

Testimony for Senate Aging Committee Hearing
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Senator Kohl and Distinguished Members of the Committee,

On behalf of Governor Andrew Cuomo, thank you for the opportunity to testify today regarding New York's efforts to redesign its Medicaid program and, more specifically, the state's plan to transform health care delivery for New Yorkers who are enrolled in both Medicaid and Medicare.

Currently, New York State spends more than twice the national average on Medicaid on a per capita basis. And yet, New York ranks 31st in overall health system quality; and it ranks last for avoidable hospital use and costs.

Upon taking office, Governor Cuomo issued an Executive Order which established the Medicaid Redesign Team (MRT). The MRT brought together stakeholders from across the state to work to reform the system, reduce costs, and improve quality within Medicaid.

The Team worked in two phases. Phase One focused on identifying \$4 billion in immediate Medicaid savings. To do this, the MRT held hearings, established an interactive website, and harnessed social media to collect feedback from citizens and stakeholders. In less than two months, these efforts generated more than 4,000 ideas.

On February 24, 2011, the MRT submitted its first report with 79 reform recommendations to the Governor. This package met the Governor's Medicaid budget target. Subsequently, the Governor accepted the MRT's recommendations and sent them to the Legislature. The Legislature later approved a budget that contained virtually all the recommendations.

The MRT Phase One package introduced structural reforms that significantly bent the Medicaid cost curve. Importantly, the savings were achieved without any cuts to eligibility, nor did the plan eliminate any "options benefits."

New York State implemented all Phase One initiatives on time and within savings targets. These efforts generated substantial savings not only for New York taxpayers but for the nation as a whole. Over the next five years the MRT initiatives will reduce federal Medicaid spending by \$17.1 billion.

In Phase Two, the MRT continued its work and broke into 10 workgroups focused on developing a multi-year Medicaid reform action plan. The MRT completed this work earlier this year, and New York now has a five-year plan for transforming its Medicaid program.

The major reform elements of the MRT Action Plan include these items:

- *The enacting of the Medicaid Global Spending Cap that brings much needed fiscal discipline and transparency into program spending.*
- *Care Management for All, a plan to phase out costly and inefficient Fee for Service Medicaid and replace it with a system of high-quality care management that rewards quality over volume.*
- *1.8 million New Yorkers now have access to patient-centered medical homes (PCMHs).*
- *Funding to implement Health Homes across the state, an innovative model that promises to provide high-quality care management and care coordination for Medicaid's highest need patients.*
- *A new partnership with the federal government to integrate care between Medicare and Medicaid for dually-eligible members.*

New York is well positioned to partner with the federal government around duals integration. Duals are among the most fragile people living in New York, and the fact that Medicare and Medicaid have not worked well together has meant poor patient outcomes and high costs.

New York's approach to duals integration is multifaceted. First, the state will utilize Health Homes to provide care management for duals that don't require long term care services. This initiative will be deployed in January 2013 and will benefit 126,000 Medicaid members.

Next the state will expand on its highly successful Managed Long Term Care program, which currently manages the long term care needs of 50,000 duals. This program, now mandatory in the state, will grow to more than 120,000 by January 2014. In that same year, the state will add the Medicare services to the existing plan benefit package, so as to "convert in place" these duals into a fully integrated managed care product. New York will also be working to expand this successful model to 10,000 duals who are developmentally disabled.

Duals will have the option to "opt out" of Medicare managed care if they wish, but we're confident they'll stay with the fully integrated option since they're already enrolled in and familiar with their plan. It's important to note that PACE will also be an option.

Thanks to Governor Cuomo's leadership and to the hard work of the MRT, New York State is now redesigning its Medicaid program. A partnership with the federal government to better integrate care for duals is key to this reform strategy.

I thank you, Senator Kohl and Committee Members, for your time.