



## Sheila Spiezio, Consultant, Citizens Budget Commission, Testimony before the Partnership for Coverage, October 30, 2007

Good Morning. I am Sheila Spiezio; for 14 years I have served on the staff of the Citizens Budget Commission, specializing in health policy. The Citizens Budget Commission, founded in 1932, is a nonpartisan, nonprofit civic organization committed to influencing constructive change in the finances and services of New York State and New York City governments.

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Thank you for this opportunity to present CBC's support for universal health insurance coverage in New York State. My testimony addresses the Partnership's questions related to possible funding sources, competing state fiscal objectives and the role of Medicaid costs in implementing universal coverage.

The Citizens Budget Commission has promoted universal health insurance coverage as not only a humane policy, but also a fiscally prudent one. This case was made in the CBC's 1999 report, *Financing Medical Care for the Uninsured in New York State*. A summary of that report is submitted with my testimony, and the full report is available [www.cbcny.org](http://www.cbcny.org).

Our research found that an estimated \$3.9 billion in public funds was spent reimbursing health care institutions for the essentially too little care, provided too late, to the uninsured in New York State and that the money would be better spent if redirected toward subsidizing the purchase of health insurance for this group. The complicated patchwork of federal, state and local programs and funding streams reimbursing primarily hospitals for their care to the uninsured creates incentives for the uninsured to seek care in the most expensive settings--hospital emergency rooms and clinics--rather than in private physicians' offices. Equally important, it prevents the uninsured from gaining access to care for chronic or non-emergency health situations until they become emergencies or require intensive, expensive treatments. Funds from hospital bad debt and charity care pools, Graduate Medical education programs, disproportionate share hospital payments and savings that could accrue to the Medicaid "spend-down" program should be redirected toward subsidizing health insurance for the uninsured. Since the CBC's report was published, other research groups have identified additional public funds in the Veteran's Administration, Indian Health Services, and Federal categorical grants that could help subsidize universal health insurance. If State leaders are willing to redirect these funds for the purchase of health insurance, there does not need to be any additional State or local tax burden to achieve universal coverage.

The CBC reaffirmed its support for universal health insurance in our report *Options for Budgetary Savings in New York State*, released two weeks ago. This report recommends restructuring of the Medicaid program to achieve savings that could be reinvested in future policy goals, including universal health insurance. The latest report (as well as a 2006 study *Medicaid in New York*) calls for reforming the three areas where New York State's Medicaid program most significantly differs from other States' programs, explaining why it is the nation's most expensive. First, New

York pays some institutional providers at rates above competitive costs. Second, it extends Medicaid eligibility to the non-poor or middle class for long-term care services. Third, it allows excessive use of personal care services and inpatient hospital care. CBC estimates that the State could reap nearly \$2 billion in State budget relief by reforming these areas of Medicaid.

Thank you. I will be happy to answer any questions.

