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MRT II sends recommendations to Legislature, governor

By Shannon Young

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ALBANY — The Medicaid Redesign Team II approved dozens of recommendations Thursday that seek to help New York bridge its budget shortfall, while also giving state officials the flexibility to respond to the coronavirus pandemic.

The 21-member panel, which was tasked with identifying $2.5 billion in Medicaid savings ahead of the budget's end-of-March deadline, voted overwhelmingly — with three abstentions — via teleconference to send its nearly 50 proposals to Gov. Andrew Cuomo and the Legislature for inclusion in the fiscal year 2021 spending bill.

But some health industry advocates, many of whom have criticized the MRT II process, raised concerns that recommended changes, which were largely similar to those circulated Wednesday, could exacerbate issues that have sprung up as New York grapples with a growing Covid-19 outbreak.

State Budget Director Robert Mujica said while the MRT was reconvened to "right-size" New York's Medicaid program, its work to identify an estimated $2.5 billion in fiscal 2021 savings takes on new significance given revised figures that suggest the state could see a $7 billion revenue hit as a result of the pandemic.

"As we move forward, we're going to have to make some tough budget choices — not in relation to health care, but in relation to the entire state budget. And every state is going to have to be doing this," he aid. "The recommendations that are here help to inform so that when we move forward, we make smart decisions."

Mujica added that the state intends to use a portion of the enhanced federal Medicaid matching rate, or FMAP, dollars it is set to receive under a congressional spending package to "soften the edges" and delay some of the recommendations that should not be implemented immediately because of the coronavirus outbreak.

“Rest assured that we’re going to be responsible, and we’re going to deal with what is a health care crisis, by making sure that funds are available to health care,” he told members.

Citizens Budget Commission President Andrew Rein argued that the MRT’s recommendations “focus on many of the right areas, particularly long-term care and targeting funds for supplemental payments and special programs.”

He said, however, that they fail to meet their savings target by including $851 million in recurring savings as credit toward the $2.5 billion goal. The panel also did not include improvements to transparency around New York’s Medicaid global cap, something which he said makes the budget “vulnerable to continued fiscal gimmicks that mask true Medicaid spending.”

Bryan O'Malley, executive director of the Consumer Directed Personal Assistance Association of New York State, took specific issue with the panel’s proposed programmatic, eligibility and administrative changes to the Consumer Directed Personal Assistance program.

O’Malley, a vocal critic of the MRT, argued the recommendations — which total an estimated $269 million in fiscal 2021 savings — would cut an “essential support” when home care is needed most.

“At a time when the vulnerable, our seniors and the disabled, need to stay home, Consumer Directed Personal Assistance is the best possible option for them and definitely safer than nursing homes or hospitals. … You don't cut spending from the fire department when the whole town is burning, and we should not cut Medicaid as our healthcare system is on the verge of collapse,” he said in a statement.

Home Care Association of New York State President Al Cardillo agreed. He asked the Legislature to “look hard at MRT recommendations for which cost savings are disputable at the levels assigned; consider alternative cost-savings measures advanced by HCA but declined by the MRT; and explore new revenue opportunities from federal aid and other sources to better realign an impact that otherwise would be borne disproportionately by the long term care sector.”

The Protect Medicaid Campaign, which recently urged state officials to delay the MRT’s work until after the coronavirus emergency is lifted, called the proposals “irresponsible and unjustifiable.”

New York Health Plan Association President and CEO Eric Linzer also raised concerns about the effect that some recommendations — particularly statutory changes related to payment denials and a carve-out of the pharmacy benefit from Medicaid — could have on the state’s efforts to combat Covid-19. He added that the panel’s proposed funding cuts “fall disproportionately on health plans.”

“By further slashing health plan rates, imposing new administrative costs on private coverage and carving-out the pharmacy benefit, these provisions will increase costs for employers and consumers and make it more difficult to protect the long-term viability of the Medicaid program and the millions of New Yorkers who rely on our member Medicaid plans," he said in a statement.

Art Fougner, president of the Medical Society of the State of New York, meanwhile, condemned the panel for "seeking to impose a new $52 million cost on the back of nearly 17,000 physicians enrolled in the Excess Medical Malpractice Insurance Program" who are risking their health in response to the coronavirus outbreak.

He urged the Senate and Assembly "to continue to fight to ensure full funding for this program as they work to finalize a State Budget."

The Greater New York Hospital Association praised proposed payer reforms it said will "go a long way to reducing inappropriate payment denials and improving hospital cash flow," but condemned those that include "punishing Medicaid cuts to hospitals."

"We will work with the governor and the legislative leaders over the next few days to mitigate the cuts over the long term, and to make absolutely sure that no cuts are imposed during the COVID-19 emergency," GNYHA President Kenneth Raske said in a member letter. "Not only are cuts right now completely untenable — our hospitals desperately need increased funding during this crisis."