



MARCH 20, 2000

Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

Assembly, Senate Pass Budget Resolutions

Last week, the New York State Assembly and New York State Senate passed differing budget resolutions for State fiscal year (SFY) 2000–2001, which begins on April 1, 2000. Both Assembly Speaker Sheldon Silver and Senate Majority Leader Joseph Bruno estimate that the State will have more revenue available in the coming fiscal year than Governor George Pataki predicted when he unveiled his budget proposal in January; consequently, both Houses propose spending more in the coming fiscal year than the Gov-

ernor has proposed, and both Houses, to varying degrees, restore State spending the Governor proposed to cut. GNYHA is very pleased that both the Senate and the Assembly resolutions, like the Governor's proposed budget, implement the Health Care Reform Act 2000 Medicaid agreement, under which no new Medicaid cuts will be proposed for the next three years for hospitals, nursing homes, home health agencies, and clinics. Both Houses also propose that the State take over the local cost of the Family Health Plus program, which is

scheduled to begin on January 1, 2001, pending waiver approvals from the U.S. Health Care Financing Administration. In coming weeks, the Legislature and Governor will work to iron out the differences between the resolutions passed last week and the Governor's budget proposal in time for the beginning of the new fiscal year on April 1.

Medicaid: Both the Assembly and the Senate would allocate \$5 million in State funds to increase Medicaid reimbursement rates for

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MedPAC Data Reveal Steep Decline in Teaching Hospital Margins

At the March 16 meeting of the Medicare Payment Advisory Committee (MedPAC), new data were presented showing that the hospital industry's aggregate total margin fell from 6.0% in 1997 to 3.9% in 1998. The decline was greatest for major teaching hospitals, whose total margin fell from 5.1% to 2.3%. Major teaching hospitals continued to have the lowest margin of all hospitals. The steep margin decline reflected several factors. First, 1998 was the first year in which payment cuts enacted in the Balanced Budget Act of 1997 were implemented, exacerbating revenue pressure already exerted by managed care plans. In addition, MedPAC reported that Medicare cost per discharge increased by 1.5%, the second year of cost increase following three years of cost decrease. MedPAC also reported that early indicators are that the total margin fell further from 1998 to 1999. ■

| Total Margin: Teaching and Non-Teaching Hospitals, 1991–98 | | | |
|--|----------------|--------------|----------------|
| Year | TOTAL MARGIN | | |
| | Major Teaching | Non-Teaching | Other Teaching |
| 1991 | 3.6% | 4.8% | 4.6% |
| 1992 | 3.3 | 5.0 | 4.5 |
| 1993 | 3.4 | 4.9 | 4.6 |
| 1994 | 3.2 | 5.9 | 5.3 |
| 1995 | 3.9 | 6.5 | 6.3 |
| 1996 | 3.4 | 7.0 | 7.0 |
| 1997 | 5.1 | 6.4 | 6.3 |
| 1998 | 2.3 | 4.6 | 4.1 |

Source: Medicare Cost Reports.

Governor Pataki to Speak at GNYHA 2000 Annual Meeting

The GNYHA Annual Meeting will be held on Wednesday, April 12, 2000, at the Sheraton New York Hotel in Manhattan, from 8:00 a.m. until 10:30 a.m. The program will include a keynote address by New York State Governor George Pataki; a breakfast and annual business meeting from 8:30 a.m. to 9:00 a.m. during which the membership will elect new officers and Board members for the coming year; and special discussions on reducing medical errors and increasing patient safety, and how the Internet is transforming health care.

Keynote Address: Governor Pataki is scheduled to speak from 10:00 a.m. until 10:30 a.m.

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Hospital Community Service Plan Implementation Report Due

The NYS Department of Health (DOH) recently sent a "Dear Hospital Administrator" letter reminding hospitals of the requirements for submission of Community Service Plans. The Health Care Reform Act of 1996 enabled hospitals to submit abbreviated summary reports for two years, with comprehensive plans due every third year. Since comprehensive plans were required to be submitted in 1999, annu-

al implementation reports are due on April 30, 2000. DOH has indicated that networks may submit a single unified plan, but the plan must describe the role of each facility in the network, and a representative of each facility must endorse the plan. As in the past, the requirements for submitting community service plans and annual implementation reports apply only to not-for-profit (and not public) hospitals. ■

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physicians. Both Houses also expand eligibility for the Prenatal Care Assistance Program (PCAP) from families with an income of 185% of the Federal poverty level (FPL) to 250% of the FPL and provide enhanced reimbursement rates for clinics that primarily serve the developmentally disabled. In addition, the Assembly 1) allots \$1.5 million in State funds to alter the administrative and fiscal reimbursement rate cap applicable to former health-related facilities; 2) provides \$10 million in State funds to help freestanding clinics make the transition to a mandatory Medicaid managed care environment; 3) expands eligibility for family planning services to 200% of the FPL; and 4) requires the Commissioner of Health to provide an annual report to the Legislature detailing Medicaid provider billing audits.

Medicaid Managed Care: The Assembly rejects the Governor's permanent extension of the Medicaid managed care statute when it expires on June 30, and instead proposes an expiration date of June 30, 2003, as proposed by GNYHA. The Assembly would also extend the pharmacy "carve-out" for the duration of the program. The Senate proposes extending the program through March 31, 2004, and imposes new reporting requirements on the Department of Health. The Senate resolution is silent on the pharmacy "carve-out."

The Uninsured: Both the Assembly and the Senate assume significant expansions of the State's Elderly Pharmaceutical Insurance Coverage (EPIC) program. In addition, the Assembly 1) provides \$1.0 million to allow immigrants legally residing in New York State

to gain Family Health Plus coverage for outpatient services and 2) proposes \$3.2 million to allow certain disabled workers to "buy in" to the Medicaid program under the Federal Ticket to Work and Work Incentives Improvement Act of 1999. GNYHA supports these proposals.

Long Term Care Insurance: The Senate proposes expanding the existing Long Term Care Insurance Tax Credit and provides \$500,000 to promote the sale and marketing of long term care insurance policies. GNYHA supports these proposals.

Mental Health: Both the Assembly and the Senate restore the Governor's proposed cuts in shared staffing positions. In addition, the Assembly restores all of the 18 mental health residency positions the Governor proposed eliminating, while the Senate restores 9. GNYHA strongly supports the Assembly provision (see related story on page 4).

Biomedical Research: The Assembly proposes \$25 million for biomedical research, while the Senate proposes \$7.9 million. GNYHA strongly supports the Assembly provision.

AIDS and HIV: The Assembly rejects the Governor's proposed \$4.2 million cut in funding for AIDS programs, and provides an additional \$9 million.

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State Releases RFP for Health Workforce Retraining Initiative

The New York State Departments of Health and Labor recently announced a request for proposals (RFP) to train or retrain health care workers under the Health Workforce Retraining Initiative. The Health Care Reform Act 2000, which authorized the Initiative through June 2003, makes available up to \$30 million for the Initiative in 2000. For the Greater New York region, the amounts available would be up to \$20.8 million for New York City, \$3.2 million for Nassau and Suffolk counties, and \$1.4 million for the northern metropolitan region. The level of funding for a particular region is based on the amount collected in the region's pool, and is awarded competitively within each region. If excess funds are available within a region following the competitive award contract process, these funds will be redistributed to regions where there is a shortage of funds available for programs that otherwise qualify for funding. Organizations eligible to apply for funding include health care facilities, health worker unions, health care facility trade associations, educational institutions, labor-management committees, and certain joint labor-management training funds. Funding preferences will be given to applications that demonstrate skills with long-term employment potential, include employer commitments to hire the trained individuals, or target workers who have experienced or are likely to experience job loss because of changes in the health care system. Awards will be for one year, or two years for projects that extend beyond one year. Bidders' conferences will be held in Buffalo, New York City, and Albany in late March to assist applicants with the development of proposals. Applications are due May 12, 2000. ■

AROUND

John J. Clair has been appointed Assistant Commissioner for Emergency Medicine of the New York City Fire Department. He was formerly the Director of Operations for the New York State Department of Health Bureau of Emergency Medical Service. ■

GNYHA to Present Leadership Forum on Preventing Medication Errors

On April 5, 2000, GNYHA will hold the first in a series of Leadership Forums designed to assist its members in their efforts to reduce medical errors. GNYHA's Leadership Forum series is being presented in response to the challenges raised by the Institute of Medicine's (IOM's) report, entitled *To Err Is Human*, which has resonated deeply with the public, our nation's leaders, and health care providers. While GNYHA members are committed to providing high-quality care, the report makes it clear that greater efforts

must be made to eliminate preventable adverse events and provide safe patient care. The IOM report provides recommendations for reducing the incidence of medical errors, improving patient safety, and enhancing public accountability. GNYHA's first Leadership Forum will focus on reducing medication errors through a variety of approaches, including use of health care technology, information gained through extensive root cause analyses, and lessons learned from other industries. Speakers will include members of the IOM study

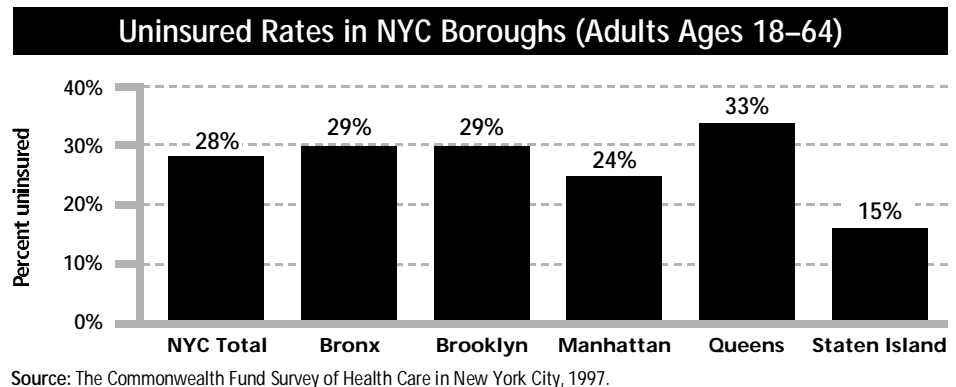
group, public officials, faculty from the Institute for Healthcare Improvement and Institute for Safe Medication Practices, and representatives of providers who have implemented error-reducing strategies. The program, which is open to GNYHA members, is designed for chief executive officers, medical directors, and directors of risk management, quality improvement, nursing, and pharmacy. Registration is required, and registration materials are being sent to GNYHA members. To register, please call Angela Ervin at GNYHA. ■

Uninsured Rates Vary in NYC Boroughs

According to a report released by The Commonwealth Fund in February 2000, the uninsured rate among working-age adults (ages 18 to 64) in New York City varies considerably across the city's five boroughs. Citywide, 28% of this group are uninsured—a rate about 50% higher than that for either New York State or the nation. However, among the boroughs, the proportion of uninsured varies from a high of 33% in Queens to a low of 15% in Staten Island. The Commonwealth Fund notes that these variations may be explained by differences in the socioeco-

nomics and demographic characteristics of each borough's residents. For example, Queens has the highest percentage of residents between 100% and 250% of the Federal poverty level. Individuals in this income bracket often lack employer-based

coverage but generally earn too much to qualify for Medicaid. Staten Island, on the other hand, has the highest percentage of nonpoor residents and non-Hispanic whites—two groups that are most likely to have insurance. ■



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Special Discussions: In the first general session, which is scheduled to run from 9:00 a.m. to 9:30 a.m., Kenneth W. Kizer, M.D., M.P.H., President and Chief Executive Officer of The National Quality Forum, will present a program entitled "Reducing Medical Errors and Increasing Patient Safety: A Commitment to Building a Safer Health Care System." As Under Secretary for Health in the U.S. Department of Veterans Affairs from 1994 to 1999, Dr. Kizer implemented a major patient safety initiative, and currently has a lead role in developing requirements for patient safety programs for health care facilities across the nation. Dr. Kizer will discuss

barriers and challenges to reducing medical errors, new technologies and best practices that can dramatically improve patient safety, and steps that all health care providers should be taking now to improve patient safety. In the second general session, from 9:30 a.m. to 10:00 a.m., two health care technology leaders will engage in a special discussion entitled "The Road to Connectivity: How the Internet Will Change Health Care in the 21st Century." Robert Dieterle, Executive Vice President and Chief Operating Officer, and Roger Holstein, Executive Vice President of Sales and Marketing, both of CareInsite, Inc., will challenge the attendees to think about the

ways the Internet is transforming health care and what transformation means for patients, hospitals, nursing homes, insurers, labs, and pharmacies.

Registration: All attendees must pre-register for this event no later than Thursday, April 6, 2000. The meeting is free of charge for all GNYHA members and members of the press, and \$175 per person for nonmembers. **All Skyline News subscribers will receive a GNYHA 2000 Annual Meeting brochure/registration form the week of March 20, 2000.** If you do not receive a registration brochure, contact Adele Danahy at GNYHA. ■

Long Term Care Measure Receives Bipartisan Support in Congress

Efforts to pass legislation offering assistance to families in need of long term care services were advanced on March 9, 2000, with the Long Term Care and Retirement Security Act. The measure, introduced by a bipartisan group of legislators in both bodies of Congress, combines President Clinton's proposal to establish a \$3,000 tax credit to offset long term care expenses incurred by individuals and

their caregivers with two additional proposals to encourage the purchase of private long term care insurance. As described by Senate Aging Committee Staff Director Ted Totman, the measure, sponsored by Aging Committee Chairman Senator Charles E. Grassley (R-IA), would offer individuals an above-the-line tax deduction for the cost of qualified long term care insurance policies equivalent to 60% of the cost of the

policy upon purchase, phasing up to 100% of the cost of the policy once an individual has maintained four years of continuous coverage. The measure would also allow employers to include the deduction provision in connection with long term care policies offered to employees through cafeteria plans and flexible spending accounts. For more information, call Scott Amrhein at GNYHA. ■

Upcoming Meetings and Briefings

NYS DOH Pilot Surveillance

Date: Wednesday, March 22, 2000

Time: 2:00 p.m.-4:00 pm.

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

This meeting, for GNYHA members only, will focus on pilot surveillance that the NYS Department of Health (DOH) is conducting, entitled "Hospital Hazmat Emergency Response Surveillance." Representatives from DOH will describe the surveillance and provide GNYHA members the opportunity to participate. The purpose of the surveillance is to collect information about hospital emergency departments' responses to patients injured from exposure to hazardous substances. DOH expects that the data will be used to assist hospitals and emergency departments in planning for future responses to such events. The pilot surveillance will compile information about patient arrival and injuries, hospital and emergency medical response, decontamination at the scene and at the hospital, and any secondary contamination during treatment. For more information, call Doris Varlese, and to register, call Adele Danahy, both at GNYHA.

Health Care Reform Act 2000

Date: Friday, April 7, 2000

Time: 10:00 a.m.-12 noon

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

This special legislative briefing is for members and staff of the NYS Assembly and Senate from the New York metropolitan area, the NYC Council, and the Borough Presidents' offices. The focus will be mainly on the new insurance programs that were created under HCRA 2000— Family Health Plus (FHP), a new program that will make comprehensive health insurance available at no cost to uninsured, lower-income working adults; Healthy New York, a program targeted to small businesses and uninsured workers; and the Direct Pay Stop Loss Fund, designed to reduce premiums for individuals who purchase insurance in the direct pay market. The briefing will cover the program criteria for FHP and Healthy New York, as well as the status of the new facilitated enrollment process for CHP and the implementation of the mandatory Medicaid managed care program. For more information, call Celeste Johnson, and to register, call Adele Danahy, both at GNYHA. ■

GNYHA Lobbies on Mental Health Issues

On March 14, GNYHA and members of its Mental Health and Substance Abuse Services Committee met in Albany with State legislators, senior staff from the Governor's office, the Senate Finance Committee, and the Assembly Ways and Means Committee to present GNYHA's legislative agenda on mental health issues for 2000, as follows for each of the agenda items:

- Align mental health special needs plan (SNP) benefits with premium levels or eliminate the authority for mental health special needs plans. All legislators and staff were concerned about the risks inherent in an inadequately funded plan. GNYHA noted that similar approaches to managing mental health services had failed in other states. Some legislators questioned whether the mental health SNP would, realistically, reduce costs.
- Repeal the budget-neutrality requirement specific to new outpatient mental health services. Many legislators were familiar with this issue. GNYHA's members provided examples of how this regulation impedes the ability to provide needed services.
- Support the continuation of shared staffing positions for critical mental health programs. The Governor's budget proposal contains funding for only 66 of 215 "shared staff" positions. GNYHA member hospitals get

funding for 36.5 positions and stated that eliminating these positions would threaten crisis services for the seriously mentally ill.

- Support legislation to authorize continuation of the Comprehensive Psychiatric Emergency Programs (CPEPs). GNYHA's 11 CPEPs provide an important safety net for the communities they serve. Legislation to extend these programs is expected to receive support. GNYHA urged expansion of the program to permit the development of a CPEP in Nassau County.
- Introduce legislation to restore psychiatric resident physician positions. GNYHA argued that the plan to reduce psychiatric residencies in the State hospital system would be ill advised during the current moratorium on the closing of inpatient beds. A loss of these direct care providers would likely further delay the transfer of patients from acute care hospitals to the State facilities.

Future Activities: GNYHA will continue to address members' concerns about the inadequate funding of the mental health SNP with lawmakers on March 21, in a joint lobbying effort with the Coalition of Voluntary Mental Health Agencies and the United Jewish Appeal. For a copy of GNYHA's legislative agenda on mental health issues, call Anita Wall at GNYHA. ■

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Health Care Quality: The Senate proposes \$7.5 million to fund initiatives to improve public disclosure of health care provider performance measures, strengthen reporting requirements, and implement programs to reduce the incidence of medical errors.

Provider Assessments: The Assembly accepts the Governor's proposed amnesty for certain providers who are delinquent in paying assessments. The Senate modifies the Governor's proposal by extending the sunset date by one year, to December 31, 2001. ■