

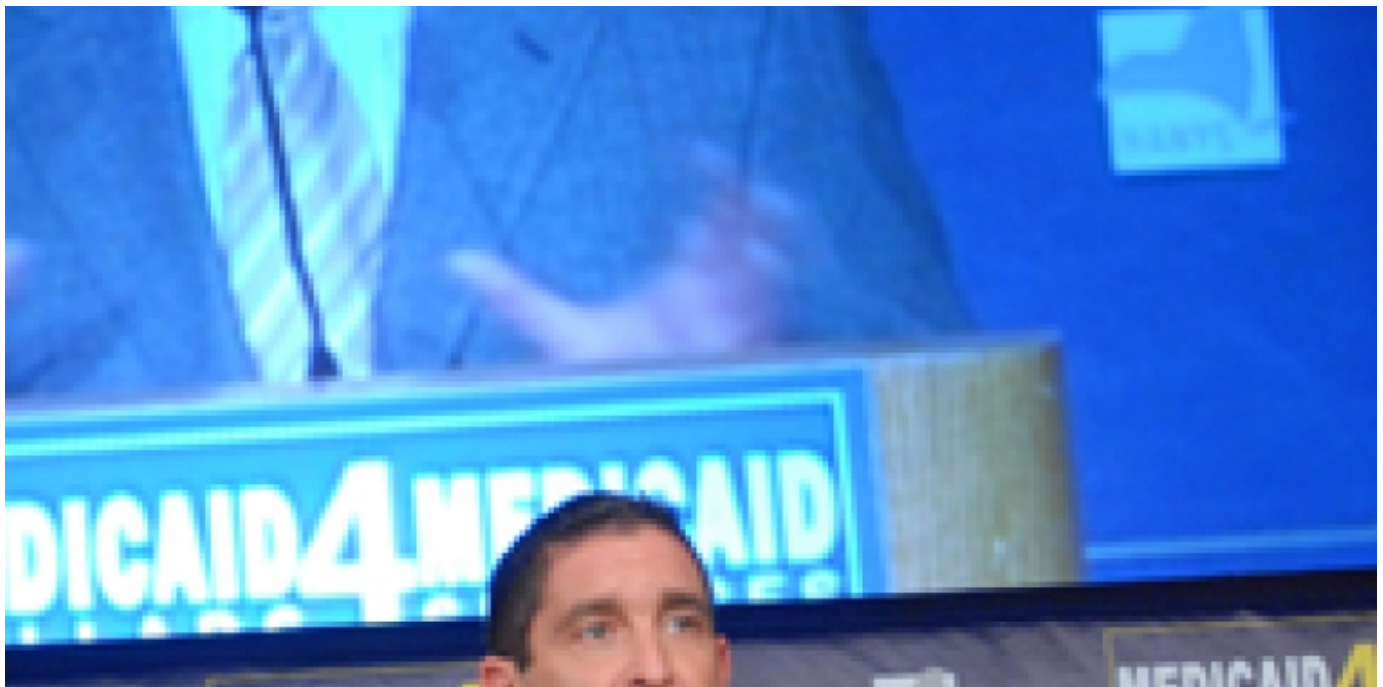


NEW YORK STATE SENATOR

Jeffrey D. Klein

Klein Addresses Budget Crisis At Health Care Association Of New York State Luncheon

JEFFREY D. KLEIN January 26, 2009



Presents Proposal to Save State \$1.1 Billion Calls for Increased Guidelines for FMAP

ALBANY, NY-Yesterday, Deputy Majority Leader, Senator Jeff Klein (D-Bronx/Westchester), addressed the annual luncheon of the influential Health Care Association of New York State (HANYS). Klein spoke to the crowd of roughly 500, emphasizing that although the state faces a multi-million dollar deficit, health care-which accounts for over 40% of the budget- is a top priority for the Senate. The health care industry employs roughly half a million New Yorkers,

including 38% of working people in the Bronx and 13% in Westchester, and continues to be a growing sector in a receding economy.

At the luncheon, Klein expressed his hope for federal aid, but also addressed the need to find real solutions at the state level. One such solution would be to allow individuals to convert the existing value of their life insurance into long term care cash. Klein estimated that the proposal would save to the state \$1.1 billion in Medicaid monies. Currently, New York lacks affordable long term care options, and most people purchase life insurance as a result. By 2015, over 2 million New Yorkers will need services ranging from home health care, to nursing home care. However, most New Yorkers can't afford long term care insurance, and are forced to spend down their savings and go broke to qualify for Medicaid, which accounts for 18% of the state's budget, or \$23.4 billion.

"Clearly, we need to do more with less, but there are a number of previously unexplored options that we can pursue in a New Albany by bringing more people into the legislative process to find innovative solutions. We can save the state money, make long over-due improvements to our health care system, and keep jobs here in New York, " said Klein.

Klein also addressed the proposed increase to The Federal Medical Assistance Percentage (FMAP) in the Economic Stimulus Legislation which Congress is expected to vote on this week.

FMAP is the Federal matching for a State's Medicaid program expenditures. The matching percentage for each state is based on a formula that takes into consideration the average income per person in the state compared to the nation as a whole. Currently, by statute, FMAP for a state cannot be lower than 50% or higher than 83%. The FMAP for New York State is 50% - therefore the federal government pays 50% of those New York State Medicaid expenditures that qualify for a federal match. For 2009-10, the total projected Medicaid

expenditures for New York State is \$45.4 billion, with the federal share projected at \$22 billion (a small amount of expenditures do not qualify for a federal match).

Under the proposed legislation, there would be a temporary increase in the FMAP, with the minimum percentage raised from 50% to 60%. The latest projection is that New York State would receive between \$9.75 billion and \$10.4 billion in additional federal matching funds for the 27 month period Oct. 1, 2008 – December 31, 2010. For the 18 month period ending March 31, 2010, the estimate for New York State is \$6.5 billion (of which approximately 1/3 would go to the counties).