NATIONAL

Medicaid Expansion Costs Hit New York — And Other States Are Watching

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FROM ncpr north country public radio

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Medicaid expansion is making people healthier. It's also costing states more than expected. New York Governor Andrew Cuomo is scrambling to close a $6 billion deficit tied to Medicaid expansion.

AILSA CHANG, HOST:

All but 14 states have expanded Medicaid under the Affordable Care Act. That has enabled millions more Americans to get coverage and regular health care. And now, New York state is struggling to cut billions of dollars from its Medicaid program. Governor Andrew Cuomo warned this week that it could become unsustainable. As North Country Public Radio's Brian Mann, reports other states are watching closely.

BRIAN MANN, BYLINE: Here's the good news. Rachel Nuzum, a Medicaid expert with the Commonwealth Fund, a think tank that supports public health care options, says Medicaid expansion under the Affordable Care Act is making Americans a lot healthier.

RACHEL NUZUM: Significant improvements, both in access to primary care, necessary medications, their ability to get preventative visits, screening tests and even their self-reported health status.

MANN: New York is one of the success stories, according to Governor Andrew Cuomo. Expanding Medicaid eligibility cut the number of uninsured sharply.

(SOUNDBITE OF ARCHIVED RECORDING)

ANDREW CUOMO: We're not 100%, but boy, we are close. Six million people on Medicaid, one out of every three. And this is something to be proud of.

MANN: He means a third of people with health insurance in New York now get it from Medicaid. But speaking this week in his annual budget address, Cuomo, a Democrat, laid down a warning.

(SOUNDBITE OF ARCHIVED RECORDING)

CUOMO: If it is not financially sustainable, then we accomplish nothing.

MANN: Cuomo says projected deficits next year alone top $2 billion.

(SOUNDBITE OF ARCHIVED RECORDING)

CUOMO: The cost of Medicaid is rising much higher than anyone projected. They started rising dramatically.

MANN: Medicaid is an incredibly complex network of state-run programs that now cover more than 70 million people nationwide. New York's version is more expensive, second only to California, in part because it offers a wider range of services, including mental health and drug treatment programs. So it's something of an outlier. But some conservative economists say New York's Medicaid budget woes are typical in one respect.

AARON YELOWITZ: Actual enrollments have far exceeded the projected enrollments.

MANN: Aaron Yelowitz is a professor of economics at the University of Kentucky and a senior fellow at the Cato Institute. His research suggests some people who should be diverted into private health care programs are winding up on Medicaid instead.

YELOWITZ: Something like half a million improperly enrolled individuals in nine expansions.

MANN: There's a lot of disagreement about this over-enrollment question. And new sign-ups for Medicaid have slowed as the economy improved. What's clear, though, is that other states are watching New York to see how they fix this shortfall. Again, Rachel Nuzum with the Commonwealth Fund.

NUZUM: You know, this need to be constantly balancing the dollars you are investing in Medicaid while also making sure you're delivering high-quality care, that is not a phenomenon that's unique to New York. And so I, you know, I think there's a lot of interest in how they approached this.

MANN: Most of the cost of Medicaid expansion under the ACA is being paid by the federal government, but the share borne by states is rising. Governor Cuomo created a new commission to find efficiencies in New York's program. That could mean stricter enrollment standards or cuts to reimbursements to health care providers. Assembly Speaker Carl Heastie, a Democrat who represents the Bronx, says tax hikes for the wealthy should also be on the table.

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CARL HEASTIE: We would always rather raise revenue than cut. We would always like to call on them to do more in that regard instead of cutting health care or denying health care.

MANN: One other controversial idea being considered in New York would make local governments pay more to help sustain Medicaid if costs keep rising fast. If approved by the state legislature, that would force people in New York City to pay hundreds of millions of dollars more in taxes each year.

Brian Mann, NPR News.

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