



APRIL 17, 2000

Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

Governor Pataki Speaks at GNYHA Annual Meeting

At GNYHA's 2000 Annual Meeting, held on April 12, 2000, at the Sheraton New York Hotel in Manhattan, keynote speaker Governor George E. Pataki expressed his gratification over his partnership with GNYHA and the health care community. The Governor, who received a standing ovation, noted how improvements in New York State over the past five years have opened up access to "the world's greatest health care system." He cited the deregulation of the State-controlled rate-setting system for hospitals, the implementation of the Health Care Reform Act (HCRA) of 1996 and its expansion and continuation as HCRA 2000, support for graduate medical education and increased charity care, the phasing out of \$155 million per year in hospital assessments, the passage of the Managed Care Bill of Rights and the implementation of an external appeal process to address adverse health care decisions by HMOs, and proposed increased Medicaid payments for physicians. Governor Pataki also noted that the Child Health Plus (CHP) program has expanded dramatically; that the income level of elderly couples eligible for Elderly Pharmaceutical Insurance Coverage will be raised substantially; and that the State has shown its commitment to addressing the uninsured problem by passing the Family Health Plus program, which provides subsidized health insurance to low-income, uninsured New Yorkers, and Healthy New

York, which requires HMOs to offer a less expensive product to small businesses and uninsured workers. Governor Pataki concluded by expressing his optimism about Albany's continued investment in health care, as well as pledging his support in making sure that Washington remains committed to New York's health care.

Business Meeting: A number of motions were ratified at the Annual Business Meeting, including the following: 1) **Robert G. Newman, M.D.**, President and CEO of Continuum Health Partners, Inc., was approved to serve on the Board as Past Chairman; and 2) for the Association year 2000 to 2001, **Gladys George, Esq.**, Lenox Hill Hospital, will continue to serve as Chair; **Gary S. Horan**, Our Lady of Mercy Healthcare System, will continue to serve as Chairman-elect; **Theresa A. Bischoff** of NYU Hospitals Center and **David R. Dantzker, M.D.**, of North Shore-Long Island Jewish Health System will continue to serve as Vice Chairmen; **Arthur Y. Webb** of Village Care of New York will serve as Vice Chairman; **Edward Stolzenberg**, Westchester Medical Center, will continue to serve as Secretary; **Stanley Brezenoff**, Maimonides Medical Center, will continue to serve as Treasurer; **Herbert Pardes, M.D.**, New York Presbyterian Hospital, will continue to serve as Assistant Treasurer; **Mark J. Mundy**, New York Methodist Hospital, will continue to

continued on page 2

Moynihan, Rangel Fight for Teaching Hospitals

On April 11, 2000, U.S. Senator Daniel Patrick Moynihan (D-NY) led a bipartisan group of 24 senators, including Senator Charles E. Schumer (D-NY), in introducing the Teaching Hospital Preservation Act of 2000 (S.2394). The same day, Congressman Charles B. Rangel (D-NY) introduced identical legislation in the House of Representatives (H.R.4239). Senator Moynihan estimates that the Act, the enactment of which is GNYHA's top legislative priority for this Congressional session, would protect the nation's teaching hospitals from a

continued on page 4

State Budget Update

Governor Pataki and NYS legislators were finalizing the State fiscal year 2000-01 budget agreement as Skyline News went to press. The Governor and legislative leaders hope to finish work on the budget before legislators recess this week for religious holidays. Agreement has apparently been reached on extending the Medicaid managed care statute relating to regular managed care plans through 2003, with several changes included, championed by the Assembly, to help prevent disenrollment from Medicaid. GNYHA had strongly opposed extending the statute permanently, and is pleased

continued on page 2

Panel Approves New Ryan White CARE Act

On April 12, 2000, the U.S. Senate Committee on Health, Education, Labor and Pensions unanimously approved the "Ryan White CARE Act Amendments of 2000" (S.2311), which would reauthorize and modify the Ryan White CARE Act. The current CARE Act expires on September 30, 2000. S.2311, which extends authorization for the CARE Act through 2005, guarantees that no eligible metropolitan area

(EMA) would receive less in a fiscal year than 98% of the funding it received in the previous fiscal year; has new guidelines for the Planning Councils to follow when deciding how to allocate funds within their EMAs; requires that support services funded through the Act be related to health care; requires that states determine the size and demographic characteristics of the population with HIV disease to be served, taking into account the needs of

individuals who are not receiving care, based on epidemiological measures developed by the Secretary of Health and Human Services; creates supplemental grants for areas that are not within EMAs and treatment grants to help states provide access to therapeutics for individuals below 200% of the Federal poverty line; and contains other reforms. Congress is expected to pass a final version of S.2311 before the CARE Act expires later this year. ■

Governor Pataki Speaks at GNYHA Annual Meeting continued from page 1

serve as Immediate Past Chairman; **Barry R. Freedman** of The Mount Sinai Hospital, **David P. Rosen** of Jamaica Hospital Medical Center, and **Spencer Foreman, M.D.** of Montefiore Medical Center will continue to serve as Past Chairmen. **James Foy**, St. John's Riverside Health Care System, was approved to serve on the Board in the Class of 2001, with his term beginning when he completes his current Board service in the Class of 2000, which ends in June 2000. The following individuals were approved to serve on the GNYHA Board of Governors in the Class of 2003: **Michael Dowling**, North Shore-Long Island Jewish Health Care System; **David J. Campbell**, Saint Vincents Catholic Medical Centers of New York; **Alan Morse, Ph.D.**, The Jewish Guild for the Blind; **Harold P. Freeman, M.D.**, North General Hospital; **John LaRosa, M.D.**, State University Health Science Center of Brooklyn; and **Daniel P. Walsh**, Winthrop University Health System.

President's Remarks: Following an introduction by Chair Gladys George, Esq., GNYHA President Kenneth E. Raske reviewed the accomplishments of the past year and outlined GNYHA's priorities for 2000, which encompass HMO and insurance reform, long-term BBA relief for hospitals and continuing care facilities, reducing medical errors, insurance enrollment outreach, capital formation, workforce development, and biomedical research funding. GNYHA's strategy for ensuring HMO and insurance reform, he explained, is threefold: legislation (addressing dispute resolution, prompt payment, electronic claims acceptance, prior authorization and utilization review, guaranty fund, disclosure, and HMO liability); outreach and edu-

cation in the form of an advertising campaign produced by the GNYHA and 1199/SEIU Healthcare Education Project; and litigation involving a broad-based legal challenge to those HMOs that have been perpetrating the most serious abuses. The Healthcare Education Project's television advertising campaign on HMO reform, Mr. Raske said, begins airing on April 16 in the Albany area.

Mr. Raske also discussed the impact of the BBA, noting a discrepancy between the Congressional Budget Office's estimated five-year savings of \$44 billion and GNYHA's estimate of \$61 billion. He pointed out that, without

the BBA, Medicare payments for 2002 to hospitals would be 16% higher than in 1996; however, with the BBA, payments for 2002 are only 1% higher. For teaching hospitals the picture is even worse, with a Medicare payment reduction of -1%. These numbers underline the need for long-term BBA relief, which GNYHA will seek for hospitals through support of Senator Daniel Patrick Moynihan's bill for a permanent freeze of the indirect medical education (IME) adjustment at 6.5%, the elimination of further cuts in the update, and fixing the outpatient prospective

continued on page 4

AROUND

Frank Maddalena has been named Senior Vice President/Chief Operating Officer of The Brooklyn Hospital Center, effective April 24, 2000. Previously, he was President and Chief Executive Officer of The Brookdale University Hospital and Medical Center. • **Stephen S. Katz** has been named Administrator of Lutheran Care Center at Concord Village, Wartburg Lutheran Services, Inc. Mr. Katz was previously Vice President for Operations at the Jewish Guild for the Blind. He has also served as Administrator at Beth Israel Nursing Homes and Vice President of Corporate Programs at Beth Abraham Health Services. • **William Crawford** has joined the Wartburg Lutheran Home for the Aging as Administrator of the Home's Brooklyn Campus. In the past he was Assistant Administrator for Gouverneur Hospital Nursing Facility and Administrator for the Franklin Center for Rehabilitation and Nursing. ■

State Budget Update continued from page 1

that the Governor and Legislature have agreed on a sunset date. Still outstanding is an agreement on extending authorization for mental health special needs plans (SNPs). GNYHA has strongly opposed extending the authorization for the Office of Mental Health to proceed as currently planned, given the serious flaws in the design of the mental health SNPs. In other news, the budget will contain some relief to help counties offset the cost of Family Health Plus in the short

term, but will not actually remove the counties' responsibility to help finance the program. In addition, budget negotiators have agreed to restore the filled mental health shared staffing provisions that were proposed to be cut in the Executive budget proposal; however, the budget will not restore funding for psychiatric residency positions. Finally, an agreement was reached on legislative proposals to increase Medicaid reimbursement rates for physicians. ■

SHRPC to Review Ambulatory Surgery Centers

At the State Hospital Review and Planning Council (SHRPC) meeting held on April 6, 2000, New York State Department of Health (DOH) Office of Health Systems Management Director Wayne Osten discussed GNYHA and other associations' concerns regarding the proliferation of freestanding ambulatory surgery centers. He stated that since the moratorium on the approval of such centers ended in 1998, the number of centers has tripled. At the next SHRPC Project Review Committee meeting, to be held on May 18, 2000, DOH staff will provide a report on the status of the ambulatory surgery center approvals in the last two years and their impact on existing acute care providers.

Commissioner's Report: DOH Commissioner Antonia Novello, M.D., M.P.H., stated that reducing medical errors is one of DOH's priorities and recognized GNYHA for its program on medical errors held on April 5, 2000. **Adult Day Health Care:** SHRPC approved DOH's recommendations for changes in the adult day health care (ADHC) emergency regulations that were first approved on February 3, 2000. Among the changes were 1) permitting certain ADHC registrants to attend programs fewer than five hours, provided a majority of registrants attend five hours or longer; 2) permitting programs to

admit registrants up to 10% above the approved capacity of the program on a given day, provided that the average annual occupancy does not exceed the annual approved capacity for the program; and 3) eliminating a requirement for programs to conduct registrant reviews that duplicate existing continued-stay assessments of registrants. With respect to ADHC reimbursement, DOH is pursuing changes outside of the regulatory process. These changes will include modifications to the existing method of payment for ADHC transportation, pursuant to the recommendations of a Transportation Workgroup. The Workgroup, which includes GNYHA member representatives, met on Monday, April 10, 2000, in Albany, and is expected to issue recommendations by early June 2000.

Member Projects: SHRPC approved the following GNYHA member projects—**Shorefront Jewish Geriatric Center**, expansion of its existing long term home health care program in Kings County by 100 long term home health care registrants and initiation of programs for 100 registrants for each of New York and Queens counties; and **The Jewish Guild for the Blind—Guild Home for the Aged Blind**, initiation of a long term home health care program for 100 registrants in Manhattan and 100 registrants in Brooklyn. ■

NEWS FLASH . . . MedPAC Recommends Increased Hospital Payments

At its April meeting, the Medicare Payment Advisory Commission (MedPAC) voted to recommend that Congress increase inpatient hospital payments for fiscal year 2001–02 by 3.5–4.0%, or 1.1 percentage points above the market basket estimate of underlying cost inflation. The update factor required by the BBA is market basket minus 1.1 percentage points, or 2.2 percentage points below the MedPAC level. Undercoding of hospital cases and high pharmacy and technology costs prompted the Commission's recommendation. ■

Upcoming GNYHA Member Briefing

Organ and Tissue Procurement

Date: Wednesday, May 3, 2000

Time: 9 a.m. to 12 noon

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

This briefing will focus on organ and tissue procurement requirements for hospitals. The program, "Commitment, Collaboration, and Compliance: Understanding Compliance Issues in Organ and Tissue Donation," is designed to help hospitals implement organ and tissue procurement policies and procedures that comply with current State statute, Federal regulations, and accreditation standards. Representatives from the U.S. Health Care Financing Administration, NYS Department of Health, Joint Commission on Accreditation of Healthcare Organizations, and New York Organ Donor Network will be present. For more information, call Patricia O'Brien, and to register, call Adele Danahy, both at GNYHA. ■

Medicare Policy on Psychiatry/ Psychology Services Open for Comment

A draft Medicare Local Medical Review Policy on Psychiatry/Psychology Services was introduced by Empire Medicare Services at the Medicare Carrier Advisory Committee (CAC) meeting on March 22, 2000. The policy would impose severe restrictions on inpatient and outpatient psychiatric and psychology services that would be covered under Medicare. At the request of GNYHA and other interested organizations, the comment period

for this draft policy has been extended until the next CAC meeting on June 7, 2000.

Policy Impact: Hospitals currently report extensive delays or denials in payment for services under the existing Medicare policy. The proposed policy would place additional limitations on coverage of psychiatry and psychology services, including a requirement that informed consent be obtained prior to any psychiatric treatment, a standard not applied in this uni-

versal manner to any other clinical specialty area. In addition, the policy would restrict coverage for services and duration of treatment for specific diagnoses, set qualification and supervision requirements for nonphysician practitioners that exceed those set by the U.S. Health Care Financing Administration, and establishes outcome criteria that are open to subjective interpretation.

Members' Comments: GNYHA will be soliciting comments from members on the draft policy, and will actively pursue discussions with Empire to help shape the final policy. If you would like a copy of the draft policy, call Anita Wall at GNYHA. ■

Governor Pataki Speaks at GNYHA Annual Meeting continued from page 2

payment system (PPS), and for nursing homes through a longer phase-out of cost-based capital reimbursement under the skilled nursing facility PPS. Looking ahead, Mr. Raske said that GNYHA remains committed to superior member services and developing a permanent asset base that allows excellence in advocacy. As part of this effort, GNYHA is channeling its energy into business development activities. Lee Perlman, Executive VP and COO of GNYHA Ventures, Inc., then described the tremendous growth in GNYHA's businesses over the past year, and talked about Ventures' "Internet incubation" program.

General Session I: Kenneth W. Kizer, M.D., M.P.H., President and CEO of The National Quality Forum and former Under Secretary for Health in the U.S. Department of Veterans Affairs, offered advice on how to reduce medical errors and increase patient safety. Dr. Kizer presented a series of interim steps that health care providers should take to increase patient safety until national requirements are developed. First, Dr. Kizer said, patient safety should be a leadership and management pri-

ority. Key to accomplishing this goal is the development of a culture of safety that includes continuing education, medical errors reporting mechanisms, nonpunitive mechanisms for responding to and correcting errors, and routine self-assessments. Dr. Kizer also recommends that providers implement known safe practices, including many that focus on reducing adverse drug events, which make up a significant portion of medical errors, and promptly addressing professional misconduct issues. Dr. Kizer also underscored the importance of explaining medical errors to patients and their families, and recommended that patient safety be incorporated into all health care professional training and patient safety research be made a priority.

General Session II: Robert Dieterle, Executive VP and COO of CareInsite, Inc., presented a vision of how the Internet will transform the delivery of health care through improved communications and access to services. He described the explosion of the use of e-commerce throughout the economy and the growing penetration of Internet use among con-

sumers generally. In particular, he noted that, today, 30 million people are seeking health care information online for their own research on diseases, nutrition, drugs, and child development. He pointed out that the new model for Internet-based health care is consumer-centric, providing a seamless, integrated, and accessible approach to services, 24 hours a day, seven days a week. The use of existing and future Internet technologies along with the emerging standard communication protocols for health care will bring major changes to physician practices, hospital care, and patients' involvement in their own care. The Internet, he said, has its greatest potential in the management of the health care system's complex relationships and the support of optimal patient care. ■

Moynihan, Rangel continued from page 1

further \$2 billion in Medicare cuts over the next five years by preventing further reductions in the Medicare indirect medical education (IME) adjustment that were mandated by the Balanced Budget Act of 1997 (BBA). Under the BBA, as amended by the Balanced Budget Refinement Act of 1999, the IME adjustment is scheduled to be reduced from 6.5% for every 10% increment in the ratio of interns and residents to beds to 6.25% on October 1, 2000, and to 5.5% on October 1, 2001. GNYHA estimates that the Moynihan/Rangel legislation, if enacted, would prevent a further \$550 million in Medicare cuts to teaching hospitals in New York State over the next five years. Upon introducing the legislation, Senator Moynihan said, "Teaching hospitals are national treasures . . . Yet, today they find themselves in a precarious financial situation as market forces reshape the health care delivery system in the United States . . . The teaching hospitals that we know and depend on today . . . may not be able to . . . survive . . . This bill would protect our nation's teaching hospitals and ensure that the United States will continue to be in the forefront of developing new cures, new medical technology, and training of the world's finest medical professionals." GNYHA is extremely grateful to Senator Moynihan and Congressman Rangel for their continued leadership. ■

Legislative Digest

In recent weeks, the New York State Senate and Assembly have considered the following health care-related legislation.

Eligibility for Medical Assistance: On April 4, the Assembly Health Committee referred legislation (A.10161) introduced by Assemblyman Richard Gottfried to the Assembly Ways and Means Committee. A.10161 seeks to ensure that low-income individuals who lose eligibility for cash assistance are informed that they may still qualify for Medicaid and ensures that children enrolled in a managed care plan who lose their eligibility for Medicaid are automatically enrolled in Child Health Plus (CHP) or 60 days or until their eligibility for CHP or Medicaid is determined. A.10161 is an important step in helping eligible individuals and families to enroll in Medicaid and to retain their coverage while they are eligible. GNYHA strongly supports A.10161. • **Public Access to Health Care Information:** A.8464, sponsored by Assemblyman Gottfried, was approved by the Assembly Health Committee on April 4. The Health Care Reform Act of 1996 established a task force on clinical practice guidelines and medical technology assessment and a task force on health care quality improvement and information systems. A.8464 would require the Commissioner of Health to utilize the information collected by these task force groups by establishing a program for expanding public access to health care information maintained by the NYS Department of Health, to submit annual reports on its activities to improve public access, and to make recommendations in improving utility/validity of data to the Governor and the Legislature. A.8464 provides for confidentiality of patient identity and other data. • **Sexual Assault Reform:** On April 12, Assembly leaders announced a proposal similar to the Senate's Sexual Assault Reform Act (S.1592-A) that would toughen penalties for sexual assaults and provide more relief for survivors of sexual assaults. Both versions would permit the reimbursement by the NYS Crime Victims Board for counseling, medical treatment, or other services for sexual assault survivors who do not report the assault to criminal justice agencies but who do incur out-of-pocket costs for their medical treatment, a provision that GNYHA strongly supports. The Assembly version contains additional measures, including specialized training for nurses who examine victims and guaranteed financing every year for rape crisis centers. The Assembly plans to introduce its proposal in a written bill some time this week. ■