



FEBRUARY 6, 2006

# Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

## President Focuses on Health Care Reform; Emphasizes HSAs, Medical Malpractice Insurance

**D**uring his State of the Union Address on Jan. 31, President George W. Bush referred to several health care–related domestic policy items, including reform proposals aimed at addressing the increasing cost of health care, increasing the portability of health insurance coverage, improving the use of health information technology (IT), and, significantly, protecting access to services through medical liability reform.

**Health Care Spending:** The President called for a bipartisan commission to study the effect

of the baby boom generation on Medicare, Medicaid, and Social Security, and to propose recommendations. He stated that, at current levels of growth, more than 60% of the Federal budget will be spent on those programs by 2030. While the President did not mention proposals to cut Medicare spending in his speech, GNYHA anticipates that, in his FY 2007 budget—to be released on Feb. 6—he will include several Medicare savings proposals that the Medicare Payment Advisory Commission has recommended. Those proposals

include reducing 2007 inflation adjustments for inpatient and outpatient hospital reimbursement rates (that is, market basket minus 0.45%) and freezing rates (that is, no market basket updates) for skilled nursing facilities,

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## House Passes Deficit Reduction Act, Sees Changes in Leadership

**O**n Feb. 1, the U.S. House of Representatives passed the Deficit Reduction Act (S. 1932) by a vote of 216–214. Passage in the House follows the U.S. Senate vote on Dec. 21, 2005, which modified the original package from the previously passed House bill and passed it narrowly in a tie-breaking vote cast by Vice President Richard Cheney. This bill includes \$39 billion in cuts to essential programs, including \$11 billion in Medicare and Medicaid cuts.

All House Democrats voted against the measure, as did 13 Republicans and one Independent, including Rep. John Sweeney (R-20th NY), Rep. John McHugh (R-23d NY), Rep. Christopher Smith (R-4th NJ), and Rep. Robert Simmons (R-2d CT).

The bill includes changes to cost-sharing and benefit packages in the Medicaid program, modifies the long term care eligibility rules, temporarily extends the specialty hospital moratorium for up to eight months, and adds an additional year to the phase-in of the Medicare inpatient rehabilitation facility rule. The bill also includes several provisions that affect hospitals directly: the measures for which hospitals submit quality data for Medicare will be expanded and the penalty for not reporting will increase from 0.4% to 2%; Medicaid managed care plans will now be allowed to limit their payments to hospitals for out-of-network emergency services at the fee-for-service rate; and states will be per-

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### GNYHA Board Meets

**T**he GNYHA Board of Governors met on February 2, 2006, and took the following actions:

- Voted on nominees to fill several Board vacancies, including the appointment of Pamela Brier of Maimonides Medical Center to the GNYHA Executive Committee and the appointment of Dr. Paul Kronenberg of Crouse Hospital, Dr. Scott Cooper of St. Barnabas Hospital, and Dominick Stanzone of Bon Secours to the GNYHA Board of Governors;
- Was briefed on Governor Pataki's 2006–07 Executive Budget, which proposes to make \$1.3 billion in health care cuts;
- Approved GNYHA's proposal to manage utilization of detox services as an alternative to the Governor's budget provisions to phase out certain inpatient detox payments and approved GNYHA's work plan to research further refinement of diagnosis-related groups to better match payments with costs for dually diagnosed individuals;
- Approved GNYHA's plan to oppose the proposed NYC Council bill that would impose extensive reporting requirements on hospitals;
- Heard a presentation by United Hospital Fund (UHF) President James Tallon about UHF's strategic vision; and
- Heard a summary of the status of 1199 SEIU's campaign to increase wages for home care workers. ■

# Health Care Cuts Are Unjustified, GNYHA Analysis Shows

## GNYHA President to Testify on Budget in Albany

New York Governor George E. Pataki's proposed budget for the State fiscal year, which begins on Apr. 1, 2006, contains an estimated \$1.3 billion in savings and cuts from health care programs, including Medicaid—this despite the fact that the Governor's own estimate of the projected deficit for the next fiscal year is only \$751 million. In other words, the health care cuts alone are 75% higher than the savings the Governor believes are necessary to balance the entire \$110 billion State budget for the coming fiscal year. In addition, more than 61% of the savings in the Governor's budget come from cutting Medicaid, with only 39% coming from all other programs combined.

"There is no justification for cutting health care programs this year, period," said GNYHA President Kenneth E. Raske. "Not only is the health care community in dire financial straits—so much so that the State created a commission to try to manage the rash of hospital and nursing home closings and bankruptcies that have affected every region of the

State—but when all is said and done, I am convinced that more recent budget estimates will find that the State will not run a deficit next year at all. All the data I have seen indicate that the economy is growing rapidly. We may even be facing a surplus."

Mr. Raske's comments are based on his observations of economic data, but also on past history. In virtually every budget year,

coming fiscal year would be \$3.2 billion. In its first quarter update released on Aug. 1, 2005, DOB reduced its estimate to \$2.9 billion. In the mid-year update released on Oct. 30, 2005, DOB reduced the estimated budget deficit further, to \$2.5 billion. DOB officials stated in December 2005 that the deficit was down to \$2.0 billion. By the time the Governor released his budget proposal on Jan. 17, 2006, the esti-

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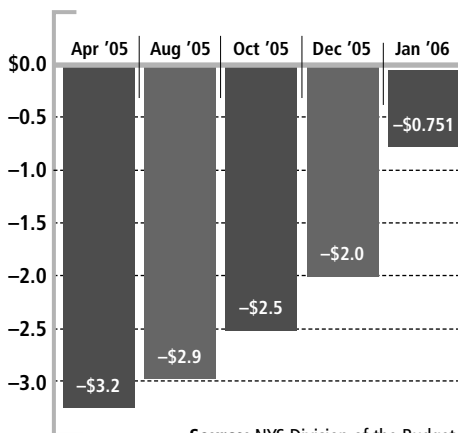
—Kenneth E. Raske, President, GNYHA

the deficit projected by the State Division of the Budget (DOB) has been re-estimated downward, sometimes quite significantly, before the Governor and the State Legislature actually started their budget negotiations in earnest. In addition, the history of DOB's deficit projections for State fiscal year 2006–07 shows a dramatic trend downward. In April 2005, DOB projected that the deficit for the

mate had shrunk to \$751 million. In addition, the Governor estimates that the State will finish the current fiscal year with a \$2 billion surplus.

Mr. Raske will be testifying before the joint budget committees of the New York State Legislature on Feb. 7, 2006, in Albany, NY. For copies of his testimony, members of the press should contact Brian Conway at GNYHA. ■

**New York State's Shrinking Deficit,  
April 2005–January 2006 (\$ in billions)**



Source: NYS Division of the Budget.

## Deficit Reduction Act

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mitted to impose Medicaid copayments for non-emergency services provided to an individual in a hospital's emergency department.

For an in-depth review of all the Medicare- and Medicaid-related provisions in the bill, visit [www.gnyha.org/policy](http://www.gnyha.org/policy).

**House Leadership:** On Feb. 2, the Republican Conference elected Rep. John Boehner (R-8th OH) over Acting House Majority Leader Rep. Roy Blunt (R-7th MO) and Rep. John Shadegg (R-3d AZ) to replace Tom DeLay (R-22d TX), who stepped down as Majority Leader this

past fall. Following his surprising defeat, Rep. Blunt will return to the Whip position, since he had not formally vacated that seat. Additionally, Adam Putnam (R-12th FL) was elected to the Republican Policy Chairmanship to fill the position Rep. Shadegg had vacated in order to run in the Majority Leader election. A day earlier, the Democratic Caucus elected Rep. John Larson (D-1st CT) as its Vice Chairman to replace the seat vacated by Rep. James Clyburn (D-6th SC), who recently ascended to the position of Chairman. Senator Robert Menendez (D-NJ) formerly held this leadership position in the House. ■

Over the past several weeks, the NYS Assembly took action on the following proposed health care-related legislation:

**Lab Result Notification:** The Assembly passed A. 1173, which, at the patient's request, would require laboratories to notify patients when the results of medical and lab tests are made available to the health care practitioner ordering the test. This requirement could increase the amount of time that patients would have to wait for results. GNYHA opposes A. 1173 because it would impose new, unnecessary, and costly requirements on laboratories and prescribers. • **Patients' Medical Records:** The Assembly

passed A. 464, which would require hospitals and physicians to post signs with specific language stating that patients have the right to copy their medical records. NYS law already states that hospitals must "post in clearly viewed areas" the Patients' Bill of Rights. GNYHA opposes A. 464 because it is duplicative and unnecessary. • **Blood Drive Grants:** The Assembly passed A. 5494, which would authorize the Commissioner of Health to make grants for conducting a local blood donation drive. GNYHA supports A. 5494 because it would provide increased opportunities to donate blood and respond to a critical need to increase the blood supply in New York. ■

# Speaker Quinn Introduces Hospital Reporting Bill

On Feb. 1, newly elected NYC Council Speaker Christine Quinn introduced legislation that would impose burdensome reporting requirements on hospitals and civil monetary penalties if the requirements are not followed. The legislation—the first bill that Council Member Quinn introduced in her new role as Speaker—is intended to force hospitals to report to the City on their patient financial assistance policies and the amount of charity and uncompensated care they provide to the uninsured. It requires every hospital to recount in detail, both verbally and in writing, to every single patient—including patients who have insurance and are not in need of financial assistance—the hospital's financial assistance policy, income levels included in the policy, asset requirements, application procedures, time frames, services covered and not covered, and a variety of other details. The bill would also require signage throughout every area of the hospital, a voluminous amount of information on financial assistance included with every bill (including bills sent to insured patients and their insurance companies), annual reporting to the City Department of Health (with copies of all the signs posted in the hospital), and a number of other requirements. All City agencies would be required to include these requirements in contracts signed with hospitals, and civil monetary penalties would be imposed for lack of compliance.

GNYHA and its members strongly oppose local government legislation in this area, primarily because the regulation of hospitals is the province of Federal and State governments, not local government.

As reported previously in *Skyline News*, the NYS and Federal governments, through a variety of agencies and sub-agencies, have myriad reporting and other requirements with which hospitals must comply—making New York's hospitals among the most highly regulated in the country. New York's courts, in comparable situations over the years, have expressly ruled that localities cannot legislate on issues that are reserved for action by the State or the Federal government, or both. Moreover, of specific relevance to Speaker Quinn's proposed legislation, Governor George Pataki, in his 2006–07 budget proposal, included new financial assistance reporting requirements for hospitals that receive fund-

ing for bad debt and charity care from the State's indigent care pool. GNYHA and its members will be working with the Governor and the State Legislature on this proposal, which would provide new guidelines for hospitals' financial assistance policies and would provide uniformity throughout the State so that patients and providers alike understand the financial assistance that is available. GNYHA also looks forward to continuing to work with policymakers at the State and Federal levels on the real solution to the problem of the uninsured: comprehensive health insurance coverage for all. Over the years, GNYHA has done more than any other hospital association in the country to advocate for health insurance coverage for the uninsured, including designing, promoting, and playing a huge role in enacting the Family Health Plus program, which now covers more than half a million New Yorkers statewide. ■

## GNYHA Opposes Possible Increase in Con Ed Electricity Rates

GNYHA has filed documents with the NYS Public Service Commission (PSC) opposing Con Edison's request for a rate increase that would implement mandatory "real time pricing" (RTP) rates for large commercial customers. According to Con Ed, the PSC directed Con Ed to

file a rate increase proposal to implement RTP. If the proposal is enacted, several GNYHA members will be subject to RTP rates and will experience significantly increased energy costs. Under the RTP rate structure, customers pay hourly retail electric energy rates as determined by the New York Independent System Operator. Under RTP, electricity rates are highest during peak periods (typically daytime hours). Therefore, RTP is designed to provide incentives for customers to shift usage from peak to off-peak periods to try to limit costs. Since GNYHA member hospitals cannot shift usage like other commercial customers, GNYHA filed a request for an exemption for member hospitals that would be subject to RTP. The filing also requested that, if the PSC does not provide an exemption, it should instead delay implementation of RTP with respect to hospitals pending the results of a pilot program designed to study the impact on hospital electricity costs. GNYHA members that would be subject to RTP should have received a notice from Con Ed and a copy of GNYHA's filing. Con Ed's Web site, [www.coned.com/documents](http://www.coned.com/documents), has information regarding the rate proposal. ■

### SHRPC UPDATE

At its February 2 meeting, the State Hospital Review and Planning Council (SHRPC) approved (in some cases with conditions or

contingencies) the following GNYHA member projects: **Long Island Jewish Medical Center**, expand and renovate existing emergency department, add 14 new ICU beds, and construct space for 26 new ICU beds on a separate floor; **Huntington Hospital**, construct a second cardiac catheterization lab; **Wartburg Nursing Home**, merge with **Wartburg Lutheran Home for the Aged** whereby **Wartburg Nursing Home** will be the surviving entity; **Riverdale Center for Nursing and Rehabilitation**, become the new operator of **Hebrew Home for the Aged at Riverdale's Fairfield Division**; **Good Shepherd Hospice**, construct 16-bed freestanding inpatient hospice on the campus of **St. Charles Hospital**.

In addition, SHRPC voted to disapprove the Taconic Pain Management Center, a proposed freestanding ambulatory surgery center in Westchester.

The following GNYHA member hospitals were approved as Designated Stroke Centers: **Orange Regional Medical Center**, **St. John's Riverside Hospital**, and **St. Vincent's Staten Island Hospital**.

SHRPC's Annual Meeting was also held on February 2. At the meeting, Paul Macielak, President, New York Health Plan Association, was re-elected Vice-Chairman. The position of Chair continues to remain vacant.

## Upcoming GNYHA Member Briefings

### Record Management Strategies and E-Discovery Developments

**Date:** Thursday, February 9, 2006

**Time:** 2:00 p.m.–4:00 p.m.

**Location:** GNYHA Conference Center, 555 West 57th Street, 15th Floor

At this briefing, hosted by GNYHA, attorneys Gideon Schor of Wilson Sonsini Goodrich & Rosati and Sarah Krause of Proskauer Rose, LLP, will address record management best practices for hospitals in light of evolving e-discovery requirements and existing privacy concerns. For more information contact Deborah Brown, and to register contact Cynthia Araujo, at GNYHA.

### Rapid Response Teams: Development and Implementation

**Date:** Wednesday, February 15, 2006

**Time:** 9:00 a.m.–1:00 p.m.

**Location:** GNYHA Conference Center, 555 West 57th Street, 15th Floor

Speakers for this briefing, which will cover the use of rapid response teams in cases of anticipated cardiac arrest and other potential emergency situations, include Gregory H. Botz, M.D., Associate Professor

of Anesthesiology and Critical Care at the University of Texas, M.D. Anderson Cancer Center in Houston, Texas, and Gary Clawson, Ph.D., R.C.P., R.R.T., Director of Clinical and Professional Development at Masimo Corporation. For more information contact Terri Straub, and to register contact Rosanne Casey, at GNYHA.

### Pandemic Influenza Planning

MEETING 1: INFECTION CONTROL PRINCIPLES

**Date:** Monday, February 13, 2006

**Time:** 2:30 p.m.–4:30 p.m.

**Location:** GNYHA Conference Center, 555 West 57th Street, 15th Floor

MEETING 2: STATE AND CITY AGENCY PLANNING

**Date:** Monday, February 27, 2006

**Time:** 2:00 p.m.–4:00 p.m.

**Location:** GNYHA Conference Center, 555 West 57th Street, 15th Floor

At the Feb. 13 meeting of GNYHA's Emergency Preparedness Coordinating Council, Rachael Stricof, MT, MPH, of the NYS Department of Health (DOH), will discuss recommendations for preventing the spread of pandemic influenza in health care settings. The Feb. 27 meeting will focus on the pandemic influenza planning being

undertaken by DOH, the NYC Department of Health and Mental Hygiene, and the NYC Office of Emergency Management. For more information contact Doris R. Varlese at GNYHA; to register, send an e-mail to Laurie Sangirardi at sangirardi@gnyha.org.

### Streaming Media Solutions for Hospitals and Continuing Care Facilities

**Date:** Wednesday, February 22, 2006

**Time:** 9:30 a.m.–11:30 a.m.

**Location:** GNYHA Conference Center, 555 West 57th Street, 15th Floor, or via live webcast

This briefing will demonstrate the use of streaming media applications for live and on-demand webcasts of Grand Rounds, other continuing clinical education programs, employee training sessions, marketing, communications, and other activities. It will be conducted by Stream57, LLC, which was originally owned by GNYHA Ventures, Inc. In 2004, a majority of the company was sold to a group with a team of leading experts in streaming media technology. For more information or to register, contact Barbara A. Green at GNYHA. ■

## President Focuses on Health Care Reform *continued from page 1*

home health care agencies, rehabilitation providers, and long term care hospitals.

**Health IT, HSAs:** The President also spoke of strengthening the doctor-patient relationship and the widespread use of electronic medical records and health IT to control costs and reduce medical errors. He emphasized improving access to health savings accounts (HSAs) by making premiums for high-deductible plans tax-deductible, and he noted the importance of portable coverage, which would enable workers to retain their health

insurance when they change jobs—apparently another reference to expanding enrollment in HSAs, which would be portable.

**Medical Malpractice Reform:** Highlighting access-to-care issues across the country, the President underscored the need for medical malpractice insurance reform and urged the Congress to pass legislation this year. This is one of GNYHA's top priorities at both the

State and Federal levels in 2006. The President has long supported health care liability reform, and while the U.S. House of Representatives has passed his proposals numerous times, the U.S. Senate has not followed suit.

**AIDS:** The President encouraged Congress to reauthorize the Ryan White Care Act and to provide new funding to states to eliminate the waiting lists for HIV/AIDS drugs and for the dissemination of rapid HIV testing across the country. ■

## HOLD THE DATES!

- Tuesday, April 18, 2006 (morning):  
**GNYHA Annual Meeting**
- Thursday, June 1, 2006 (evening):  
**GNYHA Annual Dinner and Awards Ceremony**

Details will be sent to all GNYHA members at a later date.

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