



FEBRUARY 19, 2001

Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

GNYHA Calls for New State Budget Investments in Health Care

On February 12, 2001, GNYHA President Kenneth E. Raske testified before key legislative committees in Albany on the NYS fiscal year 2001–02 budget. In his testimony, Mr. Raske called upon the Governor and State lawmakers to not only reject proposed Medicaid cuts to continuing care providers, but to make critical new investments across the continuum of care. Citing the increasingly dire financial straits of New York's not-for-profit and public hospitals and nursing homes, Mr. Raske called for new State funding to help health care providers deal with several important

health care needs, including hiring and retaining staff, dealing with new labor contracts that will be negotiated later this year; purchasing new information technologies to help enhance quality and efficiency; increasing the number of New Yorkers with health insurance through repeal of the restrictions on immigrants' ability to obtain Medicaid coverage; and streamlining eligibility and recertification requirements for public health insurance programs, including Medicaid, Child Health Plus, and Family Health Plus. "Our institutions are in a state of financial paralysis," Mr. Raske said, citing four recent

studies showing the decline in the financial conditions of New York's health care providers, including a recent GNYHA study documenting the financial conditions of New York institutions (see story below), a recent study by the United Hospital Fund showing severe financial decline in NYC hospitals in the last five years, a study conducted by the Center for Healthcare Industry Performance Studies, and a study conducted by the

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NYC Area Hospitals' Financial Condition Deteriorated in 2000

The financial condition of hospitals in the metropolitan New York area deteriorated in 2000 for the third consecutive year, a GNYHA analysis of hospital financial statements has found. The analysis was based on interim financial statements for the first three quarters of 1998, 1999, and 2000 from 48 GNYHA member hospitals in New York City, Long Island, and Westchester County.

According to the analysis, the aggregate operating margin for the study group dropped from -0.4% in 1998 to -1.0% in 1999, and to -1.7% in 2000. The aggregate total margin also declined, from 0.2% in 1998 to -0.5% in 1999, and to -0.9% in 2000. These declines represent a loss of \$144 million in operating income and \$111 million in net

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Senator Clinton Devotes First Speech to Health Care

On February 13, 2001, U.S. Senator Hillary Rodham Clinton (D-NY) delivered her first speech on the Senate floor, calling upon Congress to enact several proposals to reduce the number of uninsured Americans. These proposals, which Senator Clinton outlined in her campaign, include expanding income eligibility for the State Children's Health Insurance Program (SCHIP) up to 300% of the Federal poverty level and extending the program to parents of eligible children, similar to the concept underlying Family Health Plus; pro-

viding a financial bonus to states that meet SCHIP enrollment targets and reducing funding for states that fail to meet them; enacting proposals to encourage people who are eligible for SCHIP or Medicaid to enroll; and enacting a Patient's Bill of Rights, along the lines of the Patient Protection Act of 2001, sponsored by Senator John McCain (R-AZ) and Senator Edward M. Kennedy (D-MA). GNYHA looks forward to working with Senator Clinton and the bipartisan NY Congressional Delegation on these issues and other important health care issues. ■

HHS Releases Findings from Nursing Survey

The U.S. Department of Health and Human Services (HHS) has released preliminary findings from its National Sample Survey of Registered Nurses 2000. The full report is expected in a few months.

Findings: It is estimated that as of March 2000 there were nearly 2.7 million registered nurses (RNs) in the U.S. Although this number represents an increase in the total RN population from the previous 1996 data, the increase is the lowest reported in any prior survey.

Employment Status and Settings. An estimated 58.5% of RNs reported working full-time, 23.2% reported working part-time, and 18.3% were not employed in nursing. Over 59% of nurses were employed in hospitals, 7% in nursing homes and extended care facilities, and 18.3% in community health.

An Aging Workforce. The average age of RNs working in nursing increased from 42.3 years in 1996 to 43.3 in 2000. In 1980, 52.9% of all RNs were estimated to be under the age of 40, compared with 31.7% in 2000. The most significant drop was in the number of nurses under age 35, which went from 40.5% in 1980 to 18.3% in 2000. The RN population under the age of 30 dropped from 25% in 1980 to 10% in 2000. Graduates of basic nursing education programs are, on average, over the age of 30.

Salaries. The actual average income of an RN employed full-time in 2000 was \$46,782. However, when the salary is viewed based on the consumer price index, which accounts for changes in the purchasing power of the dollar, the "real" average salary was \$23,369.

U.S. Senate Hearings: The HHS study was released at the same time that the U.S. Senate was holding hearings to determine what role the Federal government might play in addressing the RN shortage, which is expected to worsen over the next decade as an increasing number of older nurses retires. A "Nurse Reinvestment Act" is scheduled to be introduced next week in the Senate, with proposals for resolving the nursing shortage.

GNHYA's Action Plan: GNYHA's action plan on workforce shortages includes a multifac-

NYC Area Hospitals' Financial Condition *continued from page 1*

income from the first nine months of 1998 to the first nine months of 2000. In addition, the analysis found a growing number of hospitals with negative margins. In 1998, 63% of the

study hospitals reported operating losses and 54% reported bottom-line losses. By 2000, 65% of the study hospitals reported negative operating and bottom-line margins. ■

Financial Performance of 48 GNYHA Member Hospitals (\$ in millions)

Performance Indicator	Quarters 1-3, 1998-2000			Change ^a		
	9 mos. 1998	9 mos. 1999	9 mos. 2000	1998-1999	1999-2000	1998-2000
Operating revenue	\$9,931	\$10,471	\$10,932	5%	4%	10%
Operating expenses	\$9,969	\$10,575	\$11,115	6%	5%	11%
Operating income/(loss)	(\$39)	(\$105)	(\$183)	(\$66)	(\$79)	(\$144)
Operating margin ^a	-0.4%	-1.0%	-1.7%	-0.6	-0.7	-1.3
Non-operating income/(loss)	\$56	\$53	\$89	-4%	67%	60%
Net income/(loss)	\$17	(\$51)	(\$94)	(\$68)	(\$43)	(\$111)
Net margin ^a	0.2%	-0.5%	-0.9%	-0.7	-0.4	-1.0

^a Change in operating margin and net margin shown in percentage points.

Source: Interim financial statements from 48 GNYHA member hospitals.

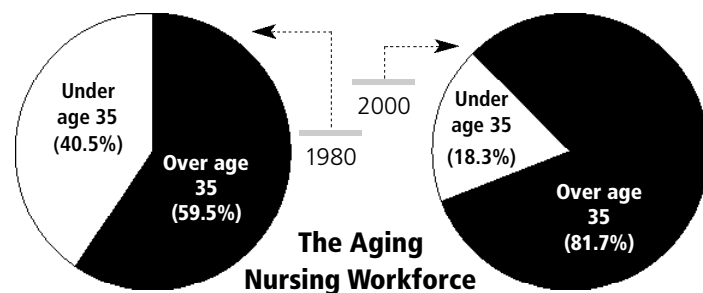
TANF Applications Due Date Extended; Federal Funding Available for Underserved Communities

The deadline for proposals to receive funding under the Temporary Assistance for Needy Families (TANF) Health Worker Training Initiative has been extended from March 5, 2001, to March 23, 2001. The program makes available up to \$80 million in funds to support the recruitment, training, and retention of TANF-eligible individuals for jobs in the hospital, nursing home, and home health

care sectors.

Programs Targeting Underserved Communities: The U.S. Department of Commerce, National Telecommunications and Information Administration has announced the availability of approximately \$42.5 million in grant funding for the Technology Opportunities Program (TOP). The purpose of these grants is to provide

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eted approach that is aimed at increasing the number of nurses through recruitment and retention. In addition to promoting Federal and State funding for nursing salaries, education, and retraining, GNYHA is collaborating with the NYC Board of Education to promote interest in and knowledge about health careers, including nursing. GNYHA has also been engaged in discussions with nurse edu-

cators to introduce innovations in education that will favorably affect nursing practice and retention of staff. GNYHA is also offering a series of nursing leadership seminars that will target the improvement of the work environment. GNYHA is currently compiling the data from its latest *Survey of Nurse Staffing in the New York City Region*, which was sent to hospitals in January 2001. ■

President Submits Principles for Patient's Bill of Rights

On February 7, 2001, President George W. Bush released a statement of principles outlining his priorities for legislation to create a patient's bill of rights. The President's principles include protecting all insured Americans, not just those enrolled in self-funded plans; providing coverage for emergency room and specialty care; providing direct access to obstetricians, gynecologists, and pediatricians; providing coverage for prescription drugs and care provided pursuant to enrollment in clinical trials; providing access to health plan information; allowing patients access to a medical review process and holding insurers

liable in Federal court for denial of care; subjecting employers to suit only if they participate in the decision to provide care; and subjecting damages to reasonable caps. Both Senator Charles Schumer and Senator Hillary Rodham Clinton have cosponsored a broader bill, S.283, that has been introduced by Senator John McCain (R-AZ) and Senator Edward M. Kennedy (D-MA). This bill has been referred to the Senate Health, Education, Labor and Pensions Committee, of which Senator Clinton is a member. It is expected that S.283 and the President's principles will serve as the starting points for negotiation on HMO reform. ■

GNYHA Budget Testimony

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Medicare Payment Advisory Commission. "[W]e New Yorkers have an . . . opportunity to strengthen our health care system," Mr. Raske said. "We have unprecedented budget surpluses at the Federal, State, and local levels . . . In this time of plenty, we must lay the groundwork for a health care system that is stronger, safer, more readily accessible, and that continues to turn scientific advances into new procedures, therapies, and cures . . . [W]e must immediately make critical new investments in our health care system . . . [I]t would be irresponsible not to do so."

For a copy of GNYHA's budget testimony or State and Federal agendas, call Carol Kevel at GNYHA or go to GNYHA's Web site at www.gnyha.org. ■

Upcoming GNYHA Briefings

Community Health Care Conversion Demonstration Project (CHCCDP)

Date: Friday, March 2, 2001

Time: 10:00 a.m.–12:00 noon

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

At this briefing for GNYHA member hospitals receiving funding under CHCCDP, representatives from the NYS Department of Health who evaluate hospital applications and monitor program progress will address work plan and budget completion issues. For more information call Patricia Wang, and to register call Barbara Marino, both at GNYHA.

Maternal-Pediatric HIV Prevention and Care Program

Date: Thursday, March 15, 2001

Time: 10:00 a.m.–12:00 noon

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

This briefing will cover the Maternal-Pediatric HIV Prevention and Care Program that requires providers to offer prenatal HIV tests and hospitals to implement expedited HIV testing in the delivery setting. Representatives from the NYS Department of Health will provide an update on the program and discuss perinatal transmission rates, increases in prenatal testing, new testing technologies, and DOH's protocols for monitoring facilities and regulatory enforcement activities. For more information, call Doris Varlese, and to register, contact Barbara Marino, both at GNYHA. ■

Towns, Engel Get Health Subcommittee Posts

Congressman John Dingell (D-MA), ranking Democrat of the House Energy and Commerce Committee, announced subcommittee assignments last week. Congressmen Edolphus Towns (D-NY) and Eliot Engel (D-NY) will represent New York on the health subcommittee, which has jurisdiction over the Medicare

Part B and Medicaid programs, as well as a variety of other health care issues. Congressman Towns previously served on the health subcommittee, while Congressman Engel is a new addition. GNYHA welcomes the additional New York seat on this important subcommittee and looks forward to working with both congressmen. ■

Certificate of Need Requirements Chart Available

GNYHA recently prepared a chart that identifies the types of applications required for projects that are associated with the Certificate of Need review process in order to assist GNYHA members

in their planning efforts. The chart categorizes types of projects and types of applications required, and cites regulatory sources. GNYHA members may obtain a copy of the chart by calling Olivia Segree at GNYHA. ■

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Veteran GNYHA staff member **Barbara A. Green, Ph.D.**, returned to GNYHA recently after a one-year stint at the Academic Medicine Development Company, which she helped to found. In her new role, Dr. Green will head up Health Business Catalyst (HBC), a division of GNYHA Ventures, Inc. HBC is responsible for evaluating new business opportunities for GNYHA Ventures and incubating the promising ones. Through GNYHA, she will also be spearheading an effort on behalf of the Coalition for Nonprofit Health Care to activate its foundation and implement its research agenda. The Coalition is a national group of prominent health care providers and other organizations formed to preserve the tax-exempt, nonprofit health care system in the United States. ■

matching funds for projects that demonstrate innovative uses of digital network technologies in underserved communities. Grant recipients are required to supplement Federal funds with other sources of funding. Applications are due March 22, 2001. Awards are expected to average \$500,000 each and will be announced in September 2001.

The Health Resources and Services Administration (HRSA) has announced the availability of up to \$40 million in grant funding for the **Community Access Program (CAP)**, which helps communities and safety net providers expand access to health care for the uninsured and underinsured. Applications are due May 7, 2001. HRSA expects that these one-year grants will average \$1 million each and be awarded to approximately 40 communities.

For information about these programs, contact Michele Lee at GNYHA. ■

Richard T. Roberts has been appointed Chairman of the NYC Health and Hospitals Corporation (HHC). Mr. Roberts, who is President of Goldman Sachs and Co. Urban Investment Group, will replace **Rosa Gil, D.S.W.**, who accepted a position at the City University of New York as University Dean for Health Services. Prior to joining Goldman Sachs, Mr. Roberts was Commissioner of the NYC Department of Housing, Preservation and Development, and during 1996-97 was VP of Government and Community Relations at Mount Sinai Medical Center. Mr. Roberts will continue his work at Goldman Sachs while serving as HHC Chairman. • On February 6, **Bruce Schroffel** was named Executive Director of University Hospital and Medical Center, SUNY-Stony Brook. He succeeds **Michael Maffetone**, who stepped down as CEO and is now serving as a Vice President for Health Care. From 1997-99, Mr. Schroffel was Senior VP/CEO at the University of California-San Francisco (UCSF)/Stanford Health Care. For the past year he has been a consultant to the UCSF School of Medicine. • **Karl P. Adler, M.D.**, has been named Personal Advisor to Archbishop Edward Egan on Health Care, as well as his Personal Representative on Health Care. Dr. Adler is a former President and CEO of Saint Vincents Hospital and Medical Center and a former member of GNYHA's Board of Governors. ■

HCFA to Review Readiness for NYC Phase II of Mandatory Medicaid Managed Care

On February 20 and 21, 2001, the U.S. Health Care Financing Administration (HCFA) will review the readiness of NYS and NYC to implement the second phase of mandatory enrollment of Medicaid recipients in managed care plans in NYC. HCFA will hold public hearings in the Bronx and in Queens and will meet with State and City officials and representatives of MAXIMUS, Inc., the enrollment contractor for NYC. Once HCFA approves the second phase of mandatory enrollment, MAXIMUS will

immediately begin notifying a portion of Medicaid recipients residing in Phase II zip codes (see list below) that they must choose plans. If HCFA approves mandatory enrollment this month, the first recipients who choose plans would enroll as of June 2001 and the first recipients who do not choose plans and are assigned to plans would enroll as of July 2001. In late January, HCFA conducted a similar review of the readiness of Nassau, Suffolk, and Rockland counties to begin mandatory enrollment, and is expected to approve it in those counties shortly. ■

New York City Mandatory Medicaid Managed Care						
Phase I	10001-10007	10036	10280	11203	11214	11224-11226
Zip Code Areas:	10009-10014	10038	10301-10310	11204	11215	11228-11232
Enrollment began	10016-10024	10044	10312	11209	11218-11220	11234-11236
October 1999	10028	10128	10314	11210	11223	
Phase II	10458	11004	11354-11367	11379	11421	11431
Zip Code Areas:	10461-10471	11005	11374	11385	11423	11432
Enrollment expected	10475		11375	11415	11426-11428	11435
to begin June 2001				11418		

Community Service Reports Due in April

The NYS Department of Health recently wrote to hospital administrators about the requirements for hospitals' submission of Community Service Plans. Comprehensive plans were required to be submitted in 1999; only an annual implementation report must be filed for

calendar year 2000 and is due on *April 30, 2001*. The report must include the hospital mission statement and a brief report on the hospital's performance in providing charity care and improving access to health care by the underserved. The requirements apply only to voluntary, nonprofit hospitals. ■

Legislative Digest

In recent weeks, Governor Pataki, the New York State Assembly, and the New York State Senate have taken action on the following health-related pieces of legislation:

Hospital Mission Statements: On February 12, 2001, the Assembly Health Committee approved A.2674, sponsored by Assemblyman Richard Gottfried. The bill specifies that if an entity exercises decision-making authority in certain areas, the entity shall be deemed to have authority to operate a hospital. An entity with authority to operate a hospital must receive approval for establishment by the Public Health Council. The bill would also require any amendment to a hospital's mission statement to be reviewed by the council. Voluntary not-for-profit general hospitals would have to reflect the mission and philosophy of the hospital as they relate to the provision of all health care services in its mission statement and must submit proposed amendments to the public health council and health commissioner at least 90 days prior to adoption. GNYHA opposes A.2674.

• **SHRPC Changes:** The Assembly Health Committee approved A.2675, sponsored by Assemblyman Richard Gottfried. The bill reconstitutes the State Hospital Review and Planning Council (SHRPC) as the State health systems council, and increases the number of members from 31 to 39 to provide for consumer and payer representation.

• **Infertility Bill:** On February 12, 2001, the NYS Assembly passed A.2003, sponsored by Speaker Sheldon Silver. The bill requires insurers to cover "assisted reproductive technology," or infertility treatment, such as in vitro fertilization, artificial insemination, and drug therapy. The bill applies to all policies issued, renewed, altered, or modified on or after January 1, 2002. ■