



APRIL 16, 2001

Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

Senators Support GME Trust Fund, Oppose IME Cut



Left to right: U.S. Senator Hillary Rodham Clinton, GNYHA President Kenneth E. Raske (at microphone), and New York-Presbyterian Hospital President and CEO Herbert Pardes, M.D., at a press conference announcing the introduction of the Medical Education Trust Fund Act.

(D-NY) and Congresswoman Nita Lowey (D-NY), would provide \$17 billion annually for

the nation's teaching hospitals and medical schools. The funding would be provided through transfers from the Medicare and Medicaid programs, as well as a 1.5% assessment on health insurance premiums. S.743 establishes the principle that all payers, public

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On April 6, 2001, New York's Senators Hillary Rodham Clinton and Charles E. Schumer joined Senator Jack Reed (D-RI) in introducing the Medical Education Trust Fund Act of 2001 (S.743). The bill, which had been introduced in previous Congresses by Senator Daniel Patrick Moynihan

GNYHA Board Meets

The GNYHA Board of Governors met on April 4, 2001, and took the following actions:

- welcomed former U.S. Senator Daniel Patrick Moynihan, who was in attendance for the first time as an honorary GNYHA Board member and special Board adviser;
- heard a report on Senate and Assembly budget resolutions and GNYHA's recent meetings with Governor Pataki and legislative leaders;
- was briefed on the latest developments in Washington, D.C., including a report on President Bush's proposed budget for fiscal year 2002;
- was updated on GNYHA's initiatives to secure funding to help its members acquire and implement needed information technology (IT) and comply with the requirements of the Health Insurance Portability and Accountability Act (HIPAA);
- heard about GNYHA's activities to help members comply with HIPAA, as well as GNYHA's comments regarding the suspension and revision of the privacy regulations; and
- concurred that GNYHA should continue its opposition to Empire Blue Cross/Blue Shield's conversion from a not-for-profit entity to an investor-owned entity. ■

President Bush Releases 2002 Budget Proposal

On April 9, 2001, President George W. Bush released his detailed budget proposal for Federal fiscal year 2002, which begins on October 1, 2001. While pleased that the budget does not suggest any new Medicare payment cuts to hospitals or continuing care providers, GNYHA is concerned that no additional relief is provided from the Medicare cuts contained in the Balanced Budget Act of 1997 (BBA). In particu-

lar, GNYHA is looking for relief from the \$130 million cut in annual Medicare payments to NYS's teaching hospitals that is scheduled to take effect on October 1, 2002.

In related news, the U.S. Senate recently voted to set aside enough funding to repeal the BBA's 15% cut in Medicare payments to home health providers. By a 99-1 vote, the Senate approved an amendment by Senator Susan M. Collins (R-ME) to establish a \$13.7

billion reserve fund necessary to repeal the cut, scheduled to take effect in October 2002. The amendment is the first step toward repeal of the cut.

Medicaid: The President proposes amending the compromise reached by Congress and the Clinton Administration, under which states could increase the Medicaid "upper payment limit"—which limits state Medicaid payments

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President Bush Allows Privacy Regulations to Take Effect

President Bush announced on April 13 that he has directed the United States Department of Health and Human Services (HHS) to “allow” the HIPAA privacy regulations to become effective on April 14, 2001, without any further delay. “Covered entities,” which include hospitals and continuing care facilities, will have two years to come into compliance with the regulations. In his statement announcing that the regulations were going forward, HHS Secretary Tommy Thompson noted that more than 24,000 comments were received by HHS on the patient privacy regulations. He indicated that these comments would be considered as HHS develops “guidelines” for implementation of the regulations. Secretary Thompson stated, “The guidelines will allow us to clarify some of the confusion regarding the impact this rule might have on health care delivery and

access. And we will consider any necessary modifications that will ensure the quality of care does not suffer inadvertently from this rule.” Secretary Thompson indicated that the guidelines developed by HHS to implement the regulations will address the need for doctors and hospitals to have access to necessary medical information about a patient being treated and that patient care will be delivered in a timely and efficient manner and not unduly hampered by the confusing requirements surrounding consent forms. On March 30, 2001, GNYHA submitted comments on the privacy standards that urged HHS to develop a less burdensome set of privacy regulations. GNYHA will now urge HHS to develop guidelines for the implementation of the privacy rule that are not unnecessarily burdensome to providers and that do not create barriers to care. ■

SHRPC Adopts Reports, Approves Member Projects

At its meeting on April 5, the State Hospital Review and Planning Council (SHRPC) adopted the report of the Workgroup on Representative Governance, a joint endeavor of the Establishment Committee of the NYS Public Health Council (PHC) and SHRPC’s Planning Committee. The workgroup’s recommendations addressed chronic renal dialysis centers, Article 28 facilities, and short- and long-term considerations.

First, the workgroup recommended that SHRPC and PHC continue to consider applications for representative governance between dialysis providers and outside entities not eligible for establishment under Article 28 of the NYS Public Health Law as long as certain criteria are met. Second, the workgroup recommended that SHRPC and PHC review applications that involve representative gover-

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NYS Department of Health Publishes Newborn Hearing Screening Regulations

The NYS Department of Health (DOH) has published a “Notice of Proposed Rulemaking” for the newborn hearing screening program regulations in the March 28, 2001, issue of the *State Register*. The regulations were developed to implement the 1999 State legislation that mandated the establishment of a universal program to screen newborns for hearing impairments. The regulations are subject to a

45-day comment period and will become effective upon publication of a “Notice of Adoption” in the *State Register*. GNYHA will comment on the regulations and, after they are finalized, will hold a member briefing at which DOH representatives will describe the program requirements. If you have questions or comments, call Doris Varlese, and if you would like a copy of the proposed regulations, call Olivia Segree, both at GNYHA. ■

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Impact of Future IME Cut on GNYHA Members

State/Region	\$ in millions	
	FY 2003	5-Year Impact
New York State	\$130	\$650
New York City	\$93	\$465
Long Island	\$20	\$100
Westchester	\$4	\$20
Rest of State	\$13	\$65
Connecticut	\$20	\$103
New Jersey	\$26	\$130
Maine	\$3	\$13
Rhode Island	\$6	\$32

and private, should contribute to the cost of the public goods provided by teaching hospitals. Senator Clinton announced the introduction of the bill at a press conference at the New York-Presbyterian Hospital, along with Herbert Pardes, M.D., President and CEO of New York-Presbyterian, and GNYHA President Kenneth E. Raske. Senator Reed also held a press conference last week in Rhode Island, along with GNYHA member George Vecchione, President and CEO of LifeSpan, a major teaching hospital system in Rhode Island. GNYHA Board member and Council of Teaching Hospitals President Theresa A. Bischoff, President of the NYU Hospitals Center, has worked diligently to secure the support of Senator Reed, while GNYHA worked closely with New York’s senators.

At the press conference, Senator Clinton also committed herself to fighting the Medicare indirect medical education (IME) reimbursement rate cut scheduled to take effect next year, which will cost teaching hospitals in New York State \$130 million annually. “Our nation’s teaching hospitals are at risk,” Senator Clinton said. “Cuts to Medicare have lowered reimbursements for teaching hospitals, and another reduction, which I will work with my colleagues to prevent, is scheduled to take place next year.” Senators Clinton, Schumer, and Robert Torricelli (D-NJ) and their staffs have been working to build support for an IME fix. GNYHA is grateful to these senators for their strong support. ■

Federal Bill Introduced to Expand Medicare Payment for Mammography Services

On April 3, NYS Congressman Peter King introduced HR.1354 to expand Medicare payment for mammographies. The “Assure Access to Mammography Act” would increase Medicare reimbursement for a mammogram from \$69.23 to \$90. Over 200 mammography

screening centers in NYS are hospital-based, and many have experienced recent downsizing due to limited reimbursement. GNYHA believes this bill will help screening centers improve access to mammograms in NYS. The bill also directs the U.S. Department of Health and Human Services to disregard up

to three radiology residents per institution for the purpose of calculating medical education payments to teaching hospitals, and extends funding for the training of allied health professionals. NYS co-sponsors include Representatives Steve Israel, Sue Kelly, Carolyn Maloney, Carolyn McCarthy, Mike McNulty, Jerrold Nadler, Jose Serrano, Louise Slaughter, James Walsh, and Anthony Weiner. Senator Charles Schumer is a co-sponsor of the Senate version of this bill, S.548. ■

GNYHA Comments on Federal COGME Report

On April 11, Patricia Wang, Esq., Sr. VP, Finance and Managed Care, GNYHA, spoke on a panel at a meeting of the Federal Council on Graduate Medical Education (COGME) to comment on COGME’s latest report, *Financing Graduate Medical Education in a Changing Health Care Environment*. GNYHA was the only organization on any of the three panels that did not represent a national constituency.

Ms. Wang stated that GNYHA supports the principal recommendation in the report,

the creation of an all-payer funding pool to support graduate medical education (GME). However, Ms. Wang noted GNYHA’s strong disagreement with COGME’s recommendations that indirect medical education (IME) funding be reduced, that a national average per resident amount be established, and that direct medical education (DME) funds be paid to program sponsors instead of to hospitals. She also updated COGME on the NY Medicare GME Demonstration Project.

The Association of American Medical

Colleges and the American Medical Association also stated their support for an all-payer fund to support the cost of GME. The Medicare Payment Advisory Commission (MedPAC) indicated that the priority for the Medicare program should be the assurance of high-quality patient care for Medicare beneficiaries. MedPAC believes the distinction between DME and IME should be eliminated and that justifiably higher patient care costs at teaching hospitals, rather than educational costs, should be supported by the Medicare program. ■

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to providers in the aggregate to the amount the Medicare program would have paid—for non-state public hospitals to 150%. This, in combination with a provision passed by Congress that would increase the hospital-specific disproportionate share hospital (DSH) cap for public hospitals to 175%, assured the Pataki Administration that they could continue to draw down the Federal funding necessary to avoid new Medicaid cuts, at least in the short term. President Bush proposes prohibiting states from taking advantage of the new 150% upper payment limit for public hospitals, projecting that this will save the Federal Medicaid program over \$17 billion over the next 10 years.

Medicare: The budget document states that “comprehensive Medicare reform is an urgent priority.” Instead of providing detailed Medicare reform proposals, however, the President would devote \$153 billion over 10 years for Medicare reform and his “Immediate Helping Hand” prescription drug proposal, under which states would receive \$43 billion

over four years to help low-income seniors afford prescription drugs. Reform details, and the details of a permanent prescription drug program for the elderly, would be left to negotiations with Congress.

In related news, the U.S. Senate recently voted to double the amount the President has requested for Medicare prescription drugs and Medicare reform. President Bush also proposes saving \$115 million in 2002 through the imposition of new “user fees” on Medicare providers that do not submit claims electron-

ically or submit duplicate claims.

The Uninsured: The President proposes creating a new, refundable tax credit to help low-income Americans purchase private health insurance. The credit, when fully phased in, would be a maximum of \$1,000 for individuals with less than \$30,000 in adjusted gross income, or \$2,000 for couples with incomes up to \$60,000. The President is also proposing tax-favored treatment of medical savings accounts and tax deductions for long-term health care costs. He also proposes supporting 1,200 new or expanded community health

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AROUND

Gregory V. Serio has been named Acting Superintendent of the New York State Insurance Department, effective immediately. Mr. Serio was nominated by Governor George Pataki to serve as Insurance Superintendent, succeeding Neil D. Levin, who left the position to serve as Executive Director of the Port Authority of New York and New Jersey. Acting Superintendent Serio’s appointment is expected to be confirmed by the NYS Senate. Mr. Serio was formerly First Deputy Superintendent and General Counsel of the NYS Insurance Department. Prior to joining the Department, Mr. Serio served as Chief Counsel to the Senate Standing Committee on Insurance, and was Counsel to the Chairman of the Senate Judiciary Committee and Counsel to the Senate’s Deputy Majority Leader. ■

GNYHA Ventures and Extended Care Information Network to Form Alliance

Last week, GNYHA Ventures, Inc. and the Chicago-based Extended Care Information Network, Inc. (ECIN) announced their plans to enter into an agreement to bring ECIN's *ExtendedCare Professional*[™] and *ExtendedCare Provider Access*[™] to GNYHA's member institutions. The alliance between GNYHA and ECIN, a leading provider of Internet-based discharge-planning solutions and resources for the health care industry and consumers, represents the culmination of an extensive process on GNYHA's part to offer a discharge-planning solution to its member institutions.

ECIN's products link the key elements of discharge planning—hospitals, continuing care facilities, payers, ambulette services, durable medical equipment providers, home health I.V. infusion companies, and others—through a comprehensive, secure, Web-based technology that streamlines the hospital discharge planning process. The *Extended Care Professional*[™] product allows discharge planners to search a database of more than 80,000

extended-care providers—including those specifically designated by participating hospitals—and conduct on-line, real-time searches for providers based on the patient's specific criteria (for example, type of insurance, level of care needed, location, and so forth). The *ExtendedCare Provider Access*[™] product allows extended-care providers to receive electronic referrals from hospitals. By linking the hospitals and extended-care providers on-line at the time of patient discharge, hospitals currently using the system have found that they are able to save time, decrease patient length of stay, and improve patient satisfaction. ECIN has also automated New York's Patient Review Instrument, a feature that will be of significant interest to many GNYHA members.

GNYHA will send more information about the ECIN agreement to members shortly, including details about an upcoming executive briefing session to demonstrate the ECIN technology. For more information, contact Larry Brooks at GNYHA. ■

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nance and Article 28 facilities on a case-by-case basis, provided that such proposals are not inconsistent with the general principles set forth in a September 21, 1999, NYS Department of Health (DOH) memorandum. Finally, the workgroup recommended that SHRPC and PHC appoint a new joint workgroup to evaluate whether review criteria for local control, accountability, and preservation of assets should be made permanent through regulation or legislation.

SHRPC also adopted the report of the Workgroup on Ambulatory Surgery. SHRPC and PHC had convened a workgroup to develop guidelines for the use of supplemental information sought from hospitals for SHRPC's and PHC's review of applications for freestanding ambulatory surgery centers. The workgroup determined that in forwarding supplemental information from hospitals to SHRPC and PHC, DOH staff should continue to indicate whether, in their opinion, the respondents' data warrant a reversal or modification of the original staff recommendation. Hospitals opposing an application would be required to submit audited financial statements and a summary of expenditures for bad debt and charity care. Applicants would be required to submit the number of procedures in their projected case-loads that are currently performed in physicians' offices (office-based surgery). Hospitals and applicants will be asked to provide copies of the supplemental information to each other. The workgroup recommended that for projects outside NYC's five boroughs, DOH staff should continue to define the service area as that covered by the three closest hospitals, if there are that many. For projects within NYC, DOH staff will continue to determine service area on a case-by-case basis.

Finally, SHRPC gave contingent approval to **Staten Island University Hospital**, for the acquisition of Doctor's Hospital of Staten Island; **St. Luke's-Roosevelt Hospital Center-St. Luke's Hospital Division**, for the conversion of 15 medical/surgical beds to 15 physical medicine and rehabilitation beds; and **Long Island College Hospital**, for the certification of nine physical medicine and rehabilitation beds and for the decertification of nine medical/surgical beds. ■

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centers over the next five years, but eliminating the Community Access Program, which provides funding to help safety net providers coordinate care for the uninsured.

The U.S. Senate also recently voted to set aside \$28 billion over the next three years to expand programs for the uninsured.

Health Professions: Declaring that "a physician shortage no longer exists," the Bush budget proposal calls for a cut in the appropriation for certain health professional training programs administered by the Health Resources and Services Administration, by reducing funding for health professions programs from the current \$353 million to \$140 million in FY 2002. Funding for a number of programs, including programs to promote diversity, training in primary care medicine and dentistry, and public health workforce programs, would be eliminated. The President proposes reforming the National Health Service Corps, and amending the Health Professional Shortage Area definition to reflect

non-physician providers, as well as reducing funding for graduate medical education at freestanding children's hospitals from \$235 million to \$200 million.

Other Programs: The President proposes increasing the budget for the National Institutes of Health by \$2.75 billion (13.5%), over FY 2001; increasing funding for the U.S. Food and Drug Administration to step up inspections and oversight of clinical trials; increasing funding for the Substance Abuse Block Grant to states by \$60 million; increasing funding for the National Center on Minority Health and Health Disparities by \$26 million; increasing funding for the Agency for Healthcare Research and Quality by 13.5%; reducing funding by \$9 million for Universal Newborn Hearing Screening (\$1 million), Emergency Medical Services for Children and Poison Control Centers (\$7 million), and Trauma/Emergency Medical Services (\$1 million); and increasing funding for organ donation awareness by \$5 million. ■