment to rise, periods of inflation, and other circumstances beyond their control. The President's per capita cap, on the other hand, protects states by growing with inflation and increased enrollment.

- **About a Million People Could Lose Meaningful Medicaid Coverage in New York.** That will mean that these people may have nowhere to turn but to doctors and hospitals that provide care at no charge. More uncompensated care means that costs will be shifted to taxpayers in New York through higher premiums.

Statement from Greater New York Hospital Association Regarding the Republican Governors' Association Analysis of President Clinton's Medicaid Plan Versus the Republican Plan

Greater New York Hospital Association (GNYHA) has a legitimate difference in the approach to analyzing the impact of President Clinton's and the Congressional Medicaid plans. GNYHA's analysis focuses on the impact on the health care system and its patients.

President Clinton's plan proposes less severe payment reductions to New York health care institutions over the long term, which is clearly viewed as favorable by GNYHA. In addition, the President's plan would retain Medicaid as an entitlement for the current eligible populations and would retain mandatory benefits. GNYHA also supports the change in the Federal Medicaid matching rate which is included in the Congressional plan. Under that provision, New York's Medicaid matching rate would be reduced from 50% to 40%.

GNYHA will continue to ask that in their negotiations, the President and Congress come up with a plan that puts a premium on protecting New York's patients and nursing home residents.

HEALTHCARE ASSOCIATION OF NEW YORK STATE

Daniel Sisto, President

Response of Daniel Sisto
President
Healthcare Association of New York State
to the comments
of U.S. Representatives Molinari, Paxon, and Solomon
regarding Medicaid

The President's approach to the future of Medicaid is more beneficial to New York State because it maintains Medicaid as an entitlement for New York's poor, elderly, and disabled.

Although we are concerned about the level of spending cuts contained in the President's Medicaid proposal, the level of cuts contained in the Republican Medicaid bill is deeper. Furthermore, the Republican proposal to convert Medicaid to a block grant program constitutes an open invitation to the states to reduce their financial commitment to their neediest residents.

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NOTE FOR: Jennifer Klein

RE: New York State Medicaid Analysis

FR: Ken Thorpe

DT: January 5, 1996

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I looked over the press briefing; as is usually the case, the "facts" are not exactly correct.

Fact 1. Under current law, New York State would likely have spent approximately $13.1 to $13.5 Billion in Medicaid spending, thus attracting federal funds of $13.1 Billion. So lets say the FY 96 "baseline" is approximately $26.2 billion or so.

Fact 2. Both the state and city are facing a substantial budget deficit--the state on the order of $4 Billion. Under any scenario, the state would have to "cut" its share of Medicaid spending.

Fact 3. The governor has proposed state spending (in state fiscal year 96/97 which starts in April 1996) of approximately $7.3 Billion (about $2.5 Billion less than in the baseline). Counties (in NY the counties share Medicaid expenses with the state) are expected to spend $3.3 Billion (down from an estimated $3.8 Billion).

Fact 4. Under the Republican plan, the state only has to put up 40% to attract the $13 Billion in federal funding (about $8.6 Billion)--this is really what the state is really interested in:

	Total	Fed	State	County
1995	22.6	13.1	9.7	3.8
Rep. '96	23.7	13.1	7.3	3.3

456-2878

(Jen - The second page is the note for the First Lady I mentioned) Thanks.