



AUGUST 19, 2002

# Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

## CMS Proposes Medicare Outpatient Prospective Payment System for 2003

On August 9, 2002, the Centers for Medicare and Medicaid Services (CMS) published its proposed calendar year 2003 Medicare hospital outpatient prospective payment system (OPPS) rates in the *Federal Register*. Aggregate payments in 2003 will reflect a market basket increase of 3.5% over 2002 payments, but CMS forecasts that the aggregate payment increase for urban hospitals will be only 2.5%, while the increase for rural hospitals will be 7.6%. The difference in fiscal impact is largely a result of CMS's proposal for reimbursing devices and drugs that were eligible for pass-through payments last year. On a periodic basis, new devices and drugs are approved for pass-through payments while other items "graduate" from pass-through status to full inclusion in the ambulatory payment classification (APC) rates. In 2002, 75% of the cost of new devices and drugs was embedded in the APC weights of the associated procedures, while 25% was paid on a pass-through basis. This year, 100% of the cost of these particular items will be embedded in the APC weights. This would normally increase the associated APC weights; however, simultaneously, CMS was able to reduce the imputed cost of these items, since newly available hospital claims data show that actual costs are lower than the manufacturer retail

prices, which served as the former price proxy. The cost reduction more than offsets the full inclusion of the device and drug costs in the APC weights so that the net effect will be a decrease in the APC weights of procedures using these items and an increase in the APC weights for preventive care services such as clinic visits and emergency room visits. Urban hospitals provide a higher share of procedures using new devices and drugs than rural hospitals; hence, their aggregate payment increase in 2003 will be lower than that of rural hospitals. Other major provisions of the proposed rule include the following.

**Estimated Spending on Pass-through Items:** By statute, aggregate spending for pass-through items is capped at 2.5% of

*continued on page 3*

## Interns Complete 2002 Summer Enrichment Program at GNYHA

GNYHA has taken the lead in developing health care management internship programs for minority graduate students since 1994, under the leadership of Lee H. Perlman, FACHE, President, GNYHA Ventures, Inc. In 1997, GNYHA formed a collaborative relationship with the Institute for Diversity in Health Management (IFD), the National Association of Health Services Executives (NAHSE), and the Association of Hispanic Healthcare Executives (AHHE) to coordinate the Summer Enrichment Program (SEP). The Summer Enrichment Program in New York is one of the most successful across the country. Over 100 students have participated in this program, with 20 students participating this summer in GNYHA member facilities.

*continued on page 4*

## Payments to Increase for Inpatient Rehabilitation Facilities in FY 2003

In a notice published in the *Federal Register* on August 1, 2002, the Centers for Medicare and Medicaid Services (CMS) announced a 3% payment increase for inpatient rehabilitation facilities (IRFs) for fiscal year (FY) 2003. CMS did not make

any adjustments to the patient classification system or case-mix group weights used to determine payment under the IRF prospective payment system. The new payment rates are effective for discharges occurring on or after October 1, 2002. ■

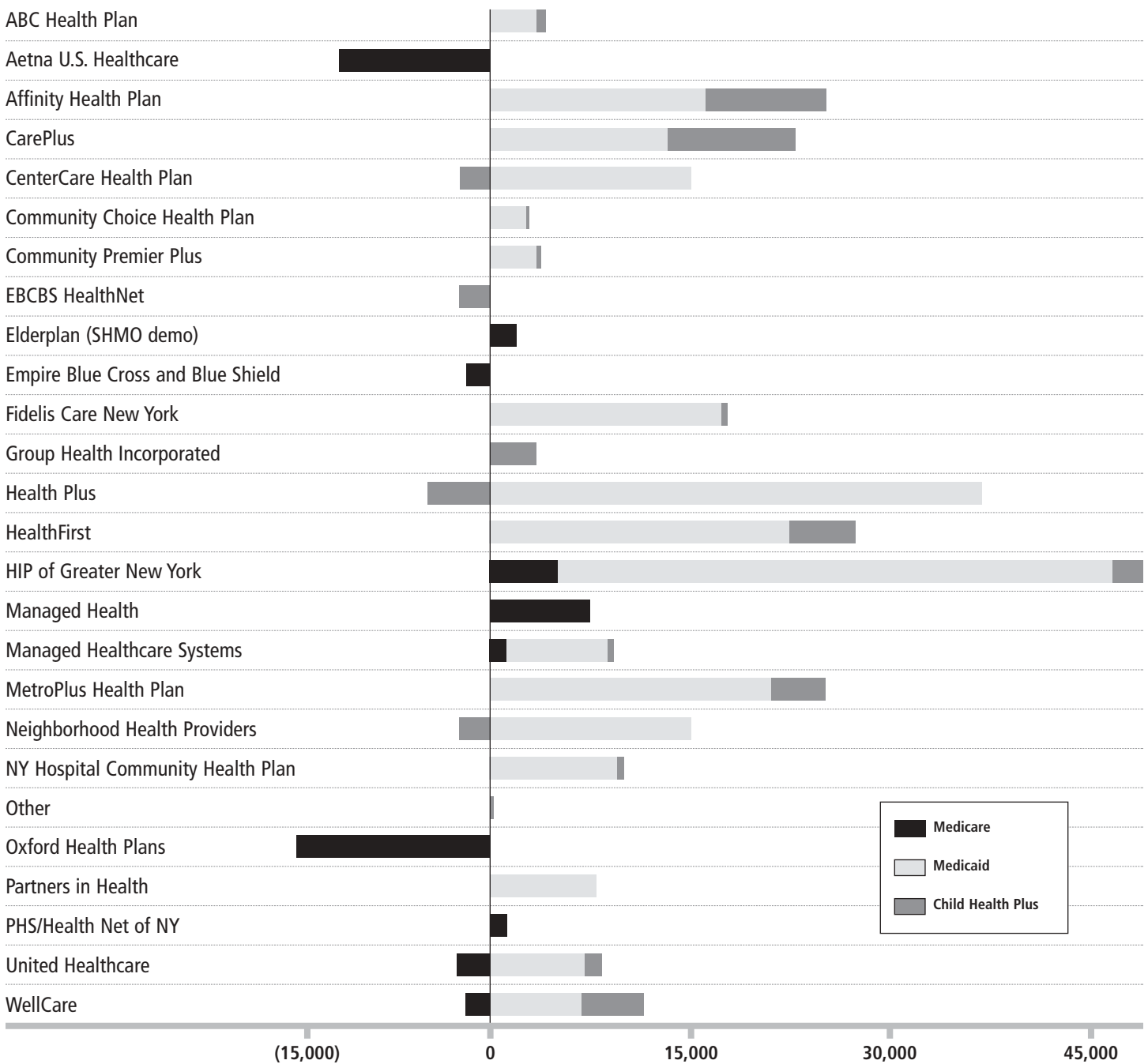
# Managed Care Enrollment Shifts in NYC for the Publicly Insured

From June 2001 through June 2002, managed care enrollment in Medicare, Medicaid, and Child Health Plus plans experienced a net increase of 264,000 covered lives, or 26%, from 1.01 million lives to 1.27 million lives. That composite increase represents the following component parts: Medicare plan enrollment decreased by 15,000 lives, or -5%; Medicaid plan enrollment increased by 249,000 lives, or 60%; and

Child Health Plus plan enrollment increased by 30,000 lives, or 10%. The plan with the largest increase was HIP of Greater New York, which gained 49,000 lives, or 31%; while the plan with the largest decrease was Oxford Health Plans, which lost 15,000 lives, or -18%. The figure below illustrates the 12-month change in New York City enrollment for all plans serving the area. Comparable data for the privately insured are not avail-

able; however, with respect to total managed care plan enrollment during 2001 (that is, publicly and privately insured), enrollment in New York City decreased by 114,000 covered lives, or -3%. The plan with the largest decrease was Aetna U.S. Healthcare, which lost 150,000 lives, or -17%, while the plan with largest increase was Empire Blue Cross Blue Shield HealthNet, which gained 89,000 lives, or 39%. ■

**Change in NYC Managed Care Plan Enrollment for the Publicly Insured, June 2001 to June 2002**



# September 11th Fund Briefs GNYHA Members on Mental Health and Counseling Program

**O**n August 9, 2002, Steve Cohen of The September 11th Fund, along with Kevin Meara of the American Red Cross and Jerry McCleary of the Mental Health Association of New York State, provided a comprehensive briefing on The September 11th Fund's mental

health and counseling grant program. The program will reimburse up to \$3,000 in costs of mental health treatment for eligible individuals, who include surviving family members, dislocated workers, displaced residents, and rescue and recovery workers. The September 11th Fund expects to spend \$45-\$55 million on this reimbursement program over five years, with an additional

\$40 million coming from the American Red Cross. Although patients will have a single point of entry into the program, the reimbursement source will depend on category of eligibility. The program materials were not available at the time of the briefing, but will be sent to all attendees. If you have any questions, please contact Ellen Lukens or Gary Sokolow at GNYHA. ■

## GNYHA Offers Guidance on Radiological, Nuclear, and Chemical Events

**G**NYHA recently distributed resource materials on preparing for and responding to radiological, nuclear, and chemical events, including a "Consensus Statement on Equipment and Facility Needs for Responding to Radiological, Nuclear, and Chemical Events" that was developed by its Emergency Preparedness Coordinating Council. The Consensus Statement was developed with input from individuals with expertise in responding to those events, including emergency medicine physicians from GNYHA members and representatives

of the New York State and New York City Departments of Health. It is intended to provide guidance for members in selecting decontamination equipment and personal protective equipment in order to safely decontaminate patients who are the victims of radiological, nuclear, or chemical events. The materials that GNYHA recently distributed include additional documents and resources on decontamination and treatment of patients who have been victims of chemical incidents. For a copy of the materials, please contact Linda Walrond at GNYHA. ■

### Upcoming GNYHA Briefings

#### Workshop on Emergency Management Drills

Part 1:

**Date:** Wednesday, September 4, 2002

**Time:** 1:30 p.m. - 5:30 p.m.

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

Part 2:

**Date:** Thursday, September 12, 2002

**Time:** 1:30 p.m. - 5:30 p.m.

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

This workshop will be taught as a two-part (two-day) session of four hours each. The workshop is intended to assist GNYHA members in undertaking effective emergency management drills. Due to limited space, workshops will be limited to a total of two representatives per GNYHA member institution. The workshop should be attended by staff in GNYHA member institutions who are in charge of conducting emergency management drills. The workshops will be taught by representatives of the New York City Office of Emergency Management and GNYHA members. The content of the workshops is tailored specifically to health care facilities. GNYHA has applied for continuing medical education credits for the workshop. For more information contact Doris R. Varlese, and to register contact Barbara Marino, at GNYHA. ■

## CMS Proposes CY 2003 Medicare OPPS Rates *continued from page 1*

total OPPS payments. If CMS estimates that the total pass-through payments will exceed this limit, a pro rata reduction is required. In 2002, a 63.6% pro rata reduction was applied to payments for pass-through items. In the proposed rule, CMS reported that it expects the 2003 pro rata reduction to be much lower, but that it will not know the final reduction until it knows the full complement of drugs that will be approved by the Food and Drug Administration and approved by CMS for pass-through payment status beginning on January 1, 2003.

**New Codes for Emergency and Management (E/M) Services:** CMS proposes to implement new hospital billing codes for E/M services beginning in 2004. Hospitals are currently using the same codes that physicians use to bill for emergency room

and clinic visits even though those codes do not accurately reflect hospital resource utilization for E/M services. CMS hopes to propose the new codes in the context of the CY 2003 final rule, but the agency will not implement the changes until 2004 in order to allow adequate time for required systems changes and provider education. ■

## SHRPC Approves Member Projects

**A**t its August 7, 2002, meeting, the State Hospital Review and Planning Council (SHRPC) gave contingent approval to the following GNYHA member projects: **New York City Health and Hospitals Corporation Elmhurst Hospital Center**, certification of MRI services; **Vassar Brothers Hospital**, certification of MRI

services; **Maimonides Medical Center**, approval for a major modernization project, including construction of a new nine-story patient care building; and **Wartburg Lutheran Home for the Aging**, approval to assume the operation of a long term home health care program from an affiliate, **Lutheran Center for the Aging, Inc.** ■

# HRSA Announces Grant Programs for FY 2003

The Health Resources and Services Administration (HRSA) has released its annual *HRSA Preview*. The *Preview* lists HRSA's grant offerings for Federal fiscal year 2003, which begins October 1, 2002. It is a single source of information for over 70 competitive grant programs administered by HRSA, providing descrip-

tions of programs, eligibility, amount of grant money available, and deadline information. HRSA will not announce these programs again, and will announce any new offerings that become available at a later date in the *Federal Register*. For a copy of the *HRSA Preview*, contact the HRSA Grants Application Center at (877) 477-2123 or hrsagac@hrsa.gov, or visit the HRSA Web site at [www.hrsa.gov/grants.htm](http://www.hrsa.gov/grants.htm). ■

## Interns Complete 2002 Summer Enrichment Program at GNYHA

*continued from page 1*

SEP is a 12-week paid summer internship program for minority students pursuing a graduate degree in health services management. The purpose of the program is to provide the participating students with the opportunity to learn about the major issues, skills, and responsibilities involved in the field of health care management. Students are assigned to members of the senior management staff at hospitals and continuing care facilities to gain first-hand experience with the operations and management issues facing health care organizations.

**Grant Support:** A special component of this program is supported through a grant issued by the United Hospital Fund and ARAMARK, which gave students the opportunity to attend the Fourth Annual Institute for Diversity's Annual Leadership Conference in Chicago on July 11–12, 2002. The conference was dedicated to the issues of creating and maintaining workplace diversity, and provided the participants with the ability to network with health care leaders from across the country.

**Educational Series:** In addition to coordinating the student placements, GNYHA organized a two-day educational series for the participating students that was held on June 27–28 at its offices in Manhattan. The purpose of this series was to expose the students to various types of careers available to them within the health care industry. Leaders from various health care sectors spoke to the students about their own careers and their current roles and responsibilities within their respective organiza-

tions.

**Graduation:** On August 13, GNYHA hosted a graduation for the participating students and invited their respective sponsors and preceptors to attend. The students presented the assigned projects for which they had been responsible throughout the summer, and each student received a certificate at the closing. GNYHA thanks the following facilities that participated in the program this summer: Beth Israel Medical Center, The Brookdale University Hospital and Medical Center, Coney Island Hospital (HHC), Hudson Valley Hospital Center, Interfaith Medical Center, Kings County Hospital Center (HHC), Kingsbrook Jewish Medical Center, Long Island College Hospital, Maimonides Medical Center, Memorial Hospital for Cancer and Allied Diseases, Montefiore Medical Center, The New York Hospital Medical Center of Queens, Office of Correctional Health Services (HHC), North Shore-Long Island Jewish Health System, New York Organ Donor Network, Our Lady of Consolation Nursing Home, St. John's Episcopal Hospital, Saint Vincent Catholic Medical Centers, and University Hospital of Brooklyn.

**Undergraduate Internship Program:** This year, GNYHA and AHHE collaborated on a separate initiative to form a 10-week paid Undergraduate Internship Program for Hispanic undergraduate students interested in pursuing a career in health management. Special thanks to Jacobi Medical Center (HHC), Lincoln Medical and Mental Health Center (HHC), Woodhull Medical and Mental Health Center

## Do You Have a PASSWORD...

... to the members' area of the GNYHA Web site? If you work for a GNYHA member institution and have not yet registered for a password, follow these three simple steps:

- 1 Log on to [www.gnyha.org](http://www.gnyha.org) and click on the "If you are a member . . ." box.
- 2 Click on GNYHA Members' Registration.
- 3 Fill out the simple registration form and e-mail it to us by hitting the "send" button.

Within several days, we will review your application and notify you that your user name and password have been confirmed. Having a password to this section will grant you access to a wide range of resources, including an online library of GNYHA publications, member letter bulletins, surveys, and Webcasts. In addition, a "search" function makes it easy to locate information on a particular topic.

The information in this area includes:

- current GNYHA newsletters, including *Skyline News* and *GME Central*;
  - a complete library of member letter bulletins from 1998 to the present;
  - ongoing updated information on bioterrorism and emergency preparedness;
  - recent GNYHA surveys and studies, such as the *Survey of Nurse Staffing in Hospitals in the New York City Region, 2002*;
  - GNYHA publications including *Health Care Statistics* and *New York Health Care Terms*; and
  - video Webcasts (powered by Stream57, a subsidiary company of GNYHA) of GNYHA briefings on a number of important subjects.
- Many of the above publications can be viewed either as text documents or can be downloaded as PDF files.

Remember, in order to use the Members' Area of the Web site, you must have a password—so go to [www.gnyha.org](http://www.gnyha.org) and follow the three simple steps listed above. You'll gain access to valuable information on New York's most important health care issues.

(HHC), Interfaith Medical Center, University Hospital of Brooklyn, and Winthrop University Hospital for sponsoring these students this summer.

GNYHA looks forward to building and expanding both of these programs with the help and support of its member hospitals and continuing care facilities. If you have any questions, please contact Amy Kaufman at GNYHA. ■