



JUNE 2, 2003

Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

President Bush Approves New Medicaid Funding for States

On May 28, 2003, President George W. Bush signed the Jobs and Growth Tax Relief Reconciliation Act of 2003 (H.R.2) into law. H.R.2, which is best known for providing over \$300 billion in tax relief over the next 10 years, also includes a substantial increase in Federal Medicaid funding and other fiscal relief for financially strapped states. Specifically, H.R.2 will infuse \$2.1 billion of new Federal funding into the New York State and local governments through two mechanisms. First, and most significantly for GNYHA members, the bill will increase New York's Medicaid matching rate from 50%

to 52.95% for five calendar quarters, beginning in the current quarter, which began on April 1, 2003. The benefit of this increase will accrue to the State government as well as to the county governments and New York City. Specifically, according to State estimates, New York State will receive approximately \$882 million in new Medicaid funding as a result of this provision; New York City will receive \$336 million; and the other counties in the State will receive \$182 million. Pursuant to Chapter 1 of the 2002 Laws of New York, which, among other things, provides increased funding to all hospitals and nursing homes in the State for workforce recruitment and retention, the State Comptroller is direct-

ed to transfer "up to" the amount of funding that will be received from the Medicaid matching rate increase into the Health Care Reform Act tobacco initiatives pool. Second, the bill provides for \$5 billion in this Federal fiscal year and another \$5 billion in the next Federal fiscal year for states to help fund "essential government services" or services that are mandated by the Federal government

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GNYHA Board Meets

The GNYHA Board of Governors met on May 22, 2003, and took the following actions:

- approved recommendations from the GNYHA Nominating Committee for directors and/or officers of GNYHA and its subsidiaries and affiliates for 2003-04;
- reviewed the NYS Legislature's override of Governor Pataki's budget veto, as well as the GNYHA and 1199 SEIU Healthcare Education Project's advocacy campaign during the past 10 weeks;
- authorized GNYHA to become involved in any potential future litigation about the State budget;
- was briefed on GNYHA's efforts to secure Federal funding for NYS's Medicaid program, the status of Medicare legislation, and GNYHA's ongoing efforts to enhance reimbursements for its members, including increasing the IME adjustment;
- was briefed on key elements of proposed rules issued recently by CMS for FY 2004 hospital inpatient prospective payment system (PPS), inpatient rehabilitation PPS, and skilled nursing facility PPS;
- heard a report on GNYHA's activities in the area of emergency preparedness;
- approved the audit report of the 2002 financial statements of GNYHA and its subsidiaries and affiliates; and
- approved applications for Institutional Membership by Crouse Hospital (Syracuse) and Niagara Falls Memorial Medical Center. ■

CMS Releases SNF Market Update

On May 20, 2003, the Centers for Medicare & Medicaid Services (CMS) released a new report on the financial health of U.S. skilled nursing facilities (SNFs). The report, prepared by a former Wall Street analyst, expresses concern about the fiscal health of the nursing home sector overall, and points to current Medicare and Medicaid payment policies, wage trends, and liability-related cost increases as contributing factors. The study found that 1) average margins for SNFs nationwide continued to decline after the October 2002 sunset of the 4% across-the-board add-on and the 16.66% increase for the nursing component in the SNF Medicare rates; 2) median total margins

for not-for-profit facilities in 2000 (0.3%) were lower than those for for-profit facilities (2.2%); and 3) access to capital for not-for-profit nursing facilities is particularly difficult, with not-for-profit nursing home bond issuance having fallen 78% between 1998 and 2002.

Implications for Advocacy: The findings of this study highlight Wall Street analysts' understanding that higher Medicare and private pay rates provide an important subsidy to offset lower Medicaid payments—and therefore that policies that threaten Medicare SNF payments put facilities at significant financial risk, even though such payments

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GNYHA Ventures and Craneware Form Strategic Alliance

GNYHA Ventures, Inc., and Craneware, Inc., recently announced a strategic alliance that brings a valuable product with economic and administrative solutions to GNYHA members. Craneware's *Active Chargemaster Professional Toolkit* is designed to help health care institutions better manage and control their Charge Description Master Files, which house all financial transactions that can be applied to a patient account, including all descriptions and codes needed for billing, payment, and reimbursement. The software will help health care institutions keep their chargemaster files current, accurate, and compliant. This product is also marketed by 3M Health Information Systems and Martin Henry Associates on behalf of Craneware, Inc.

Some features of the *Active Chargemaster Professional Toolkit* include identifying invalid or obsolete Current Procedural Terminology (CPT) or Healthcare Common Procedural Coding System (HCPCS) codes and suggesting replacements for codes that are missing or no longer exist. The software recommends possible billable codes

missing from the master file and identifies common compliance problems by constantly checking against the latest code standards, regulations, and current compliance issues. Additionally, the software enables hospitals and continuing care facilities to support efficient chargemaster coding via easy access to an up-to-date reference guide of all CPT and HCPCS codes. The software provides a comprehensive audit trail for every charge code and an online memo feature for each chargemaster item, and increases flexibility by allow-

ing multiple, simultaneous access to permission-controlled segments of the chargemaster. This innovative product will help ensure quicker payments while increasing revenue and reducing bill rejection.

GNYHA Ventures will be holding a briefing on June 10 to demonstrate Craneware's *Active Chargemaster Professional Toolkit*. For complete details, see "Upcoming GNYHA Briefings" on page 3.

For more information about Craneware's chargemaster solutions, please contact Gayle White at GNYHA. ■

AROUND

Stanley Brezenoff has been named President and Chief Executive Officer of Continuum Health Partners, Inc., which includes Beth Israel Medical Center, St. Luke's-Roosevelt Hospital Center, Long Island College Hospital, and The New York Eye and Ear Infirmary. He will assume his new role at the hospital system on July 7, 2003. Mr. Brezenoff, who is on the GNYHA Board of Governors and assumes the position of GNYHA Chairman on June 5, 2003, is currently President and Chief Executive Officer of Maimonides Medical Center, a position he has held since 1995. Prior to joining Maimonides, he was Executive Director of the Port Authority of New York and New Jersey. He was also the First Deputy Mayor of New York City in the Koch Administration. From 1981 to 1984, Mr. Brezenoff was President of the New York City Health and Hospitals Corporation. ■

FDA Releases Guidance on Screening Blood Donors for SARS

The U.S. Food and Drug Administration (FDA) recently issued final guidance on screening blood donors for Severe Acute Respiratory Syndrome entitled, "Recommendations for the Assessment of Donor Suitability and Blood Product Safety in Cases of Suspected Severe Acute Respiratory Syndrome (SARS) or Exposure to SARS." The guidance recommends that potential donors be asked about 1) history of SARS, suspected SARS, or treatment for SARS within the previous 28 days; 2) close contact within the previous 14 days with people who have SARS or suspected SARS; and 3) travel to or residence in areas affected by SARS within the previous 14 days. The FDA recommends that potential donors with a history of SARS or suspected SARS be deferred for at least 28 days after their symptoms are resolved and any treatment is completed, and that poten-

tial donors with a history of contact with individuals who have SARS or suspected SARS be deferred for at least 14 days after their last exposure. Finally, the FDA recommends that donors who have traveled to or resided in affected areas be deferred for at

least 14 days after arrival in the United States. The FDA has indicated that it is unknown whether SARS can be transmitted through blood. The guidance is effective immediately and is available on the FDA Web site at www.fda.gov/cber/gdlns/sarsbldgd.pdf. ■

New Medicaid Funding

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but for which no Federal funding is available. Both of these provisions will go a long way toward helping to balance the New York State budget over the next two years. GNYHA strongly supported these provisions, and has worked for two years with a broad coalition to help make them a reality. The Healthcare Education Project, GNYHA's joint initiative with 1199 SEIU, contributed \$1 million to a

nationwide campaign in support of the State fiscal relief effort. GNYHA is extremely grateful to New York Congressmen Peter King and Tom Reynolds, who strongly supported State fiscal relief in the House, as well as to Senators Charles Schumer and Hillary Rodham Clinton, who supported the proposal in the Senate. GNYHA is also grateful to Governor George Pataki, who worked very hard with his fellow Republicans in Washington, D.C., to make sure that these provisions became law. ■

GNYHA Members Participate in NYC OEM Exercise

On May 18, the NYC Office of Emergency Management (OEM) held a field exercise to test the ability of NYC agencies and hospitals to respond to a chemical incident. Eight ambulances operated by GNYHA members participated in the field component of the exercise, and seven GNYHA member facilities participated in the hospital component, during which hospitals

received simulated patients. OEM also tested its 800 MHz radio system. GNYHA participated in the planning of the exercise and will be working with OEM to plan future exercises that include hospitals.

Upcoming Exercises: On June 3, GNYHA and the NYS Department of Health will conduct a drill of the Hospital Emergency Response Data System. On June 24, the Naval War College will be conducting a table-top exercise at GNYHA for GNYHA members. ■

GNYHF Receives Kellogg Foundation Award to Support HITE Project

The Greater New York Hospital Foundation (GNYHF) has received a \$97,550 grant from the W. K. Kellogg Foundation to pilot-test the Health Information Tool for Empowerment (HITE), a Web-based initiative designed to increase access to health care for uninsured New Yorkers.

Most of NYS's 3 million uninsured individuals fail to enroll in the State's publicly funded health insurance programs because they are unaware of the programs or are put off by the complexity of the application process. HITE will address those problems by providing frontline organizations that work with the uninsured—social service agencies, hospitals, clinics, faith-based groups, homeless shelters, and community-based organizations—with an easily accessible, locally tailored portal to information and resources for the uninsured. Its features include a comprehensive, searchable database of health-related resources for uninsured New Yorkers and a software program that will pre-screen indi-

viduals' eligibility for public health insurance programs. Other components, including a discussion board, calendar of local events, and document library, will be added in later phases of the project.

GNYHF's three partners on this project—the Greater Southern Brooklyn Health Coalition, the Mothers and Babies Perinatal Network of South Central New York, and the Northern Manhattan Community Voices Collaborative—are collaborating on all phases of project development, and will pilot-test the tool before it is launched statewide in 2004.

"HITE will ease the burden on countless health and social service organizations that are overwhelmed by and under-equipped to deal with the rising numbers of uninsured individuals who need essential health care services," said Rima Cohen, Director of GNYHF's Insurance Options for the Uninsured (IOU) and HITE Project Director.

HITE is also supported by The Robert Wood Johnson Foundation and Verizon Foundation. For more information, contact Rima Cohen or Ami Desai at GNYHA. ■

CMS Releases SNF Market Update *continued from page 1*

may cover only 10%–15% of nursing facility residents. This finding will be useful in efforts to secure relief from the loss of the two additions that expired last October and to push back against MedPAC recommendations calling for an update freeze for all SNFs in 2004. The study also underscores the urgency of addressing the failure of the SNF payment system to cover the costs of capital invest-

ments. GNYHA will use the study's findings—which show a direct correlation between the change in Medicare capital payment policy and the precipitous drop in access to capital by SNFs—to promote an amendment that would provide both immediate relief and a long-term fix for the inadequacy of capital payments under Medicare. The full report can be found at www.cms.hhs.gov. ■

Upcoming GNYHA Briefings

Craneware, Inc.: Chargemaster Files

Date: Tuesday, June 10, 2003

Time: 9:30 a.m.–11:30 a.m.

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

At this briefing, Craneware, Inc., will present its *Active Chargemaster Professional Toolkit*, a software solution that can help health care facilities better manage their Charge Description Master Files to keep them current, accurate, and compliant (see story on page 2). Keith Neilson, Craneware's President and CEO, and Nora McNeil, Craneware's head of Research and Development, will discuss the value of the software and demonstrate its key features. For more information contact Gayle White, and to register contact Sahar Zodeh, at GNYHA.

Bioterrorism and Patient Safety Federal Funding Opportunities

Date: Wednesday, June 11, 2003

Time: 2:00 p.m.–4:00 p.m.

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

At this briefing, Sally Phillips, R.N., Ph.D., Director of Bioterrorism Preparedness Research at the Agency for Healthcare Research and Quality (AHRQ), will provide an overview of AHRQ grants in the areas of bioterrorism and patient safety, as well as a brief overview on the grant process at the agency. GNYHA encourages attendance by staff whose work involves bioterrorism preparedness and response and/or patient safety. For more information contact Gary Sokolow, and to register contact Jennefer Vicioso, at GNYHA.

Hand Hygiene and Barrier Protection in Infection Control (rescheduled)

Dates: Wednesday, June 25, 2003 (NYC);

Thursday, June 26, 2003 (Long Island)

Time: 11:30 a.m.–4:30 p.m. (both locations)

Locations: GNYHA Conference Center, 555 West 57th Street, 15th Floor; North Shore University Hospital, Center for Emergency Medical Services, 15 Burke Lane, Syosset

Speakers at this briefing, which will be held twice (once in Manhattan and once on Long Island), will review the most recent Centers for Disease Control and Prevention "Hand Hygiene Guidelines for the Health Care Setting," and the latest alcohol-based products for hygiene. Latex allergies, glove usage, barrier protection, dermal reactions, and skin wellness will be covered. Infection control staff, health educators, and nursing and medical purchasing staff are encouraged to attend. For more information contact Terri Straub or Tim Glennon, and to register contact Rosanne Denaro, at GNYHA. ■

SHRPC Planning Committee Discusses Draft NYS Need Methodology for Physical Medicine and Rehab Beds

On May 22, the State Hospital Review and Planning Council (SHRPC) Planning Committee discussed a draft need methodology for physical medicine and rehabilitation (PM&R) beds, which would replace the existing bed need methodology that was developed in 1986. The draft is based on a 17-day length of stay for patients in certain categories. According to an analysis undertaken by the NYS Department of Health (DOH), based on the draft need methodology, there is no remaining need for PM&R beds in the NYC area and little remaining need in the other regions of the State.

At the meeting, GNYHA commented that it is reviewing the draft need methodology with members, particularly in light of the Centers for Medicare & Medicaid Services' intention to reinstate enforcement of its 75% rule. GNYHA indicated to the Planning Com-

mittee that it will provide comments to DOH after an upcoming meeting with members.

The Planning Committee voted to send the draft need methodology for PM&R beds, as well as a draft need methodology for venti-

lator beds, back to DOH staff for further refinement.

For a copies of the draft PM&R and ventilator bed need methodologies, please contact Doris R. Varlese at GNYHA. ■

GNYHA Members Participate in Nurse Lobby Day

On May 20, several GNYHA hospital nurse executives met with members of the NYS legislature to discuss concerns about legislative proposals that would set minimum staffing ratios and prohibit mandatory overtime. GNYHA members communicated the complexities involved in creating staffing plans in hospitals, as well as the process for identifying appropriate staffing levels specific to their demographics, patient population, and individual unit needs. They stated that imposing restrictions on overtime or setting arbitrary staffing ratios would eliminate the flexibility necessary for providers to ensure quality care. Health care providers are already operating under severe financial constraints and a shortage of health care personnel, and any decision to impose further demands could force units or even entire hospitals to close.

Members discussed how staffing ratios do not address the health care worker shortage and that existing requirements through State regulations and accrediting agencies such as the Joint Commission on Accreditation of Healthcare Organizations ensure patient safe-

ty. Members explained the process to avoid imposing mandatory overtime by building in extra staff, using agency nurses and float staff, and asking nurses to volunteer to work overtime. Hospitals use mandatory overtime as a last resort to ensure that patients receive the care they need. According to a 2002 GNYHA survey, mandatory overtime represents only 1.6% of total overtime hours. Finally, members expressed their concerns that imposing ratios or prohibiting mandatory overtime would not accomplish the Legislature's goal of improving quality and patient safety, and would actually have the opposite impact. GNYHA members urged the policymakers to focus instead on longer-term solutions to attract more people into health care jobs, and to make more efficient use of existing health care staff.

GNYHA would like to thank the nurse executives who participated in the nurse lobby day. GNYHA has actively opposed all legislation that would set minimum staffing ratios and prohibit mandatory overtime, and will continue to work with the NYS Legislature to find ways to alleviate the nursing shortage. ■

Legislative Digest

Last week, the New York State Legislature considered the following health-related bills:

Staffing Ratios: The NYS Assembly Health Committee approved seven different bills setting minimum staffing ratios in health care facilities. GNYHA opposes any legislation that limits the flexibility of health care providers to ensure quality and patient safety. • **ECT:** The NYS Assembly Ways and Means Committee approved A.5944, establishing an advisory committee to regulate and control the practice of electroconvulsive shock therapy (ECT). GNYHA opposes this legislation on the basis that it represents a precedent, in that no other medical treatment or procedure is regulated or controlled in such a manner. • **Insurance Coverage:** The NYS Assembly Ways and Means Committee approved A.762 and A.8301. A.762 would include rehabilitation hospitals in the definition of inpatient health care services under the Child Health Plus program. This would allow children to transfer to a more appropriate setting for necessary services. A.8301 would require health insurers to provide insurance coverage for alcohol and/or substance abuse addictions at the same level as other health care benefits. GNYHA supports both of these proposals. ■

GNYHA to Serve on NQF Advisory Committee on Data Availability and Integrity

At the recommendation of GNYHA, the National Quality Forum (NQF) has developed an Advisory Committee on Data Availability and Integrity to ensure the highest standards of risk adjustment, outcome measurement, and reporting of measures that are adopted by the NQF. At the NQF Spring Membership meeting, the NQF Board elected the Advisory Committee's members, who will include Karen Heller, Senior Vice President and Executive Director of The Health Economics and Outcomes

Research Institute at GNYHA. Ms. Heller will be working with other national leaders to develop a set of best practices in risk adjustment and risk-adjusted outcomes, and to identify a consistent approach for data collection and reporting of process-of-care measures. As an NQF member, GNYHA is committed to ensuring that performance data and other information about hospital quality are fair measures of actual hospital performance. If you have any questions about the NQF, contact Terri Straub at GNYHA. ■