



STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

ANDREW M. CUOMO
GOVERNOR

May 7, 2013

The Honorable Kathleen Sebelius
U.S. Department of Health & Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Sebelius:

Last August, the State of New York submitted an application for an 1115 Medicaid waiver amendment to the Centers for Medicare and Medicaid Services (CMS). This waiver amendment was intended to provide the funding flexibility necessary to fully implement our state's Medicaid Redesign Team (MRT) multi-year action plan and continue the transformation of our health care delivery system, with the goals of bending the Medicaid cost curve and assuring access to quality care.

New York has had a strong Medicaid reform track record during my administration. After years of drift and political discord, an historic consensus was achieved in terms of how best to achieve the health care three-part aim: better care, better health, and lower costs. The results so far have been remarkable, with per recipient Medicaid spending down 9 percent, and New York on track to save the federal government over \$17 billion over the next five years. The National Committee for Quality Assurance recently analyzed New York's Medicaid health care plans against 76 different quality measures and found that when it comes to offering the right type of care for common, costly diseases like diabetes, childhood obesity, smoking cessation, and follow-up care for the mentally ill, New York is a national leader, second only to Massachusetts.

The 1115 waiver amendment would allow New York to reinvest in the state's health care system, pave the way for implementation for national health care reform and continue to make New York a national health care reform model. Reinvestment strategies would include primary care expansion, public health innovations, safety net hospital stabilization, workforce flexibility, and long term care transformation. These initiatives, among others, would benefit New Yorkers in all areas of the state, and would be funded through up to \$10 billion of the \$17 billion in federal savings generated by MRT reforms.

We are grateful for the time and effort your staff at CMS has dedicated to working through the 1115 waiver negotiations with us. With dramatic transformations in the health care delivery system now occurring throughout the state, the need for this 1115 waiver has taken on a new urgency. Without this waiver, areas throughout New York will face serious consequences. Nowhere is the situation more critical than in Brooklyn.

Due to a rapid deterioration in the financial status of essential components of the health care services system in Brooklyn, if nothing is done within the next 12 months, the outcome will be disastrous.

WE WORK FOR THE PEOPLE
PERFORMANCE ★ INTEGRITY ★ PRIDE

Without the waiver, at least four hospitals – having among them nearly one thousand inpatient beds and supporting hundreds of thousands of emergency room and ambulatory care visits – will be in danger of closing. Access to care will be compromised and the remaining health care providers in the borough will be destabilized. Though just one borough, Brooklyn is home to 2.5 million people. Indeed, on its own, it would be the fourth largest city in the United States – an entire city that could be without adequate, quality health care for all of its residents.

The causes of the crisis in Brooklyn are numerous and long-standing. Not the least of them is the inherent difficulty of the borough's demographics, which encompass extraordinarily diverse cultures and some of the poorest communities in the country. Health care providers are challenged by the unique needs of the people they serve and a payer mix that leans strongly towards public insurance programs. Medicaid pays for the births of approximately 60% of all babies born in Brooklyn and more than 1 million borough residents are enrolled in Medicaid.


Serving the health care needs of Brooklyn's diverse populations are an array of older hospitals. These facilities continue to provide many services that could be better delivered in ambulatory settings if such new infrastructure could be developed. Our challenge is to find the means to modernize and downsize those hospitals (where it makes sense) and to develop community-based, ambulatory care infrastructure as rapidly as possible. If approved, the waiver will facilitate this kind of system transformation.

No state has been more supportive of President Obama's historic health care reform agenda than New York. Our program to transform Medicaid is directly aligned with the provisions of the Affordable Care Act. The New York Health Exchange will be operational in October and we will welcome over one million newly insured individuals. Combined with Affordable Care Act (ACA) changes, Medicaid reform has the potential to lead to broader health system reform in New York. Implementation of the MRT multi-year action plan and ACA changes will lead to sweeping changes in health care delivery that will benefit the state's 19 million residents. The waiver amendment will allow the state to reinvest in its health care infrastructure that will both lower Medicaid costs and ensure that New Yorkers will have access to cost-effective health care services. We continue to work towards better and more cost effective health care services and broader, more affordable health insurance coverage.

With the benefit of the flexibility and resources that can be provided under New York's waiver amendment application, we will achieve these results, not only in Brooklyn, but in communities throughout the state. A true and enduring transformation of the nation's health care system can only be achieved if the federal and state governments work closely together. We in New York are united in support, eager to engage and do our part; we ask your help in securing a constructive partnership with our federal colleagues.

I respectfully request you approve, in an expedited fashion, New York's 1115 waiver amendment to fully implement the MRT action plan. This will allow us to continue to invest in the transformation of our state's health care delivery system, reduce costs for taxpayers and the federal government, and improve the quality of care for all New Yorkers.

Sincerely,



ANDREW M. CUOMO

cc: MRT Members, Congressional Delegation, Relevant White House Officials.