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Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

Bush Signals Medicare, Medicaid Changes

On February 28, 2001, President George W. Bush released an outline of his Federal fiscal year 2002 budget proposal. The outline sends a strong signal that the new Administration plans many changes for the Medicare and Medicaid programs in the coming years.

Medicare "Deficits": The President takes the position that the financial future of the Medicare program is bleak, despite the fact that the Medicare Part A Trust Fund is projected to remain solvent through 2025. The

Part A Trust Fund is running a surplus due largely to the savings enacted under the Balanced Budget Act of 1997 (BBA). In his budget documents, the President argues that the distinction between Part A, which covers services related to hospital stays, and Part B, which covers physician and other outpatient services, is arbitrary, and that the two programs should be combined. Because Part B is not a self-financing program—premiums paid by Medicare beneficiaries cover only 25% of Part B program costs—the President

argues that a truer picture of Medicare's solvency is seen when Parts A and B are viewed as a unified program, which reveals a large Medicare "deficit."

Medicare Reform: In his speech to a joint session of Congress on February 27, 2001, President Bush declared that "the framework for [Medicare] reform has been developed by Senators Frist and Breaux and Congressman Thomas, and now is the time to act. Medicare must be modernized." In his budget docu-

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Report Outlines Options for Legal Immigrants Who Are Denied Access to Medicaid and Family Health Plus

Over 167,000 low-income immigrants residing legally in New York State are ineligible for Medicaid and Family Health Plus solely because of their immigration status, according to a report just released by The Commonwealth Fund. This group is excluded from coverage in spite of the fact that immigrants pay approximately 15% of the State's income taxes and 17% of its residential property taxes—taxes that help support the very health insurance programs from which many immigrants are barred.

The March 2001 report, *Expanding Access to Health Insurance Coverage for Low-Income Immigrants in New York State*, was prepared for The Commonwealth Fund by the law firm Kalkines, Arky, Zall & Bernstein LLP.

The exclusion of legal immigrants from public health insurance programs dates back to the enactment of the 1996 Federal welfare reform law, which withdrew Federal contributions to Medicaid for most legal

immigrants who entered the country after August 22, 1996, except for the treatment of emergency medical care. While a number of states, including neighboring Connecticut, Massachusetts, New Jersey, and Pennsylvania, chose to use State funds to provide com-

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Assembly, Senate Release Revenue Estimates

Last week, Assembly Speaker Sheldon Silver and Senate Majority Leader Joseph L. Bruno released their estimates of the amount of revenue that will be available to New York State for next year's budget. The Assembly estimates that \$603 million more in revenues will be available by the end of the current fiscal year than Governor Pataki has estimated, and that \$1.549

billion more in revenues are expected than the Governor has estimated for the next fiscal year. The combined total in extra revenue estimated by the Assembly is over \$2.1 billion. Senator Bruno also estimated that more revenue would be available than the Governor has projected, but estimates smaller amounts than the Assembly. Specifically,

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Senator Schumer Announces Support for Mammography Bill

On February 18, 2001, U.S. Senator Charles E. Schumer (D-NY) announced his support for a bill that would increase Medicare reimbursement rates for mammography services as a way of enhancing access and reducing waiting times for these important services. The bill will be introduced by Senator Schumer

and U.S. Senator Tom Harkin (D-IA).

At his press conference, which was held at New York University Medical Center, Senator Schumer stated, "Thousands of women across New York City and Long Island are forced to wait months for mammographies because there aren't enough radiology cen-

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Breaux/Frist Medicare Reform Plan Encourages Use of Private Insurers and HMOs

Last week, President George W. Bush endorsed the comprehensive Medicare reform proposal developed by Senators John Breaux (D-LA) and Bill Frist (R-TN). The Breaux/Frist proposal contains many of the proposals debated by the Bipartisan Commission on the Future of Medicare in 1999. Specifically, the plan is designed to encourage much more competition between the traditional Medicare fee-for-service program and Medicare insurance plans offered by private insurers and HMOs and to provide incentives for beneficiaries to choose private plans over Medicare fee-for-service. The Breaux/Frist plan would create a new, independent agency to run the "competitive" portion of the Medicare program—what is now known as the Medicare+Choice program—leaving the U.S. Health Care Financing Administration (HCFA) with the Medicare fee-for-service program as its only Medicare responsibility. Under the Breaux/Frist plan, Medicare Part A and Medicare Part B would be combined into one program. The amount

of the Medicare premium that the Federal government would contribute on behalf of each beneficiary would be determined by a new Medicare Board. This "premium support" amount would be adjusted for geographic cost variations and would be risk-adjusted. Beneficiaries would be required to make a choice between private Medicare health care plans and the traditional, fee-for-service program. If beneficiaries chose low-cost plans, they would pay little to no premium out-of-pocket. If they chose higher-cost plans, they would have to pay the difference between the Federal payment and the full cost of the premium. Premium assistance would be provided for low-income beneficiaries. To provide access to prescription drug coverage, private plans as well as the "HCFA-sponsored" fee-for-service plan would be required to offer a choice of standard-option plans, which would be required to cover all current Medicare-covered services, as well as high-option plans, which would be required

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ments, President Bush specifically endorses several aspects of the Breaux/Frist plan (see related story, page 2), including combining Parts A and B; providing a choice of health plans for every Medicare recipient, including plans that provide outpatient prescription drug coverage; providing protection for low-income seniors; and reforming the U.S. Health Care Financing Administration (HCFA). The President's budget documents also state that Medicare reform must not include an increase in Medicare payroll taxes; however, he also states that reform must guarantee that all seniors can continue to have access to at least the coverage Medicare currently provides.

"Immediate Helping Hand": The President's budget includes funding for his "Immediate Helping Hand" prescription drug proposal, under which states would be provided funding to strengthen existing prescription drug assistance programs for the elderly or create new ones. This proposal would cost approximately \$48 billion over four years. The President's budget calls for \$153 billion over 10 years to provide prescription drug benefits under Medicare and to enact Medicare reforms.

Medicaid, SCHIP, Uninsured: The President proposes to further curtail states' ability to access Federal Medicaid funds by taking advantage of upper payment limit rules and intergovernmental transfers. Despite a compromise achieved late last year, on which GNYHA worked along with Governor Pataki, the Clinton Administration, and the New York Congressional Delegation, the President's budget documents state that "the Administration is taking initial steps to further address the 'upper payment limit' loophole . . . Last year, the 106th Congress took initial steps to curb the financing abuses associated with the regulatory loophole by requiring [HCFA] to publish a final rule on Medicaid upper payment limits. The final rule, however, only partially addressed the problem . . ." Further details are expected next month.

The President's budget documents also state that HCFA is looking for ways to make

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Upcoming GNYHA Briefing

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 for GNYHA member hospitals will cover the Maternal-Pediatric HIV Prevention and Care Program, which 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. ■

Bush Signals Medicare, Medicaid Changes *continued from page 2*

the Medicaid program and the State Children's Health Insurance Program (SCHIP) more flexible for states, and will be working with states over the next few months to find ways, in particular, to encourage the use of private health insurance plans to provide Medicaid and SCHIP benefits.

The budget documents also state that the President plans to fulfill his campaign pledge to enact refundable tax credits to help the uninsured purchase health insurance. The President also proposes funding to create an additional 1,200 community health centers over the next five years to help provide access to health care in medically underserved areas. In addition, the President proposes eliminating the Community Access Program (CAP), which was designed to integrate health care services for the uninsured among safety net providers. As reported in the February 19, 2001, issue of *Skyline News*, FY 2001 CAP funds are available, and they are not affected by the President's proposal.

Other Health Care Proposals: The President proposes continuing the effort to double the 1998 funding level for the National Institutes of Health by 2003; reforming the National Health Service Corps (NHSC) to more accurately define shortage areas, including shortages of nonphysician providers, and to coordinate the NHSC with the J-1 and H-1C visa programs; redirecting and reducing health professions funding, particularly funding for training physicians; and providing more funding for substance abuse treatment. ■

Assembly, Senate Release Revenue Estimates

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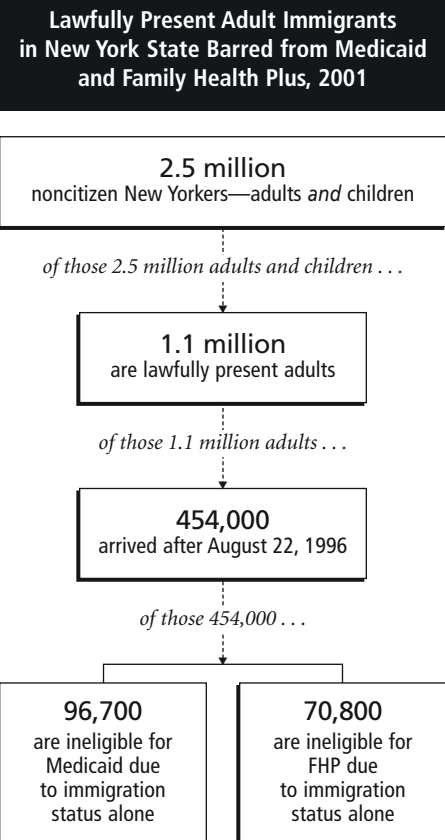
the Senate estimates that the State will receive \$1.24 billion in additional revenues in the current and next fiscal years beyond what the Governor has estimated. The Governor, Speaker, and Majority Leader will now try to reconcile their differing estimates. These estimates are good news for GNYHA members who are advocating not only for the elimination of proposed Medicaid cuts for continuing care providers but for increased investments across the continuum of care. ■

Report Outlines Options for Legal Immigrants Who Are Denied Access to Medicaid and Family Health Plus *continued from page 1*

prehensive health coverage to federally excluded immigrants, New York law provides only Medicaid coverage of emergency and prenatal care for low-income, adult legal immigrants arriving after 1996. New York's Family Health Plus (FHP) plan—a new Medicaid program that will be implemented this year—excludes this same population of immigrants. (Low-income children, however, are eligible for Child Health Plus regardless of their immigration status.)

The report points out that the total new cost to New York of providing full Medicaid and FHP coverage to legal immigrants on the same basis as citizens is relatively minimal—\$5.7 million in the first year, rising to \$32 million by year three, which is less than 0.3% of the State's current \$24 billion Medicaid budget, according to the report. Less comprehensive options outlined in the report would cost even less.

This month, a diverse array of organizations, including health care consumer groups, health care providers, and labor will launch a campaign to expand publicly sponsored health insurance to low-income, legal immigrants who are currently ineligible for coverage. The group will promote a restoration of full Medicaid benefits to adult legal immigrants who were excluded from the program after the passage of the Federal welfare reform law, and a removal of the provision that bars lawfully present immigrants from FHP. The Healthcare Education



Source: Based on Figure 1 in *Expanding Access to Health Insurance Coverage for Low-income Immigrants in New York State* (New York: The Commonwealth Fund, March 2001), viii.

Project—a joint effort of Greater New York Hospital Association and 1199/SEIU—will participate in this campaign and sponsor advocacy efforts to promote full Medicaid and FHP coverage of legal immigrants. ■

ALBANY

Mental Health Lobby Day: On February 27, 2001, hospital mental health executives participated in the GNYHA Mental Health Lobby Day. Members met with key New York State legislators such as Assembly Mental Health Committee Chairman Martin Luster (D) and Senate Mental Health Committee Chairman Thomas Libous (R). Members discussed mental health issues such as lifting the Medicaid neutrality cap and improving outpatient mental health rates. • **Organ Donors Recognized:** On February 27, 2001, the Senate Committee on Health reported favorably on S.2820, sponsored by Senator Kemp Hannon (R). The bill establishes a program for public recognition of organ, tissue, and bone marrow donors and their families for their life-saving contributions to health care. Medals will be awarded annually to all families to honor the memory of an individual organ donor or the gifts of the donor families. ■

AHCA Report Estimates Costs of Implementing Proposed HCFA Nursing Home Staffing Standards

A recent report entitled *Staffing of Nursing Services in Long Term Care: Present Issues and Prospects for the Future*, released in February 2001 by the American Health Care Association (AHCA), highlights the significant new costs that long term care facilities would bear in meeting the proposed minimum staffing standards outlined in the U.S. Health Care Financing Administration's (HCFA's) preliminary study on nursing home staffing, released in August 2000. The HCFA study, entitled "Appropriateness of Minimum Nurse Staffing Ratios in Nursing Homes," set forth

proposed minimum staffing standards of 2.0 hours of care per resident day for certified nurse aides (CNAs), 0.55 hour of care per resident day for licensed practical nurses (LPNs), and 0.20 hour of care per resident day for registered nurses (RNs). The AHCA report estimates that complying with these standards would require the hiring of an additional 66,258 CNAs nationally, at an estimated annual cost of over \$1.6 billion. These standards would further require the hiring of an additional 17,662 LPNs nationally, at an annual cost of over \$743 million, and an additional 7,477 RNs, at an annual

cost of over \$436 million. In total, compliance with these proposed standards would add in excess of \$2.8 billion in new costs per year. Furthermore, the study notes that moving to an even higher CNA standard considered by HCFA, of 2.9 hours per resident day, would, in tandem with the LPN and RN standards noted above, require long term care providers to bear more than \$10 billion in new costs each year. The report concludes by noting that any significant enhancement of staffing levels will require not only monetary resources, but also significant government support for initiatives needed to develop a labor supply to meet the growing demand for nursing services. ■

Senator Schumer Announces Support for Mammography Bill

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ters that can afford to screen them. Senator Harkin and I are working on a bill that raises reimbursement rates, which would keep mammography centers open and provide incentives to attract the next generation of radiologists. We must push this bill through Congress and get it to the President's desk immediately, because when it comes to treating breast cancer, every day counts." Senator Schumer also provided statistics indicating that while the Medicare reimbursement rate for mammography services is capped at \$69.23 per visit, the average cost in the New York City area is between \$120 and \$140, making it nearly impossible for hospitals and other health care providers to expand services to meet demand.

In addition to raising the Medicare reimbursement rate, the bill would increase Medicare graduate medical education payments to provide incentives for medical students to pursue careers in radiology and provide new training grants for radiologic technicians. It would also instruct the U.S. General Accounting Office to study Medicare's reimbursement rate structure for gender-specific procedures to investigate whether rates are equitable across gender lines. ■

DOH Announces Roundtable on Patient Health Information and Quality Improvement Act

The New York State Department of Health (DOH) has announced that it will hold several roundtable discussions on implementing the Patient Health Information and Quality Improvement Act signed into law last year by Governor Pataki. The roundtable discussions will focus on the physician profiles that must be developed and disseminated to the public under the Act. Physician profiles will include information about loss of hospital privileges, actions

against a physician's license, and malpractice judgments. The roundtable discussions will be held in three locations, with a meeting in New York City on March 8, 2001. GNYHA will be participating in the roundtable discussions upon the invitation of DOH. In the future, DOH will provide opportunities for public comment on implementation of other parts of the Patient Health Information and Quality Improvement Act, including hospital report cards. ■

Breaux/Frist Medicare Reform Plan

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to cover outpatient prescription drugs and provide catastrophic or "stop loss" protection against the out-of-pocket costs of standard benefits.

Impact on Caregivers: The Breaux/Frist plan has major implications for health care providers, particularly hospitals and skilled nursing facilities that are largely reimbursed out of the Part A Trust Fund. The framers of the plan intend that the vast majority of Medicare beneficiaries would be insured by private Medicare plans rather than the fee-for-service program, meaning that hospitals and nursing homes would deal with private plans for the majority of their Medicare patients. In addition, for metropolitan areas

like New York, it is extremely important to understand how premium support amounts would be adjusted for geographic cost differences.

Outlook: The outlook for the comprehensive Breaux/Frist proposal is unclear, despite the President's support. Many Congressional leaders have expressed skepticism about the ability of an evenly divided Congress to pass comprehensive Medicare reform, despite the bipartisan nature of the Breaux/Frist proposal. Because of this, Senators Breaux and Frist have also introduced less comprehensive legislation aimed at reforming HCFA and providing a new Medicare outpatient prescription drug benefit. ■