

How the 2004 Budget Is Shaking Out for Health Care

by Sue Young Wilson

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The 2004 state and city budgets look significantly less dire than they did only a few short weeks ago in terms of their impact on New York City's health care. But they are far from ideal, with several important public-health programs slated to be cut or even eliminated.

One much-needed break came courtesy of the state legislature, which in mid-May, simply defied Governor George Pataki's draconian proposed budget and passed its own, which featured an extra \$2 billion (for a total of \$92.8 billion). In particular, the legislature restored more than \$750 million from roughly \$1.4 billion Pataki had wanted to strip from the health care industry.

Hints of the legislature's intent had emerged before the actual voting. Kevin S. Parker, the State Senator from the 21st District in Brooklyn, speaking at a May 9 conference on discrimination in health care, called Pataki's budget "the worst I've ever seen." He added, "I've got two theories about the governor's budget: Either he fell down and suffered a severe head injury and has just been kind of wandering around in a daze, or he's been kidnapped by aliens and replaced by a pod person."

As reported here [earlier](#), Pataki had proposed changing the state's Medicaid program so that the state would absorb all of the local costs for Medicaid prescription drug coverage, while the localities would increase their share of hospital and clinic costs from 25 percent to 37.5 percent. Although this swap would have benefited every other county in the state, New York City stood to lose some \$140 million, according to the Independent Budget Office, because 35 percent of Medicaid payments here go to cover inpatient hospital costs and only 15 percent go for drugs (in-hospital care in New York is particularly expensive).

But the legislature rejected this "swap," meaning that the city will avoid the extra cost.

Governor Pataki had also proposed a variety of measures to contain the cost of Medicaid by lowering reimbursement rates, "taxing" providers, and limiting eligibility for Family Health Plus and children's Medicaid. These changes would have had a major impact on the city's Health and Hospitals Corporation, which, as a Medicaid provider, was projected to lose \$200 million through lower reimbursements and increased assessments.

But the legislature rejected these changes as well. James R. Tallon, president of the [United Hospital Fund](#), says, "Because the legislature largely rejected the proposed cuts, the outcome is that New York City hospitals have sidestepped -- for now -- the greatest level of negative impact of the governor's plans for Medicaid."

Handily, New York will also receive a Medicaid boon from Washington under the recent federal changes in the tax law. The city could receive as much as \$290 million in new Medicaid funding over 15 months.

Yet another set of health care changes proposed by the governor would have reduced state

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matching funds for local public-health programs. The city's Department of Health and Mental Hygiene had estimated that this proposal would have reduced support for these programs in the city by \$50 million. The legislature rejected most of the changes sought by the governor, although the city will still see an estimated reduction of \$20 million in public-health matching funds. Because these are matching funds, however, this change will only affect the city's budget gap if the city chooses to replace the lost state funds.

Bloomberg Adds Back \$90.2 Million in Services

The city's new fiscal year begins on July 1, and for the last few months, Mayor Michael R. Bloomberg and the City Council have been haggling back and forth, trying to close a \$3.8 billion budget gap.

But on June 4 -- the day before Mayor Bloomberg's and the City Council's initial budget deadline -- Bloomberg unexpectedly restored \$90.2 million for services that his executive budget plan had proposed cutting; including, according to the Associated Press, \$5 million worth of health department funding. He gave as a reason the fact that the state will now be giving much more budget relief to New York City than the city had previously believed. According to the city's Independent Budget Office, Albany is now offering the city a total gap-closing package worth roughly \$2.3 billion: \$1.3 billion in new tax revenue that the city will be allowed to raise, and \$1.0 billion in other assistance. This, the Independent Budget Office says, may be as much as \$210 million more help in closing the 2004 budget gap than the mayor's initial executive budget had taken into account.

Among the health care restorations the mayor has promised are continued funding for an asthma control initiative (a recent study showed that an astonishing 25 percent of children in Harlem suffer from asthma) and a program to combat lead poisoning. He also backed off from an earlier budget proposal to outsource case management jobs at the city's HIV/AIDS Services Administration and to seek other changes to the 1997 legislation governing this agency -- moves that AIDS advocacy groups protested vigorously as ploys to weaken the agency.

As of this writing, the mayor and the Council continue to haggle over its details. According to the New York Times, the Council has a "wish list" of another \$260 million in services it wants to preserve. Among health care measures, City Council Speaker Gifford Miller has vowed, the Council will fight to keep open 12 child health clinics still slated to be closed. (There are 31 child health clinics in the city, but the dozen targeted for closing are disproportionately located in disadvantaged neighborhoods -- four in Harlem, four in Brooklyn, and two in the Bronx -- according to Judy Wessler, director of [The Commission on the Public's Health System](#), a local public-health advocacy group.)

Miller and the Council's Deputy Majority Leader, Bill Perkins, are also calling for the restoration of \$5 million to continue funding an initiative to combat infant mortality, particularly among infants of color, whose mortality rate, Perkins says, is 70 percent higher than the city average. "Five million dollars is not that much money," Perkins says. "But it's a statement of a commitment."

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Other important public-health programs in the city have also had their funding yanked or slashed in the mayor's budget, and not yet restored. The Commission on the Public's Health System cites four such:

- five school-based health clinics, one in each borough, which could close for lack of \$419,000 in funding
 - waivers of medication fees for uninsured and poor patients who lack money to fill their prescriptions at public health and hospitals facilities; their funding has been slashed.
 - mental health and substance abuse programs in six Health and Hospitals Corporation, to be cutback; and
 - a hepatitis-B school immunization program that will be eliminated, and 100 public health assistants terminated, because its \$1.6 million in funds were cut.

Says Judy Wessler, "We believe that the public health infrastructure is critical, and the loss of these programs would be a very bad thing. Remember, public health is a 'first responder' for public safety, too, just like firemen or the police. It prevents epidemics, it can prevent people from getting very sick."

It doesn't necessarily look good for these programs. City Council leaders have told the press that high among its remaining priorities are reopening the six firehouses Bloomberg closed at the beginning of the month, and saving zoos in Brooklyn and Queens. Meanwhile, a [poll of city residents](#) taken by the New York Times on June 6-10 indicated that their top priority among services is also preserving firehouses, followed by maintaining classroom aides in public schools.

Whether anyone will champion the public health programs still on the chopping block hard enough to save them remains an open question. The Council has re-scheduled its budget vote, though the process could drag on for the rest of the month. Stay tuned.

Sue Wilson is a journalist who writes frequently on health and science topics for such outlets as the New York Times, WNET, and UNICEF.