



NEW YORK STATE SENATOR

James L. Seward

Seward Pledges Real Property Tax Relief Through Major Medicaid Reform

JAMES L. SEWARD October 17, 2011

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ONEONTA, 10/17/11 – State Senator James L. Seward (R/C/I – Oneonta) today announced he is co-sponsoring legislation (S.5889-B) that will reform the cost administration of New York State’s Medicaid system through a phased-in state takeover - gradually eliminating the local share traditionally paid by county governments and funded by property taxes.

“After working for years to convert the masses in Albany, a property tax cap is finally in place,” said Senator Seward. **“The cap is a major milestone but it needs to be linked to substantial mandate relief for local governments – a step we can take by exorcising the biggest mandate demon – Medicaid.”**

The bill provides for an eight-year gradual state takeover of the local Medicaid costs. The end result would eliminate Medicaid costs from county budgets, providing municipal governments with the flexibility to substantially reduce local property taxes.

The new legislation takes advantage of savings from the Medicaid spending cap provision enacted in this year’s state budget to help finance the takeover. Additionally, the timing in the bill is aligned with the federal Affordable Care Act, which provides an historic opportunity for the state to restructure Medicaid in a way that standardizes services, reduces costs and improves patient outcome.

“Along with freeing up local resources, a phased-in state takeover will also lead to improved fraud control and help streamline a program that costs New York over a billion dollars a week,” Seward added.

Stephen Acquario, executive director of the New York State Association of Counties(NYSAC) said, “Mandate relief is property tax relief. As counties release our 2012 budgets, nothing could be more important than the introduction and passage of this importance legislation. I’d like to thank Senator Seward for championing this measure in the New York State legislature.”

“Five-million New Yorkers are now enrolled in Medicaid – that’s 26 percent of the state’s population. Any program that extensive needs to be managed at the state level. Now is the time for the state to take this burden off of the shoulders of our local officials. If we are serious about property tax relief than a state takeover of Medicaid must be a priority,” Seward concluded.

The proposal initially freezes local Medicaid costs, providing \$180 million in immediate local savings by eliminating the automatic three percent annual spending increase currently required by statute. Starting in the third quarter of 2012, the local share would then be reduced by five percent, providing counties with an additional \$75 million - totaling \$255 million in savings for county governments. Between 2012 and 2019, local Medicaid costs will continue to be gradually reduced as the state assumes an increasing share of the burden.