



NOVEMBER 25, 2002

Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

Mayor Calls for Hospital Taxes and Medicaid Cuts; GNYHA Voices Opposition

On November 14, 2002, NYC Mayor Michael R. Bloomberg released his November 2002 Financial Plan for fiscal years 2003–06. Due to the continued deterioration in the City government's finances since the enactment of the 2003 budget in June, the Mayor has called for savings and new revenues to close a \$1 billion deficit in the 2003 fiscal year, which ends on June 30, 2003, as well as a projected \$6.4 billion deficit in fiscal year 2004. The Mayor's proposals,

many of which require the approval of the City Council and, in some cases, the Federal and State governments, include a mix of new revenue and expenditure cuts.

Hospital Tax: Mayor Bloomberg proposes that the NYS Legislature enact an assessment on inpatient hospital stays to create a statewide pool to help defray the costs of the Early Intervention Program (EIP). The EIP, which provides services to developmentally disabled

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Congress Adjourns Without Addressing Health Care Cuts

Last week, the U.S. Congress adjourned for the year without addressing the many Medicare and Medicaid issues that health care providers, Medicare beneficiaries, governors, and others need to have addressed in order to ensure the continued viability of the Medicare and Medicaid programs. Specifically, Congress failed to enact legislation to stop Medicare cuts to teaching hospitals that took effect on October 1, 2002, and will cost the nation's teaching hospitals \$800 million per year; Medicare cuts to skilled nursing facilities and home health care agencies that also took effect on October 1, 2002;

and Medicare cuts to physicians that took effect on January 1, 2002, and are likely to deepen on January 1, 2003. In addition, Congress did not act on legislation to provide fiscal relief to states through an increase in the Federal Medicaid matching rate to help them afford cost increases in their Medicaid programs resulting from the economic downturn. Before leaving, the House of Representatives did pass legislation that would have protected the Centers for Medicare & Medicaid Services (CMS) from lawsuits if CMS were to make changes in the methodology to determine physician fees, thus potentially protecting physicians from further Medicare cuts;

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GNYHA Board Meets

The GNYHA Board of Governors met on November 21, 2002, and took the following actions:

- heard a report on NYC Mayor Michael Bloomberg's proposed budget as it relates to health care, and GNYHA's response;
- was briefed on the status of Federal Medicare and Medicaid legislation after the recent election, including GNYHA's efforts to ensure that legislation passes in early January as part of the 2003 budget, GNYHA's work with other organizations (including the Association of American Medical Colleges), and activities designed to gain Administration support for Medicare relief;
- was updated on various Medicare prospective payment system (PPS) issues, including inpatient PPS outlier payment issues, reimbursement recognition of drug-eluting stents and efforts to ensure appropriate reimbursement from the Medicaid program, the status of the Centers for Medicare & Medicaid Services' development of a Medicare PPS for inpatient psychiatric and substance abuse services as well as GNYHA's involvement in that process, improvements in the outpatient PPS final rule for 2003, and a December 31 deadline for submitting adjustment claims for unbilled drugs and devices eligible for "pass-through" payments;
- heard an overview of GNYHA's activities to facilitate its members' implementation of the Health Insurance Portability and Accountability Act (HIPAA), including activities related to the HIPAA Privacy Rule and the HIPAA transaction sets implementation, and GNYHA's efforts to reduce HIPAA's effect on fundraising by securing modifications to the Privacy Rule; and
- heard a review of GNYHA's activities to assist members in preparing for and responding to possible emergency events, including an update on the status of Federal plans to vaccinate health care workers for smallpox and a review of a recent drill, conducted by GNYHA, of the NYS Department of Health's Hospital Emergency Response Data System (see story on page 2). ■

children under the age of three, is a State program that the counties and NYC are required to help fund and administer. The Mayor proposes that the State levy a 2.4% tax on inpatient hospital care to create a statewide early intervention pool that the State and counties could use to offset the costs of services for children who are eligible for early intervention but who are not eligible for Medicaid and, thus, receive no Federal funding. The Mayor estimates that the tax would generate \$150 million in annual savings for NYS and NYC for services provided to children in NYC. **Medicaid:** The Mayor expressed great concern over the increasing cost of the Medicaid program, which he projects will increase by 7.4% in fiscal year 2003. He blames the increase on rising utilization, health care costs, and Medicaid enrollment, along with State mandates and other factors, and calls on the State to find ways to rein in Medicaid spending by enacting legislation to address those increases. While the Mayor gives no specifics, he requests that the State provide savings of \$250 million in State and City spending for Medicaid services provided to NYC residents. He also calls on the State to take over the non-Federal costs of the Medicaid program completely; asks the Federal government to enact a permanent, three-percentage-point increase in the Federal Medicaid matching rate and to increase the Federal share of Medicaid funding for children; calls on the State government to repeal the home care expenditure savings targets that were imposed on the City and counties several years ago; and asks the Federal government to repeal the Federal ban on Medicaid eligibility for legal immigrants who have entered the country since 1996.

Other Health Proposals: The Mayor also proposes reducing basic life support ambulance tours conducted by FDNY and increasing tours by voluntary ambulance services; imposing fire inspection fees on not-for-profit organizations; and reducing or eliminating a variety of City contracts with the NYC Health and Hospitals Corporation, community-based organizations, and other health care providers for mental health services, school-based health services, asthma management, and other services.

GNYHA Response: GNYHA President Ken-

neth E. Raske sent letters to Mayor Bloomberg, City Council Speaker Gifford Miller, and City Council Health Committee Chair Christine Quinn expressing GNYHA's strong opposition to the imposition of a new hospital tax and the enactment of Medicaid reimbursement or eligibility cuts.

"GNYHA has strongly supported many of the Federal proposals contained in your November 2002 Financial Plan, including a Federal Medicaid matching rate increase and the repeal of the ban on Medicaid eligibility for legal immigrants," Mr. Raske stated in his letter. "We look forward to continuing to work with you and the New York Congressional Delegation on these and other important proposals that can help restore New York City to

fiscal health. Having said that, I must express great concern about two proposals in your financial plan that I believe will wreak havoc on New York's health care system. These proposals are the proposed hospital tax and cuts in Medicaid." Mr. Raske went on to detail the difficult financial situation of hospitals and continuing care providers in NYS, and to point out that the hospital tax would have the effect of making New York hospitals less competitive than their counterparts in other parts of the country.

GNYHA will work with the Federal, State and City governments to help enact fiscal relief for NYC without compromising the financial stability of the health care system on which all New Yorkers rely. ■

GNYHA and DOH Conduct Drill of Emergency Data-Gathering System



At the GNYHA command center, emergency drill participants respond to hospital questions and update scenario information. Left to right: Mary Ellen Hennessy, DOH; Susan Stuard (seated), GNYHA; Judy Faust, DOH; Jeanne Behr, DOH; Charles Bonsu, DOH; John Kushner, DOH.

On November 14, 2002, GNYHA conducted a drill of the NYS Department of Health (DOH) Hospital Emergency Response Data System (HERDS). More than 60 hospitals in the New York metropolitan area participated.

From the GNYHA Command Center, GNYHA and DOH posted the drill scenario, provided scenario updates, assisted hospitals experiencing technical difficulties, and engaged in two-way communication using a secure discussion forum. Each participating hospital remained at its own facility and

was asked to log on to the HERDS Web site at the start of the drill. During the drill, participating hospitals were asked to respond to the drill scenario and to conduct actual assessments of their current surge capacity and event-related visits. Ninety-five percent of participants were able to access HERDS successfully and enter data into the system. More than 80% of participants were able to receive information through the secure discussion forum.

Drill participants have been asked to complete a formal evaluation to help DOH identify technical difficulties to be resolved and operational improvements that hospitals would like made to HERDS. DOH has indicated its strong commitment to improving HERDS and supporting GNYHA's plans to conduct drills on an ongoing basis.

Over the past year, GNYHA has been collaborating with DOH and New York-Presbyterian Healthcare System to develop HERDS. The system has been pilot-tested and presented through formal demonstrations across the State. Access to HERDS is also available to local emergency management agencies and public health officials. If you have questions about the HERDS drill, contact Susan Stuard at GNYHA. ■

Upcoming GNYHA Briefings

Sharps Disposal Programs

Date: Thursday, December 5, 2002

Time: 10:00 a.m.–12:00 noon

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

This briefing will provide members with guidance on how to create an effective community sharps disposal program that is compliant with New York Public Health Law §1389-dd(4) requiring all hospitals and residential care facilities to accept sharps brought to them by individuals in the community. The briefing will feature presentations by the NYS Department of Health, the NYC Department of Health and Mental Hygiene, the Legal Action Center, and several GNYHA member facilities. For more information contact Susan Stuard, and to register contact Barbara Marino, at GNYHA.

Managing Revenue and Payments Under Medicare's OPPS

Date: Thursday, December 5, 2002

Time: 1:00 p.m.–4:00 p.m.

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

The complexities of the Medicare outpatient prospective payment system (OPPS) have made it very difficult for hospitals to manage their Medicare outpatient accounts effectively. In order to help hospitals track their outpatient billing and receivables more effectively, GNYHA Ventures, Inc., has entered into an agreement with The Cirius Group, Inc. (TCG), the developer of a unique software application to assist hospitals in managing their revenues and payments under OPSS. TCG has developed an electronic logging system for OPSS that enables the user hospital to obtain specific ambulatory payment classification pricing information, identify unbilled charges, compute payments for specific services and claims, and manage line item denials. This informational session will acquaint members with TCG's available services. For more information contact Stewart Presser or Elisabeth Wynn, and to register contact Barbara Marino, at GNYHA.

DOH Implementation of eMedNY

Date: Monday, December 9, 2002

Time: 1:30 p.m.–3:30 p.m.

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

The NYS Department of Health (DOH) recently announced the implementation of Phase I of eMedNY, the State's replacement

system for Medicaid eligibility verification and claims adjudication. Until this time, DOH used several vendors and systems to provide eligibility and claims processing for providers rendering services to Medicaid clients. eMedNY will bring all systems under one contract. Phase I, which started November 18, 2002, will be transparent to most providers and replaces aspects of the current system managed by e Funds, which handles eligibility and pharmacy claims. However, the balance of the implementation of eMedNY will contain major changes and enhancements to the Medicaid processing systems. This briefing with DOH will provide information on eMedNY phased implementation. For more information contact Stewart Presser, and to register contact Barbara Marino, at GNYHA.

Nursing Recruitment and Retention Magnet Recognition Program

Date: Tuesday, December 10, 2002

Time: 9:00 a.m.–12:00 noon

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

The Magnet Recognition Program was developed by the American Nurses Credentialing Center to recognize health care organizations that provide the very best in nursing care and uphold the tradition of professionalism within nursing practice. It also provides a vehicle for disseminating successful practices and strategies among nursing systems. The program, which appraises both qualitative and quantitative factors in nursing when determining Magnet designations, is based on quality indicators and standards of nursing practice as defined in the American Nurses Association Scope and Standards for Nurse Administrators. At this briefing, GNYHA members that have received Magnet recognition will provide an overview of the impact on staff recruitment and retention and the value of being recognized as a Magnet hospital. In addition, a representative from the American Nurses Credentialing Center in Washington, D.C., will explain the application and survey process for Magnet status. GNYHA encourages hospitals to participate in this briefing and invites nursing managers, nurse recruiters, nursing shift supervisors, medical directors, human resource staff, and hospital administrators to attend. For more information contact Terri Straub, and to register contact Barbara Marino, at GNYHA. ■

Schumer, Fossella, Kelly Help Secure Terrorism Insurance

Before the 107th Congress adjourned last week, both the House and Senate passed the Terrorism Risk Insurance Act of 2002, creating a temporary public/private insurance-and-compensation system to cover losses resulting from acts of terrorism. The bill, which President Bush strongly supports and is expected to sign, is extremely important for GNYHA member hospitals and continuing care facilities that, in the aftermath of the September 11, 2001, attacks had difficulty getting coverage for losses related to terrorist attacks, despite huge increases in property and casualty insurance premiums.

The bill requires property and casualty insurers to make terrorism insurance available. In return, the Federal government will share the risk of loss from future terrorist attacks with those insurers, who will be required to pay terrorism-related claims of up to 1% of the amount of direct earned premiums they received in the previous year for the rest of 2002, 7% in 2003, 10% in 2004, and 15% in 2005. Once an insurer reaches the threshold, the Terrorism Insurance Program, created within the Treasury Department, will cover 90% of claims above the threshold. Aggregate marketplace claims of less than \$10 billion in 2002–03, \$12.5 billion in 2004, and \$15 billion in 2005 must be borne by the industry, either by direct payment of claims or through repayment to the Terrorism Insurance Program via surcharges paid by all commercial property and casualty policyholders. The surcharges will be capped at 3%. The Federal government and the industry will not be required to pay claims once the aggregate marketplace claims exceed \$100 billion.

The program expires on December 31, 2005. Three New York members of Congress served on the Conference Committee charged with negotiating the details of the final bill—Senator Charles E. Schumer (D-NY), Congressman Vito Fossella (R-NY), and Congresswoman Sue Kelly (R-NY). GNYHA, which strongly supported the passage of terrorism insurance legislation, is grateful to those Congress members and other New York delegation members for their support. ■

Commissioner Frieden Addresses GNYHF-UHF Symposium

On November 19, Thomas R. Frieden, M.D., M.P.H., Commissioner of the NYC Department of Health and Mental Hygiene, gave the keynote address at the Thirteenth Annual Symposium on Health Services Research in New York, and outlined the City's public health strategy. The 2002 Symposium, sponsored by the Greater New York Hospital Foundation (GNYHF) and the United Hospital Fund (UHF) in collaboration with major health services research organizations, was attended by 200 researchers, administrators, clinicians, and policymakers.

Dr. Frieden discussed the public health priorities of his Department, emphasizing emergency preparedness and tobacco use reduction, as well as the City's extensive data collection activities, which serve to promote public health and monitor potential bioterrorism events. He also presented statistics showing the negative health effects of tobacco use in NYC and delineated a five-point plan to reduce tobacco use. Susan Waltman, Esq., GNYHA's Senior VP and General Counsel, commented on the provider community's ongoing collaboration with the City in enhancing the region's preparedness, and Ted

Joyce, Ph.D., Academic Co-Director, Graduate Program in Health Care Administration, Baruch College/Mount Sinai School of Medicine, discussed recent research on the effects of increased taxes on cigarette use. Concurrent sessions then focused on recent research on the nursing shortage and NYC's public health successes and challenges, including the impact of the Ryan White Care Act on health

outcomes and the epidemic of childhood obesity in NYC. The lunch break included a poster session highlighting research and significant programmatic initiatives in medication safety, palliative care services, early childhood trauma, inpatient hospital cost, and other issues. The day ended with discussions on the uninsured, cultural competency in health care, and quality indicators in long term care settings. ■

CMS Publishes Nursing Home Data

On November 12, the Centers for Medicare & Medicaid Services (CMS) published data for all nursing facilities nationwide regarding 10 nursing home quality indicators on the Nursing Home Compare Web site (www.medicare.gov) as part of the Nursing Home Quality Initiative (NHQI). The next day, CMS placed full-page ads in *The New York Times* and three other New York newspapers that provided information on how each of the largest nursing homes in the State fared on three of the quality measures. CMS also held a national press conference in Washington, D.C., and another press event in New York, to announce the roll-out. Many local and national media outlets ran stories regarding the CMS effort. The press coverage highlighted the fact that New York facilities scored better than the national averages on most indicators. CMS stated that these

measures are not intended to be the main method for comparing nursing facilities and recommended that the public speak with nursing home staff and visit facilities directly. CMS also indicated that it placed these measures into the public domain to encourage a dialogue about nursing home quality.

GAO Report: The day after CMS released the NHQI quality indicators, the General Accounting Office (GAO) published a report, *Public Reporting of Quality Indicators Has Merit, but National Implementation Is Premature*, stating that appropriate validation was incomplete for the CMS indicators. GAO recommended delaying the launch based on the need for a thorough analysis of a CMS study on the measures' validity by Abt Associates and CMS's assessment of a six-state pilot program that tested the public availability of the measures. ■

Over 200 Attend GNYHA Briefing on Six Sigma

Over 200 participants attended GNYHA's briefing on Six Sigma for health care on November 21. The keynote speaker, Michael Dowling, President and Chief Executive Officer of North Shore-Long Island Jewish Health System (NSLIJ), highlighted NSLIJ's commitment to maintaining rigorous standards and high-quality care, and the need for leadership to improve quality and patient safety while improving cost-efficiency and systems.

Six Sigma principles have been shown to improve operating efficiencies, cost-effectiveness, and processes of care. Most hospital Six Sigma projects begin with defining health



Michael Dowling, President and CEO of NSLIJ

care deliverables that are critical to quality, process, and cost, and then developing a process for rapid improvement.

Other speakers included Alan Cooper, Ph.D., Assistant VP, NSLIJ Center for Learning and Innovation; Marc Van Kooy, M.D., Six Sigma Master Black Belt, Virtual Health System; Lyn Salsgiver, Director of Planning and System Development, Yale-New Haven Hospital; and Bradley Schultz, General Electric. The speakers provided a comprehensive overview of their Six Sigma projects as well as successes and lessons learned in using this methodology. If you have questions about the briefing, contact Terri Straub at GNYHA. ■

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Congress Adjourns

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however, after the Congressional Budget Office projected that the provision would have cost \$43 billion over 10 years—more than the cost of the entire bipartisan Medicare and Medicaid provider legislation the Senate has been considering, which helps hospitals, continuing care providers, and other providers as well as physicians—the Senate declined to pass the House bill. Many members of Congress have pledged to try to pass Medicare and Medicaid legislation in the early days of the 108th Congress, which begins on January 7, 2003. GNYHA will be working with members of Congress and the New York delegation to enact legislation to protect GNYHA members from damaging Medicare and Medicaid cuts. ■