

The first year of Medicaid indicated this exciting possibility.¹ Also, a study indicated that this needed care was being given to non-welfare recipients in households whose average gross weekly income was \$61. Almost two-thirds of these households had no private health insurance, and over nine-tenths did not have sufficient income to pay any part of the cost of Medicaid services, including the deductible amount for families and persons with modest incomes.

But the Federal Government cut back on its commitment for reimbursement. That cutback meant, to take a medically indigent family of four as an example, that the Federal Government—effective July 1, 1968—would not share in Medicaid expenditures, however necessary they might be for such a family, if its gross income exceeded by 50 percent the welfare standard for the same size family. It went further. It reduced the percentage to 40 percent by January 1, 1969, and to 33½ percent by January 1, 1970.

In many states that restrictive policy will eliminate federal help for needed medical care for hundreds of thousands of the lowest-income, poverty-level families and individuals in the nation. In New York State it means denial of federal funds for the needed medical care of thousands of families and individuals who are truly medically indigent. It also means shifting to the State and its localities an impossible share of the financial burden of the Medicaid program. And it means a much more limited scope of medical care.

Governor Rockefeller appointed a committee to make an immediate, emergency study of the problem and to make recommendations as to the best way of coping with the new federal legislation. The committee was composed of Commissioner Wyman; State Health Commissioner Hollis S. Ingraham, and Commissioner John J. Burns of the Office for Local Government. The management consulting firm of Peat, Marwick & Company was retained to assist the committee.

In its report to the Governor in January 1968, the committee said:

(1) Medicaid had proved to be a valuable mechanism for protecting the health of a large number of citizens.

(2) The program would nevertheless have to be curtailed to avoid intolerable increases in State and local expenditures.

(3) The first line of defense for the protection of the public's health should be a program of universal health insurance. Medicaid, its scope greatly diminished thereby, should be retained as the second line of defense to protect those who are medically needed and those whose health insurance benefits have run out.

Governor Rockefeller concluded: "In view of the already heavy burden on our local governments and State Government, it is impossible to absorb this added expense. . . . Consequently, we are simply going to have to revamp our Medicaid program to reduce its cost." The Governor also said he planned to present "a universal health insurance program that would dovetail with Medicaid to provide New York's citizens with the Medical care they need under the strongest, soundest financial terms."

The Governor recommended revisions in the Medicaid program, but the Legislature went beyond his proposals and reduced the dimensions of the program drastically. However, subsequent amendments were made, and today the legislative framework for New York State's Medicaid program is as follows:

A. *Financial Eligibility Requirements*

1. All recipients of cash assistance and children in foster care continue to be eligible for all medical care and services.

2. The allowable income and resources levels have been changed as follows, for the medical assistance only applicants.

a. Income: Annual net income (number of family members in a household and family members for whom they are legally responsible or have assumed responsibility)—One, \$2,300; two, \$3,300; three, \$4,200; four, \$5,300; five, \$6,000; six, \$6,800; and seven, \$7,600.

Such income exemptions shall be increased by six hundred dollars for each member of a family household in excess of seven.

b. Resources: The first \$1,000 of savings, including cash value of life insurance, is exempt as a burial fund. This \$1,000 exemption applies to each member of a family. Additional savings equal to one-half of the annual net income exemption are also allowed. Any savings in excess of this amount will have to be used for medical expenses. The face value of life insurance is no longer a factor in determining eligibility for Medicaid.

¹ See *Medicaid: Year in Review*, published by the Department.