



THE COUNCIL  
OF  
THE CITY OF NEW YORK  
CITY HALL  
NEW YORK, NY 10007

CHRISTINE C. QUINN  
SPEAKER

TELEPHONE  
212-788-7210

March 5, 2009

Governor David A. Paterson  
State Capitol  
Albany, NY 12224

Assembly Speaker Sheldon Silver  
LOB 932  
Albany, NY 12248

Senate Majority Leader Malcolm A. Smith  
909 Legislative Office Building  
Albany, NY 12247

Dear Governor Paterson, Speaker Silver and Majority Leader Smith:

As all levels of government continue to grapple with the consequences of the worst economic downturn in over half a century, we are shocked by your announcement that the State plans to withhold a much larger share of the total State Federal Medical Assistance Percentages (FMAP) allocation than was originally anticipated.

Of the \$11.1 billion in the FMAP funding for New York State, only \$2.7 billion would be allocated to localities. Of this, New York City would receive no more than \$1.9 billion, significantly less than the \$2.1 billion in Medicaid financing expected over the next two years based on existing allocation formulas.

The outlined proposal undermines the State's 2006 agreement that local governments would only be liable for up to 3% of the annual growth in Medicaid costs, with State picking up the amount beyond that. The 3% cap provides vital Medicaid relief, shifting the burden for additional costs back to the State, where decisions regarding Medicaid policy and parameters are determined. But under yesterday's announcement, the State is renegeing on the commitment to localities, forcing them to share a greater burden for growing Medicaid costs.

We understand the need at all levels of government to make critical adjustments in spending. It is of vital importance that these be made in a way that ensures core services and encourages the rebuilding of the economy.

Yesterday's announcement threatens to take \$200 million or more in badly needed federal stimulus aid from the City at a time when we are struggling to ensure that vital services are protected. For that reason, we urge you to reconsider the allocation of FMAP funding under the federal stimulus package to honor the State's commitment to cap growing Medicaid costs.

Sincerely,

Christine C. Quinn  
Speaker

Maria Baez  
Chair  
State & Fed. Leg. Committee

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Council Member

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Council Member



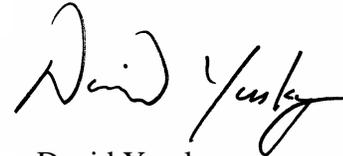
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Council Member



Lewis A. Fidler  
Council Member



Bill de Blasio  
Council Member



Diana Reyna  
Council Member

David Yassky  
Council Member

cc: Mayor Michael R. Bloomberg