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*Guest Editorial: Commentary on Health Policy and Governor Eliot Spitzer's State of the State Address*  
By Courtney Burke

Governor Spitzer said, "we need to pay for the right [health] care at the right price in the right medical setting." The Governor has the right target: Medicaid reimbursement. And as the saying goes, "you get what you pay for" — or, more particularly, "financing drives form." Changing the "form" of our state's health care system, which is relatively institution-centered and does not yield the highest quality outcomes, requires changing the way the state pays for health care. In New York, the state's financial influence over health care delivery is greater than in other states because nearly one-third of all health care dollars in New York are public dollars distributed through the Medicaid program, compared to about one in five dollars in the average state.

Among the changes that Governor Spitzer has proposed for the Medicaid reimbursement system, the focus on paying more for primary care is long overdue. In fact, New York pays far less to physicians participating in the Medicaid program than most other states. Paying physicians more, especially primary care physicians, is important for two reasons: It can help assure more preventive care and can increase the participation of physicians in the Medicaid program, which in turn increases access to care for Medicaid-eligible individuals.

States such as New Jersey and Missouri recognize the value of primary and preventive care and have recently proposed increasing payments to primary care physicians in their own states' Medicaid programs. New Jersey's proposal triples such payments. Medicaid reimbursement rates for other types of services also need updating. Medical technology and care delivery are advancing every day, yet many reimbursement rates are based on the system of care from nearly two decades ago. In updating reimburse-

ment, the state should pay for the care that is delivered and the care that should be delivered.

The state also should build on pay-for-performance systems, which are designed to do as they say, with "health outcomes" being a measure of performance. Pay-for-performance funding for conditions such as heart disease encourages providers to look for and treat risk factors such as diabetes and hypertension. Performance-based reimbursement also encourages physicians to meet standards that control related health factors such as high blood pressure, weight, nutrition, and smoking.

Although there would be mixed effects on providers from Governor Spitzer's proposed changes, he is aiming at the correct target if New York State is truly going to change care delivery. Efforts should be made to hold providers harmless as the state transitions to paying for care differently.

The Governor's State of the State address included many other important health related proposals such as providing coverage for all children, assuring health care supply meets demand, and better management of chronic diseases. The Governor and the Legislature also should continue to invest in ways to control costs for some of the most expensive individuals, who comprise a small percent of the total enrollees in public health programs, but a big percent of the cost. The state's fiscal realities pose a challenge to the Governor's goals. At least as important, some institutions and interest groups would see funding drop under the proposed reforms; they can be expected to pressure the Legislature to maintain the status quo. Governor Spitzer's second Executive Budget — to be released January 22 — will be the next important indicator of what can be achieved this year to change the health care system.

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