



The rise and fall of
Medicaid's 'global cap'

October 16, 2019

NEWS / REGION/STATE

Cuomo eyes delaying Medicaid payment to avoid busting cap

ALBANY — The Cuomo administration said it may again push more than \$1 billion in Medicaid spending into the next fiscal year in order to avoid violating a legal cap and to forestall deep cuts in health care programs.

The Cuomo administration said the practice of pushing costs into the next fiscal year is simply managing “the timing of Medicaid payments to ensure compliance with the global cap,” the term for the annual cap on Medicaid spending.

The 'global cap' is born

“Growth in Medicaid will be recalibrated to a fair and objective standard. ... We need to close this year’s deficit, the \$10 billion deficit. And we need to stop next year’s deficit from forming by changing the permanent law.

“If ... we have to go through this difficult period, let’s make sure it’s the last time we do. ... The days of unsustainable spending must end.”

Gov. Andrew Cuomo, February 1, 2011

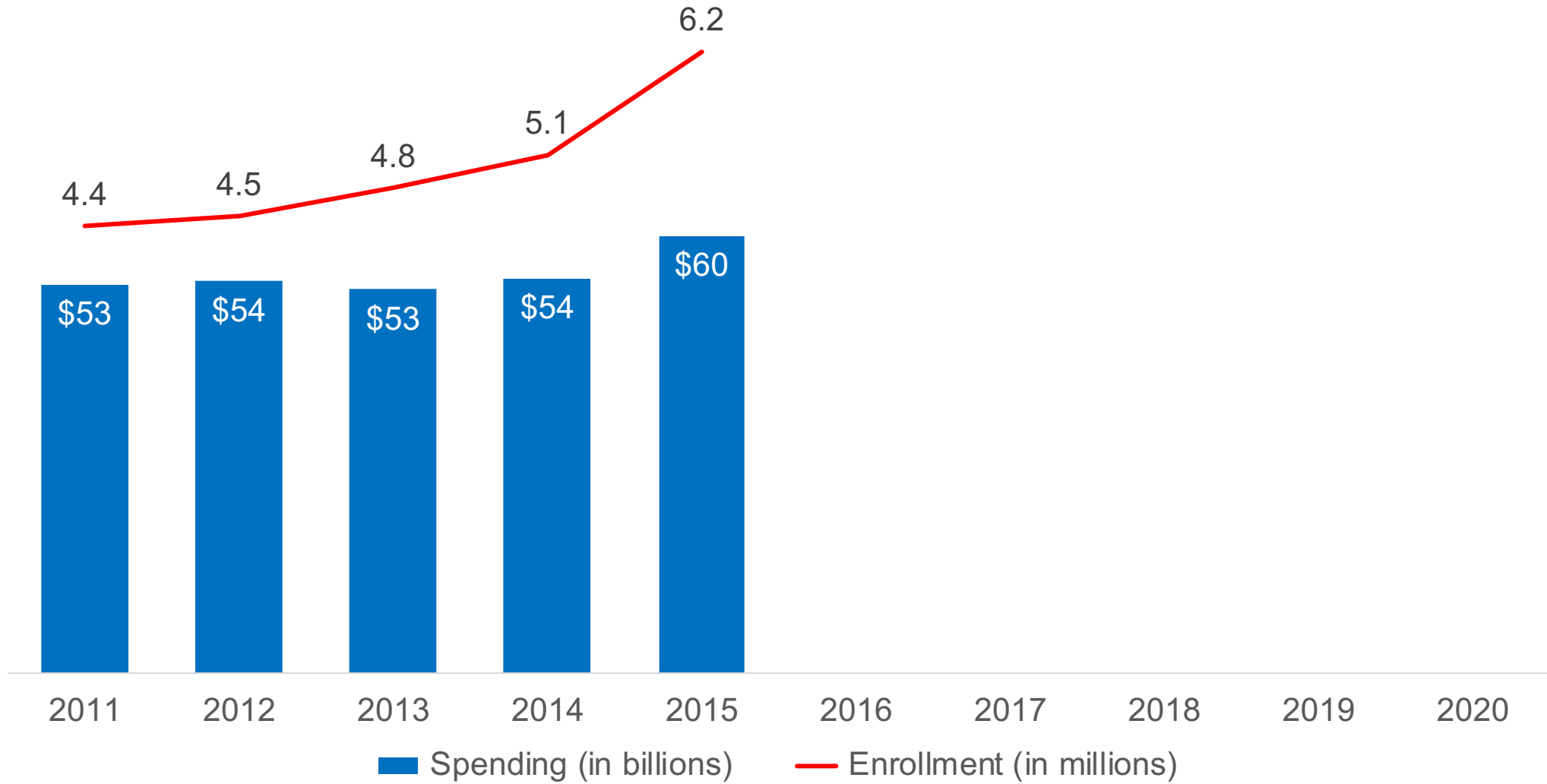
The basic plan

- Impose an inflation-based cap on budget growth
- Challenge the Medicaid Redesign Team to find savings
- Track and report numbers monthly
- Empower executive to cut fees if spending runs too high

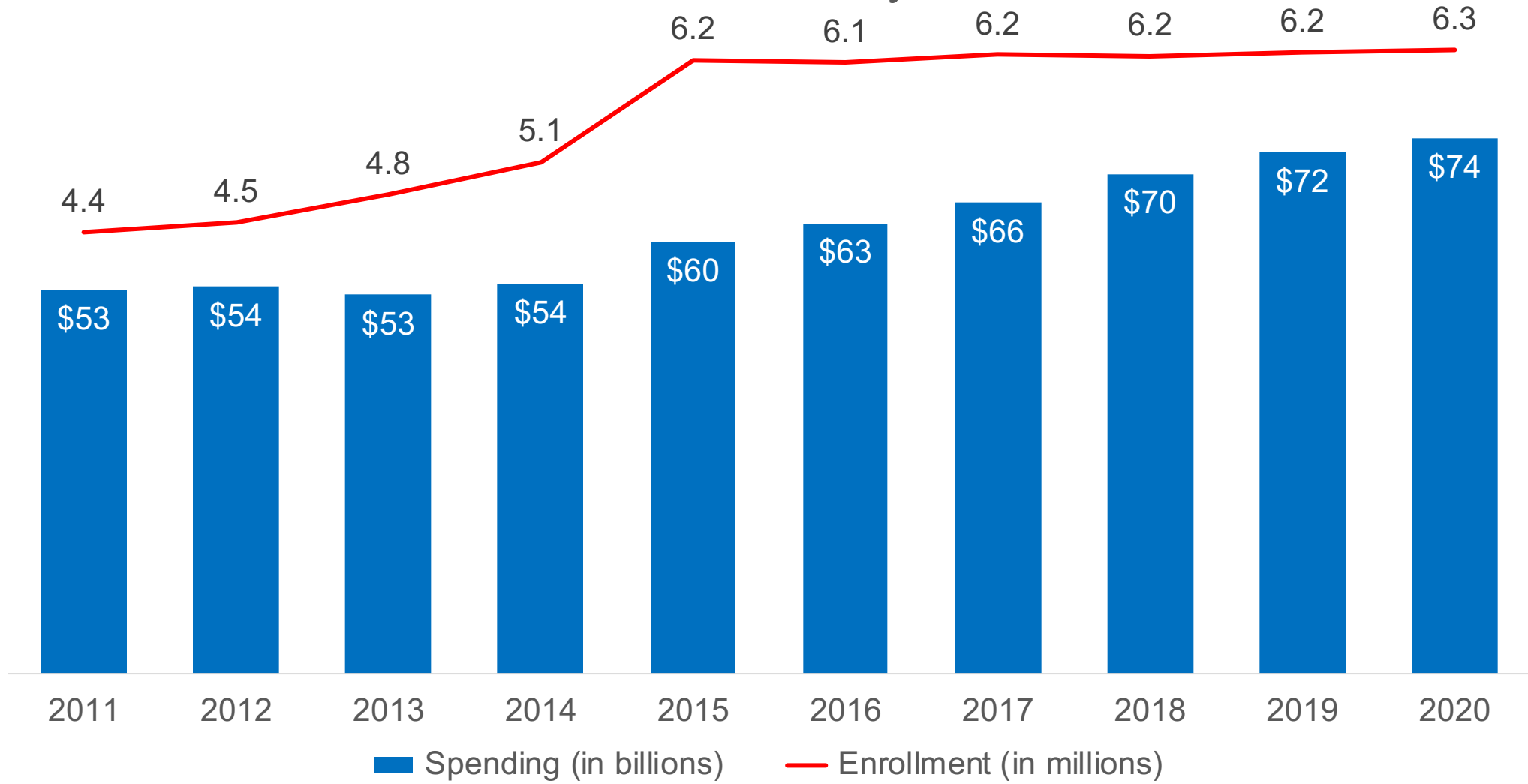
Caveats

- Applies only to state “DOH Medicaid” spending
- Does not cover mental hygiene (OMH, OPWDD & OASAS)
- Does not cover federal aid, which is surging
- Exempts certain costs, which have grown over time

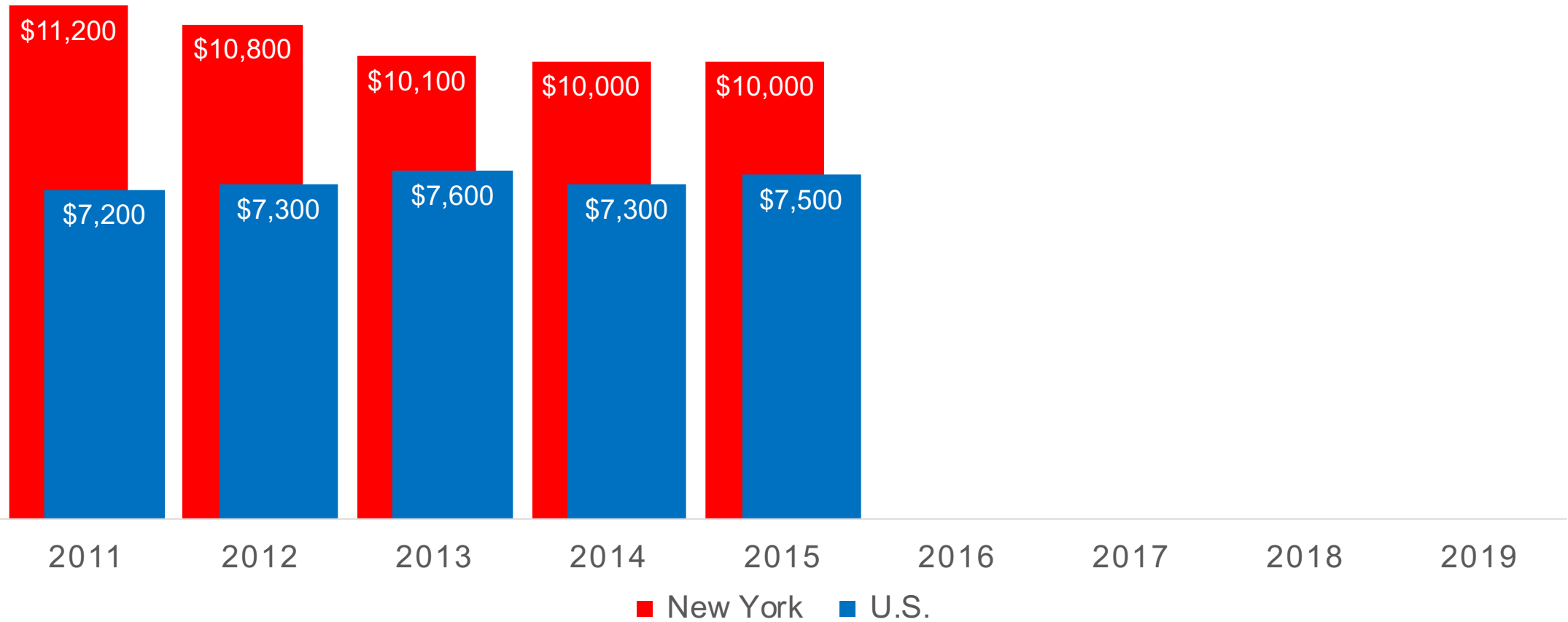
The first five years



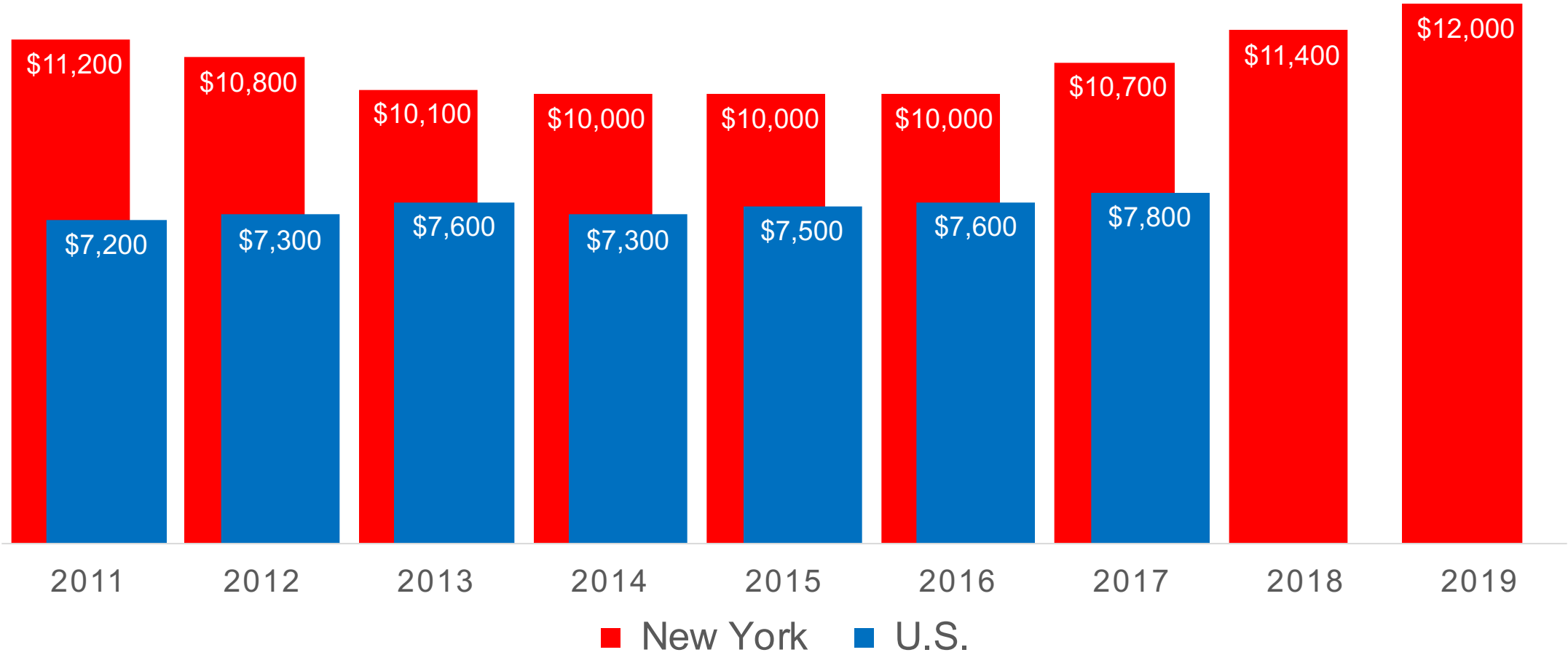
The second five years



Per-recipient spending (first five years)



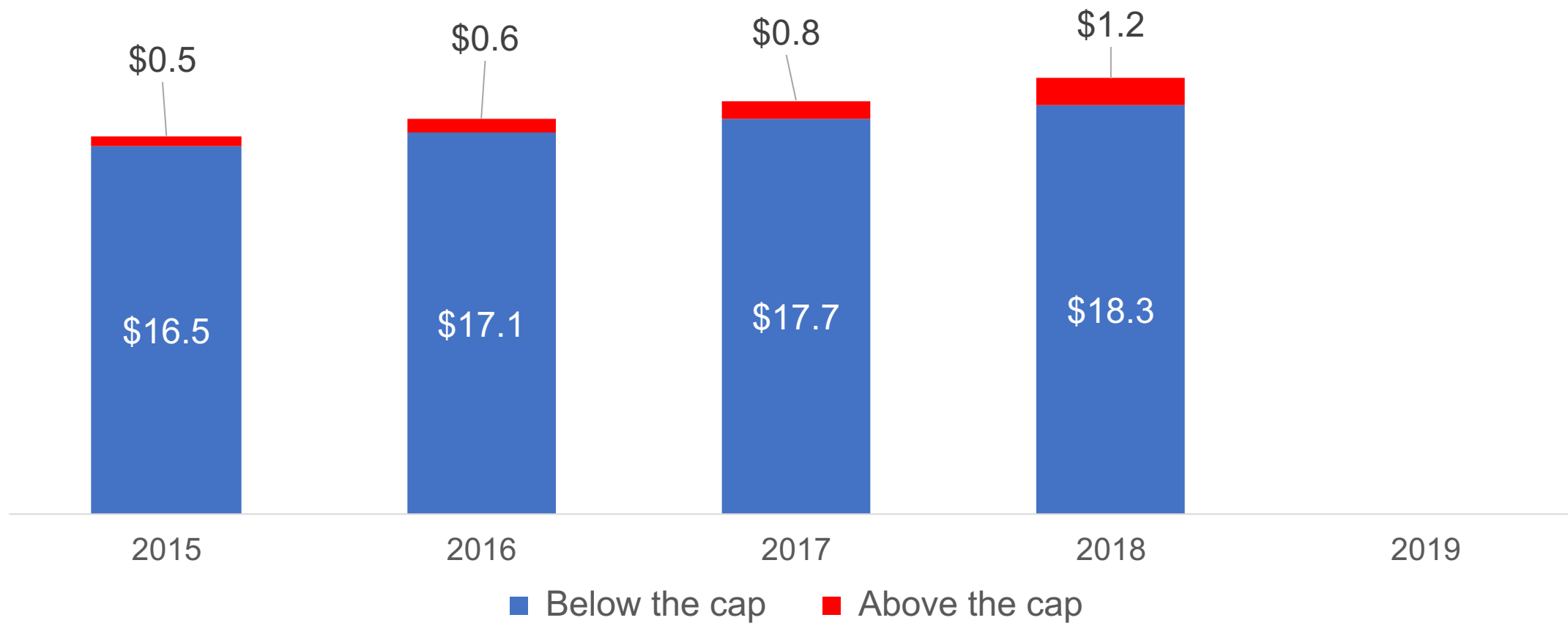
Per-recipient spending (next four years)



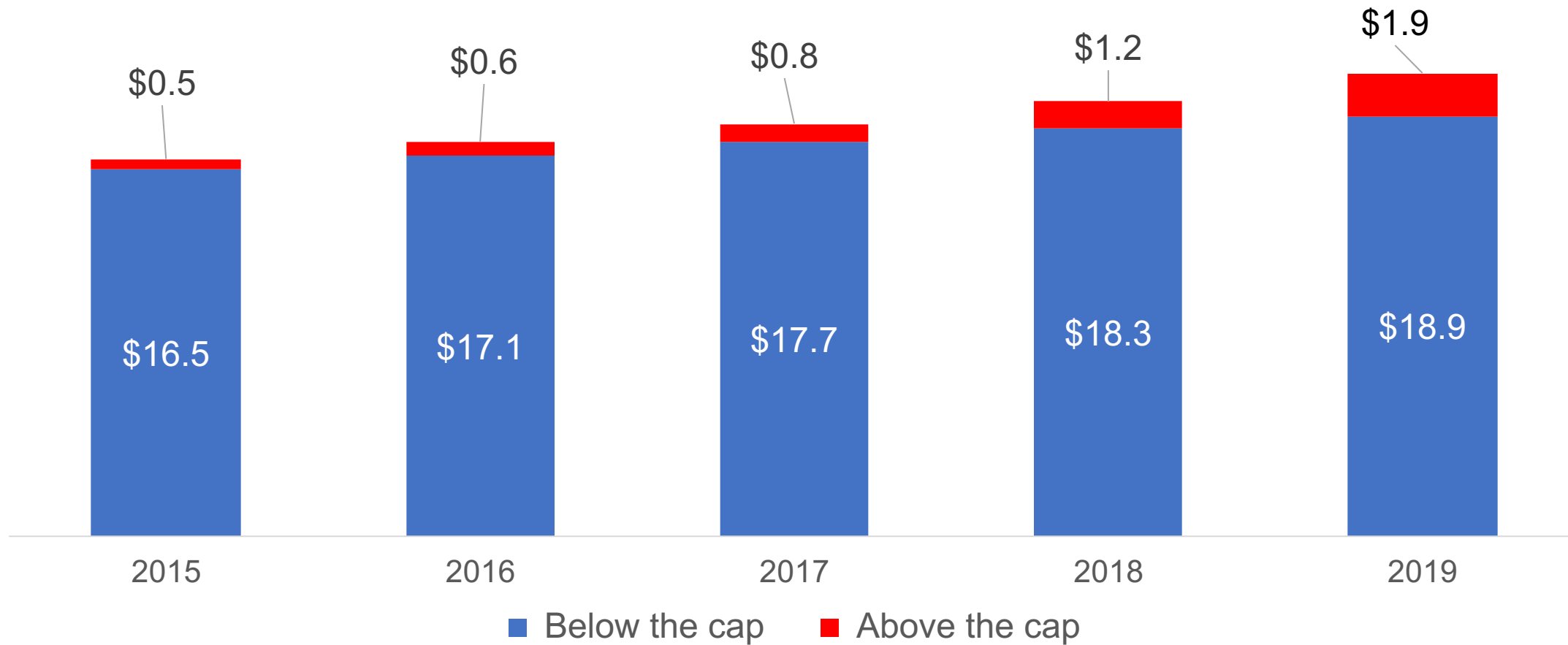
What happened?

- Enrollment flattened
- Reforms fell short
- Loopholes grew
 - Freeze of local share paid by NYC & counties
 - Minimum wage hike
- Long-term care surged
- Enforcement faltered

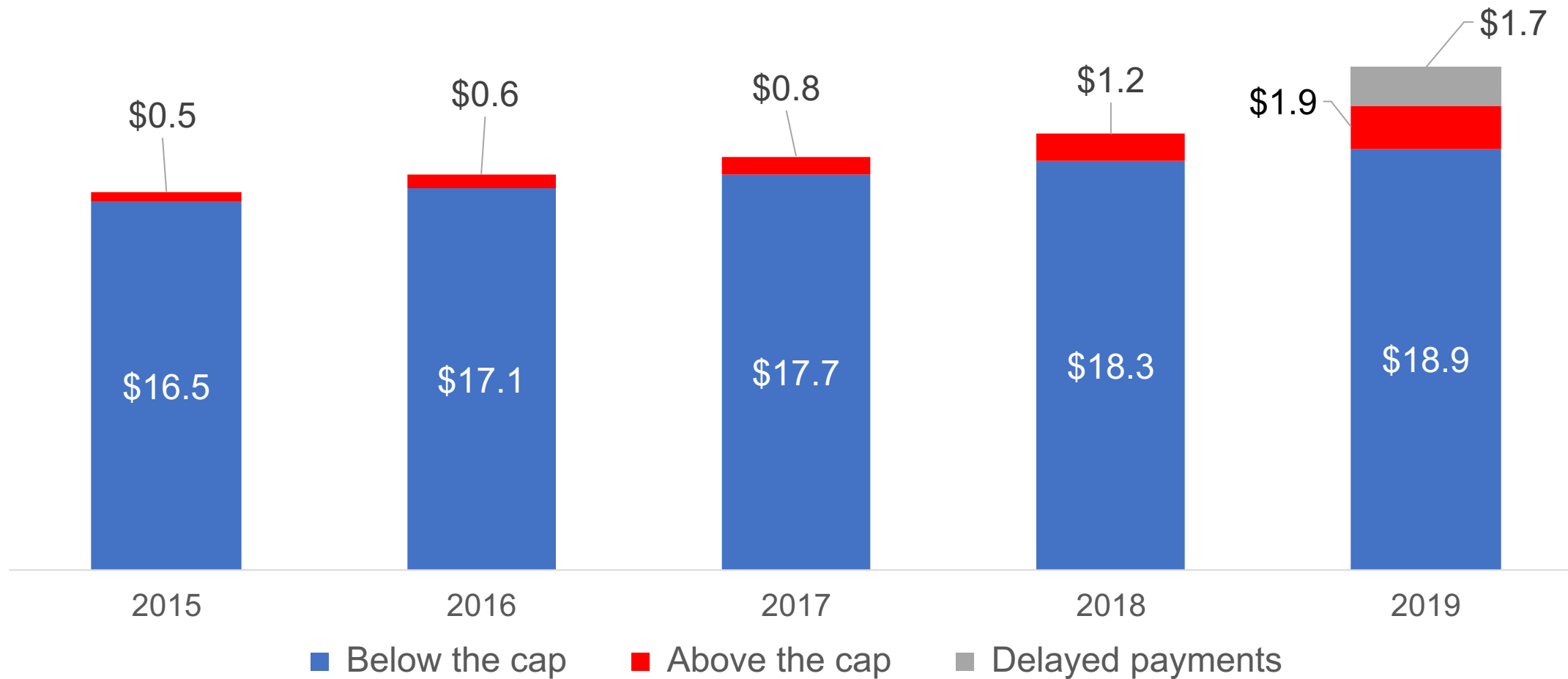
Above-the-cap spending (in billions)



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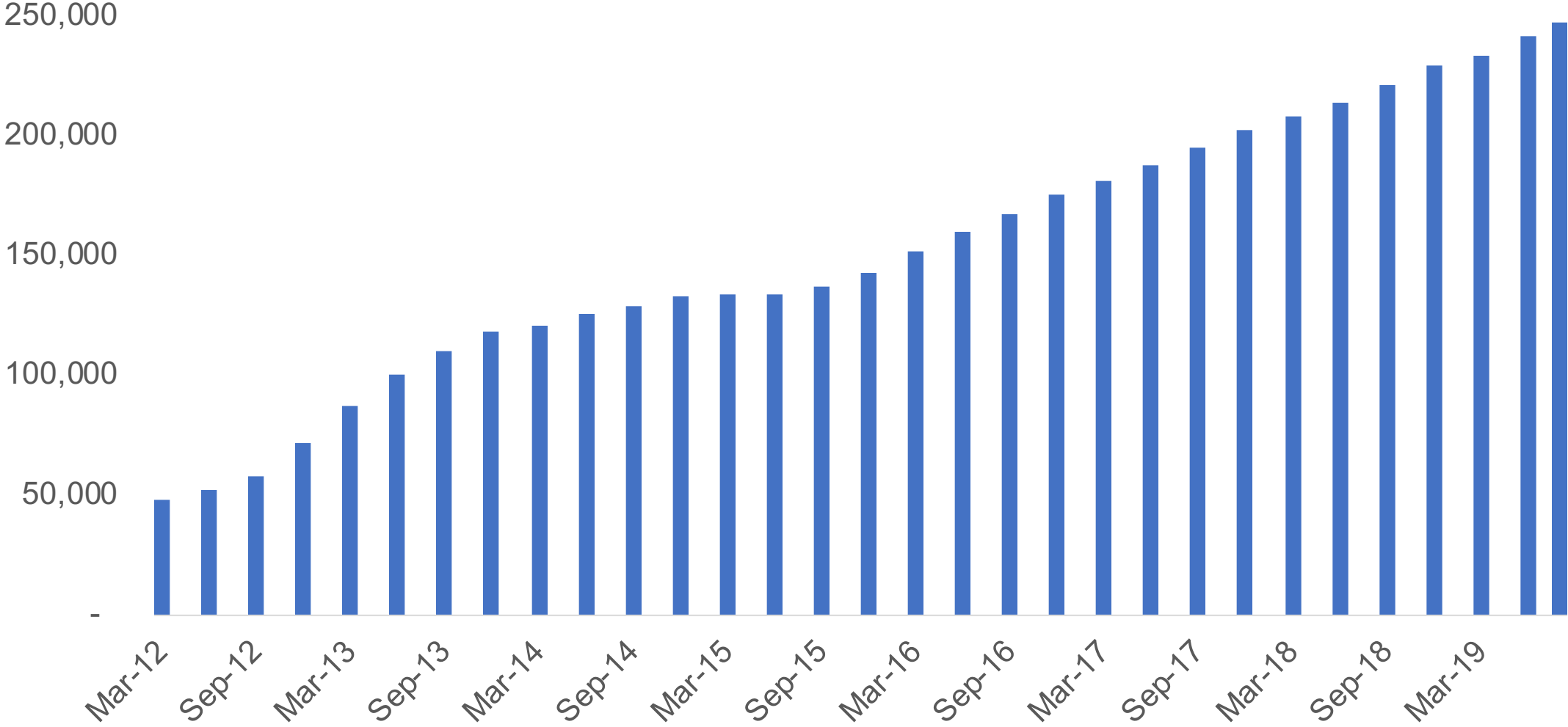
Above-the-cap spending (in billions)



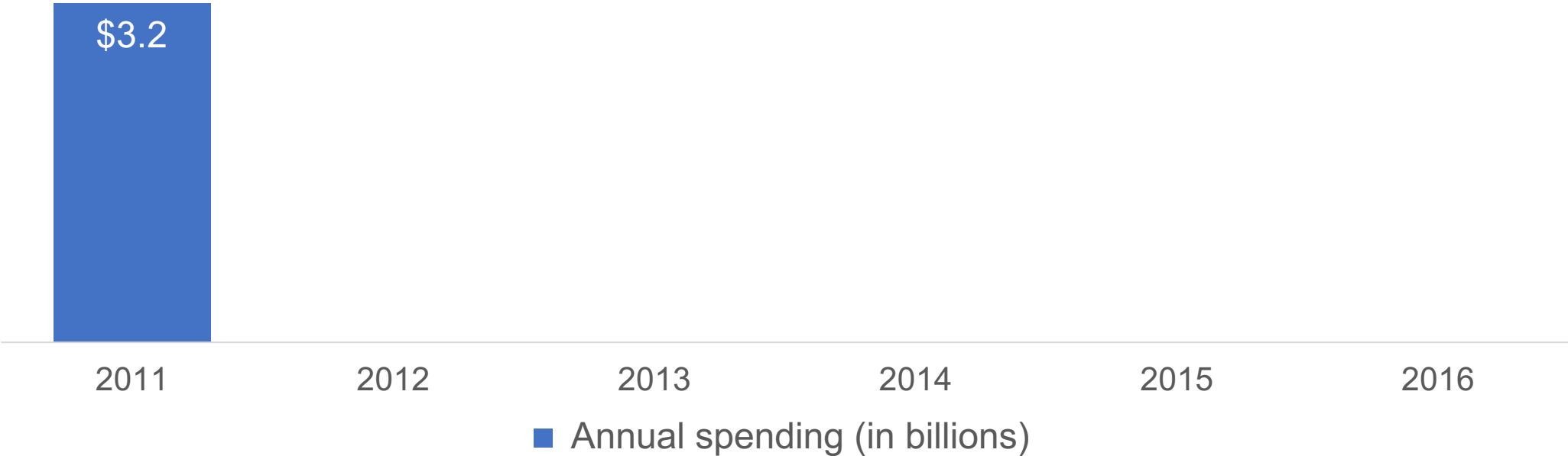
Trends in NY Medicaid, 2016-19

Medical inflation	+7%
Enrollment	-2%
“DOH Medicaid” spending	+27%
Total state share	+13%
Federal aid	+25%
Total spending	+19%
Per-recipient spending	+21%

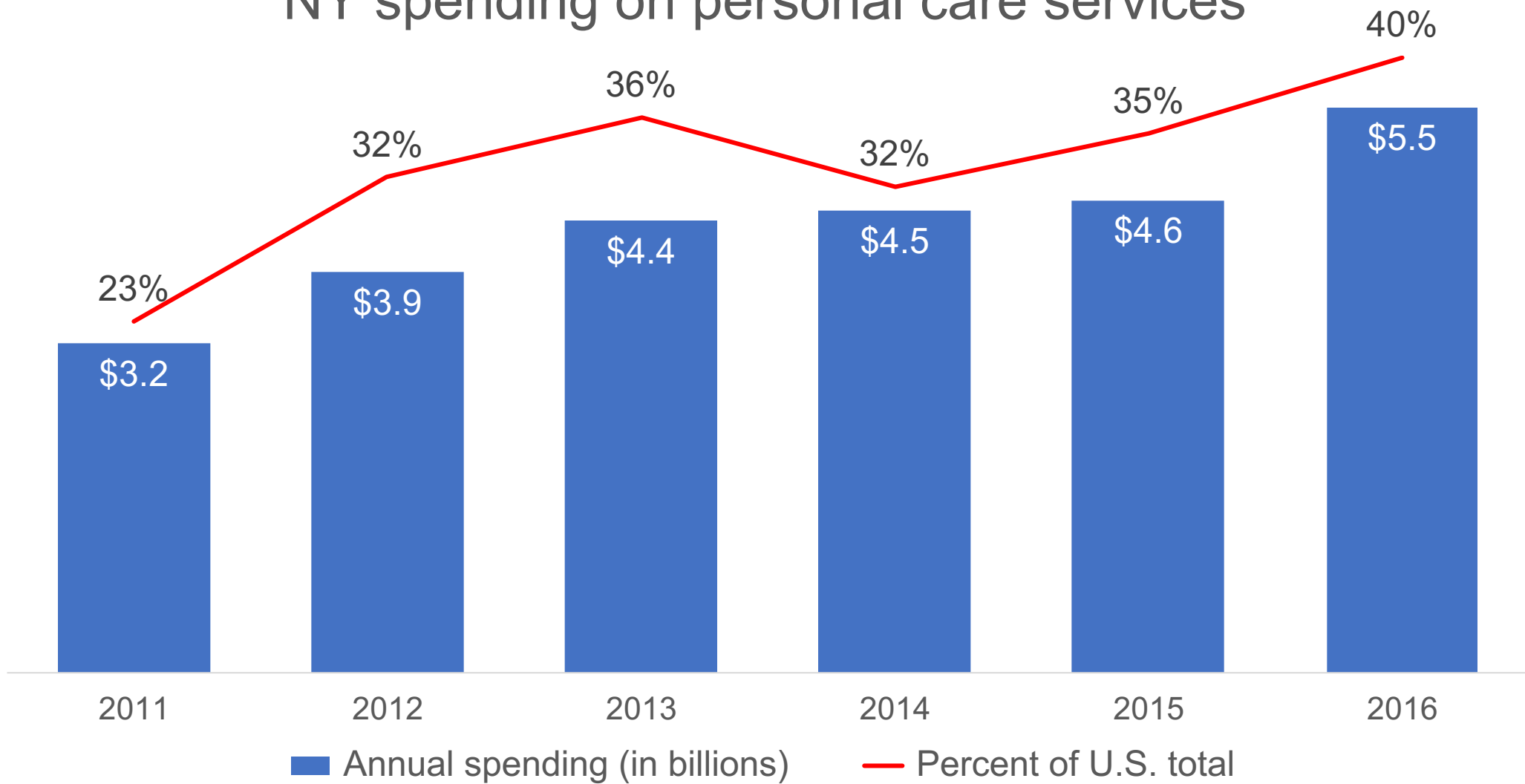
Enrollment in managed long-term care



NY spending on personal care services



NY spending on personal care services



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