



JANUARY 23, 2006

Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

Governor Pataki Proposes Medicaid Cuts

On Jan. 17, Governor George E. Pataki released his State budget proposal for the fiscal year beginning Apr. 1, 2006, in which he proposes substantial cuts to the Medicaid program—cuts that GNYHA predicts would have a devastating impact on Medicaid clients and their providers.

The State Division of the Budget projects that the proposed cuts and other budget actions would save the State \$1.3 billion in the coming fiscal year. As a result of the concomitant loss of Federal Medicaid funding, however, the impact on New Yorkers covered by Medicaid and Family Health Plus (FHP), and the impact on hospitals and nursing

“These proposed cuts will drastically destabilize New York’s hospitals and nursing homes, which . . . would be compelled to cut back services, curtail essential programs, and lay off nurses and other key employees. Some . . . would be forced to close their doors.”

—Kenneth E. Raske, President, GNYHA

homes, would be much greater. In a statement by the Healthcare Education Project, a joint project of GNYHA and 1199 SEIU United Healthcare Workers East, GNYHA President Kenneth E. Raske and 1199 SEIU President Dennis Rivera predicted that this budget—if enacted by the Legislature as proposed by the Governor—would be disastrous to New York’s already financially reeling health care community. Hospitals have suffered seven consecutive years of bottom-line losses, and more than half of New York’s nursing homes and certified home health agen-

cies are losing money. The skyrocketing costs of pharmaceuticals, medical supplies, and, most dramatically, malpractice insurance have created huge cost pressures while payments from private payers, Medicaid, and Medicare have been spiraling relentlessly downward. The Healthcare Education Project statement also made the point that the proposed Medicaid cuts are wholly inconsistent with the ongoing work of the Commission on Health Care Facilities in the 21st Century. The Governor and the State Legislature creat-

ed the Commission precisely because the hospital and nursing home communities are in such dire financial straits, with a rash of haphazard closings and bankruptcies across the State. The Commission’s charge is to rationalize the downsizing process and recommend restructuring to ultimately strengthen the hospital and nursing home communities so that they can provide high-quality health care services in a more efficient manner and make necessary capital improvements.

continued on page 4

Speaker Quinn To Propose Hospital Reporting

Newly elected NYC Council Speaker Christine Quinn has told reporters of her intent to enact legislation that would require hospitals to report to the City on their financial assistance policies and the amount of charity care they provide to the uninsured. GNYHA strongly opposes City legislation on this issue, primarily because hospital regulation has always been a State and Federal responsibility, never a local one. In fact, New York’s hospitals must comply with myriad government reporting and other requirements, making them among the most highly regulated hospitals in the country. In comparable situations, New York’s courts have, over the years, expressly ruled that localities cannot legislate on issues that have been reserved for action by the State and/or the Federal government. Moreover, Governor George Pataki, in his 2006–07 budget proposal, has included new financial assistance reporting requirements for hospitals that

receive funding for bad debt and charity care from the State’s indigent care pool. GNYHA is working with the Governor and the State Legislature on this proposal, which would provide new guidelines for hospitals’ financial assistance policies.

“We have enormous respect for Speaker Quinn and her commitment to the uninsured,” said GNYHA President Kenneth E. Raske. “Indeed, we are pleased she has become Speaker precisely because of her passion for

continued on page 3

DOH Launches “NYS Hospital Profile” on Web

On Jan. 19, the NYS Department of Health (DOH) launched the NYS Hospital Profile (NYSHP), a Web-based resource that highlights key hospital

continued on page 2

Governor Takes Aim at Medicaid Fraud and Abuse

As part of his 2006–07 Executive Budget, Governor George E. Pataki has proposed a new seven-point plan to fight Medicaid fraud and abuse, which he estimates would reap \$151 million in savings for New York in the 2006–07 State fiscal year.

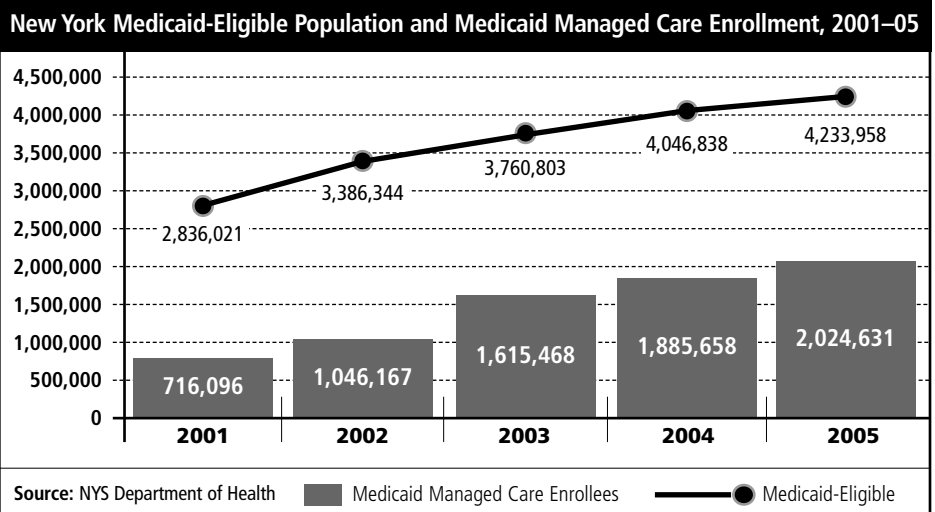
The Governor’s proposal would consolidate all new and existing State employees charged with fighting Medicaid fraud into one unit, under the direction of the State Medicaid Inspector General (MIG). This new unit would boast 627 full-time staff members and would be one of the largest Medicaid fraud-fighting units in the country. In addition, the proposal would establish a permanent Office of the MIG; provide \$15 million to hire 81 new staff members and improve existing anti-fraud initiatives; increase civil and criminal penalties against those who defraud the Medicaid system, with enhanced protections for whistleblowers; allow additional counties to join the 12 counties currently participating in a State-County Medicaid fraud detection program, which increases the counties’ investigatory authority; create new joint Federal/State/local law enforcement task forces to investigate systematic Medicaid fraud and abuse; and employ the Federal “Medi-Medi” demonstration project, which compares Medicare and Medicaid claims data for evidence of fraud and abuse.

The Governor’s plan incorporates the recommendations made by his advisor, Paul Schechtman, who has been studying New York’s Medicaid fraud enforcement structure since the summer of last year. GNYHA has met with Mr. Schechtman, current MIG Kim O’Connor, senior staff from the Office of NYS Attorney General Eliot Spitzer, the NYS Department of Health, and the Governor’s Office to highlight the depth of members’ compliance programs and seek information on the State’s enforcement priorities. Most recently, representatives of the MIG’s Office have agreed to brief GNYHA members on the Governor’s proposal; details will be announced. ■

Medicaid Managed Care Enrollment Growth Accompanies Overall Increase in Medicaid Eligibility

Enrollment in Medicaid managed care in New York State increased by 3.4% from December 2004 to December 2005 to total just over 2 million enrollees statewide, while New York City enrollment increased by 5.7% for a total enrollment of nearly 1.5 million enrollees. Managed care enrollment in New York State has grown rapidly from about 700,000 in 2001 to current levels. At the same time, the number of New Yorkers eligible for Medicaid coverage increased from 2.8 million in 2001 to

4.2 million in 2005—more than 10% per year—while the State’s total population remained fairly constant at 19 million people. The increases in Medicaid eligibility are attributable to Family Health Plus (more than 550,000 enrollees), the Safety Net population (400,000), and the Temporary Assistance to Needy Families population (more than 300,000). Several categories of Medicaid clients, such as the elderly residing in nursing homes, are excluded from managed care enrollment. ■



Hospital Profiles *continued from page 1*

quality measures and treatments for specific patient conditions. NYSHP can be accessed via the DOH Web site at www.health.state.ny.us or directly at www.hospitals.nyhealth.gov. The NYSHP data will be updated quarterly for all 239 hospitals statewide.

Through NYSHP, consumers can review hospital data by health condition, surgical procedure, or special State designation, such as a stroke or burn center. Information is included on care related to heart attacks, heart failure, pneumonia, and prevention of surgical infections, as well as up to 20 related services. The data include the latest information

reported by hospitals to the Centers for Medicare & Medicaid Services through March 2005. NYSHP also highlights risk-adjusted surgical outcomes on adult cardiac bypass and valve surgery, using hospital-reported data through Dec. 2003, as well as angioplasty procedures and pediatric-specific heart surgery statewide.

“GNYHA appreciates the collegial spirit DOH has demonstrated in developing this profile, and we look forward to helping ensure that it will be as useful and accurate as possible,” said GNYHA President Kenneth E. Raske. “We believe it will be an efficient tool for consumers and policymakers alike, and we applaud Commissioner Novello and her staff for their excellent work.” ■

GNYHA Participates in Preparedness Briefings for Congressional Staff

On Jan. 13 and 19, GNYHA participated in two briefings of U.S. Congressional staff, organized by the City of New York, on emergency preparedness activities and future resource needs.

To drive home the high threat level that our region faces, NYC Department of Health and Mental Hygiene (DOHMH) Commissioner Thomas Frieden cited the Sept. 11 attacks and the subsequent anthrax incidents, with many more events having been deterred. GNYHA, with the NYC Health and Hospitals Corporation, described the hospital community's strong collaborative approach to preparedness, its current priorities, and its need for funding to support these activities, and emphasized the high degree of preparedness that is expected of health care facilities here.

GNYHA pointed out that, while hospitals are expected to have surge capacity for emergencies, over the last five years, NYC alone has seen seven hospitals close and an even more hospitals file for bankruptcy—a consequence of the NYS health care system's severe financial stress. DOHMH representatives also reviewed their efforts to identify, contain, and treat possible radiological, biological, and chemical events as well as their work with the health care community to help strengthen the region's public health preparedness.

The first briefing consisted of a day-long visit by staff for New York Congressional Delegation members. It included briefings and tours of Bellevue Hospital's emergency department, OEM's Emergency Operations Center, and the City's biodetection systems.

In attendance were staff for Senator Charles Schumer (D-NY) and Representatives Peter King (R-3rd), Edolphus Towns (D-10th), Maurice Hinchey (D-22nd), Carolyn Maloney (D-14th), Eliot Engel (D-17th), and Jose Serrano (D-16th). Congressman King is the new Chair of the House Homeland Security Committee, and GNYHA has briefed him separately about its members' preparedness activities. The second briefing consisted of a two-day visit for staff with the House Homeland Security Committee and Appropriations Committee to review the region's security, law enforcement, and public health preparedness measures and resource needs. In attendance from the New York delegation were staff for Senator Hillary Rodham Clinton (D-NY) and Rep. John E. Sweeney (R-20th). ■

Medicare Proposes First Update to the Inpatient Psychiatric Facility PPS

On Jan. 13, the Centers for Medicare & Medicaid Services (CMS) displayed its Inpatient Psychiatric Facility Prospective Payment System (IPF PPS) proposed rule for rate year (RY) 2007, which begins on July 1, 2006, and will appear in the *Federal Register* today. Comments are

Speaker Quinn *continued from page 1*

health care. However, the proposed legislation is clearly outside the City's jurisdiction and would potentially place new administrative burdens on an already overburdened system. The hospitals in NYS provide \$3 billion in uncompensated care to the poor and uninsured, including \$1.8 billion to the uninsured and, due to extremely low reimbursement rates, \$1.2 billion for the Medicaid population. This is in excess of 10% of their overall budgets, and it shows a huge commitment to care for the poor and uninsured. Rather than blaming hospitals in NYC for a systemic problem, we wish to work with all New Yorkers on State and Federal legislation to provide what the uninsured really need—not overburdened hospitals, but comprehensive health insurance coverage." ■

due to CMS by 5:00 p.m. on March 14, 2006.

As expected, since CMS will not update its regression model until RY 2008 at the earliest, there were no major changes to the IPF PPS payment parameters, with one exception. The proposed rule would implement the expanded NYC labor market that is currently in effect for the other Medicare PPSs. Thus, the regional adjustment to the IPF PPS Federal per diem and electroconvulsive therapy rates for facilities located in New York

and in Westchester, Rockland, and Putnam counties will decrease from 25.9% in RY 2006 to 24.2% in RY 2007.

Nonetheless, for most GNYHA member hospitals, the IPF PPS still represents a significant improvement from the former historical cost-based methodology that was promulgated under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). For hospital cost-reporting periods beginning on or after Jan. 1, 2006, facilities will receive an equally weighted average of IPF PPS payments and TEFRA payments. (The RY 2006 TEFRA payment will be increased by 4.8% and is not wage-adjusted.) ■

Upcoming GNYHA Member Briefings

Building Engines, Inc.'s Automated Work Order and Preventative Maintenance Solutions (Web Demonstration)

Date: Wednesday, January 25, 2006

Time: 3:00 p.m.–4:00 p.m.

This demo will show health care administrators and facility managers how Building Engines can help them improve building management efficiencies and reduce operating costs. For more information or to register, contact Barbara A. Green at GNYHA.

Relocation and Closure of Hospitals

Date: Thursday, January 26, 2006

Time: 10:00 a.m.–12:00 noon

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

Representatives of Region II of the Centers for Medicare & Medicaid Services (CMS) and the NYS

Department of Health will discuss the process for relocating or closing hospital services. The CMS portion may interest GNYHA members outside NYS. For more information contact Doris Varlese or Pat Wang, and to register contact Laurie Sangirardi, at GNYHA.

Craneware, Inc.'s Chargemaster Management Solutions (Web Demonstration)

Date: Monday, January 30, 2006

Time: 1:00 p.m.–2:00 p.m.

Craneware will show how its Chargemaster management solutions can assist in keeping "Charge Description Master" files current, accurate, and compliant. For more information or to register, contact Barbara A. Green at GNYHA. ■

Commission Unveils Long Term Care Plans

At its Jan. 12 meeting in Albany, the Commission on Health Care Facilities in the 21st Century focused mainly on long term care (LTC) issues. In reviewing the Commission's recent activities, staff reported that the six Regional Advisory Committees (RACs) have been established and have held or scheduled first meetings.

Long Term Care: David Sandman, Commission Executive Director, outlined a methodological approach that he characterized as a "tool" to help the RACs begin considering geographic "areas of opportunity" for restructuring LTC services. Under the approach, each county in the State is assessed to determine whether any of the following apply: 1) more than 125 surplus beds exist (assuming

half of all low-acuity residents now in nursing homes in the county can be served in alternate settings); 2) the occupancy rate for nursing homes in the county is below 94.5%; and 3) there is a shortage of non-institutional care options—for example, adult day care, long term home health care, managed long term care, assisted living, continuing care retirement communities, and adult care facilities—such that 50% of the county's non-institutional need is not met. Counties that meet two of the three criteria are considered "areas of opportunity for restructuring" under the proposed approach. Twenty-four such counties were identified by the Commission, including Nassau, Kings, Westchester, and Dutchess counties.

The NYS Office of Aging reported that the State plans to develop and implement Phase One of its proposed Point of Entry (POE) system—a voluntary information and referral service to help consumers identify appropriate long term care options—over the next 18 months. The second phase, with an indefinite starting date, would entail putting in place a program that would require individuals seeking long term care services to undergo a comprehensive needs assessment and to receive POE approval in order to access such services. GNYHA and its affiliate, the Continuing Care Leadership Coalition, have significant concerns about the second phase and continue to make sure that the Commission, the NYS Department of Health, and the State Office for the Aging are aware of those concerns. ■

Medicaid Cuts *continued from page 1*

"These proposed cuts will drastically destabilize New York's hospitals and nursing homes, which are already in woeful financial condition and would be compelled to cut back services, curtail essential programs, and lay off nurses and other key employees," said Mr. Raske. "Some critically important hospitals and nursing homes would be forced to close their doors. The care of *all* patients would suffer. We will vigorously oppose these cuts with all the resources at our disposal."

The specific hospital cuts proposed by the Governor include freezing 2006 Medicaid rates at 2005 levels, for an annual cost to hospitals of \$161 million; cutting Medicaid payments to teaching hospitals, for a cost of \$72 million; cutting volume adjustments, for a cost of \$46 million; cutting payments for inpatient detoxification services, for a cost of \$46 million; eliminating mental health specialty rates, for a cost of \$4 million; increasing the FHP copay for non-emergency services in the emergency department from \$3 to \$25, for a cost of \$1 million; and other Medicaid cuts.

For nursing homes, the Governor proposes freezing 2006 Medicaid rates at 2005 levels, for an annual cost to nursing homes of \$145 million; phasing in an update of the cost year on which Medicaid rates for nursing homes are based to 2003, which will shift and redistribute funding among nursing homes all over the State, with many nursing homes suf-

fering major losses; eliminating rate add-ons for nursing homes with 300 beds or more and for hospital-based nursing homes; cutting reimbursement rates for adult day health care by \$50 million; including only Medicaid residents in the case-mix calculation, for a cost of \$40 million; and a variety of other actions, including collecting \$95 million in past gross receipts assessment revenue.

Proposals that will specifically affect Medicaid and FHP enrollees include, as noted above, increasing the emergency department copay from \$3 to \$25; repealing the guaranteed six-month eligibility for Medicaid managed care and FHP enrollees; excluding individuals employed by firms with more than 100 employees from FHP; lengthening the "look-back" period during which a person cannot transfer assets and become eligible for Medicaid long term care services without penalty from three years to five years and extending the look-back period to apply to home health services; and eliminating the

right of spousal refusal to help pay for Medicaid long term care services.

Other health-related proposals include cutting the Health Care Reform Act (HCRA) Health Workforce Retraining Initiative program by \$32 million; adding financial assistance requirements for hospitals receiving funding from the HCRA indigent care pool; allowing the State to negotiate fee-for-service Medicaid rates and selectively contract with hospitals for the provision of Medicaid-covered services; and making Medicaid cuts enacted in 1995 and 1996 permanent.

The Governor did commit to funding the second year of the HEAL NY program, although \$25 million would be automatically dedicated to the Roswell Park Cancer Center. He also proposed a \$65 million increase in the excess medical malpractice pool for physicians, and he would commit all the proceeds from health plan conversions to HCRA, which he estimates would extend its solvency through 2014. ■

AROUND

Fred Jacobs, M.D., J.D., has been named to continue as Commissioner of New Jersey's Department of Health and Senior Services (DHSS). Dr. Jacobs, following a 37-year career at Saint Barnabas Medical Center, has served as DHSS Commissioner since 2004. •

Kevin Ryan will serve as Commissioner of New Jersey's Department of Human Services (DHS), which operates six state psychiatric hospitals, seven centers for persons with developmental disabilities, and three residential treatment facilities for children. DHS also oversees the administration of Medicaid, public assistance, and other social benefits. Mr. Ryan has served as New Jersey's State Child Advocate since October 2003. ■