



NOVEMBER 11, 2002

# Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

## Election 2002: Effect on Health Care Community Not Yet Clear

In the coming months, the U.S. Congress and NYS Legislature will consider legislation of great importance to GNYHA members and their patients. In light of this pending legislation, the 2002 Congressional and NYS election results were very important to the health care community.

**Congressional Elections—Lame Duck:** While the biggest change in Washington is the change in control of the Senate from Democrats to Republicans in the 108th Congress, which will begin in January 2003, it is also likely that the Senate will change control during the so-called lame duck session, which

starts this week. The lame duck session is necessary because Congress has not yet enacted a full budget for the fiscal year that began on October 1, 2002, and some Congress mem-

*continued on page 2*

## NYC and NYS Departments of Health Develop Guidelines for Managing Suspected Smallpox

The NYC Department of Health and Mental Hygiene, in coordination with the NYS Department of Health (DOH), has developed guidelines for managing suspect cases of smallpox. The guidelines, which are expected to be released soon, state that although the risk of a bioterrorist incident involving smallpox is very low, it is theoretically possible. Thus, the guidelines provide assistance for managing such cases; in the event that a confirmed case should occur, further guidance will be provided by both the City and State Departments of Health, and the Centers for Disease Control and Prevention (CDC). The State DOH will modify the guidelines for use outside of NYC.

**Summary:** The guidelines, developed with input from area providers and GNYHA's Emergency Preparedness Coordinating Council, are summarized below.

• *Advance Planning:* Providers are advised to

ensure that an effective emergency response plan is in place, including an incident command system to allow coordination with standardized functional responsibilities; an active disaster committee; job action sheets for emergency response positions; protocols for notifying staff and outside agencies; a digital camera to facilitate consultation; communications systems for updating staff; an around-the-clock communications network with back-up in the event the routine network is disabled; a specific response plan for smallpox; and general protocols to quickly identify and isolate patients presenting with fever and rash. The protocols should ensure that pre-hospital transport services are aware of the need to notify emergency department (ED) staff when transporting patients with a fever and rash. Facilities should also identify and test airborne infection isolation rooms, prefer-

*continued on page 4*

## Empire Holds IPO; Court Issues Restraining Order on Use of Proceeds

Empire Blue Cross Blue Shield's initial public offering (IPO) proceeded as scheduled on November 8, with as much as \$400 million expected from the sale of 16.7 million shares, but the NYS Supreme Court temporarily restrained the State's intended use of the IPO proceeds. By statute, 95% of the charitable asset realized by Empire's conversion from a not-for-profit to publicly traded corporation would have gone into a Statewide pool for Child Health Plus, Family Health Plus, and other insurance and health care initiatives, and 5% into a newly created foundation. The restraining order was sought by plaintiffs in a lawsuit led by Consumers Union that was filed over the summer to challenge this allocation. Under the Court's order, Friday's IPO proceeds will be placed in an escrow account supervised by the NYS Comptroller at least until a motion to dismiss the lawsuit is heard on November 26. Empire's total valuation is estimated at as much as \$2 billion. ■

# Medicare Publishes Final 2003 Hospital Outpatient Rates

On November 1, 2002, the Centers for Medicare & Medicaid Services (CMS) published its final rule for Medicare hospital outpatient reimbursement rates for calendar year (CY) 2003 in the *Federal Regis-*

*ter*. The final rule announced an overall payment increase of 3.7% in 2003 for outpatient services, while the rate of increase for GNYHA member hospitals is slightly higher at 3.8%. The figure for GNYHA members is also high-

er than other large urban and major teaching hospital groups, which on average will see payment increases of 3.1% and 2.7%, respectively. Rural hospitals will receive a payment

*continued on page 4*

## Election 2002

*continued from page 1*

bers have expressed an interest in enacting other legislation as well, including a bill to stop damaging Medicare reimbursement rate cuts that began to take effect last month and to provide Medicaid fiscal relief for states. As *Skyline News* went to press, the makeup of the Senate was 49 Democrats, 49 Republicans, and 2 Independents, including a new senator, Dean Barkley (I-MN), who was appointed by Minnesota Governor Jesse Ventura (I) to temporarily fill the seat of the late Senator Paul Wellstone (D-MN), who died in a plane crash on October 25, 2002. It is likely, however, that before members of Congress make any substantive legislative decisions during the lame duck session, including whether to enact a Medicare and Medicaid bill, the Senate will switch from Democratic control to Republican control when Senator-elect Jim Talent (R-MO) is sworn in to complete the term of Senator Mel Carnahan (D-MO). (Senator Carnahan's widow, Jean Carnahan, lost a special election to keep her husband's seat, to which she was appointed in 2001.) Senator-elect Norm Coleman (R-MN) will also likely be sworn in some time in November to complete Senator Wellstone's term. These changes will allow Republicans to take control of the lame duck session agenda. The impact of these changes on Congress's ability to enact Medicare and Medicaid legislation is unclear. The Senate Medicare and Medicaid bill is bipartisan. It was authored jointly by Finance Committee Chairman Max Baucus (D-MT) and the new Chairman, Senator Chuck Grassley (R-IA), and it is clear that a majority of Republicans support it; however, several Republican senators were responsible for keeping the Senate from passing this legislation before the election, including Senators Jeff Sessions (R-AL), Don Nickles (R-OK), and Olympia Snowe (R-ME). In addition,

Bush Administration officials have stated that they do not support legislation that contains anything more than relief for physicians and Medicare managed care plans, stating specifically that they do not see the compelling need to enact legislation that helps hospitals, skilled nursing facilities, or home health care agencies. GNYHA will be working with members of Congress, along with the American Hospital Association and the Association of American Medical Colleges, to try to ensure that Medicare and Medicaid legislation is enacted before the end of the year.

### **Congressional Elections—108th Congress:**

Republicans achieved gains in both the House and Senate. In the House, Republicans have added at least two seats, and as many as six seats, to their slim majority. No major changes are expected in the make-up of key health care committees. Of note, however, is the strong showing of Congresswoman Nancy Johnson (R-CT), who will return in the 108th Congress and will continue to chair the House Ways and Means Subcommittee on Health. As mentioned, the U.S. Senate will change from Democratic control to Republican dominance. Senate Republicans will have at least 51 seats in the 100-seat chamber, with Democrats having, at most, 48 seats, as well as one seat occupied by an Independent who usually

votes with the Democrats. Of interest to the health care community, the Northeast will lose a seat on the Senate Finance Committee, which has jurisdiction over Medicare and Medicaid issues, with the retirement of Senator Robert Torricelli (D-NJ); however, Republicans will have the opportunity to fill at least three vacancies on the Finance Committee, and may choose Senator Rick Santorum (R-PA). The Chairmanship of the Senate Health, Education, Labor, and Pensions Committee will shift from Senator Edward M. Kennedy (D-MA) to Senator Judd Gregg (R-NH), and the Chairmanship of the Senate Appropriations Subcommittee on Labor, Health and Human Services, and Education will likely shift from Senator Tom Harkin (D-IA) to Senator Arlen Specter (R-PA).

**State Elections:** At the State level, Governor George Pataki handily won a third term. In addition, as *Skyline News* went to press, it appeared that the Assembly Democrats, led by Sheldon Silver, had increased their already large majority by as many as six seats. The Senate Republicans, led by Joseph Bruno, also appeared to have increased their majority. All of these races are important to the health care community, given the fact that the Health Care Reform Act of 2000 will expire on June 30, 2003. ■

## GNYHA Ventures Forms Strategic Alliance with The Water Group

GNYHA Ventures, Inc., announced a strategic alliance last week with The Water Group, LLC, that brings water management services to the GNYHA membership. The Water Group works with major water consumers to resolve issues related to water and sewer billing and overall water consumption, enabling institutions to achieve significant savings on their water consump-

tion. On a retroactive basis, The Water Group conducts onsite evaluations and identifies opportunities to pursue savings and correct problems caused by regulatory limitations and physical set-ups. Prospectively, The Water Group can provide ongoing maintenance once billing stability has been achieved to identify usage patterns and potential liabilities. For more information, contact Kim Rosenstock at GNYHA. ■

# GNYHA Members Participate in HHS Conference

On October 31, 2002, GNYHA members participated in a one-day conference designed to educate the community about grant opportunities available from the U.S. Department of Health and Human Services (HHS). Hosted by the Greater Southern Brooklyn Health Coalition (GSBHC), the conference convened HHS officials from

Washington, D.C., and the Regional Office in NYC to provide briefings on the programs and grant opportunities available through each of the divisions of HHS. The conference, which featured a videotaped address by HHS Secretary Tommy Thompson, was jointly organized by GBSHC and the HHS Office of Faith-Based and Community Initiatives. Corporate sponsors of the program included the Healthcare Education Project, an initiative of GNYHA and 1199/SEIU; Bellevue Hospital Center; Coney Island Hospital; Continuum Health Partners; Gouverneur Hospital; Kings-

brook Jewish Medical Center; Kings County Hospital Center; Maimonides Medical Center; New York Community Hospital; and SUNY Downstate Medical Center. Featured speakers at the conference included Bobby Polito, Director of the HHS Office of Faith-Based and Community Initiatives; Deborah Konopko, Regional Director for HHS's New York Office; and New York City Deputy Mayor Dennis Walcott. GNYHA is pleased to have been a part of this important event and looks forward to working with community leaders on future collaborations. ■

## Upcoming GNYHA Briefings

### GNYHA HIPAA Transaction Set Workgroup Meeting

**Date:** Thursday, November 14, 2002

**Time:** 9:30 a.m.–12:30 p.m.

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

This HIPAA workgroup meeting will focus on clarifying the requirements for the Health Insurance Portability and Accountability Act of 1996 (HIPAA) compliant claim and gap analyses—that is, identifying gaps between currently available data and HIPAA requirements. The meeting will feature a case study presentation from Memorial Sloan Kettering Cancer Center. The briefing will also include a discussion with regional payers on HIPAA implementation testing timelines and implementation strategies. For more information contact Ellen Lukens, and to register contact Theresa Simon, at GNYHA.

### Six Sigma in the Health Care Setting

**Date:** Thursday, November 21, 2002

**Time:** 10:30 a.m.–3:00 p.m.

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

Six Sigma—a method used in industry to improve operational efficiency, cost-effectiveness, and quality—has been adapted recently for use in health care. As with all quality and patient safety programs, Six Sigma requires the commitment of senior management to support system changes that may occur across departments. At this briefing, examples of such system changes will be provided by hospitals in the region who have made the commitment to Six Sigma and have measured both clinical and financial improvements to their processes. Michael Dowling, President and Chief Executive Officer at North Shore-Long Island Jewish (LIJ) Health System, will be the keynote speaker, discussing the Six Sigma implementation process at North Shore LIJ and lessons learned for future application. The program is intended for

senior management, quality improvement staff, finance and billing staff, medical directors, and chiefs of departments. For more information contact Terri Straub, and to register contact Barbara Marino, at GNYHA.

### Emergency Preparedness

**Date:** Friday, November 22, 2002

**Time:** 9:00 a.m.–12:00 noon

**Location:** The De Matteis Center at St. Francis Hospital, Northern Boulevard, Old Brookville, NY (directly across from New York Institute of Technology)

This briefing is intended for GNYHA's Long Island members who have not had the opportunity to participate on a regular basis in the activities of GNYHA's Emergency Preparedness Coordinating Council. The program will update participants on GNYHA's current initiatives, training programs, Web resources, roles of agencies in emergency preparedness, and GNYHA response services. In addition, a representative from the New York State Department of Health will provide an overview of the Hospital Emergency Response Data System. David Ackman, M.D., M.P.H., Nassau County Health Commissioner, and Mark Misener, M.D., M.P.H., Medical Director, Suffolk County Health Department, will update participants on regional preparedness in Nassau and Suffolk counties, and discuss management of suspected smallpox in acute care medical settings. For more information contact Terri Straub, and to register contact Barbara Marino, at GNYHA.

### Claredi HIPAA Certification Services

**Date:** Tuesday, November 26, 2002

**Time:** 10:00 a.m.–12:00 noon

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

GNYHA recently announced a negotiated discount for Claredi certification services. This

briefing will feature a presentation from Larry Watkins, Claredi's Vice President and Chief Operating Officer, who will describe how the Claredi service enables providers to identify HIPAA implementation issues upfront, before exchanging transactions with payers and clearinghouses. For more information contact Ellen Lukens, and to register contact Barbara Marino, at GNYHA.

### Report on Hospital Report Cards

**Date:** Wednesday, December 18, 2002

**Time:** 9:00 a.m.–12:00 noon

**Location:** St. Francis De Matteis Center, Northern Boulevard, Old Brookville, NY

The briefing will be repeated in Manhattan as follows.

**Date:** Friday, December 20, 2002 (note: new date)

**Time:** 9:30 a.m.–12:30 p.m.

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

As national organizations such as the National Quality Forum, the Leapfrog Group, Joint Commission on Accreditation of Healthcare Organizations, and the Centers for Medicare & Medicaid Services define and develop standards and measures of quality, hospitals face the challenge of responding to a new era of public performance report cards. This briefing will include an overview of the measures—and methodologies for computing the measures—that are and will be used by existing report cards and anticipated report cards, as well as strategies to improve hospital-specific performance, the public relations perspective, and the anticipated effect of consumer-based health care purchasing in response to report cards. *Please note that the date for the New York City briefing was previously announced as November 15, 2002; it has been changed to December 20.* For more information contact Terri Straub, and to register contact Barbara Marino, at GNYHA. ■

## Smallpox *continued from page 1*

ably ones located in the ED, and the engineering department should assess the HVAC systems in the ED to determine whether air is recirculated elsewhere. Providers are advised to pre-designate teams to care for any suspect or confirmed case. Until vaccine is available for these teams, providers should identify individuals who were vaccinated previously against smallpox. Staff should also be trained regularly on the signs and symptoms of smallpox and other bioterrorism agents.

- **Initial Patient Evaluation:** The guidelines provide information on how to recognize and manage suspect cases, including training security and other personnel to alert nursing or medical staff when patients enter with any illness involving a rash. For assessment purposes, the guidelines refer to the CDC's poster, "Evaluating Patients for Smallpox," available at <http://bt.cdc.gov/agent/smallpox/diagnosis/pdf/spox-poster-full.pdf>. The protocol for assessing rashes and steps on how to respond to low, moderate, and high-risk cases are included in the guidelines.

- **Patient Management:** The guidelines require that the suspect case be kept in an airborne infection isolation room (if available) and that infection control personnel and on-call administrative staff be notified immediately. Anyone entering the patient's room should wear contact and airborne personal protective equipment, currently defined as disposable gloves and gowns and an N-95 or higher respiratory mask, and all hospital staff should have undergone fit testing for the masks.

- **Managing the Facility and Contacts:** Recommendations are provided for identifying, tracking, and managing potential contacts of a moderate or high-risk case; cleaning areas where the suspect case may have been; coordinating communications; and security.

**Federal Vaccine Policy:** The U.S. Department of Health and Human Services (HHS) has recommended to the White House that vaccine be made available pre-event on a voluntary basis in three phases: 1) vaccinate approximately 500,000 health care workers who would be called upon to treat any initial cases of smallpox; 2) vaccinate up to 10 million health care workers and first responders; and 3) vaccinate the general public. At each phase, HHS would make pre-event vaccine available

only once the units of vaccine are licensed. However, the U.S. Food and Drug Administration recently licensed 1.7 million doses of the Dryvax vaccine, much of which is expected to go to the military. If HHS's recommendation to vaccinate health care workers is

approved, the vaccination program would begin approximately 60 days after its announcement. In the October 28, 2002, issue of *Skyline News*, GNYHA outlined a Federal advisory committee's recommendations for undertaking such a program. ■

## GNYHA and DOH to Conduct Drill of Emergency Data Gathering System

**O**n November 14, GNYHA will conduct a drill of the NYS Department of Health (DOH) Hospital Emergency Response Data System (HERDS). Nearly 60 hospitals in the New York metropolitan area have registered to participate in the drill. During the drill, participating hospitals will be asked to conduct actual assessments of their current surge capacity and event-related visits. The emergency scenario will evolve over the course of the drill, and hospitals will be asked to respond to changes in the scenario. Participants will remain at their own facility to manage emergency response at their

own site. GNYHA has been collaborating with DOH to develop HERDS, a data collection system to be activated and used in emergencies. HERDS is based on a data-gathering system designed by New York-Presbyterian Healthcare System and tested in conjunction with GNYHA and its member facilities. The system has been pilot-tested and presented through formal demonstrations across the State. HERDS data will be shared with local emergency management agencies and public health officials. If you have questions about the HERDS drill, contact Susan Stuard at GNYHA. ■

AROUND

**Audrey S. Weiner, D.S.W., M.P.H.**, has been appointed President and CEO of The Jewish Home and Hospital LifeCare System. Dr. Weiner's responsibilities include leadership of the System's three campuses located in Manhattan, the Bronx, and the Sarah Neuman Center for Healthcare and Rehabilitation in Westchester County. Dr. Weiner, who previously served as Executive Vice President and COO of the three facilities, succeeds **Sheldon Goldberg**, a former member of the GNYHA Board of Governors, who has been named President and CEO of the Alzheimer's Association in Chicago. ■

## Hospital Outpatient Rates *continued from page 2*

increase of 6.2%.

As in the proposed rule, the payment rates for preventive care services such as clinic visits and colonoscopy will increase compared with 2002 rates, while payment rates for services including new technology devices and drugs will decrease. The reductions, however, will be less than originally proposed. The improvement is due to CMS's use of more recent hospital claims data and its elimination of claims for procedures involving the implantation of a device where a device charge was not present on the claim. In addition, CMS created corridors to reduce the impact of payment changes on services where large payment reductions were proposed.

Other major provisions include:

- **No pro rata reduction for pass-through items.** CMS found that it will not be necessary to invoke a *pro rata* reduction for pass-through payments since it estimates that spending on pass-through items will be lower than the statutorily set limit of 2.5% of OPPS payments.
- **Drug-eluting stents.** Similar to the provision that CMS promulgated in the inpatient PPS, CMS created a new APC for drug-eluting stents. The new APC will be effective upon approval of the new stents by the Food and Drug Administration (FDA) but not earlier than April 1, 2003. If the FDA approves the stents before April 1, 2003, the reimbursement will be based upon the APC to which cases are currently assigned. ■