



FEBRUARY 4, 2002

Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

Governor Pataki Signs Health Care Bill into Law



Governor George Pataki signing new health care legislation into law last week, as health care professionals and students from P.S. 128 look on, along with (left to right, behind children), NYS Health Commissioner Antonia C. Novello, Assemblyman Richard Gottfried, GNYHA President Kenneth Raske, and NYS Assembly Speaker Sheldon Silver.

On January 25, 2002, Governor George E. Pataki signed into law the Health Care Workforce Recruitment and Retention Act, which will provide critical new funding for hospitals, nursing homes, and other providers to help them recruit and retain health care professionals and other personnel (see *Skyline News*, January 21, 2002).

The bill signing, which took place at the Columbia Presbyterian campus of New York-Presbyterian Hospital, was attended by hundreds of health care professionals, numerous hospital executives, and 1199 SEIU leaders. In addition to the Governor, other elected offi-

cial attendees attending the signing ceremony included NYS Assembly Speaker Sheldon Silver, Senate Health Committee Chairman Kemp Hannon (representing Senate Majority Leader Joseph Bruno), Assembly Health Committee Chairman Richard Gottfried, Assemblyman Herman D. Farrell, Assemblyman Carl Heastie, Assemblyman Adriano Espaillat, and Assemblywoman Carmen E. Arroyo.

The new law, to be funded through New York's landmark Health Care Reform Act, will provide \$696 million in new funding statewide for hospitals, \$505 million for nurs-

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President Bush Outlines Health Priorities

On January 29, 2002, President George W. Bush declared in his annual State of the Union address, "Americans know economic security can vanish in an instant without health security. I ask Congress to join me this year to enact a patient's bill of rights, to give uninsured workers credits to help buy health coverage, to approve an historic increase in the spending for veterans' health, and to give seniors a sound and modern Medicare system that includes coverage for prescription drugs." The same day, the President's staff gave Congressional leaders a document providing more detail on the President's Medicare priorities. According to the document, obtained by GNYHA, the President's proposed Medicare reforms, to be submitted in his budget to Congress this week, will be similar to those he proposed last year, including incentives for beneficiaries to join Medicare managed care plans ("Medicare+Choice"), and other reforms to increase

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GNYHA Board Meets

The GNYHA Board of Governors met on January 30, 2002, and took the following actions:

- approved an application for Institutional Membership by Island Nursing and Rehabilitation Center;
- was briefed on the specifics of the Health Care Workforce Recruitment and Retention Act (see story above);
- heard a report on the anticipated process to distribute \$140 million in newly appropriated funds dedicated to addressing financial losses incurred by health care providers as a result of September 11, and GNYHA's related activities;
- was briefed on GNYHA's efforts to stop new cuts and alleviate other Medicare reimbursement problems, including the remaining cuts from the Balanced Budget Act of 1997;
- heard a report on how The Health Economics and Outcomes Research Institute (THEORI), through GNYHA Consulting, Inc., plans to generate revenue through several new products; and
- was briefed on the latest activities of GNYHA's emergency preparedness coordinating council. ■

U.S. Senate Approves Medicaid Funds for States

On January 29, the U.S. Senate approved an amendment to economic stimulus legislation that would double the amount of new Medicaid funding to help states deal with increased Medicaid costs and lost revenues caused by the economic downturn. Specifically, the Senate approved an amendment, offered by Senator Max Baucus (D-MT), to extend for one more year a provision that would increase each state's Federal Medicaid funds matching rate, known as the "Federal medical assistance percentage," or FMAP, by 1.5 percentage points. States with relatively high unemployment, like New York, would have their FMAPs increased by another 1.5 percentage points, or 3.0 percent-

age points altogether. The original provision, which this proposal amends, would have provided increased FMAPs for one year only. The new provision would provide over \$3 billion in new Medicaid funds for New York over the next two years. This action by the Senate is extremely important. The bipartisan health care workforce legislation passed by the Legislature and signed by the Governor on January 25 (*see story on page 1*) assumes a one-year FMAP increase only, or \$1.8 billion in new Federal Medicaid funding. If enacted, the provision passed by the Senate would provide twice the funding the Governor and the Legislature assumed in the workforce legislation. GNYHA strongly supports the Senate

provision. In advance of the Senate vote, the Healthcare Education Project, a joint project of GNYHA and 1199 SEIU, spearheaded a nationwide telephone campaign, resulting in over 1,000 telephone calls to senators urging them to support an FMAP increase. GNYHA believes that this campaign was a helpful part of the effort to pass the FMAP amendment. The Senate is expected to vote on the overall economic stimulus bill later this week. ■

GNYHA Comments on Freestanding Ambulatory Surgery Centers

At the State Hospital Review and Planning Council (SHRPC) Planning Committee meeting on January 24, GNYHA commented on the impact of freestanding ambulatory surgery centers on its members. The comments were in response to the SHRPC Planning Committee's and the NYS Department of Health's (DOH's) request to GNYHA to assess the impact of freestanding ambulatory surgery centers, including the application process, on GNYHA members. Among GNYHA's comments were that it is very difficult for hospitals to predict the exact impact on hospital revenue that a proposed freestanding ambulatory surgery center will have, as DOH requests in its review of the application. GNYHA also noted that hospitals should not have to publicly identify what services may be eliminated as a result of the proposed freestanding ambulatory surgery center. In addition, GNYHA further commented that the burden should not be on hospitals—which provide vital community services—to demonstrate the impact of freestanding ambulatory surgery centers on them. Instead, the burden should be on the applicant to demonstrate how existing hospitals will not be hurt. GNYHA pointed out that hospitals may be reluctant to oppose freestanding ambulatory surgery center applications since they want to maintain working relationships with the physicians who are applying to open the new centers. GNYHA also observed that the growth of freestanding ambulatory surgery centers is draining resources from hospitals. ■

STAFF

Terri Straub, R.N., M.B.A., has joined the staff of GNYHA as Vice President of Quality and Patient Safety. Before joining GNYHA, Ms. Straub was Senior Director, Health Care Quality Improvement Program, and Intervention Strategist/Medical Affairs, for IPRO, where she had worked since 1994. Prior to joining IPRO, Ms. Straub held various nurse management positions, including director of surgical services. She has also worked at area hospitals in both adult and pediatric emergency departments and intensive care units. ■

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ing homes, and \$636 million for personal care services and community health centers over the next three years.

"This historic legislation will ensure that our hospitals have the highly trained staff they need, our nursing homes have qualified, compassionate nurses, and our poor and most vulnerable citizens will get the quality care they deserve in our vital community health centers," Governor Pataki said. "This fiscally responsible plan will ensure quality care for millions of New Yorkers."

NYS Department of Health Commissioner Antonia C. Novello, M.D., M.P.H., who referred to Governor Pataki as the "Health Care Governor," said, "Health care is a noble profession chosen out of altruism and compassion. With this fine collaborative effort, Governor Pataki, Majority Leader Bruno, and Speaker Silver have enabled New York's health care workers to remain in the occupation they have chosen and love."

GNYHA President Kenneth E. Raske said, "Governor Pataki, Speaker Silver, Majority

Leader Bruno, and the Legislature have shown tremendous vision and leadership by tackling one of the most difficult issues facing our State and our nation: recruiting and retaining health care professionals so that our hospitals and nursing homes can continue to deliver high-quality care. The poor fiscal situation of our health care institutions, workforce shortages, and the tragic events of September 11 have severely strained the health care community. This landmark legislation, certain to be emulated by other states, will help ensure that our hospitals remain strong for everyday patient care and for any future emergencies."

Herbert Pardes, M.D., President and CEO of New York-Presbyterian Healthcare System, said, "New York's hospitals applaud the leadership displayed by Governor Pataki in working with the Legislature to enact this crucial legislation. This additional funding will enable all of those who work in New York's hospital industry to continue to provide the highest quality of care to patients." ■

New Report Makes Recommendations for Implementing FHP

New York's new Family Health Plus (FHP) program can measurably reduce the number of uninsured workers and make the State a national leader in providing health coverage to adults if it is implemented in a way that promotes ease of enrollment and coordination with New York's Medicaid and Child Health Plus programs, according to a report prepared by Greater New York Hospital Foundation. The Commonwealth Fund-sponsored study, *Implementing New York's Family Health Plus Program: Lessons from Other States*, examines how 13 other states with health insurance programs similar to FHP have addressed their design and implementation challenges in order to glean lessons for implementing the program. GNYHA is very pleased that a number of the report's recommendations were included in the health care workforce legislation that was just approved by Governor Pataki and New York State legislative leaders (see story on page 1). The report includes the fol-

lowing strategies:

- The report recommends that an aggressive outreach campaign be launched for all of New York's public health insurance programs, with specific strategies for reaching childless adults. Public programs with eligibility guidelines similar to those of health insurance programs should be reviewed to identify and reach out to uninsured residents who may be eligible for subsidized coverage. Additionally, State-sponsored outreach efforts can be supplemented with activities of the corporate and non-profit sectors.
- Program coordination should entail integrating information systems for all health insurance programs; standardizing rules and procedures for health insurance programs; requiring health plans that participate in one program to accept enrollees from all programs; and automating enrollment to make applications available online, to enable eligibility determinations to be made electronically, and to allow applicants to be easily screened

for more than one health insurance program.

- FHP will likely be most successful at enrolling individuals if a single, streamlined application is developed for all public health insurance programs that eliminates questions not required by Federal law and minimizes documentation requirements. In addition, mail-in applications should be allowed and Medicaid eligibility workers should be outstationed in hospitals and health centers serving the poor.
- The report's recommendations for recertification include shortening and simplifying recertification forms and requiring applicants to provide only those documents that are necessary to demonstrate changes in circumstances that cannot be verified in existing government records. In addition, recertification dates should be aligned for all family members; mail-in renewal forms should be allowed; and program staff should provide assistance to individuals in danger of disenrolling. ■

President Bush Outlines Health Priorities *continued from page 1*

the participation of Medicare beneficiaries and managed care plans in the Medicare+Choice program. Of interest is a much more specific proposal than the President proposed last year to invest more in the Medicare+Choice program: he will propose going back to the practice, modified by the Balanced Budget Act of 1997 (BBA), of linking Medicare managed care premium increases to increases in fee-for-service spending. In addition, plans in counties that have received only 2% annual premium increases since the enactment of the BBA, which includes most plans in the New York metropolitan area, would receive a 6.5% increase in payments in 2003. The President will also propose incentive payments for new types of private plans to enter the Medicare market, including preferred provider organizations.

BBA Relief? The President is not expected to propose in his budget eliminating remaining BBA Medicare cuts for hospitals and nursing homes. It is possible that he will even propose extending some expiring provisions of the BBA, including some reductions to teaching hospitals. GNYHA and the New York Con-

gressional Delegation have strongly supported bipartisan legislation sponsored in the House by Congressmen Mark Foley (R-FL) and Richard Neal (D-MA), and in the Senate by Senators Evan Bayh (D-IN) and Kay Bailey Hutchison (R-TX), that would eliminate the remaining cut in the indirect medical education (IME) adjustment for teaching hospitals and the inpatient market basket update cut in 2003. The IME cut is estimated to cost New York teaching hospitals nearly \$130 million in 2003, and New Jersey teaching hospitals nearly \$30 million. Nursing homes, too, are facing losses due to the expiration of several skilled nursing facility (SNF) rate "add-ons" that were designed to fix certain flaws in the SNF prospective payment system (PPS) and help increase pay for nursing personnel. SNFs are also concerned about the lack of a capital payment transition under the SNF PPS. While the President will most likely not propose fixing these issues, the Medicare managed care improvements he is calling for can open the door to other BBA proposals. GNYHA's top priority in Washington this year is securing BBA relief for its members. ■

Legislative Digest

In recent weeks, the NYS Assembly and the NYS Senate have taken action on the following health-related pieces of legislation:

Alcohol and Substance Abuse Parity: The NYS Senate passed S.2512-B, prohibiting limitations on alcohol and substance abuse treatment coverage. GNYHA supports parity in health care coverage for physical, mental, and substance abuse disorders. • **Disclosure of Medical Errors:** The NYS Assembly Health Committee approved A.5550, requiring health care providers to disclose harm or injury that patients may experience during the course of their care. This legislation is duplicative in that providers are already obligated to disclose medical errors through existing regulations, accreditation standards, and professional ethics. • **Medical Records Access:** The NYS Assembly Health Committee approved A.3655, requiring hospitals and physicians to post signs notifying patients of their right to copy their medical records. Hospitals are already required to post medical records copying information as it appears in the Patient's Bill of Rights, and to give patients a copy of the bill of rights upon admission. GNYHA believes there is no need for A.5550 or A.3655. • **Organ Donor Recognition:** GNYHA supports S.2820, approved by the NYS Senate Health Committee to publicly recognize organ, tissue, and bone marrow donors and their families. ■

GNYHA to Participate in National Long Term Care Reform Effort

At GNYHA's Center for Continuing Care meeting on January 25, 2002, GNYHA continuing care members unanimously approved a motion to actively participate in the national long term care reform organization, Citizens for Long Term Care (CLTC). Former U.S. Senator David Durenberger, who represented Minnesota in the Senate from 1978 to 1995 and who currently serves as Chairman of CLTC, attended GNYHA's Center for Continuing Care meeting to discuss the purpose of and the action plan for CLTC.

Senator Durenberger stated that the purpose of CLTC is to elevate comprehensive long term care reform within the public debate at all levels of government and business. He discussed the change in the national policy landscape since September 11, 2001, and outlined how CLTC plans to move

forward. CLTC maintains that the current fragmented system of long term care financing is neither effective at meeting society's current long term care needs nor sufficient to meet the increased demand that will arise as the baby boomers begin to require long term care. In response to the system's current shortcomings, CLTC was formed to bring together health care leaders—including legislators, governors, members of Congress, and professionals within various segments of industry—to begin the process of developing a vision for a comprehensive long term care system. CLTC has outlined its principles for reform in a white paper entitled *Defining Common Ground: Long Term Care Financing Reform in 2001*. CLTC stresses that long term care needs to be linked to broader national issues such as the reform of Social Security and Medicare and

the expansion of coverage for the uninsured so that long term care in general is given adequate attention. Making a comparison with the uninsured population, Senator Durenberger emphasized that fully 94% of all Americans are without long term care insurance. He further stated that neither Medicare, covering 39 million individuals, nor Medicaid, covering 36 million individuals, is a complete insurance program, particularly with respect to long term care.

GNYHA's Center for Continuing Care will take part in the leadership of CLTC as a member of the organization's policy and steering committee, which will meet regularly to shape the national long term care financing agenda.

To view a copy of the CLTC white paper, go to www.citizensforltc.org/whitepapers.html, the CLTC Web site. ■

Payers Demonstrate E-Commerce Capabilities at GNYHA Briefings

On January 25, 2002, GNYHA hosted the third session in a series of briefings on private payers and their e-commerce strategies. These sessions provided a unique opportunity for health plans and providers to come together and discuss their priorities for exchanging information electronically. To date, the following payers have participated in this series: Aetna, Empire, GHI, HIP, Magellan, MedUnite, Oxford Health Plans, and UnitedHealthcare.

Proprietary vs. Integrated Solutions: Most of the payers have made significant investments in proprietary solutions, most recently Web sites, to exchange information with providers electronically. At the briefings, GNYHA members indicated that proprietary solutions create challenges for hospitals that must support and use a multitude of technologies. As a result, these proprietary solutions are not effective in high-volume areas, for which hospitals seek solutions that are fully integrated with their core processes. For eligibility verification, hospitals seek a solution that will

gather the information directly from a registration system, send it to the payer, and have the response returned, in seconds, directly back into the registration system. Hospitals believe these integrated solutions are the only viable alternative for high-volume areas, where speed and ease of response are critical. Some GNYHA members argued that, with so many points of entry into their system, any automated solution must require minimal training and ensure compliance.

Electronic Transactions: GNYHA members educated the payers about transactions they would like to conduct electronically includ-

ing automating notification of admission to the health plan and enabling appeal status inquiry so the provider can view the status of an appeal without making a phone call.

The Health Plans' Response: The health plans were very responsive to the members' concerns and appreciated the opportunity to engage in a dialogue about these issues. The health plans pointed out that increasing automation reduces their labor costs. As a result, designing solutions that meet the hospitals' needs as well as encouraging utilization are priorities.

Coming Up: The next briefing in this series will be "Connectivity Strategies." Registration information will be mailed to GNYHA members at a later date. ■

Upcoming GNYHA Briefing

Communication Risk Assessment Briefing

Date: Wednesday, February 27, 2002 • **Time:** 2:00 p.m.—4:30 p.m. • **Location:** GNYHA Conference Center B, 555 West 57th Street, 15th Floor

Following the World Trade Center disaster, many GNYHA members experienced significant disruption in voice and data communications and have expressed concern that these systems continue to be at risk. This briefing will provide members with information on how to conduct a communications risk assessment, including documenting current communications systems, assessing the impact of emergency scenarios, and identifying and addressing gaps in the current communications structure. The briefing will feature Lynn H. Vogel, Ph.D., Vice President, Information Services for New York-Presbyterian Healthcare (NYPH), and consultants from Fortune Communications, Inc. talking about their experience conducting a communications risk assessment for NYPH. For more information, call Susan Stuard, and to register, call Barbara Marino, both at GNYHA. ■