
Medicaid in N.Y. costs millions more than in other states

In the past 18 years, Medicaid has gone from a bold plan to guarantee medical care for the poor to a program gobbling up more and more tax dollars every year. Nowhere is that problem more apparent than in New York state.

This, the first of a two-part series, examines the financial problems facing New York because of the Medicaid system that developed in the state.

By **DAVID EGNER**

ALBANY, N.Y. (AP) — New York has the Cadillac of health care systems for the poor — big, loaded with options, guzzling cash faster than any other state's program.

The cost of Medicaid — the government program that pays for medical care for the poor — is hundreds of dollars higher in New York per recipient than in

any other state, a survey by the federal Department of Health and Human Services has found.

"New York has a long tradition of providing more benefits to the poor than other states," said Peter Slocum, spokesman for the state Health Department. "We provide many services under Medicaid that other states don't provide."

And while 25 states now require Medicaid recipients to pay a small share of some medical and dental bills to discourage overuse of the system, New York is not among them.

In addition to getting more free services, poor New Yorkers get sick more often, stay in hospitals and nursing homes longer, and run up higher medical bills than most other needy Americans, federal statistics show.

As the price of Medicaid rises

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each year. New Yorkers are seeing a larger and larger chunk of their local, state and federal taxes gobbled up to pay for it.

The federal government foots the bill for half of Medicaid costs, while New York state and counties each pay 25 percent for most programs.

It cost nearly \$6.3 billion in the 1983 federal budget year to provide Medicaid care for 2.16 million eligible New Yorkers. That same year, California provided benefits to 1.34 million more people than New York — but its program cost \$2.7 billion less, the Department of Health and Human Services found.

Nationwide, the Medicaid benefits went to almost 21.5 million people at a cost of nearly \$32.4 billion in 1983.

The average New York Medicaid recipient cost the program \$2,897 in 1983 — more than twice as much as the \$1,016 cost for the average California recipient.

The average cost for Medicaid treatment nationwide was \$1,505. Minnesota, which had the second-highest cost per Medicaid recipient, spent an average of \$237 less than New York on each of its Medicaid patients.

And costs of the New York program are continuing to rise. They will amount to an estimated \$6.6 billion in the current state fiscal year, according to state Social Services Department projections.

"New York has an older population than most states, and that's a big reason for some of our higher costs," said state Assemblyman James Tallon, D-Binghamton, chairman of the Assembly Health Committee. "Old people get sick more often

and spend more time in hospitals, and are the main group in nursing homes."

While 11.3 percent of the U.S. population is 65 or older, 12.3 percent of New Yorkers fall into the category, the 1980 U.S. Census found. Only 10.2 percent of Californians are senior citizens.

New York's senior citizens occupied 42 percent of hospital beds in use in the state in 1982, according to a state Health Department study.

The average length for a hospital stay in 1982 was 7.6 days nationwide, 6.5 days in California and 9.7 days in New York, the state Health Department found.

Doctors traditionally prescribe long hospital stays in New York, and traditions aren't easily broken, said George Allen, president of the Hospital Association of New York state.

While the cost of a day's care in a New York hospital is \$18 less than the national average of \$368, the extra time New Yorkers spend in hospitals cancels the cost savings, Allen said.

The high cost of nursing home care in New York state — more expensive than anywhere else in the nation — also pushes up Medicaid spending in the state, said Lloyd Nurick, executive director of the New York Association of Homes and Services for the Aging.

Nurick said 85 percent of the roughly 100,000 nursing home residents in the state are on Medicaid. About 35 percent of them live in nursing homes in New York City, which are the most expensive in the state.

The American Association of Homes for the Aging found that in 1982 the average cost for a

day of skilled care in a nursing home in 35 states surveyed was \$42.88, compared with \$38.77 in California and \$61.43 in New York state.

"We have very high quality care here, we offer more services than homes in other states and that costs more," Nurick said. "We have more therapies, more activities, more recreation programs, more qualified personnel. We have homes to live in — not to die in."

High labor costs also makes nursing home care for Medicaid patients more expensive in New York, Nurick said.

"In New York City, the minimum wage for a janitor is \$15,000 a year, other unskilled labor gets up to \$20,000, nurses can get about \$22,000 and social workers up to \$33,000," Nurick said. Wages are lower in nursing homes elsewhere in the nation, he said.

Health care experts said a shortage of nursing home space also means Medicaid patients are being kept in more-expensive hospital beds in New York state.

Fear of malpractice suits also adds to high health care costs, said Dr. Milton Rosenberg, executive vice president of the Medical Society of the state of New York.

Rosenberg estimated that doctors in the state order \$500 million to \$700 million of unnecessary tests for both Medicaid and non-Medicaid patients each year to guard against malpractice suits.

In addition to benefitting from lower health care delivery costs and a younger population that spends less time in hospitals and nursing homes, California uses

limits on Medicaid assistance to hold down the costs of the program there.

For example, the California program — called Medi-Cal — pays only for surgery considered necessary to save a patient's life or prevent significant disability. In addition, doctors' decisions to hospitalize Medi-Cal patients and perform surgery must be approved by a panel of other doctors, except in emergency cases.

California also requires hospitals to submit competitive bids — based on a flat daily charge — if they want contracts to take care of people on government aid programs.

Tomorrow: What's being done in New York about the high Medicaid costs.