



OCTOBER 14, 2002

Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

NYS Department of Insurance Approves Empire Conversion

On October 8, 2002, the NYS Superintendent of Insurance approved Empire Blue Cross and Blue Shield's plan to convert from its current not-for-profit status to a publicly traded corporation. The approval represents a critical milestone in Empire's conversion efforts. Absent other barriers, Empire's initial public offering is expected by the end of 2002. The approved plan included changes required by the Insurance Department as a result of public hearings it held in August

concerning the conversion. These changes included subjecting premium increases in excess of 10% for individual direct pay indemnity policies to public hearings and prior Insurance Department approval for three years after the conversion. For Medicare supplemental policies, Empire will be required to spend at least 80% of premiums on medical expenses versus administrative and other expenses, for eight years, and to follow the public hearing and approval procedures described above for

premium increases above 10% for five years. For six years following the conversion, 71% of the new company's directors will be required to be independent, and for five years one director will be picked from a slate of candidates presented by a charitable foundation established with 5% of the proceeds from the conversion. Finally, the State legislation paving the way for the conversion required that no employee or director of Empire could receive stock options, warrants, or stock appreciation rights in the new company for six months after the con-

continued on page 4

Israeli Delegation Meets with GNYHA's Emergency Preparedness Group

On October 1, 2002, GNYHA's Emergency Preparedness Coordinating Council hosted a delegation of health officials from the Chaim Sheba Medical Center, which is located outside of Tel Aviv, Israel, to learn of their training and preparations for responding to victims of mass casualty events, including nuclear, biological, and chemical attacks. The Sheba Medical Center, which has 1,900 beds, is one of the largest trauma centers in the Middle East. The Medical Center also has two emergency rooms, one for receiving the usual emergency cases, and one for treating victims of mass casualty attacks. The Medical Center is also the home of Israel's public policy think tank, the National Institute of Health, as well as the Israel Center for Medical Simulation, which

among other initiatives has built a "virtual hospital" to train providers in trauma and diagnostic protocols. Doctors and paramedics serving in the Israeli Defense Forces have trained in this computerized facility, and the Minister of Health has asked the Center to develop pilot programs to help Israel's medical facilities prepare for nuclear, chemical,

and biological warfare. The officials from Sheba Medical Center were the Center's Director-General and former Director-General of Israel's Ministry of Health, Mordechai Shani, M.D.; the Center's Deputy Director for Healthcare Management, Ari Shamiss, M.D.; and its Deputy Director for Risk Manage-

continued on page 4

NYS Medicaid Managed Care Waiver Extended

On September 27, 2002, the Centers for Medicare & Medicaid Services (CMS) approved a three-year extension of NYS's section 1115 Medicaid managed care waiver, from April 1, 2003, through March 31, 2006. Pursuant to the waiver, which

was effective beginning in 1997, New York has enrolled approximately 1.2 million Medicaid clients, including about 800,000 in NYC, into managed care plans. It also extended Medicaid enrollment to about 370,000 individuals

continued on page 4

Number of Uninsured Americans Rises

A recent annual U.S. Census Bureau report reveals that the number of Americans who lack health insurance coverage grew in 2001, reversing two years of falling uninsured rates in the U.S. Approximately 1.4 million additional people were uninsured in 2001, bringing the total number of Americans who were without insurance coverage for the entire year to 41.2 million, according to the report. The most significant decline in coverage was among individuals who had previously been insured through their workplace: the proportion of the population with employer-sponsored health insurance dropped last year for the first time since 1993, from 63.6% in 2000 to 62.6%, with the steepest reduction among workers in companies with fewer than 25 employees. A faltering economy coupled with sharply rising insurance premiums is blamed for many employers eliminating or cutting back on job-based health benefits. The uninsured rate among children held steady, at 8.5 million or 11.7% of all children—well below the 14.6% average across all age groups. Recent expansions of Medicaid and Child Health Plus and aggressive State enrollment outreach programs have helped to cover more low-income children. ■

GNYHA Hosts Smallpox Symposium

On October 4, GNYHA hosted a symposium presented by the NYC Department of Health and Mental Hygiene (NYCDOH) on the issues of smallpox vaccine administration as well as the management of suspect cases of smallpox in acute care medical settings. Sharon Frey, M.D., who is with the Division of Infectious Diseases and Immunology at Saint Louis University Health Sciences Center, spoke about her experiences with clinical trials on smallpox vaccine for the National Institute of Allergy and Infectious Diseases, both with respect to the efficacy of diluting existing doses of the vaccine and with respect to the side effects experienced.

Guidelines: Marci Layton, M.D., Assistant NYCDOH Commissioner for the Bureau of Communicable Diseases, reviewed draft guidelines that were developed jointly by NYCDOH and the NYS Department of Health for managing suspect cases of smallpox in acute care medical settings. The draft guidelines, which will be finalized shortly, provide guidance on steps that hospitals should take to ensure preparedness in the event a suspect smallpox case presents, including the development of specific response plans for smallpox, the presence of an incident command system, protocols to

quickly identify patients presenting with fever and rash and to isolate them immediately pending clinical evaluation, steps for undertaking an initial evaluation of suspect cases, management of the patient and the emergency department or clinic pending evaluation, and related communications and security issues. While the guidelines were developed for NYC providers, they will be reissued by the State of New York to take into account varying reporting and other obligations throughout the State.

Federal Vaccine Policy: Although the Federal government has not yet announced its formal position on the issue of releasing pre-event smallpox vaccine for health care workers and other first responders, Stephanie Factor, M.D., an epidemiologist from the Centers for Disease Control and Prevention (CDC) assigned to the NYCDOH, reported on the status of the U.S. Department of Health and Human Services' (HHS's) position on the subject. Specifically, HHS recommended to the White House to release the vaccine in three phases. First, HHS anticipates making approximately 500,000 doses of smallpox vaccine available for states and localities to use to vaccinate health care workers and public health teams, on a voluntary basis, under CDC guidelines. At this point HHS wishes to administer only licensed vaccine, so it expects to release the first doses for this purpose when the existing Dryvax vaccine is licensed, which is expected this fall. This first phase would be to vaccinate health care workers who might be called upon to care for the first cases of smallpox. The second phase, which would include up to 10 million doses of vaccine, would be intended for the broader community of health care workers and first responders. The third phase would be to give all individuals access to the vaccine on a voluntary basis. Unresolved issues include liability and logistics. Concerns focus on potential adverse events, particularly given the larger number of individuals with contraindications today versus during previous decades.

Viewing the Symposium: The NYCDOH arranged for Stream57 to tape the symposium, and will make the program available at a future date. ■

Upcoming GNYHA Briefings

NHQI Data Analysis Workshop

Date: Thursday, October 17, 2002

Time: 8:30 a.m.–3:30 p.m.

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

In November 2002, the Center for Medicare & Medicaid Services will publicly release information on nursing facilities nationwide under the Nursing Home Quality Initiative (NHQI). In preparation for the public release of the data, GNYHA's Center for Continuing Care is holding this workshop for administrators, directors of quality improvement, and minimum data set (MDS) coordinators. The workshop will focus on the 10 NHQI quality measures and how the NHQI will affect data analysis and quality improvement for long term care facilities. The workshop will feature Steven Littlehale, Chief Clinical Officer of LTCQ Consulting Services, who is an expert on the NHQI Quality Measures and MDS assessment and coding. For more information contact Roxanne Tena-Nelson, and to register contact Jenifer Ferguson, at GNYHA. ■

New York City Shelter Placement

Date: Monday, October 21, 2002

Time: 9:30 a.m.–12:00 noon

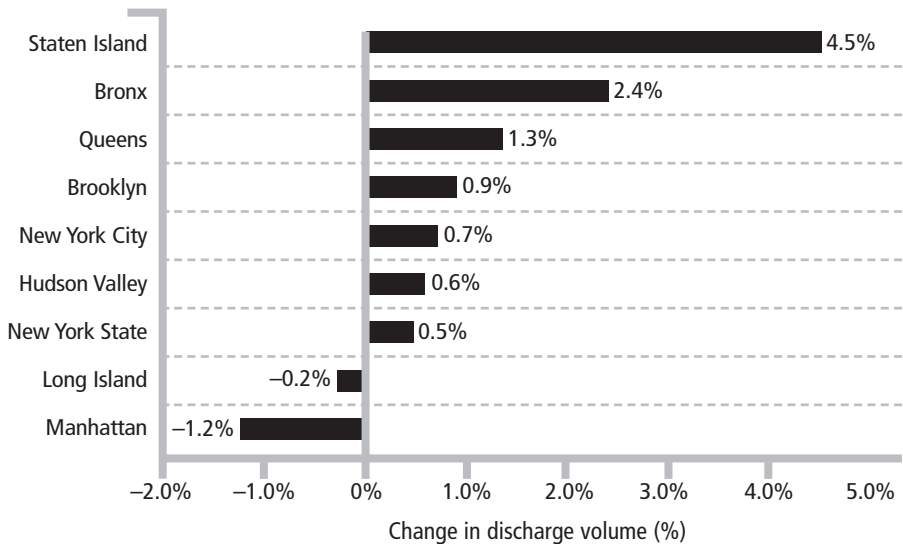
Location: GNYHA Conference Center, 555 West 57th Street, 15th Floor

This briefing will provide an overview of anticipated changes in the referral process for hospitalized, single adult patients wishing to return to or enter the New York City shelter system. Dova Marder, M.D., Agency Medical Director from the Department of Homeless Services (DHS), and her staff will present an overview of the New York City shelter program and will describe the changes that can be expected in the referral process, which will include revisions to existing referral forms and the addition of a new entity to assume the services of the Medical Review Team. This briefing is particularly important for discharge planning and social work staff or other staff members involved in the placement of hospitalized patients into the city's shelter system. For more information contact Lillian Forgacs, and to register contact Barbara Marino, at GNYHA. ■

NYC Discharge Volume Shifts in First Half of 2002

During January through June 2002, hospital inpatient volume grew slightly in New York City, by 0.7%, but also shifted among the boroughs, with Manhattan volume decreasing by 1.2% and volume in all the other boroughs increasing. The largest increase was in Staten Island, followed by the Bronx, Queens, and Brooklyn. Volume also increased slightly at Hudson Valley hospitals and was virtually flat on Long Island. Analysis of the data by patient origin showed that fewer residents of the outer boroughs and New Jersey came into Manhattan for inpatient care, possibly as a lingering effect of the events of September 11, 2001. The data source is monthly discharge volume provided by the Statewide Planning and Cooperative Research System, edited to include only hospitals that reported for all six months. ■

Change in Discharge Volume, January Through June, 2001–02



GNYPHA Submits Comments on OPPS

Last week, GNYHA submitted comments to the Centers for Medicare & Medicaid Services (CMS) on the proposed outpatient prospective payment system (OPPS) for calendar year 2003. The proposed rule included an aggregate 3.5% increase in outpatient payments, but that average varied considerably by hospital sector, with rural hospitals gaining 7.6%, urban hospitals gaining 2.5%, and teaching hospitals gaining only 1.7%. The reason for the disparity is that CMS proposed to significantly reallocate funding for ambulatory services, decreasing payments for new pharmaceuticals and devices, and increasing payments for low-technology emergency room and clinic visits. Because teaching hospitals in large urban areas provide the bulk of high-technology ambulatory care, their average payments increased at a much lower rate than payments for other hospitals. CMS decreased payments for new pharmaceuticals and devices because it

changed its source of data from manufacturer-reported acquisition costs to hospital claims data, which showed lower costs. The claims data were under-reported, however, because the industry has not yet adequately reconfigured its outpatient billing systems to conform to Medicare's OPPS billing rules. Therefore, GNYHA's principal comment on the proposed rule was a recommendation that CMS continue to use acquisition costs rather than claims data until the claims data are valid for rate-setting. In a related comment, GNYHA also recommended that CMS not discount pharmaceutical and device payments associated with multiple claims. When a patient has multiple procedures performed in a single visit, CMS pays for the most expensive procedure in full but discounts payments for the other procedures by 50% because of assumed economies of scale. Multiple procedures involving new pharmaceuticals and devices, however, do not yield sufficient

New York Increases Reimbursement to Treat and Screen Breast and Cervical Cancers

NYS has made two recent moves to provide additional reimbursement for the screening and treatment of breast and cervical cancers. In September, Governor George Pataki announced that the NYS Department of Health (DOH) will increase Medicaid reimbursement for screening mammography from \$51 to \$90. Then, in October, the U.S. Department of Health and Human Services approved NYS's application to provide Medicaid coverage to women screened through the State's Healthy Women Partnerships. When diagnosed with breast or cervical cancer, patients screened through a Partnership program can now qualify for Medicaid if they have no other coverage and are not otherwise eligible for Medicaid. GNYHA, in conjunction with DOH, will hold a briefing on October 28 to provide more information on program details and enrollment procedures; details of the briefing have been sent to members.

GNYPHA's Role: At the invitation of the New York City Council, GNYHA has been participating on the Council's Access to Screening Mammograms Task Force. Chaired by Council Member and Health Committee Chairwoman Christine Quinn (D-Manhattan), the Task Force comprises Council members, health advocates, and health care providers. The Task Force is working to address issues of reimbursement for and awareness of mammography services.

GNYHA continues to advocate for an increase in Federal Medicare reimbursement for mammography. In particular, GNYHA strongly supports a bill introduced by Representatives Peter King (R-Seaford) and Anthony Weiner (D-Brooklyn) to increase Medicare reimbursement. A similar bill has been introduced by Senators Olympia Snow (R-ME) and Tom Harkin (D-IA) in the Senate. ■

economies to warrant a 50% payment reduction; therefore, GNYHA urged CMS to exempt these services from the discount. ■

Empire Conversion

continued from page 1

version; the Insurance Department approval lengthened that time to 12 months.

In the meantime, the State of New York and Empire Blue Cross and Blue Shield have separately filed motions to dismiss the complaint against Empire by Consumers' Union, four other consumer advocacy groups, and five individual subscribers challenging Empire's ability to convert to for-profit status under the statutory process enacted in January of this year. The lawsuit, filed in New York County's Supreme Court, claims that the conversion statute, which was part of a larger omnibus health care bill, results in an unconstitutional taking of property without appropriate process or compensation. The complaint focuses on the allegation that the conversion proceeds are being used to fund workforce recruitment and retention for hospitals, nursing homes, and other providers, which are included in the larger bill. In fact, however, the statute makes it clear that the majority of the proceeds are to be deposited in the State's Tobacco Control and Insurance Initiatives Pool established by the Health Care Reform Act of 2000, which funds programs such as Family Health Plus and a number of health initiatives. The plaintiffs argue that the only proper application would be premium supports for subscribers and/or mechanisms for increasing access to care. The defendants' motions to dismiss, taken together, challenge the plaintiffs' standing to bring the suit, argue that the issues raised are not subject to judicial review, allege that the plaintiffs have failed to state adequate claims for relief, and take the position that the legislation provides adequate mechanisms for challenging the conversion. ■

Commissioner Frieden to Speak at Health Services Research Symposium in November

Greater New York Hospital Foundation and the United Hospital Fund, in collaboration with major health services research centers, are sponsoring the Thirteenth Annual Symposium on Health Services Research on November 19, 2002. Thomas R. Frieden, M.D., M.P.H., the NYC Commissioner of Health and Mental Hygiene, will deliver the keynote address and discuss the City's public health strategies, including its emergency preparedness activi-

ties and tobacco cessation initiatives. Concurrent morning sessions will be presented on research into current public health issues and the nursing shortage, and a lunchtime poster session will highlight programs and research projects in the metropolitan New York area, on topics including medication safety initiatives, palliative care, cost of inpatient psychiatric care, blood product ordering, and others. Visit www.gnyha.org for more information, or call Jennefer Vicioso at GNYHA. ■

Medicaid Waiver *continued from page 1*

formerly enrolled in the State's Home Relief program, and created Family Health Plus, under which about 619,000 people are newly eligible for health benefits. CMS's approval carried forward the requirements of the existing waiver, adding a new family planning benefit for men and women with incomes up to 200% of the Federal poverty level. Finally, the

waiver extension includes \$350 million over two years to help hospitals retrain their workforce and build the primary care and managed care infrastructure needed to accommodate the shift to managed care, thus partially continuing the Community Health Care Conversion Demonstration Project, under which about \$750 million has been made available thus far for those purposes. ■

SHRPC Approves GNYHA Member Projects

At its meeting on October 3, the State Hospital Review and Planning Council (SHRPC) gave approval or contingent approval to the following GNYHA member projects: **Flushing Hospital**, eight new maternity beds; **Brookhaven Memorial Hospital and Medical Center**, a cardiac catheterization laboratory; **SVCMC Health Services**, establishing a new non-profit corporation as parent for **Saint Vincent Catholic Medical Centers** and **St. Clare's Hospital and Health Center**; **Long Island Jewish Medical Center**, renovate **Hillside Hospital** and construct an outpatient psychiatric facility; **New York-Presbyterian Hospital**, upgrade mechanical, electrical, and plumbing systems at **Columbia Presbyterian**

Center; **New York City Health and Hospitals Corporation Coney Island Hospital**, renovate two psychiatric inpatient units and increase number of beds by 64; **Saint Vincent Catholic Medical Centers**, add mobile MRI units at **St. Joseph's**, **Mary Immaculate**, and **St. Mary's** hospitals; **Jamaica Hospital Nursing Home**, construct a replacement facility and add two respite beds; **Brookdale Hospital Medical Center**, establish MediSys Network as controlling member of Brookdale Hospital Medical Center's certified home health agency. SHRPC also announced the appointment of a new member, Patricia Donnelly of Donnelly & Oot Family Nurse Practitioners, in East Syracuse, New York. ■

Israeli Delegation Meets with GNYHA's Emergency Preparedness Group *continued from page 1*

ment, Quality Assurance, and Medical Education, Amitai Ziv, M.D. The speakers provided an overview of the threats faced in Israel today, models of action for responding to mass casualty events, and preparing for attacks with conventional and unconventional

weapons using the Center's simulated training approach. The officials also discussed Israel's experiences with vaccinating health care workers—3,500 to date—against smallpox. Workers who are vaccinated must agree to donate blood for the purpose of develop-

ing vaccinia immune globulin or VIG, which is used to control serious side effects of vaccine administration. The delegation's visit with GNYHA's council was arranged by the NYS Department of Health and the NYS Office of Public Security. ■