

**FOR IMMEDIATE RELEASE:**

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## **GOVERNOR PATERSON ANNOUNCES STATE BUDGET EXPANDS HEALTH CARE COVERAGE TO EVERY UNINSURED NEW YORK CHILD** Enacted Budget Shifts Focus to Primary and Preventative Care; Controls Costs

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Governor David A. Paterson today announced that the Enacted State Budget ensures that nearly every one of the 400,000 uninsured children in the State will have access to health insurance, reforms the state's reimbursements system to shift dollars to more effective primary and preventive care, and helps control runaway Medicaid costs.

"Increasing access to health care for children and shifting our focus to preventative care are smart investments for a healthier New York," said Governor Paterson. "Over the long term, these initiatives will produce better outcomes for patients and lower costs for taxpayers."

Last year's budget expanded eligibility for Child Health Plus, New York's version of the State Children's Health Insurance Program (SCHIP), to children from families with incomes up to 400 percent of the Federal Poverty Level, which would provide coverage to nearly every uninsured child in the State. Subsequently, the Bush Administration issued onerous and arbitrary requirements that blocked New York and other states from obtaining federal support for the expansion of their children's health insurance programs.

The 2008-09 Enacted Budget fully funds the \$19 million gap left by the Federal government's failure to support its share of the expansion. Overall, the total cost of the expansion to the State will be \$25 million in 2008-09.

The Enacted Budget also takes the first step in a multi-year effort to shift Medicaid dollars from expensive hospital inpatient services to cost-effective primary and preventive care settings through a more rational reimbursement system.

As a result of these measures, in 2008-09, the State share of Medicaid spending, excluding the local cap, is projected to total \$15.3 billion, an increase of just 1.2 percent. Medicaid's growth rate has declined from an annual average *growth* of 8.3 percent from 2001-02 to 2006-07 to an annual average *decrease* of 0.4 percent from 2006-07 to 2008-09. Total Medicaid spending is projected to be \$45.6 billion in 2008-09.

On an annualized basis, this means that over \$170 million will be shifted from inpatient care to hospital clinics, emergency rooms and ambulatory care (fiscal year impact for 2008-09 is \$57 million). In addition, \$170 million will be invested in community clinics, physician services, and primary care enhancements for services such as diabetes and asthma educators and weekend/evening hours (fiscal year impact for 2008-09 is \$45 million).

Through a broad range of cost-containment measures, the Enacted Budget results in savings of \$828 million in state health care costs during the new fiscal year. These savings are achieved through a number of actions including: stronger anti-fraud efforts, using Medicaid's market power to purchase quality care, implementing the Berger Commission's recommendations, reducing inflationary costs for hospitals and nursing homes, controlling pharmaceutical costs in Medicaid and the Elderly Pharmaceutical Insurance Coverage (EPIC) programs, limiting premium increases for managed care plans and strengthening utilization management.