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1999 LEGISLATIVE MEMO...

**Cigarette Tax Increase
Not the Way to Solve HCRA Problem**

The Conservative Party of New York State strongly opposes any increase in taxes. While many may believe that this is a well-intended tax, the facts remain that it will ultimately hurt small businesses and lead to a decrease in sales creating further problems.

Before New York State imposes any increase in the cigarette excise tax, it should examine other ways to cut cost.

The Fiscal Planning Services, Inc., in an October 1999 Report, found many problems with Medicaid expenditures which include:

- New York is ranked number one in total Medicaid spending with \$24.5 billion spent yearly on 3 million recipients;
- Since June 1999, the New York State Comptroller has identified nearly \$62 million in overpayments in the Medicaid program;
- The New England journal of Medicine recently discovered wide disparities in the funding formula for graduate medical education. For example, New York's Beth Israel Medical Center receives an average \$57,010 per resident while Hermann Hospital in Houston receives an average of \$6,939 per resident.

Citizens for a Sound Economy did an analysis of all 50 states spending on Medicaid and gave New York an F in 1997 while California and Texas received passing grades. As noted, New York cares for approximately 3 million recipients while California spend \$16 billion on approximately 5 million recipients. New York has 40% less recipients and spends 50% more funds.

How does more money help? Better management will. Strict enforcement of eligibility and the ability to conduct criminal background checks on health care providers will also help eliminate fraud and thereby have more money to provide needed benefits.

Make these changes before increasing the cigarette tax; New Yorkers pay too much already.

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