



MARCH 10, 2003

Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

Healthcare Education Project Launches Campaign to Stop Cuts

The Healthcare Education Project—a joint effort of GNYHA and 1199/SEIU—launched a statewide advertising and grassroots advocacy campaign on March 5, 2003, to urge Albany law-

makers to reject the nearly \$2 billion in Medicaid cuts, provider taxes, and other revenue reductions proposed in the State Budget. These huge cutbacks would force New York's already financially fragile hospitals and nurs-

ing homes to reduce key staff, services, and access to care, and would result in hospital, clinic, and nursing home closures. The cutbacks could also disrupt important disaster readiness projects in hospitals.

The campaign will include statewide tele-

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Images from the Healthcare Education Project's advertising campaign urging Albany lawmakers to reject the \$2 billion in Medicaid cuts and provider taxes proposed in the 2003-04 State Budget. These images are among several that will be featured in the campaign's television ads.



President Bush Presents Medicare Reform "Framework"

On March 4, President George W. Bush outlined a Medicare reform "framework" designed to provide prescription drug coverage for senior citizens while encouraging Medicare beneficiaries to enroll in private insurance plans. The President's plan has three major components. First, for those beneficiaries who choose to remain in the traditional fee-for-service Medicare program, the President proposes making available a prescription drug discount card; providing coverage against catastrophic drug expenses (no deductible was specified); and, for low-income seniors, providing \$600 per

year to help pay for prescription drugs. Second, the President's plan would create an "Enhanced Medicare" program, under which private plans would bid to become Medicare preferred provider organizations (PPOs) for different regions of the country. The PPOs would be required to provide prescription drug benefits; preventive benefits, with no cost-sharing; and catastrophic coverage for all medical expenses. PPOs would be required to serve an entire region. The region suggested for New York would include all of New York State and New Jersey. Beneficiaries would have a choice of PPOs. If they chose the average-cost PPO in their region, they would pay

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Medicare Cost Outlier Changes Proposed

On March 5, 2003, the Centers for Medicare & Medicaid Services (CMS) published a proposed rule with a 30-day comment period changing the way that Medicare cost outlier payments are made to hospitals. Cost outliers are intended to cover a portion of the expenses incurred by hospitals for unusually high-cost cases. After accounting for regular Medicare payments, if a hospital's costs exceed a fixed dollar threshold, then outlier payments are available to cover 80% of the costs in excess of the threshold, currently \$33,560 before adjustment for

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GNYHA Developing Threat Alert Guidelines for Health Care Providers

GNYHA is currently working with its Emergency Preparedness Coordinating Council to develop guidelines on measures hospitals should take within each threat alert level and in response to specific types of threat. The recent elevation of the terrorist threat level from yellow (elevated) to orange (high) by both the Federal government and the State of New York on February 7, and the related threat advisories, prompted area hospitals to review and in some cases operationalize aspects of their disaster plans, both anticipatory to receiving patients as well as with respect to basic security measures. Although the threat alert level has since been reduced by both the Federal government and the State of New York to yellow, concerns of possible terrorist attacks remain and will increase should the United States begin military action in Iraq. In addition, NYC remains on high (orange) alert, which has been its status since the introduction of the U.S. Department of Homeland Security's color-coding system.

On February 21, 2003, GNYHA held a

meeting of its Emergency Preparedness Coordinating Council to review the myriad advisories that law enforcement, security, and public health authorities had asked GNYHA to transmit to members. Taken together, these advisories requested that providers be vigilant with respect to bioterrorism agents, chemical agents, and radiological dispersion devices or "dirty bombs." In addition, alerts also raised concerns about the possibility of explosive events, focusing on both financial and symbolic targets as well as soft targets, such as hotels and apartment buildings. Representa-

tives of the NYS Office of Public Security (OPS) reviewed the alert levels, the security measures OPS recommends to organizations within each level, and the specific recommendations OPS made during the period of heightened alert, which GNYHA had also transmitted to its members. Other agencies spoke about the protocols they follow as alert levels change, and the New York State Department of Health reviewed its general expectations regarding hospital preparedness in relation to differing alerts. At its next meeting, the Council will begin developing specific guidelines for security, preparedness, and other readiness activities, based on alert level and type, and will begin to review models for assessing surge capacity, again related to specific types of events. ■

"Emergency Preparedness for the Community" on GNYHA Web Site

In response to the recent level of community concern with respect to possible terrorist attacks nationwide and in the NYC region in particular, GNYHA has added a new section to its Emergency Preparedness Resource Center that addresses emergency preparedness for the community. The Resource Center, located on GNYHA's Web site at www.gnyha.org/eprc, contains materials to assist providers with both preparedness and response activities. The new section brings together materials created by the U.S. Department of Homeland Security, the New York City Office of Emergency Management, the American Red Cross, and the Federal Emergency Management Agency, all designed to help communities prepare for many types of disasters, including possible terrorist attacks. The new section can be used to help both employees and individuals in the community understand basic disaster preparedness and response activities, and in turn reduce potential panic.

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vision and radio ads, a direct mail campaign, a massive telephone-calling initiative, and community forums, events, and rallies. The campaign follows a recent poll conducted by Global Strategy Group, Inc., showing that the vast majority of New Yorkers want the State to maintain or increase funding for health care and believe that hospitals play an important role in the war on terrorism and protecting the public's security.

"The magnitude of these proposed cuts is unbearable, and if they actually took place, the care of every patient in the hospital and the nursing home would suffer," said GNYHA President Kenneth E. Raske. "Drastic revenue reductions on top of negative margins would mean fewer nurses, longer lines in emergency departments, and scaled-back services for all patients—the privately insured, seniors with Medicare coverage, and children."

"The overwhelming majority of New Yorkers are opposed to cutting funding for health care services," said 1199/SEIU President Dennis Rivera. "The goal of this campaign is to encourage these millions of New Yorkers to . . . tell Albany to stop these cuts."

In addition to their everyday patient care responsibilities, today New York hospitals are also actively trying to enhance their disaster readiness capabilities. Since virtually no outside funding has been made available or is slated to be made available, hospitals have been funding important emergency preparedness projects from their cash-strapped operating budgets and have identified critically needed *unfunded* projects that they would undertake immediately if funding were available. The proposed State budget cuts, which come on the heels of large Medicare cuts to hospitals, could disrupt those emergency pre-

paredness activities.

On April 1, 2003, thousands of concerned citizens throughout the State will join the Healthcare Education Project for a rally and march in Albany to oppose the health care cuts. All exempt and unionized employees of the hospitals and nursing homes in the GNYHA membership are invited, including employees of non-unionized facilities. The rally is intended to include as many members of the health care community as possible, whether or not they are members of 1199/SEIU. Members of community boards, auxiliary boards, and retirees are also welcome. For more information about the rally and march, call David Rich or Lloyd Bishop at GNYHA.

On March 5, the Executive Committee of GNYHA's Board of Governors approved a resolution in support of the April 1 rally. ■

NYC, NYS Begin Smallpox Pre-event Vaccination Program

The NYC Department of Health and Mental Hygiene (DOHMH) and the NYS Department of Health (DOH) have begun their voluntary pre-event smallpox vaccination programs by administering the vaccine to public health workers and a small number of hospital staff. Vaccination of DOHMH staff began February 19, and the administration of the vaccine to health care response teams in NYC hospitals will begin next week. Although 68 of 72 hospitals in NYC have agreed to offer vaccinations to their workforce on a voluntary basis, the plan calls for the vaccinations to be administered in only eight hospitals initially, a process that is expected to take place over three weeks. The vaccination of workers in the remaining hospitals will begin in mid- to late April. The entire process is expected to continue through the end of May 2003. Similarly, on February 25, DOH began its program with the vaccination of DOH and local county health department workers, and a small number of hospital staff. The vaccination of hospital personnel under the State program will begin formally this week in eight regional resource center hospitals throughout NYS and will then be expanded to workers at the other participating hospitals beginning in April. The NYC and NYS programs are being undertaken pursuant to the Federal government's plan to create health care smallpox response teams across the country to ensure the availability of vaccinated workers who could care for the first several smallpox patients who might present to hospitals in the event of an outbreak, and who could also

assist in establishing post-event vaccination clinics, should they be needed.

The programs involve the extensive education and training of potential volunteers as well as those who operate the clinics, in light of the possibility of adverse side effects from the vaccine. The process is designed to screen out potential volunteers with contraindications to receive the vaccine, ensure informed consent, and provide extensive monitoring of the vaccination site in order to treat possible adverse reactions and to minimize the possible transmission of the vaccine to others.

Tracking Vaccinations, Adverse Events: Thus far, almost 13,000 individuals have been vaccinated across the country as part of the Federal government's health care smallpox response team program, and no life-threatening adverse events had been reported as of March 3. In addition, over 310,000 Department of Defense (DOD) personnel have been vaccinated as part of DOD's program. The

number of individuals vaccinated by state and the number of adverse events reported as part of the Federal program are available at www.cdc.gov/od/oc/media/smpxrprt.htm. Information about the military's program can be viewed at www.smallpox.army.mil (see "Safety Summary to Date" under "Adverse Event Info").

New Smallpox Vaccination Section on GNYHA Web Site: To assist members in considering and implementing the pre-event program, GNYHA has created a new section of its Emergency Preparedness Resource Center, located on its Web site at www.gnyha.org/eprc, which is devoted to smallpox vaccination issues. The new section organizes the materials into Federal, state, and local categories and includes a section regarding the legal, liability, and insurance issues raised by the program. GNYHA has also recently sent members a bulletin outlining the liability protections and insurance coverages available. ■

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the same premium they pay currently. If they chose higher-cost plans, they would have to pay more; and if they chose lower-cost plans, they could share in the savings. Third, the President proposes maintaining the current Medicare+Choice program but, rather than setting payments to health maintenance organizations based on county-specific Medicare spending, plans would be required to bid. While the President did not propose cutting

Medicare provider rates to help pay for his plan (which he estimates would cost \$400 billion over 10 years), he did signal in his budget proposal that the Administration would work with Congress to implement recommendations put forth by the Medicare Payment Advisory Commission (MedPAC). Last month, MedPAC proposed Medicare market basket update cuts for inpatient and outpatient hospital services and update freezes for skilled nursing facilities and home health agencies. ■

GNYHA Participates in Cover the Uninsured Week

GNYHA has joined the Robert Wood Johnson Foundation and a coalition of New York-based health care providers, consumer advocates, business and labor organizations, faith-based groups, and public officials in sponsoring Cover the Uninsured Week in New York, from March 10 to March 17. The week's events are designed to catalyze a national dialogue on the plight of America's 41 million uninsured citizens. Co-chaired by former Presidents Gerald Ford and Jimmy Carter, the events will highlight

the goal of improving the health care system and ensuring access for all. Speakers will include Senator Hillary Clinton, Representatives Anthony Weiner and Carol Maloney, uninsured individuals, and policymakers. GNYHA President Kenneth Raske and other health care leaders will sign a proclamation declaring the urgency of the uninsured situation. GNYHA has been involved in the planning and execution of all the NYC events. For more information, visit www.covertheuninsured-week.org/ny, or call (212) 606-3845. ■

HOLD THE DATES!

- Thursday, **April 10, 2003** (morning): GNYHA Annual Meeting
- Thursday, **June 5, 2003** (evening): GNYHA Annual Reception and Awards Ceremony

Details will be sent to all GNYHA members —stay tuned!

THEORI to Address APA Board

On March 10, Karen Heller, Executive Director, The Health Economics and Outcomes Research Institute (THEORI) at GNYHA, is scheduled to brief the American Psychiatric Association's (APA) Board of Trustees about research conducted by THEORI and the APA on developing a Medicare psychiatric inpatient prospective payment system (Psych PPS). The Balanced Budget Refinement Act of 1999 mandated that the Secretary of the U.S. Department of Health and Human Services develop a Psych PPS with a per diem unit of payment, which would incorporate an "adequate" patient classification system and would be budget-neutral to current payments. The new PPS would affect psychiatric hospitals and units with general hospitals that are exempt from the general hospital PPS; these facilities are currently reimbursed under a cost-based formula established under a 1982 law. Led by Joseph T. English,

M.D., past APA President, the APA was largely responsible for the psychiatric exemption, due to its sponsorship of research demonstrating that the general hospital PPS would not adequately match payments with the cost of inpatient psychiatric services. In 2000, Dr. English, who is Chairman of the GNYHA Mental Health Committee, engaged THEORI on the APA's behalf to answer three questions: 1) What was the value of the psychiatric exemption from the general hospital PPS? 2) Can an adequate Psych PPS be developed using only administrative data, which would spare hospitals from having to complete a new patient assessment instrument? and 3) What is the most robust payment model that can be devel-

oped from administrative data? THEORI's research assessed the annual value of the exemption at about \$200 million a year; it demonstrated that administrative data are adequate to develop a per diem Psych PPS; and it is finding that a decision-tree patient classification system incorporated into a regression model can explain more than 20% of per diem cost variation. The Centers for Medicare & Medicaid Services (CMS) and the Medicare Payment Advisory Commission favorably cited THEORI's research in separate reports to Congress. CMS is expected to issue its proposed rule for the Psych PPS at the end of March; implementation is expected to take effect on Jan. 1, 2004. The APA and GNYHA will use THEORI's research as the basis for their comments on the proposed rule. ■

Upcoming GNYHA Briefings

Pre-Event Smallpox Vaccination Program in the U.S. Military and Israel

Date: Wednesday, March 12, 2003

Time: 9:30 a.m.–12:00 noon

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

At this briefing, Colonel John D. Grabenstein, R.Ph., Ph.D., Deputy Director of Clinical Operations, Military Vaccine Agency of the U.S. Army Medical Command/Army Surgeon General's Office, will discuss the military's experience with its pre-event smallpox vaccination program. Joshua Shemer, M.D., Director General of Maccabi Healthcare Services, will discuss Israel's experiences with its vaccination program. The briefing will be informative for those who are deciding whether to participate in the Federal government's pre-event smallpox vaccination program. For more information contact Doris R. Varlese, and to register contact Barbara Marino, at GNYHA.

Preventing and Managing Risk in the ED

Date: Friday, March 14, 2003

Time: 9:00 a.m.–12:30 p.m.

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

This briefing, designed to assist senior management and clinical staff improve quality and patient safety and manage medical malpractice exposure, will focus on emergency department risk management and interventions to minimize hospital exposure when an event occurs. For more information contact Terri Straub, and to register contact Barbara Marino, at GNYHA. ■

NYS Nursing Homes Continue to Improve

New data on the Nursing Home Compare Web site (www.medicare.gov) from quarters two and three of 2002, published as part of the CMS Nursing Home Quality Initiative (NHQI), show that NYS facilities improved on three key indicators: percentage of long-term residents with loss of

ability in basic daily tasks; percentage of short-stay residents with delirium; and percentage of short-stay residents who developed delirium after admission. GNYHA has found that its members showed greater improvement (3.7%) than the rest of the State (1.5%), particularly in the area of physical restraints. ■

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regional wage differences. Hospitals must absorb this threshold amount as non-reimbursed expenses before outlier payments become available. Because the Medicare program by law is supposed to pay between 5% and 6% of total regular hospital Medicare payments as outliers, CMS has annually adjusted the cost threshold to try and stay within the target payment amount. As more claims have been made for outlier payments, the threshold has been increased, making it more difficult to qualify for reimbursement. Last fall, public attention was drawn to disclosures that Tenet Healthcare, Inc., had been receiving unusually high outlier payments. Since then, the outlier payment formulas have been criticized as permitting some hospitals to manipulate their costs and charge schedules to qualify for greater reimbursement. CMS's proposed rule, intended as a response to those criticisms, has caused consternation because the changes go beyond those targeted at eliminating the alleged loop-

holes and could have a negative impact on many hospitals that had not engaged in these practices. Thus, the CMS proposal would greatly constrain hospitals' ability to change their cost profiles in order to qualify for outlier payments, an action that is expected to reduce outlier claims significantly, but CMS did not propose a change in the cost threshold that hospitals must absorb in order to qualify. Therefore, the benefit resulting from reduced claims by hospitals that may have engaged in aggressive practices would not be available for hospitals that had not engaged in such actions. U.S. House of Representatives Ways and Means Committee Chairman Bill Thomas wrote to CMS expressing support for eliminating the outlier formula flaw and lowering the outlier threshold, as well as for making focused changes needed to terminate the abuse. GNYHA has written to Chairman Thomas supporting his position and will comment in detail on the CMS proposals. ■