



Eliminate the Medicaid Global Cap

About one-third of New Yorkers receive Medicaid. In 2011, the State enacted a global cap on the program, attempting to curb its growth by establishing a legal limit on how much money could be allocated to it. The law's original intent has been served and now it is proving outdated. This has caused harmful cuts to both eligibility and reimbursement, weakening our healthcare system overall and threatening millions. To properly deal with the threats facing New York today, including fallout from COVID-19 and the reimagining of the long-term care system, the global cap must be repealed.

Medicaid is one of the largest state expenditures. The global cap was adopted in an attempt to rein in the growth of this expenditure. It did so by tying spending on the program to the ten year rolling average of the medical component of the consumer price index. The cap has limited Medicaid growth and changed behavior; however, its formula is out of date. Among a host of other factors, mandatory managed long-term care did not yet exist and the state's aging population had not grown to the levels we see today. These shifts have introduced additional associated healthcare costs, yet the global cap's formula has never been adjusted. This has resulted in annual issues for the Medicaid program, harmful cuts to both eligibility and reimbursement, and a host of one-time budget tricks that continue to cause significant harm to Medicaid recipients, providers, and the health care system overall.

Continued cuts to consumer directed personal assistance (CDPA) and home care stemming from the cap have exacerbated institutional bias. Medicaid cuts to home care and CDPA have systematically weakened the programs to a point where those in need of services often cannot receive them due to a workforce shortage, leaving seniors and people with disabilities at greater risk of injury and leading to hospitalizations or nursing home placement. Other policies have gone further, limiting eligibility for home care and CDPA and even incentivizing nursing home placement in what is not only illegal under the Supreme Court's mandate in *Olmstead v L.C.* (by *Zimring*), but increasingly amoral as well.

The danger of institutional bias is not the only lesson of this pandemic. The virus has demonstrated the importance of a strong health care safety net. High jobless rates have spurred those who lost their employer sponsored health plans to enroll themselves and their families, adding further fiscal strain. Hospitalizations and extended ICU stays across the state in 2020 were at unprecedented levels and continue into this year. It will be impossible to cover these costs and maintain currently underfunded Medicaid programs while adhering to the global cap. New York can respond to the crisis before us and rebuild our health system stronger than before or it can maintain the global cap, it cannot do both.

The Global Cap has outlived its usefulness. What was an objective tool to limit growth now fails to reflect current circumstances. COVID-19 has exposed the vulnerabilities in our system that were created or exacerbated by the budget device as well as pushed spending to new heights. Keeping the global cap in place and meeting the needs of residents is impossible. The state must fully invest in its Medicaid program to guarantee access to high quality healthcare and ensure community-based long-term care services can be the primary support for seniors and people with disabilities.

The Medicaid Global Cap is arbitrary and poses a threat to consumer health, and must be repealed.