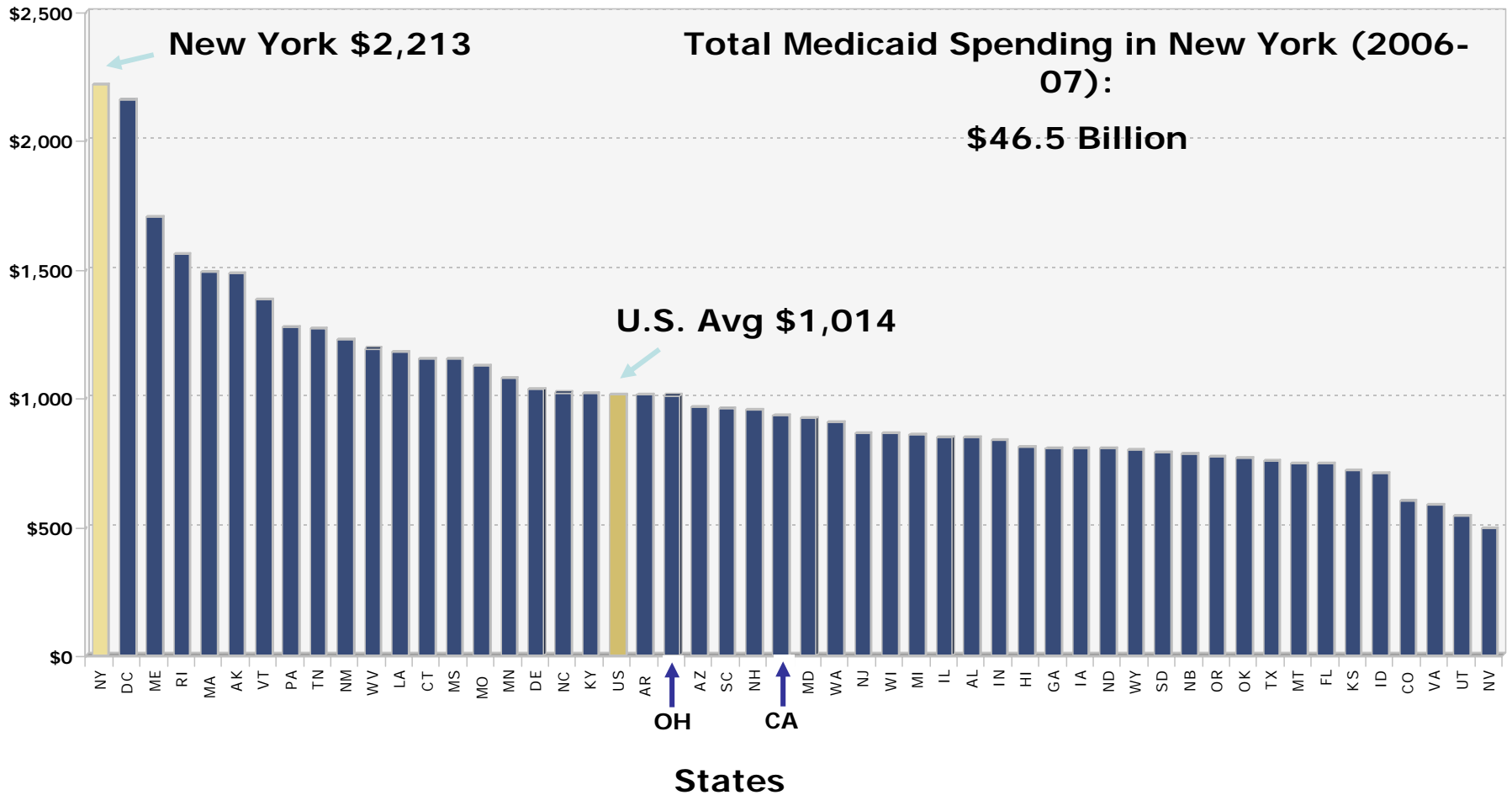


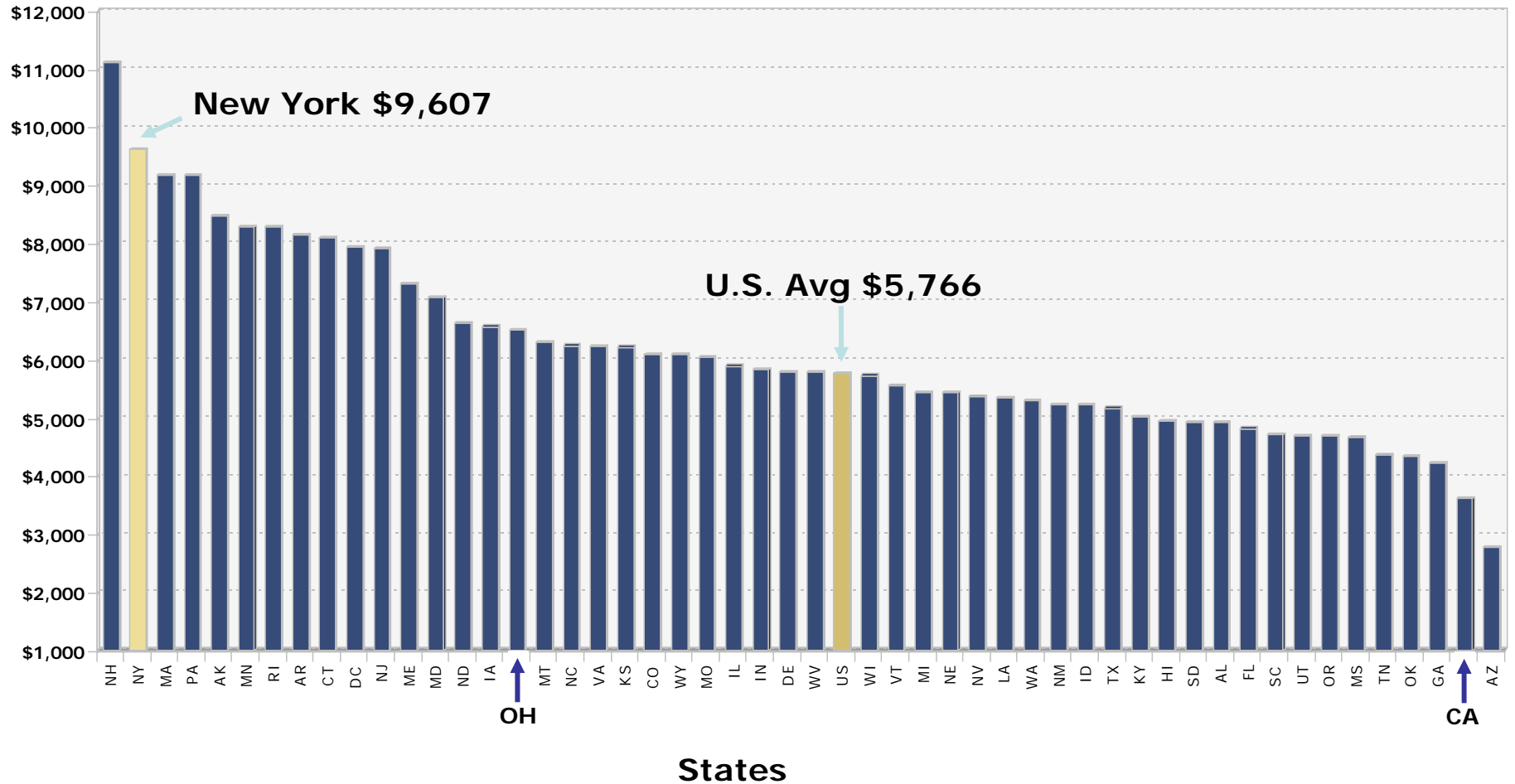
#1 in Medicaid Spending Per Capita

Per Capita Medicaid Spending (2005)



#2 in Medicaid Spending Per Recipient

Per Recipient Medicaid Spending (2003)



High Spending, Poor Results

2.6 million uninsured, including 400,000 children

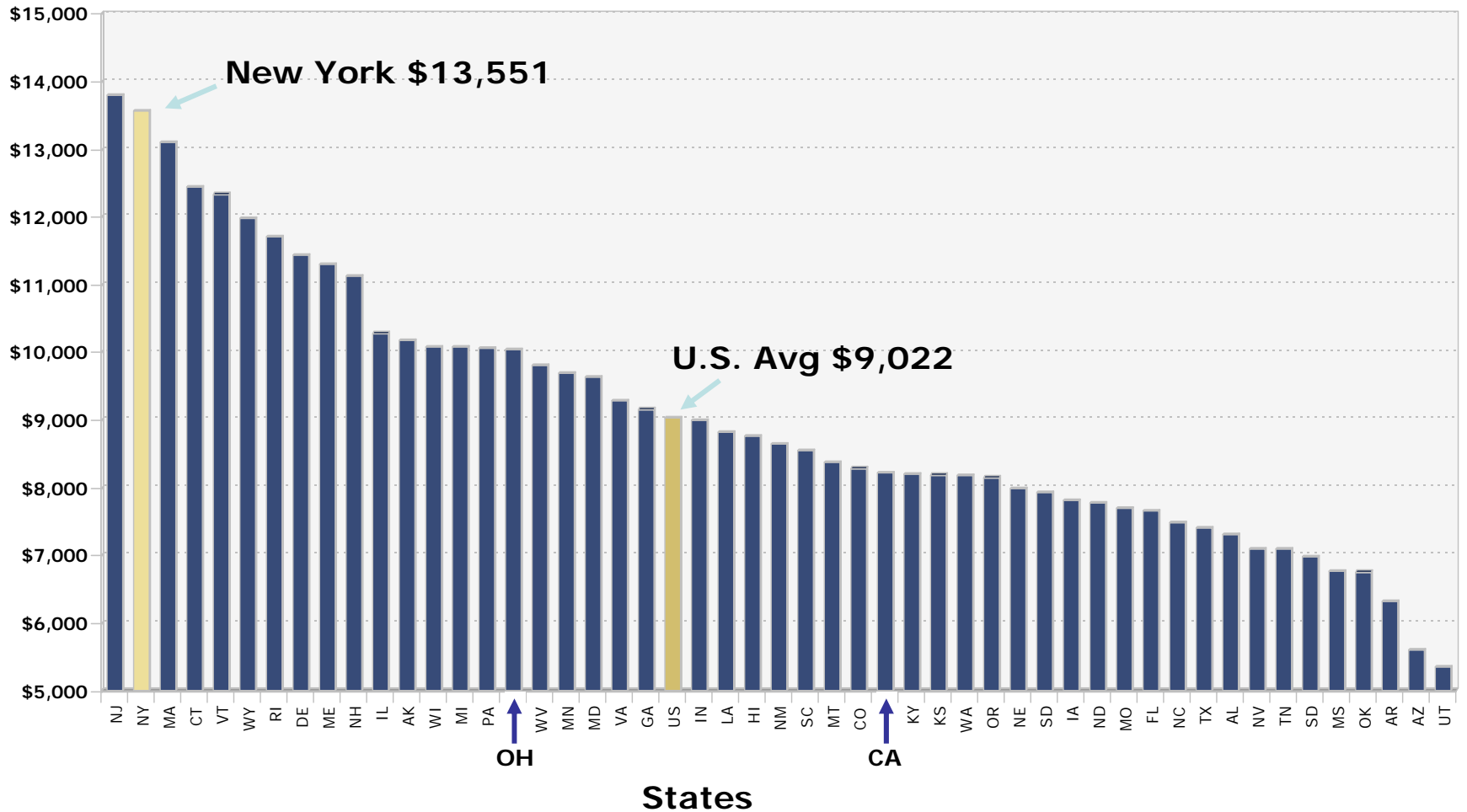
1st in U.S. for percentage of deaths from chronic disease

3rd in deaths from coronary disease per capita

1 in 4 children is obese; 1 in 12 has asthma

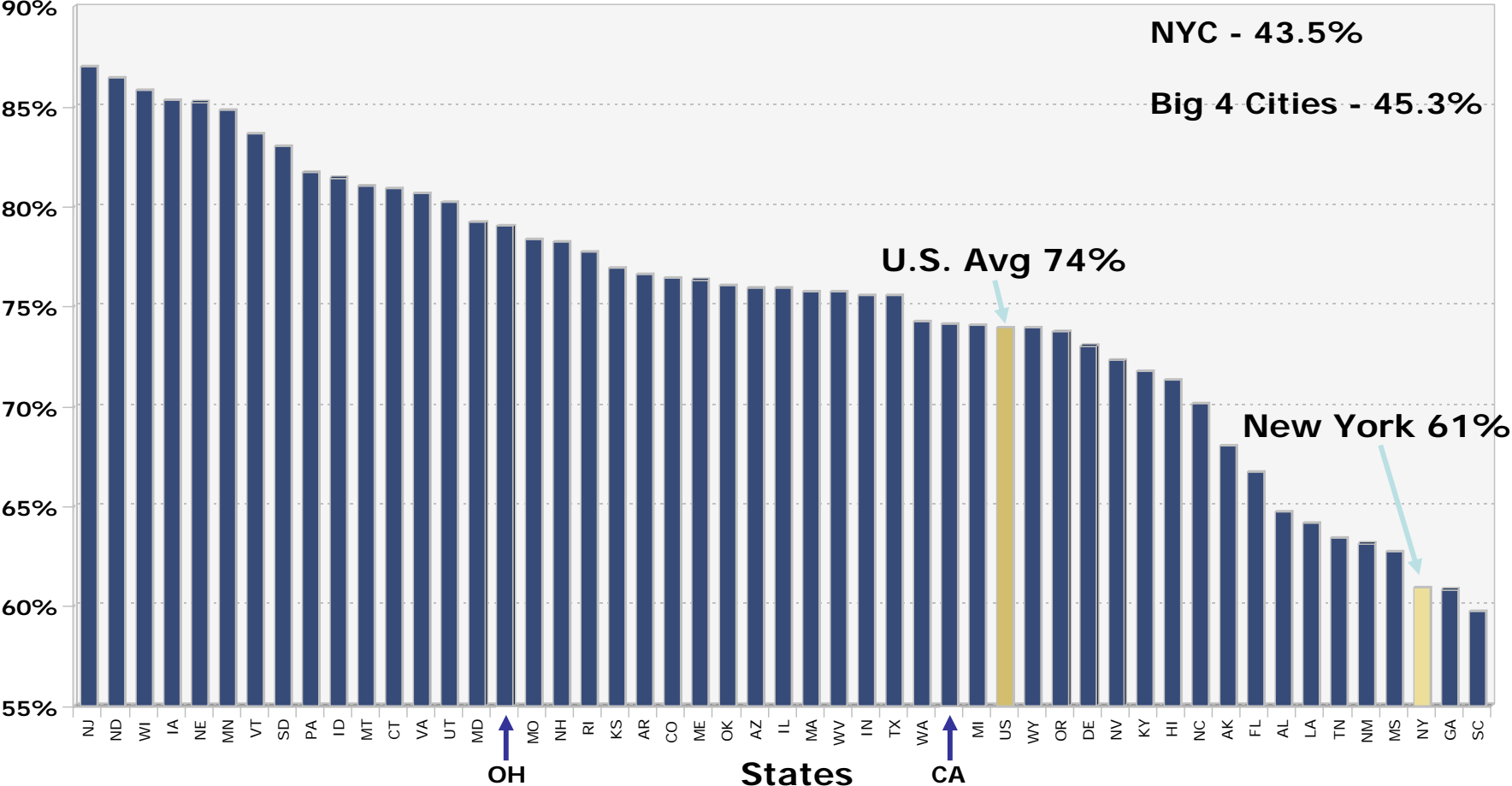
#2 in Per-Pupil Spending

Spending Per Student (2005-06)



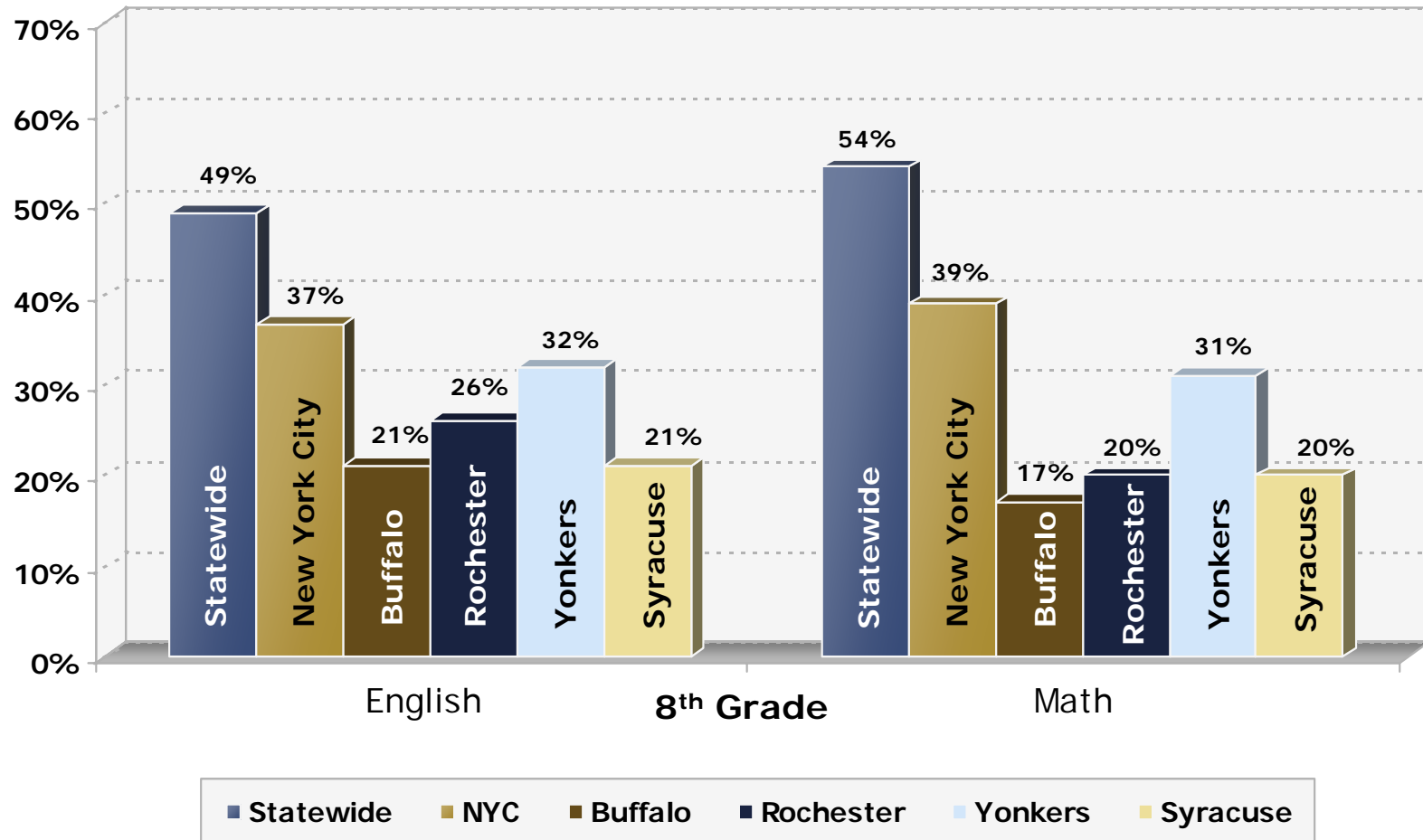
#48 in Graduation Rate

State Graduation Rates (2002-03)



Poor Educational Achievement

Percent of Children Achieving at Grade Level (2005-06)



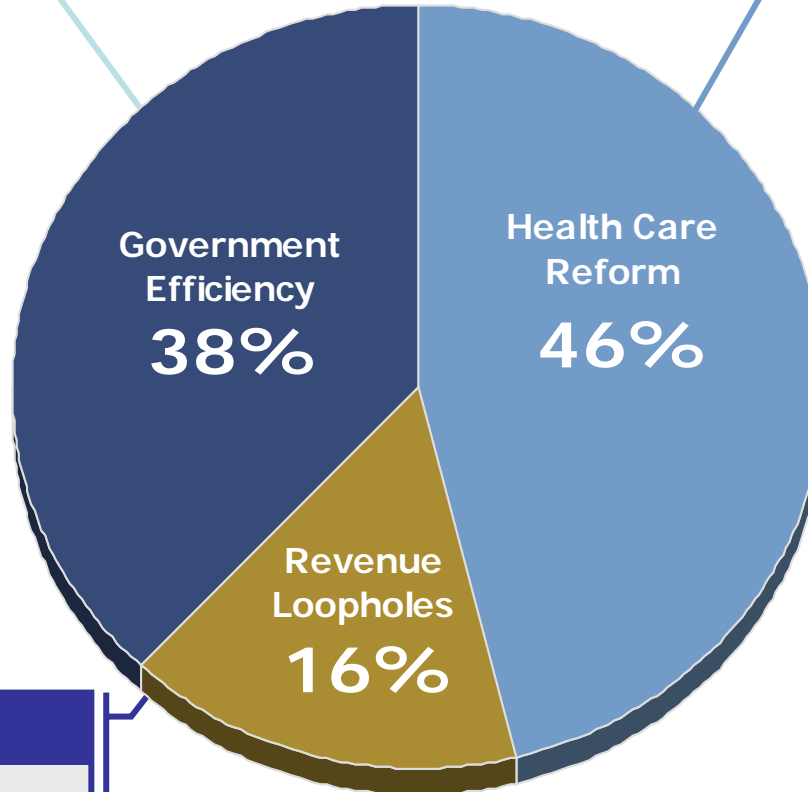
Hard Choices to Generate Savings

General Fund Savings (2007-08)

\$2.8 Billion

\$1.06 billion

- NPS reductions of 5%
- Procurement Reform – Procurement Council
- Prison Closure Commission
- Underused OCFS Facilities



\$1.29 billion

- Begin to rationalize reimbursement rate system with selective freezes
- Lower Rx costs: Strengthen preferred drug list and reduce Average Wholesale Price
- Eliminate subsidies not tied to Medicaid services like GME payments for phantom residents
- Eliminate stand-alone Level 1 of personal care
- Medicaid fraud recoveries

\$449 million

- Corporate Tax Combined Filing
- Real Estate Investment Trusts
- S-Corporation Conformity

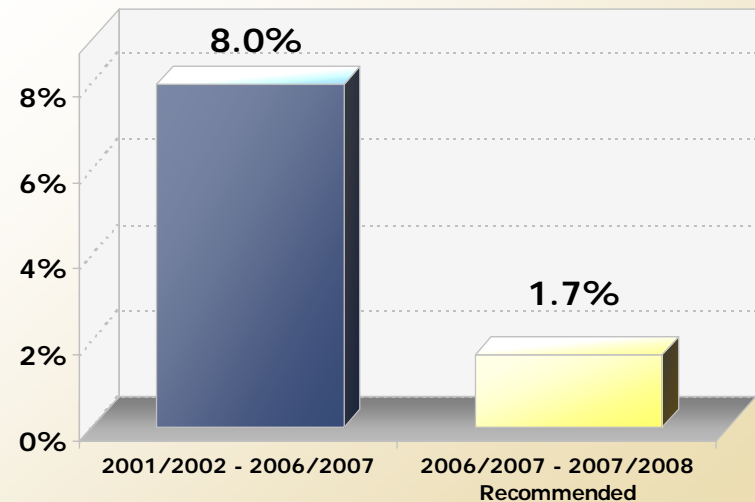
Institution-First System to a Patient-First System

Increasing Access

- Provide access to coverage for all 400,000 uninsured children in New York State
- Provide access to coverage to 900,000 Medicaid-eligible but uninsured adults and children by streamlining enrollment and recertification

Decreasing Spending

Medicaid Spending Growth Rate



Restructuring the Health Care Delivery System

Institution-First

- Subsidizing empty hospital and nursing home beds
- State-subsidized labor deals
- GME phantom residents
- Outdated reimbursement formulas
- Excessive Rx costs

Patient-First

- Rightsizing hospitals and nursing homes
- Medicaid dollars follow Medicaid patients
- Public health preventive and primary care initiatives
- Home- and community-based care
- IT and telemedicine