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Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

New Medicare Law Includes Subsidy for Retiree Drug Costs

On December 8, 2003, President George W. Bush signed into law the Medicare Prescription Drug Improvement and Modernization Act of 2003 (P.L.108-73). Contained within the new law is a subsidy to help employers who provide prescription drug coverage for their retirees to continue to provide it. Specifically, beginning in 2006, employers who provide retiree drug coverage that is at least actuarially equivalent to the new Medicare Part D drug benefit would receive a subsidy equal to 28% of the employer's annual costs between \$250 and \$5,000 per retiree. In other words, if a retiree has drug costs of \$1,000 in a given year, the employer would be eligible

for a subsidy of \$280 for that employee in that year. The subsidy will be available to all employers who provide qualifying retiree prescription drug coverage, including not-for-profit and public employers. This could provide significant savings over time for GNYHA member hospitals and nursing homes. Preliminary estimates based on current drug spending show that the 1199 SEIU benefit fund alone could receive an annual subsidy of approximately \$10 million, or more than 19% of retiree drug spending. Hospitals and nursing homes also provide retiree coverage for a variety of non-1199 SEIU retirees, including retirees who belong to other unions and non-union retirees. ■

Congressman Proposes Reporting Care for Immigrants; Medicare Bill Funds Immigrant Care

As early as January 2004, the U.S. House of Representatives may consider a proposal to require hospitals to report the name of any undocumented immigrant who seeks hospital care to the U.S. Border Patrol within two hours of treatment. The proposal, initiated by U.S. Representative Dana Rohrabacher (R-CA), appears to be under discussion as a result of a provision in the Medicare prescription drug bill that will provide nearly \$1 billion for hospitals and other emergency service providers treating a high number of undocumented immigrants.

GNYHA opposes the Rohrabacher proposal given that many New York hospitals provide an abundance of uncompensated care each year to individuals who may be in this country illegally. There are also concerns that the Rohrabacher proposal would undermine Emergency Treatment and Labor Act provisions that require hospitals to treat and stabilize every patient who enters the emergency department regardless of race or citizenship status. Members of the Congressional Hispanic Caucus wrote a letter to House Speaker Dennis Hastert (R-IL) opposing the measure, citing violations of civil rights laws and asserting that "such a provision will have a devastating impact on our nation's public health."

continued on page 3

Final Medicare 75% Rule Still to Come

Last week, Centers for Medicare & Medicaid Services (CMS) Administrator Tom Scully briefed Health and Human Services Secretary Tommy Thompson on the provisions in the agency's final regulation on the 75% rule for inpatient rehabilitation facilities. As *Skyline News* went to press, the outcome of the meeting was unknown, but Secretary Thompson must approve the regulation before it can be promulgated for implementation. CMS had originally hoped to publish a final rule by December 1, 2003, for implementation on January 1, 2004, but was unable to com-

plete the regulatory process in order to do so. At the December 2003 CMS Hospital Open Door Forum, a monthly conference call that CMS holds with providers, Administrator Scully announced that if publication of the rule were significantly delayed, the agency would instruct its fiscal intermediaries to reinstitute enforcement of the current 75% rule beginning on January 1, 2004. GNYHA will continue its vigorous advocacy for significant changes to the 75% rule through both regulatory and legislative efforts, and will keep its members apprised of any developments. ■

MedPAC Discusses Draft Recommendations for FY 2005

At the meeting of the Medicare Payment Advisory Commission (MedPAC) on December 4–5, the commissioners discussed draft recom-

mendations by the MedPAC staff for Medicare payment updates for fiscal year (FY) 2005. If approved, the recommendations would cut Medicare payments to

providers in all service sectors in FY 2005 compared with current law. (The recently passed Medicare legislation would need to be amended in order for the MedPAC recommendations to be implemented—see story below for a description of the new Medicare bill’s inpatient market basket update provisions.) MedPAC proposed cuts to hospitals even though preliminary analyses by MedPAC staff predicted that the overall Medicare margin of hospitals would drop from 4.2% in 2001 to 2.8% in 2004. In formulating its payment update recommendations, MedPAC evaluates the adequacy of Medicare payments in each sector and considers factors such as beneficiary access to care, service volume change, and provider access to capital. A formal vote on the recommendations will take place at MedPAC’s meeting on January 14–15. ■

Draft MedPAC Update Recommendations for FY 2005

Medicare Payment System	Current Law	MedPAC Recommendation
Hospital inpatient PPS	MB for hospitals participating in CMS’s quality initiative, MB minus 0.4 percentage point for all others	MB minus 0.4 percentage point
Hospital outpatient PPS	MB	MB minus 0.9 percentage point
Skilled nursing facility PPS	MB	No update
Home health PPS	MB minus 0.8 percentage point	No update
Physician services	1.5% increase	Input price index minus 0.9 percentage point

Note: MB = market basket.

Quality Improvement Demo Payments Begin

On Nov. 26, the NYS Department of Health (DOH) released the first payment to nursing facilities that received awards under the NYS Nursing Home Quality Improvement Demonstration Program. The facilities underwent a competitive grant process to assess programs aimed at improving retention and recruitment of direct care staff in nursing facilities. All members that applied through the GNYHA/Continuing Care Leadership Coalition’s (CCLC’s) Quality Improvement Consortium received awards, and direct care staff at those facilities will receive quality improvement training through CCLC. The first payment was for these workforce improvement activities for the period of Apr. 1, 2002, to Oct. 21, 2003. For non-public facilities, this first lump sum payment will be received as part of the facility’s Medicaid rate, while public facilities will receive the funds as a grant. Non-public facilities will receive the balance of their awards via Medicaid rate add-ons over the period Dec. 3, 2003, through Dec. 31, 2004. Although these payments will end in December 2004, facilities may use their Quality Improvement

Hospitals Enrolling in CMS Quality Initiative Will Receive Full Medicare Reimbursement

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 provides for a full Medicare inpatient market basket update for the next three years for hospitals that enroll in the Centers for Medicare & Medicaid Services’ Medicare quality initiative by the beginning of Federal fiscal year 2005, which starts October 1, 2004. This initiative is separate from the demonstration project in which many New York hospitals have enrolled, but participation in the demonstration would also qualify a hospital for the full market basket update. Hospitals that do not sign up to participate in the Medicare quality initiative will have their market basket update reduced

Demonstration funds for program activity through June 30, 2005. CCLC is working closely with Quality Improvement Consortium members on planning for eligible activities under the grant including participation in CCLC’s quality improvement training. For more information, contact Roxanne Tena-Nelson at CCLC. ■

by 0.4 percentage point. Hospitals not already enrolled may do so at any time through their state’s quality improvement organization. (GNYHA recommends that hospitals enroll as soon as possible to avoid any last-minute unforeseen delays.) Currently, the initiative requires hospitals to report data on 10 quality indicators for three clinical measure sets (acute myocardial infarction, heart failure, and community-acquired pneumonia). As a result of the limited number of clinical measures, the Medicare provision requiring a market basket update cut for hospitals not enrolling in the quality initiative does not pertain to rehabilitation, psychiatric, or children’s hospitals, nor would it affect critical-access hospitals. In addition, hospitals that have fewer than 25 cases per quarter for each of the clinical measure sets are not expected to be included in the public reporting initiative for that clinical measure set. However, they are expected to fill out the enrollment form to report on the applicable measures. If you have questions about the quality initiative or need guidance to enroll, contact Terri Straub at GNYHA. ■

DOH to Implement New Birth Certificate System

Effective Jan. 1, 2004, the NYS Department of Health (DOH) will implement a new system for submitting birth certificate, Medicaid infant enrollment, and other related maternal and newborn health data to DOH for hospitals in NYS located outside NYC. The new system will replace the current PC-based electronic birth certificate system with a Web-based system that is the core module of NYS's Statewide Perinatal Data System (SPDS). DOH has contacted hospitals in NYS outside NYC about the new system. On Dec.

16, DOH will hold a satellite teleconference training session on the new system.

Hospitals located in NYC will continue to report birth certificate data to the NYC Department of Health and Mental Hygiene's vital records system. GNYHA has commented to DOH that hospitals in NYC should not be required to report birth certificate data to both the City and the State when the SPDS system is implemented statewide.

If you have any questions, contact Doris R. Varlese or Stewart Presser at GNYHA. ■

Billing Changes Required for NYS Medicaid Ambulatory Claims

The NYS Department of Health (DOH) has notified Medicaid providers that in order for Medicaid Article 28 ambulatory claims to be compliant under the Health Insurance Portability and Accountability Act (HIPAA) Transaction Sets, procedural coding must change to CPT-4 from ICD9-CM codes. While DOH has

delayed HIPAA Medicaid billing implementation until Feb. 18, 2004, procedural coding will change as of Jan. 1, 2004. DOH engaged a consulting firm to develop crosswalk tables from ICD9-CM to CPT-4 codes and to create a Web site (www.treosolutions.com/mcicaid) from which the tables could be downloaded, to help providers. For more information, contact Stewart M. Presser at GNYHA. ■

DOH Briefs GNYHA Members on Medicaid Managed Care Benefits

More than 150 GNYHA members attended in a briefing on Nov. 14 in which NYS Department of Health (DOH) representatives reviewed the Medicaid managed care, Family Health Plus (FHP), and Child Health Plus (CHP) programs' benefits. More than 2.4 million people are enrolled in these programs throughout the State. Each program is different. Individuals in FHP and CHP have benefits only through their managed care plan, whereas Medicaid managed care enrollees may receive some benefits through fee-for-service plans. For all three programs, the State determines what benefits the plan must provide, but the plans determine the medical necessity of the service.

DOH clarified some of the more complex coverage rules related to behavioral health. For example, Medicaid managed care behavioral health coverage for non-Supplemental Security Income individuals includes a stop-

loss, which kicks in after a patient has used 30 inpatient days and 20 visits annually; after that, NYS reimburses the plan for additional visits/days provided. There is no limit, therefore, on the number of medically necessary inpatient days or outpatient visits a Medicaid enrollee may receive in a year. For FHP and CHP, this benefit is limited to 30 inpatient days and 60 outpatient visits annually.

Copies of the presentation and detailed information about coverage are available under the "Medicaid Managed Care Resource Center" in the Members' Area of GNYHA's Web site, www.gnyha.org. DOH's hotline for managed care issues is 1-800-206-8125. ■

HOLD THE DATES!

Friday, April 23, 2004 (morning):

GNYHA Annual Meeting

Wednesday, May 26, 2004 (evening):

GNYHA Annual Reception and Award Ceremony

- The GNYHA Annual Reception will be a very special event this year, as GNYHA celebrates its 100-year anniversary.
- Details will be sent to all GNYHA members at a later date.

Immigrants *continued from page 1*

The funding included in the Medicare bill was spearheaded by Senator Jon Kyl (R-AZ) to provide funding for hospitals that treat a large number of undocumented immigrants through the emergency department. The final language included in the Medicare bill, which was signed by President Bush on December 8, 2003, includes \$250 million annually for fiscal years 2005-08 for health care providers that offer emergency services to undocumented immigrants. Hospitals and other emergency service providers may qualify for funding under two formulas—one that will provide funding based on the estimated percentage of undocumented immigrants residing in each state, as determined by the Immigration and Naturalization Service and the 2000 census, and another directs funding to emergency service providers in six states with the highest reported alien detention rates. GNYHA has worked with hospital associations across the country to secure funding for hospitals that care for a large number of undocumented immigrants, and is pleased with the amount of funding included in the Medicare bill. Congress is expected to recess until January 20, 2004, during which time GNYHA will work with the New York Congressional Delegation to oppose the Rohrabacher proposal. ■

AROUND

The trustees of 1199 SEIU National Benefit and Pension Funds have named **Mitra Behrooz** as Executive Director, effective January 1, 2004. Ms. Behrooz succeeds Eleanor Tilson, who is retiring after 16 years. Ms. Behrooz, an attorney, was previously with Levy, Ratner, and Behrooz, a law firm specializing in labor and employment law and serving as principal counsel for 1199 SEIU, New York's health care workers union. ■

SHRPC Approves Member Projects and Adopts Regulations

At its December 4, 2003, meeting, the State Hospital Review and Planning Council (SHRPC) gave contingent or conditional approval to the following GNYHA member projects: **Elmhurst Hospital Center**—certification of 20 additional psychiatric beds; **Montefiore Medical Center**—major upgrades at its Moses and Einstein divisions; **North Central Bronx Hospital**—certification of a 23-bed geriatric psychiatric inpatient unit; **Northern Dutchess Hospital**—construction of a three-story building addition to the hospital, renovation of existing radiology department and nursing units, and implementation of infrastructure improvements; **Stony Brook University Hospital**—a major construction project to upgrade and modernize the facility, and construction of a cancer center; **Mount Sinai Hospital**—establishment and certification of the Mount Sinai Diagnostic and Treatment Center to deliver primary and specialty outpatient services; **North General Hospital**—establishment and certification of the North General Diagnostic and Treatment Center for the delivery of primary and specialty outpatient services; **Urban Health LLC**—establishment and construction of a diagnostic and treatment center that will serve as the active parent of Mount Sinai Diagnostic and Treatment Center and North General Diagnostic

and Treatment Center; Ambulatory Surgery Center of Westchester—transfer of part of the ownership interest currently held by **Putnam Hospital Center**; **Continuum Hospice Care/Jacob Perlow Hospice**—operation of 12-bed autonomous inpatient hospice unit at **Long Island College Hospital**; St. Mary's Metropolitan Home Care for Kids—establishment of **St. Mary's Healthcare System for Children, Inc.** as a member of OLOM Home Care, Inc. SHRPC also approved the establishment of **Saint Vincent Catholic Medical Centers of New York** as the operator of all the certified home health agencies and long term home health care programs operated by St. Vincent's Catholic Medical Centers Home Health Agency.

2004 Service Intensity Weights (SIWs): At the meeting, SHRPC adopted the State's proposed 2004 diagnostic-related group (DRG) classification system and the corresponding SIWs, trimpoints, and average length-of-stay definitions for the DRGs. This classification system is used to determine the hospital inpatient reimbursement rates for Medicaid, Workers' Compensation, and No-Fault cases. The regulations will become effective upon publication of a notice of adoption in the *State Register*.

Live Adult Liver Transplant Services: SHRPC also adopted proposed regulations for live

adult liver transplant services that are based upon the recommendations of the NYS Committee on Quality Improvement in Living Liver Donation. This committee included representatives from the five NYS liver transplant programs, and its charge was to make recommendations to improve the care and management of living liver donors in NYS. Those regulations will also become effective upon publication of a notice of adoption in the *State Register*.

Physical Medicine and Rehabilitation (PM&R) Regulations: At the meeting, it was reported that the draft NYS Department of Health PM&R regulations have been tabled until the Centers for Medicare & Medicaid Services promulgates its final 75% rule (see story on page 1). ■

GNYHA Holds Briefing on Patient Safety

On November 21, GNYHA co-sponsored a briefing on the role of human factors in patient safety, in coordination with the Long Island Coalition for Patient Safety and the Department of Veterans Affairs (VA) Medical Center at Northport, Long Island. More than 150 GNYHA members attended. Speakers at the briefing included Wayne M. Osten, Director, Office of Health Systems Management for the NYS Department of Health, and John Gosbee, M.D., M.S., Director of Patient Safety Information Systems at the VA National Center for Patient Safety in Ann Arbor, MI. Dr. Gosbee asked various participants to read identical information from an on-screen presentation, and each individual perceived it differently—suggesting that human errors can be a result of individual interpretation. Breakout groups facilitated by representatives from the North Shore-LIJ Health System, Winthrop-University Hospital, and Catholic Health Systems of Long Island identified the human factors contributing to system failure. GNYHA will continue to work with members on quality and patient safety, and is developing plans to work with the NYS Department of Health to facilitate sharing of best practices and human factors related to medical errors. ■

More Than 330 Attend Quality Care Committee Conference

On Nov. 19, teams of management and labor representatives from area nursing homes attended the inaugural conference of the Quality Care Committee, co-sponsored by the Continuing Care Leadership Coalition (CCLC) and 1199 SEIU. The conference—the first of five scheduled over the next 16 months to facilitate collaborative work in understanding and seeking to enhance the work environment in continuing care facilities—drew more than 330 CEOs, administrators, and frontline workers. The focus of the conference was the history and evolution of the long term care system, both nationally and locally. Through a series of interactive sessions, participants from 30 dif-

ferent organizations identified the major changes affecting the delivery of long term care services over the last several decades, and worked together to develop a joint vision for care at their organizations. Upcoming conferences will address a range of topics including culture change, staffing issues, and care models. The final conference will focus on generating recommendations for positive change both within organizations and at the policy level. The Quality Care Committee is the product of a commitment reached between management and labor during the last contract negotiations to focus jointly on meeting the challenges that both sides face in providing quality jobs for workers and quality care for residents. ■