



# State Health Officials Pleased By Budget's Primary Care Boost

By E.B. SOLOMONT, STAFF REPORTER OF THE SUN | April 2, 2008

Primary care advocates are declaring victory after state lawmakers agreed to shift tens of millions of dollars toward outpatient settings and away from expensive hospital-based care.

Even as lawmakers struggled to complete other areas of the state's \$124 billion budget, they enacted health care measures worth \$38 billion. Completed late Monday night, the budget includes \$15.3 billion in [Medicaid](#) spending, a 1.1% increase from last year but less than the \$15.5 billion initially proposed.

Yesterday, state health officials described a broad shift toward outpatient care, with about \$170 million directed to hospital clinics and ambulatory care settings. Funding for hospital inpatient care was reduced by \$153 million for the next fiscal year.

"It's the first time there's been a major commitment to invest in primary care," the executive director of the [Primary Care Development Corp.](#), [Ronda Kotelchuck](#), said.

Following Governor Spitzer's resignation, some questioned whether the Paterson administration would enact Mr. Spitzer's proposed reforms. In the end, lawmakers enacted a \$25 million expansion of the State Children's Health Insurance Program. The budget shelve a plan to update hospital inpatient reimbursement rates, and it restores cuts to Graduate Medical Education and hospital employee subsidies.

Overall, budget officials projected \$828 million in health care cost savings, compared with \$1.1 billion in Mr. Spitzer's budget.

State health officials praised the final agreement. "We got the major directional shift into primary care that we wanted," the state's health commissioner, [Dr. Richard Daines](#), told [The New York Sun](#).

For the first time since 1993, the reimbursement rate for primary care was increased, by 35%. Currently, hospitals are reimbursed for \$67.50 for each visit, while clinics receive about \$120 and physicians can earn between \$22 and \$40.

For outpatient care, hospitals and clinics will also be paid differently under a new system that "bundles" several different services together.

"This is the most significant reform in inpatient and outpatient reimbursement since 1996," when the state deregulated hospital inpatient rates, the state's Medicaid director, [Deborah Bachrach](#), said.

Yesterday, industry groups issued a flurry of press releases, mostly praising the budget. "The budget lays the foundation for genuine health care reforms," officials from [Greater New York Hospital Association](#) and 1199 SEIU, who fought bitterly with Mr. Spitzer last year, said in a statement.

Citing economic challenges, officials at the [Healthcare Association of New York State](#) wrote: "Leaders met that challenge by balancing the need for fiscal restraint with our shared obligation to provide critical health care services to millions of New Yorkers."

Not everyone was pleased, with one group criticizing a 2% cut in funding to the state's [AIDS Institute](#). "It is unconscionable for the state to cut funding to services for people living with HIV/ AIDS," the CEO of [Gay Men's Health Crisis](#), [Marjorie Hill](#), said in a statement.