GREATER NEW YORK HOSPITAL ASSOCIATION
GNYHA

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Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

HCRA 2000 Ushers in New York's Largest Health Coverage Expansion in 30 Years

The Health Care Reform Act 2000 (HCRA 2000) includes several new initiatives that will extend affordable health insurance coverage to up to 1 million people—the largest expansion of coverage in New York since the creation of Medicare and Medicaid over 30 years ago. The insurance expansion is funded by proceeds from a 55¢ per pack cigarette tax increase and Federal matching contributions, which will total $1.2 billion over three and a half years.

Family Health Plus: The largest of the new initiatives is Family Health Plus (FHP), a program that builds on the foundation that Child Health Plus provides, extending fully subsidized coverage to working parents and single adults. FHP is modeled on a proposal originally put forward by a coalition that includes GNYHA,1199/SEIU, and the New York State Health Care Campaign. The new FHP program will allow parents with incomes under 150% of the poverty level ($25,575 for a family of four) and childless adults with incomes under 100% of poverty ($8,350 for an individual) to obtain fully subsidized, comprehensive health insurance. When fully implemented in 2003, FHP is expected to cost roughly $700 million per year and make coverage available to up to 600,000 New Yorkers.

Healthy New York: HCRA 2000 also creates the Healthy New York program, which would make subsidized health insurance with limited benefits available to small businesses and individual workers. Businesses with up to 50 employees will be able to purchase coverage through this program if they have not offered employer-sponsored coverage in the past year and at least one-third of their workforce earns under $30,000 per year. Sole proprietors and individuals who have been uninsured for at least one year and work for firms that do not provide coverage may also participate in the program if their incomes do not exceed 208% of the poverty level ($35,500 for a family of four). Healthy New York policies will cover basic services like inpatient hospital care

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Healthcare Education Project Harnesses Public Support for HCRA 2000

When Governor George E. Pataki signed the new Health Care Reform Act (HCRA 2000) into law on December 30, 1999, it marked an historic investment in New York's health care community. GNYHA applauds the Governor, Assembly Speaker Sheldon Silver, and Senate Majority Leader Joseph L. Bruno for bringing about this landmark agreement (see Skyline News, December 27, 1999). Passing HCRA 2000 was also the culmination of a tremendous effort by the Healthcare Education Project, a unique partnership between GNYHA and 1199/SEIU. The Project's unprecedented campaign to educate New Yorkers about the need to protect the State's teaching hospitals, preserve charity care funds, and expand health insurance through the Family Health Plus (FHP) program helped ensure HCRA 2000's passage.

Polling: The Project conducted extensive polling to gauge New Yorkers' attitudes about expanding coverage for the uninsured, protecting State funding for teach-

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Gladys George Becomes GNYHA Chair

On January 1, 2000,Gladys George, President and CEO of Lenox Hill Hospital, became GNYHA's 2000–2001 Chair. Ms.George will serve until GNYHA's Annual Dinner and Awards Ceremony in May 2001. She has been a member of the GNYHA Board of Governors since 1992. Also on January 1, Mark Mundy, who served as GNYHA's Chairman from May 27, 1998, until December 31, 1999, became Immediate Past Chairman; the other officers of the Board were elevated accordingly. ■

Governor Pataki Praises HCRA 2000 in Annual Address

In his annual State of the State Address delivered on January 5, 2000, New York Governor George E. Pataki praised the new Health Care Reform Act 2000 (HCRA 2000), which the Legislature passed last year and Governor Pataki signed into law on December 30, 1999. "Our new HCRA law gives up to one million additional New Yorkers access to quality, comprehensive, and compassionate health care," the Governor said. "It expands coverage while dramatically reducing the costs [to] businesses and consumers." The Governor went on to praise the State's continued commitment to the funding of teaching hospitals. HCRA 2000, he said, "preserves our State's longstanding commitment to training medical students, and it allows us to fund innovative programs for cancer prevention and rural health care." In the Address, which was delivered before a joint session of the New York State Legislature, the Governor also pledged to continue to expand enrollment in Child Health Plus; adopt "a comprehensive program that will provide a broad range of expanded services for New Yorkers with mental illness, including additional treatment, and increased residential and case management services for both children and adults"; reduce "potentially deadly" asthma attacks by 50%; ensure that all children in New York receive all of their vaccinations by their second birthday; "launch aggressive programs to eliminate the scourge of teenage smoking and reduce it by 50% in the next five years"; ensure that every child is screened for deafness; continue to protect infants born to HIV-infected mothers "to ensure that virtually none of them develop[s] AIDS"; and increase funding for the Wadsworth Center for infectious disease identification and response resources. "New York has the finest, most sophisticated health care system in America," the Governor declared. "There's no reason why we cannot achieve these goals. And we will." ■

Y2K Wrap-up: Successful Y2K Transition

GNYHA member hospitals and nursing homes came through the transition to the year 2000 with only minimal problems in various computer systems and programs, a tribute to their efforts to ensure safe patient care. Medical centers and other health care providers were more vulnerable to the potential problems of the Y2K transition than were many other businesses and services due to their complexity, dependency on computers, and use of advanced medical equipment containing embedded microchips. GNYHA's members worked exhaustively to inventory equipment and systems, identify risks, correct problems, and then test to ensure proper functioning. GNYHA members also fine-tuned existing emergency preparedness plans in anticipation of possible power outages, disruptions in communications systems, and other external problems. Finally, on the eve of the transition, most GNYHA members had established command centers and had increased staff in the event an emergency did arise, whether Y2K-related or otherwise. While the emergencies did not occur, GNYHA's members demonstrated that they are valued participants in what is probably the most sophisticated and advanced emergency preparedness system anywhere in the world—namely, that overseen by the New York City Mayor's Office of Emergency Management (OEM). GNYHA's members are to be congratulated for their efforts and commitment to their mission of providing high-quality and safe patient care.

GNYHA's Role During the Transition: As is the case with all emergencies, GNYHA staffed its station at the OEM emergency operations center in order to assist members in the event of any disruptions. GNYHA members both in and outside of New York City were urged to contact GNYHA staff at OEM. In anticipation of the transition, GNYHA had undertaken a member survey that collected extensive information regarding members' command centers, primary contacts, and services. During the transition, GNYHA maintained contact with members to obtain status reports and to provide a regular flow of information regarding events occurring around the city. During 1999, GNYHA had established a Y2K workgroup that permitted members to share information, hear from national experts, and identify best practices for dealing with the myriad issues raised by the Y2K transition. GNYHA plans a final meeting of the workgroup to share member planning and emergency management experience gained during the preparation for the transition. ■

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ing hospitals, enacting a cigarette tax, using funds from the national tobacco settlement for insurance expansion, and other health care issues. The polling confirmed that the Project had sweeping public support for its goals.

Television and Radio: The Project produced seven television commercials aimed at educating the public about the importance of protecting New York's teaching hospitals, passing HCRA 2000, and supporting FHP. From mid-October through the end of December, the commercials were aired some 26,000 times throughout New York State. The spots were broadcast on 26 network affiliates and 18 cable stations, with the typical household viewing the ads approximately 45 times over the duration of the campaign. In response, approximately 35,000 New Yorkers called the hotline numbers listed at the end of the commercials. The campaign included two radio commercials that ran on 40 news and news/talk radio stations throughout the State.

Direct Mail: Approximately 1.6 million HCRA and FHP direct mail pieces were sent to households across New York State. Both pieces had detachable, postage-paid postcards to the Governor and State Senators encouraging them to support HCRA 2000 and FHP. Approximately 15,000 action packets and 10,000 brochures were sent to people who called the Project's hotline numbers. In all, these initiatives generated 200,000 postcards to State Senators and 250,000 to Governor Pataki. The Project also provided hospitals with 30 large posters and thousands of postcards to display in their institutions, generating thousands of postcards from hospital employees, patients, and visitors. Rounding out the campaign was a vast grassroots drive marked by dozens of "town hall" meetings with church and other community groups, speaking at health fairs and churches, and organizing visits, phone calls, and letter-writing campaigns to the Governor and

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DOI Approves Empire's Planned Conversion to For-Profit

On December 29, 1999, Acting Superintendent of Insurance Gregory V. Serio issued an Opinion and Decision approving Empire Blue Cross and Blue Shield's proposal to restructure from a not-for-profit to a for-profit company. The Department of Insurance's (DOI's) approval comes nearly three years after Empire put forth its initial proposal to restructure for the purpose of improving its access to capital and shedding itself of certain regulatory limitations. DOI's lengthy opinion reviews Empire's historical role of health insurer of last resort as well as its financial and administrative difficulties and concludes that "Empire has evolved into an organization whose businesses and purposes are far removed from the non-profit cooperative payment plan envisioned by its founders as providing a broad base of financial support for hospitals and physicians." On the issue of Empire's position that it requires capital and must restructure to improve its access to capital, the DOI opinion agrees that Empire requires capital to compete as a "first tier" competitor in the insurance market, a result that DOI believes will further competition and, in the end, protect consumers. From a timing standpoint, DOI believes that this is a reasonable time for Empire to restructure, and therefore access the capital markets, citing Empire's stabilized financial performance:after a long period of reported losses, Empire experienced underwriting gains in the fourth quarter of 1998 and the first three quarters of 1999 of $14.9 million, $14.5 million, $13.9 million,and $9.3 million, respectively. In addition, Empire's surplus as of September 30, 1999, was $479.6 million, a figure that exceeds the statutory reserve requirements by 18% and the Blue Cross Blue Shield Association (BCBSA) capital benchmark by 7%. In the end, DOI concludes that the restructuring meets the standards required by the State Insurance Law regarding such transactions.

State Attorney General's Response: At hearings held before DOI in September 1999, Attorney General Eliot Spitzer stated that he did not object to Empire's plan in principle but that he had concluded that several provisions of the State Insurance Law prohibit the conversion of not-for-profit insurers such as Empire and that the Legislature would have to amend the law to permit Empire's proposal to move forward. In addition, the Attorney General brought into question certain BCBSA limitations on ownership/control of Blue Cross plans as they relate to accountability and valuation of the assets that will be held by the resulting charitable foundation. The Attorney General has responded to DOI's approval by reiterating his concerns regarding the need for legislation to pave the way for conversions of not-for-profit plans such as Empire and its impact on valuation. Anticipating this continuing position, the DOI opinion states that the Insurance Law that troubles the Attorney General is not applicable to Empire's restructuring and that DOI therefore does not view it as an impediment.

GNYHA's Position: GNYHA has consistently expressed its concern that New York will be losing such an important not-for-profit insurer as Empire and its related fear that, in the process, Empire might become just another for-profit, managed care company that would be driven to put investors' returns before its commitment to health care. GNYHA has also raised concerns regarding aspects of the proposed restructuring that affect the valuation of the resulting charitable foundation and its assets and oversight of Empire.

Next Steps: Empire is required to obtain court approval for its plan before it can proceed. However, Empire intends to work with the Attorney General's office to determine whether it can resolve the concerns that the Attorney General has raised. ■

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and physician services, but copayments for most services will be substantial and certain benefits like home health care and inpatient mental health services will not be covered. A State-funded stop-loss fund for high claims will further reduce premiums for this coverage.

Direct-Pay Market: To soften premium increases for individuals who buy coverage on their own in the direct-pay market, a State-financed stop-loss fund will reimburse insurers for high-cost claims. Stop-loss funds will be allocated equally between HMO and point-of-service plans. The program will be funded at $40 million per year when it is fully implemented in 2003. ■

Mental Health SNPs

On December 22, 1999, the New York State Office of Mental Health (OMH) released the names of the six organizations—four in New York City, one in Westchester County, and one in Western New York—that submitted proposals to become Medicaid adult mental health special needs plans (SNPs):

- New York City – Health First,Inc.; Integrated Behavioral Health Services; Managed Care Innovations, Inc.;New York Behavior Health Partnership, Inc.
- Westchester County – Westchester Behavioral Health Network
- Western New York – Western New York Behavioral Health Services, Inc.

All of the organizations are joint ventures between community-based and institutional providers formed specifically to become SNPs. The State is authorized to certify up to six SNPs that would provide mental health services to seriously and persistently mentally ill adults. The State estimates that it will certify the SNPs before the end of 2000. This week, GNYHA wrote to OMH and to the New York State Department of Health requesting that the State reconsider the design of the SNPs, which GNYHA believes will require the plans to severely restrict mental health services to enrollees in order to break even. ■

Governor Pataki Signs New Lobbying Act

On December 30, 1999, New York Governor George Pataki signed into law a new Lobbying Act that, in effect, requires nearly all individuals who spend time and resources working with State or municipal agencies, or with members of the State Legislature and their staffs, to register with the State and to file bimonthly and semi-annual reports on their lobbying activities. The Lobbying Act also contains significant new civil and criminal penalties for individuals who do not comply with State lobbying requirements or who do not file annual registrations and bimonthly and semiannual reports in a timely fashion. The provisions of the new Lobbying Act took effect on January 1, 2000, except for provisions relating to the lobbying of municipal officials, which will take effect on January 1, 2001. A copy of the new law can be found on the Web site of the New York Temporary State Commission on Lobbying located on the Web at **www.nylobby.state.ny.us.** This Web site will soon contain guidelines for compliance with the Act as well as the new forms necessary to submit required reports. It is important to note that some of the provisions of the new law affect the required annual report due January 15, 2000, as well as the registration that was due on January 1, 2000, including a more detailed listing of bills, rules, and regulations for which individuals lobbied or expect to lobby in the coming year. For GNYHA members, a member letter bulletin (ML-2, dated January 4, 2000) describing the new law is available on the members' portion of the GNYHA Web site at **www.gnyha.org.** The new Act will be discussed in detail at GNYHA's next Government Affairs Forum on Friday, January 21, 2000, from 9:00 a.m. to 11:00 a.m. at GNYHA. Please call Carol Kevel at GNYHA if you would like to attend. ■

AROUND TOWN

Celia Zuckerman has been named Administrator of the New York Congregational Nursing Center, a 200-bed skilled nursing facility in Brooklyn. She also will be Executive Vice President of New York Congregational Community Services, a newly created corporation that now serves as the parent of both the Congregational Nursing Center and the New York Congregational Home for the Aged. Ms. Zuckerman was previously a senior executive with Beth Abraham Health Services. ■

GNYHA Urges Changes in Home Health PPS

On December 22, 1999, GNYHA wrote to the U.S. Health Care Financing Administration (HCFA) urging that the proposed home health agency (HHA) prospective payment system (PPS) be modified to alleviate potential cash-flow problems for member home care providers.GNYHA's letter, submitted during the comment period for the proposed HHA PPS rule, noted that the proposed PPS payment structure—which would provide agencies with 50% of the payment for a 60-day episode of care following submission of the first bill and 50% after the end of the episode—does not adequately reflect the high costs typically incurred during the first 30 days of an episode of care and is thus likely to create significant cash-flow problems for home health agencies. GNYHA strongly recommended that HCFA address this problem by permitting agencies to receive 80% of their payment at the beginning of the episode of care and 20% at the end of the episode. GNYHA further urged HCFA to continue the periodic interim payment system as a means of further alleviating cash-flow problems among agencies once the PPS begins. The PPS is scheduled to take effect as of October 1, 2000. ■

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the Legislature. The Project also helped generate scores of newspaper articles about the importance of HCRA and expanding health insurance, and held educational meetings with editorial boards throughout the State.

GNYHA's Partners: The success of the Healthcare Education Project's outreach campaign and passage of HCRA 2000 would not have been possible without the strong support of and active participation from community and consumer advocates, clergy and religious associations, advocates for the disabled, and local elected officials across the State. GNYHA and its members are extremely grateful to all of them, but space limitations prevent us from acknowledging each of them here. The following groups are among the many who participated: Citizen Action and the NYS Health Care Campaign (representing 100 consumer, labor, and health and human service groups), Metro NY Health Care Campaign, Citizen Action of Albany, Buffalo, Binghamton, and Long Island, Greater Upstate Law Project, NYS Nurses Association, Community Service Society, Commission on the Public's Health System ,Gay Men's Health Crisis, Disabled in Action of Metropolitan New York, Bronx Health Link, Bread & Roses, Jewish Community Relations Council of New York, Inc., Public Health Commission for NYC, New York Public Interest Research Group, Northern Manhattan Community Voices Collaborative, NY Cares, Inc., Park Slope Civic Association, Community Health Care Centers of NYS, Association of Perinatal Networks of New York, Brooklyn-Wide Interagency Council on Aging, Harlem Health Promotion Center, NYS Community of Churches, Inc., Long Island Catholic Charities, NYS Clergy Coalition for Health Care Access, Inc., Community Health Alliance of Northern Manhattan, the NYS Labor-Religious Coalition, Planned Parenthood of New York City, Inc., Lutheran Statewide Advocacy, and Interfaith Impact of NYS. ■