



MARCH 6, 2000

Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

President Clinton Announces Action Plan to Address Patient Safety

On February 2, 2000, President Clinton announced new initiatives to improve patient safety and to ensure health care quality. Following the blueprint put forward by the Institute of Medicine (IOM) in its November 1999 study on medical errors, the President's plan contains four elements for improving safety. First, and of most immediate interest to providers, the President called for the development of a nationwide system of error reporting, which he envisions as a state-based system that would be phased in over time. Second, the President announced the creation of a Center for Quality Improvement and Patient Safety, for the purpose of developing goals and funding research in the area of patient safety and promoting the translation of research into improved practices and policies. Third, the President stated that the U.S. Health Care Financing Administration will publish regulations that will require hospitals participating in the Medicare program to have in place error reduction programs that will include new systems to decrease medication errors, which are commonly cited as a significant portion of preventable adverse events. Included in this category would be, for example, automated pharmacy order-entry systems and automatic safeguards against harmful drug interactions and other adverse events.

Finally, the President announced that the U.S. Food and Drug Administration will develop new standards to help prevent errors caused by confusing names and packaging, new labeling standards, and a system to report serious adverse drug events on-line.

Focus on Reporting Errors: The President's call for the creation of a nationwide error-reporting system has created the most controversy among providers and national experts, who question the value of such a system and raise concerns that it might discourage quality improvement activities. However, the broad outlines of the President's proposed system closely resemble New York's incident reporting system, which has been in effect

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NYC Hospital Utilization and Cost Still Comparable with Other Large Cities

Newly released 1998 data from the American Hospital Association show that New York City hospitals have lower utilization rates and lower unit costs (wage-adjusted) than most of the other large cities in the United States. While the City's level of hospital utilization ranked in the bottom half of the 10 largest U.S. cities throughout the 1990s, its cost decreased in relation to the other large cities. Also notable is that New York City's rankings in utilization and cost are similar to each other, while in several other cities they are disparate, implying varying levels of value, all other things being equal. For example, Philadelphia ranked highest in hospital utilization, but seventh in unit cost, while Los Angeles ranked lowest in

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GNYHA Board Meets

The GNYHA Board of Governors met on February 24, 2000, and took the following actions:

- heard a presentation by Antonia Novello, M.D., M.P.H., New York State Commissioner of Health, on New York State Department of Health priorities, followed by a question-and-answer session;
- heard talks about the importance of electronic connectivity in the health care system from Michael Stocker, M.D., President and Chief Executive Officer of Empire Blue Cross and Blue Shield; Frank Branchini, President and Chief Executive Officer of Group Health Incorporated (GHI); and Anthony Watson, Chairman and Chief Executive Officer of Health Insurance Plan (HIP) of Greater New York;
- approved an application for Institutional Membership by Rosary Hill Home; and
- approved the nomination of Herbert Pardes, M.D., President and Chief Executive Officer, New York Presbyterian Hospital, as Assistant Treasurer. ■

GNYHA Testifies Before California Legislature on Family Health Plus

On March 1, 2000, Rima Cohen, GNYHA's Vice President for Insurance Options Development, testified before a joint hearing of the Senate and Assembly Health Committees of the California Legislature. The hearing, entitled "Options for Financing Health Insurance for Working Families: Lessons from Other States," gave California legislators an opportunity to learn more about how New York and other states have expanded or created new public health insurance programs to make affordable coverage available to low-income, working families. California has 7 million uninsured people and is considering various options for extending subsidized health coverage to families.

Family Health Plus and Other Programs: Ms. Cohen described Family Health Plus (FHP), a new program modeled on Child Health Plus (CHP) that will make comprehensive health insurance available at no cost to lower-income, uninsured adults in New York who do not have employer-sponsored coverage and are not eligible for Medicaid or Medicare. FHP is based on a proposal that GNYHA developed last year along with 1199/SEIU and the New York State Health Care Campaign. Under FHP, parents will be covered up to 150% of the Federal poverty level, and single adults will be covered up to 100% of the Federal poverty level.

Pris Boroniec from the Wisconsin Department of Health and Family Services also testified at the hearing. She described Wisconsin's BadgerCare program, which began enrolling people in July 1999. BadgerCare provides comprehensive coverage for uninsured families with incomes below 185% of the Federal poverty level who earn too much to qualify for Medicaid.

Witnesses at the hearing also participated that day in a meeting of the Covering Kids and Families Coalition, a statewide organization that includes health care providers, consumer advocates, and state officials who are working to expand health coverage and increase the effectiveness of health programs in California. ■

Legislative Digest

Insurance Coverage for Adoptive Parents: A.4892-A, which passed the Assembly on February 28 and is on the Senate calendar this week, would require health insurers to reimburse adoptive parents for certain medical expenses of the biological mother and child when adopting the child, if the biological mother is uninsured at the time of birth and gives birth in the United States. • **Criminal History of Prospective Employees:** S.4722, being considered by the full Senate this week, would institute a requirement for an employer to obtain a criminal history report from the New York State Division of Criminal Justice Services (DCJS). Also on the Senate calendar this week is S.2102, which would allow service providers for persons with mental retardation or developmental disabilities to request fingerprints from new and prospective employees for the purpose of verifying applicant statements regarding their criminal backgrounds. Also, an employer would be required to request and receive criminal history information concerning employees and prospective employees from DCJS. • **Health Care Services:** A.833, which is on the Assembly calendar this week, would make information regarding pending applications for health facility establishment, incorporation, and construction, as well as their approval process, more readily available to the public. This bill is intended to provide an informational tool to enable local community involvement in health care services decision-making. ■

GNYHA Seeks Revisions to ADHC Letter to Administrators

In anticipation of the release of a "Dear Administrator" letter from the New York State Department of Health (DOH) concerning the emergency adult day health care (ADHC) regulations approved February 3, 2000 (see Skyline News, February 7, 2000), GNYHA has written to DOH's Office of Continuing Care urging that the letter reflect two key priorities. First, GNYHA has strongly recommended that the process of calculating new reimbursement rates for ADHC providers be postponed until after the full State Hospital Review and Planning Council has had the opportunity to meet and review all of the public comments submitted to DOH concerning the emergency regulations. Second, GNYHA has reiterated its concern that the estab-

lishment of a five-hour minimum for an ADHC visit may prevent many physically frail or otherwise medically complex individuals—including individuals with AIDS—from participating in ADHC programs, and thus may compromise their capacity to continue living in a community setting. GNYHA therefore encouraged DOH to make it clear that the regulations do not preclude programs from serving clients for fewer than five hours when shorter visits are deemed appropriate by the program. GNYHA has established an Ad Hoc Adult Day Health Care Task Force to assist in the development of a more comprehensive set of comments on the emergency regulations, which will be submitted to DOH within the next two weeks. ■

NETWORK

Catholic Health Services of Long Island (CHS) has officially purchased St. John's Episcopal Hospital, the Bishop Sherman Nursing Home, and the Village of St. John (all in Smithtown) from Episcopal Health Services, Inc., and changed the name of the facilities to St. Catherine of Siena Hospital, St. Catherine of Siena Nursing Home, and Siena Village, respectively. The three facilities will join CHS's integrated system, which will now include five hospitals and three nursing homes.

HCFA Releases Medicare+Choice Rates for 2001

On March 1, 2000, the U.S. Health Care Financing Administration (HCFA) announced the 2001 calendar year payment system for Medicare+Choice (Medicare managed care) plans. In every county in the United States, the base rates from which HCFA will calculate payments to the nation's 350 Medicare+Choice plans rose by either 2% or 3.3%. While the base rates for counties in the New York City area increased by only 2%, counties in the New York City area remain among the counties with the highest Medicare+Choice rates (see table on page 4).

Impact of the BBA: In 1997, through the Balanced Budget Act (BBA), Congress changed the way that HCFA pays Medicare+Choice plans, no longer basing payment rates on costs in the fee-for-service Medicare program. Since 1998, the foundation of the payment system has been a base rate that is the highest of three amounts: 102% of the previous year's rate, a minimum rate, or a blend of a local rate and a national rate. In 2000, HCFA began adjusting the base

rate for both the demographic characteristics of an individual and the likely future costs of the individual (risk-adjustment). In 2000 and 2001, the demographics-adjusted base rate will make up 90% of the total payment and the risk-adjusted base rate will make up 10%. The risk-adjusted base rate is based on the Principle Inpatient Diagnostic Cost Group (PIP-DCG) risk adjustment method developed by researchers at Health Economics Research, Inc. and Boston, Brandeis, and Harvard universities. The PIP-DCG system predicts an individual's total health care costs in a future period based on whether and for what diagnosis the individual was admitted to a hospital in a prior period. The BBA required HCFA to choose a risk-adjustment methodology for 2000 to 2003 that reflected only prior inpatient encounters. Beginning in 2004, HCFA intends to use a risk-adjustment method that incorporates encounters from all sites of service. In a press release announcing the 2001 payment system, HCFA Adminis-

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NYC Hospital Utilization and Cost continued from page 1

utilization, but fifth in unit cost. Hospital utilization is measured in adjusted admissions, which are defined as inpatient admissions plus outpatient equivalents. Cost is defined as the wage-adjusted average annu-

al expense per adjusted admission. Additional adjustments, such as for patient severity of illness, have shown that New York's average cost per admission is among the lowest in the United States. ■

1998 Hospital Utilization and Cost in the 10 Largest U.S. Cities

Area	Adjusted Admissions per 1,000 Population (Hospital Utilization)		Wage-Adjusted Average Annual Expense per Adjusted Admission (Cost)	
	Outcome	Rank	Outcome	Rank
United States	185	—	6,386	—
New York City	205	7	8,009	6
Los Angeles	167	10	8,094	5
Chicago	215	5	8,124	4
Houston	283	3	8,259	3
Philadelphia	337	1	7,971	7
San Diego	169	9	5,657	10
Phoenix	176	8	7,547	8
San Antonio	206	6	7,166	9
Dallas	261	4	8,726	1
Detroit	291	2	8,277	2

Note: Cities are listed in order of population size, from largest to smallest.

Source: GNYHA analysis of the American Hospital Association's Annual Survey of Hospitals database.

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since 1985. Therefore, the President's position on mandatory reporting does not raise the same concerns for New York providers as it does for others. When fully implemented, the President's plan will require mandatory reporting of preventable medical errors that cause serious injury and death and will encourage voluntary reporting of other medical errors and close calls. Information will be aggregated and made public, without identifying patients or individual professionals. In addition, while individuals and their families will have access to information about preventable medical errors causing serious injury or death, providers' root-cause analyses of incidents will be protected.

GNYHA's Activities: Given that New York's incident-reporting system already contains most of the key features of the President's plan as well as GNYHA's commitment to reducing medical errors, GNYHA appeared at the President's press conference announcing his patient safety initiatives. GNYHA has also been meeting with members of the State Legislature and has been outlining the strengths of the State's incident reporting system and the fact that it meets the recommendations of the IOM's study regarding reporting and public accountability. GNYHA does recommend, however, that greater resources be devoted to analyzing the data collected through the system for the purpose of making broad-based recommendations for improving quality and patient safety. GNYHA is currently planning a series of initiatives to assist its members in addressing medical errors. GNYHA also continues its participation in the statewide workgroup that is designed to improve the operation of the State's incident reporting system and will be holding a training program for its members on May 5, 2000. Finally, at the GNYHA Annual Meeting on April 12, 2000, national error reduction expert Kenneth W. Kizer, M.D., M.P.H., will be a featured speaker. As Under Secretary for Health in the U.S. Department of Veterans Affairs from 1994 to 1999, Dr. Kizer launched a major error reduction and patient safety program. Dr. Kizer is now President and Chief Executive Officer of the National Forum for Health Care Quality Measurement and Reporting. ■

GNYHA Provides Input on Executive Budget

At GNYHA's request, the NYS Office of Mental Health (OMH) met with GNYHA's members to hear providers' responses and recommendations regarding Governor George Pataki's proposed budget for mental health for 2000-2001. The Executive budget earmarks close to \$200 million for spending on mental health services, and GNYHA requested the briefing to provide members with a forum for making recommendations to OMH regarding the allocation of these funds. Over 80 GNYHA members attended the briefing at GNYHA's offices on February 23, 2000. Sharon Carpinello, R.N., Ph.D., Executive Deputy Commissioner, led a delegation of five OMH staff members in presenting an overview of the budget proposal, a report on children's service needs, and a status report on the special needs plans.

OMH's Priorities: OMH identified three budget-planning priorities—accountability, best practices, and coordination of services. Much of the spending is targeted for case management and assertive community treatment teams. Additional funds are directed at supported housing, transitional residences, home and community-based services, family-based treatment, family support services, and mobile mental health teams. Ten million dol-

lars has been budgeted for the development of outcome measures and best practices, which are integral to OMH's oversight plans to monitor access to services and appropriateness of services. OMH clarified that the \$32 million budgeted to implement assisted outpatient treatment (AOT) and other aspects of Kendra's Law could be directed to services for people who meet the criteria for AOT but who voluntarily accept treatment.

GNYHA Members' Comments: GNYHA members noted that the bulk of spending was directed to support services, which, although important, are not a substitute for treatment. Providers expressed frustration over the lack of mental health services for children, evidenced by long waiting lists for treatment and extended inpatient stays of several months. GNYHA recommended that the State eliminate its requirement that all proposed outpatient mental health programs be Medicaid-neutral, as a means to increase treatment capacity. Members recommended the development of school-based services and day treatment programs for children, as well as integrated programs to address both substance abuse and mental illness. Hospital members with State-funded positions, known as "shared staff," spoke about the impact that

the Governor's plan to eliminate most of these positions would have on mobile crisis services in their communities. The issues of Medicaid neutrality and shared staff are part of GNYHA's legislative agenda. Joseph English, M.D., Chair of GNYHA's Mental Health and Substance Abuse Services Committee, facilitated the meeting, and expressed concern that many hospital psychiatric services operate at a deficit and face a real risk of closing.

Future Meeting with OMH: OMH has accepted an invitation to pursue the discussion of GNYHA's recommendations on mental health services at the next GNYHA Mental Health Committee meeting. For a copy of OMH's highlights of the Executive budget proposal, call Anita Wall at GNYHA. ■

HCFA Releases Medicare+Choice Rates for 2001 continued from page 3

trator Nancy-Ann Min DeParle reiterated the Agency's interest in moving from the

payment system outlined in the BBA to market-based pricing. ■

Monthly Medicare+Choice Rates in New York City Area for 2001

County	Rank ^a	Aged Beneficiaries			Disabled Beneficiaries		
		Part A	Part B	Total	Part A	Part B	Total
Bronx	3	449.47	338.80	788.27	368.63	300.52	669.15
Kings	7	435.36	328.16	763.52	321.81	262.35	584.16
New York	6	440.14	331.77	771.91	382.82	312.08	694.90
Queens	14	406.64	306.51	713.15	310.21	252.88	563.09
Richmond	1	473.61	357.00	830.61	312.04	254.37	566.41
Nassau	61	362.05	272.91	634.96	271.31	221.17	492.48
Putnam	53	365.42	275.45	640.87	239.23	195.02	434.25
Rockland	48	366.55	276.30	642.85	246.05	200.58	446.63
Suffolk	100	344.49	259.66	604.15	243.55	198.55	442.10
Westchester	77	353.89	266.75	620.64	294.35	239.95	534.30

^aRank is out of 3,249 U.S. counties, based on total aged rate.

Source: U.S. Health Care Financing Administration, 2001 Medicare+Choice Ratebook.

Upcoming Programs for GNYHA Members

Adult Housing Alternatives

Date: Tuesday, March 21, 2000

Time: 2 p.m. - 4 p.m.

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

Adult housing alternatives will be the topic of GNYHA's next Transitional Care Workgroup meeting, which will feature a presentation by the NYC Department of Homeless Services and the NYS Department of Health's Office of Continuing Care. The presentation will include an orientation to the NYC shelter system and an overview of the State's adult care facilities, including the NYS Assisted Living Program. For more information, call Patricia O'Brien or Roxanne Tena-Nelson, and to register, call Adele Danahy, at GNYHA.

Medicaid Eligibility Training for Nursing Home Staff

Date: Tuesday and Wednesday, March 28-29, 2000

Time: 9:00 a.m. - 4:30 p.m.

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

At the request of GNYHA, the NYC Human Resources Administration's Medical Assistance Program will conduct a two-part training session for nursing home staff who prepare and submit Medicaid applications. The training will include Medicaid eligibility requirements, categories and corresponding income/resource tests, documentation requirements, completion of required forms, and submission requirements. This training is designed for newer staff in departments such as admissions, social work, and patient accounts. GNYHA member facilities may send two participants free of charge, and each participant must attend both days of training. For more information, call Roxanne Tena-Nelson, and to register, call Jennifer Ferguson, both at GNYHA. ■