



DECEMBER 25, 2000

Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

Congress, President Approve BBA Relief Bill; GNYHA Attends White House Bill Signing

The ongoing campaign by GNYHA and its allies to relieve hospitals and continuing care providers from the most damaging Medicare and Medicaid cuts imposed by the Balanced Budget Act of 1997 (BBA) reached an important milestone on December 15, when the U.S. Congress passed the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA). President Clinton signed the bill into

law on December 21, at a signing ceremony attended by GNYHA staff. Senator Charles Schumer (D-NY) has estimated that BIPA will relieve hospitals, continuing care providers, and Medicare+Choice plans in New York State from \$1.6 billion in additional Medicare reductions over the next five years by postponing or softening previously scheduled rate cuts. GNYHA estimates that hospi-

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Many Uninsured Are Eligible for Coverage; GNYHA Continues Outreach Efforts

According to a recent United Hospital Fund working paper, a substantial number of uninsured New Yorkers meet Medicaid and Child Health Plus (CHP) eligibility guidelines but remain uninsured. The paper, "Medicaid Eligible, But Uninsured: The New York State Experience," estimates that 36% of New York State's 3.2 million uninsured people are eligible for either Medicaid or CHP but are not enrolled in these programs. When Family Health Plus (FHP) is fully implemented in 2002, up to one-half of New York's uninsured residents may be eligible for subsidized health coverage through CHP, Medicaid, or FHP. These percentages highlight

the importance of boosting enrollment in publicly sponsored health insurance programs in order to reduce the number of New Yorkers without coverage.

GNYHA has made this goal a top priority. The Healthcare Education Project, a joint initiative of GNYHA and 1199/SEIU, has initiated several efforts to expand enrollment in CHP and Medicaid. In addition to sponsoring advertisements with Mayor Giuliani publicizing the availability of children's health insurance programs (see *Skyline News*, December 11, 2000, page 1), the Healthcare Education Project launched the "Cover Every Child" campaign this past July, which distrib-

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GNYHA Board Meets

The GNYHA Board of Governors met on December 11, 2000, and took the following actions:

- reviewed and approved the year 2001 budget for GNYHA, as well as its subsidiaries and affiliates, based on the recommendation of the GNYHA Budget Committee;
- heard a report about GNYHA's advocacy efforts at the Federal level, including the ongoing fight for Balanced Budget Act relief for GNYHA member hospitals and continuing care providers;
- approved an initiative to expand GNYHA's collaboration with 1199/SEIU to include the development of common policy goals addressing current challenges facing the continuing care community;
- was updated on GNYHA's ongoing initiatives to secure significant payer reform, such as the collaborative relationship with Aetna and discussions with other major payers, including Empire and Oxford;
- was briefed on GNYHA's work plan to develop comments on the U.S. Health Care Financing Administration's proposed inpatient rehabilitation facility prospective payment system, which takes effect January 1, 2002, for most hospitals;
- heard a report on GNYHA's legal, regulatory, and professional affairs, such as efforts to assist members in improving quality and reducing medical errors, and a new program to provide training in root cause analysis;
- was briefed on GNYHA's activities regarding the uninsured, including the HealthStat advertising campaign (see *Skyline News*, December 11, 2000) and GNYHA's action plan to address the delay in the implementation of Family Health Plus;
- was updated on the status of Community Health Care Conversion Demonstration Project funds; and
- approved an application for Associate Membership by Valley Health System. ■

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tals in its membership alone will be relieved of roughly \$500 million in new inpatient Medicare rate reductions over the next five years. These include \$263 million by reducing hospital inpatient market basket update cuts over the next two years, as championed by Congresswoman Nita Lowey (D-NY); \$135 million by postponing for two years any new cuts in the indirect medical education (IME) adjustment for teaching hospitals, as proposed by Senator Daniel Patrick Moynihan and Congressman Charles Rangel and negotiated by President Clinton and his chief health advisor, Chris Jennings; \$35 million in increased Medicare coverage of Medicare bad debts, as supported by Congressman Vito Fossella (R-NY); and over \$14 million due to reduced cuts in Medicare disproportionate share hospital (DSH) payments.

The bill also makes important changes to the outpatient prospective payment system (PPS) and to the so-called provider-based rule; adds funding for skilled nursing facilities (SNFs) through rate enhancements for nursing costs under the SNF PPS and by reducing inflation factor cuts; and helps home health agencies by reducing inflation factor cuts and postponing for another year the BBA's 15% rate reduction. BIPA also contains a provision, championed by Congressman Rick Lazio (R-NY), Congressman Rangel, and Congressman Eliot Engel (D-NY), that will help New York cope with new regulations limiting states' ability to draw down Federal Medicaid funds through the use of intergovernmental transfers and Medicaid upper payment limits.

GNYHA is grateful to the bipartisan members of the NY Congressional Delegation, in particular Senators Moynihan and Schumer; Representatives Rangel, Lowey, Fossella, Engel, Towns, and Lazio; and President Clinton, Senator-elect Clinton, and Chris Jennings. GNYHA looks forward to working with the entire NY Delegation to further protect NY's health care community from the remaining BBA cuts. For a written description of BIPA, call Carol Kevel at GNYHA or check www.gnyha.org (members' area, Current News, Member Letter Bulletin 236). GNYHA will brief members on BIPA's provisions at its committee meetings including its January 16 Fiscal Policy Committee meeting. ■

Analysis of Increases in Hospital Inpatient Operating PPS Payments Under BIPA 2000

	2001	2002	2003	2004	2005	5 Years
<i>Update: Eliminate 2001 cut and spread 2002 cut over two years</i>						
	(\$ in millions)					
United States	797	1,217	841	869	899	4,623
New York State	69	104	72	75	77	397
New York City	35	52	36	38	39	200
Rest of State	34	52	36	37	38	197
GNYHA Members	46	69	48	49	51	263
<i>Preliminary IME Proposal: Increase adjustment for 2001 from 6.25% to 6.5%, and for 2002 from 5.5% to 6.375%</i>						
United States	167	629	—	—	—	796
New York State	30	114	—	—	—	144
New York City	21	80	—	—	—	101
Rest of State	9	34	—	—	—	43
GNYHA Members	25	96	—	—	—	121
<i>Extra IME: Increase 2002 adjustment to 6.5%</i>						
United States	—	86	—	—	—	86
New York State	—	16	—	—	—	16
New York City	—	11	—	—	—	11
Rest of State	—	5	—	—	—	5
GNYHA Members	—	13	—	—	—	13
<i>Total IME</i>						
United States	167	715	—	—	—	881
New York State	30	130	—	—	—	160
New York City	21	91	—	—	—	112
Rest of State	9	39	—	—	—	48
GNYHA Members	25	109	—	—	—	135
<i>DSH: Increase payments for rural and small urban hospitals</i>						
United States	250	254	272	282	291	1,350
New York State	7	7	7	7	8	35
New York City	0	0	0	0	0	0
Rest of State	7	7	7	7	8	35
GNYHA Members	0	0	1	1	1	3
<i>DSH: Reduce BBA cut by 1 percentage point in 2001 and 2002</i>						
United States	52	54	—	—	—	106
New York State	7	7	—	—	—	14
New York City	5	6	—	—	—	11
Rest of State	1	2	—	—	—	3
GNYHA Members	6	6	—	—	—	12
<i>Total DSH</i>						
United States	302	308	272	282	291	1,456
New York State	13	14	7	7	8	49
New York City	5	6	0	0	0	11
Rest of State	8	8	7	7	8	38
GNYHA Members	6	6	1	1	1	14
<i>Total Inpatient Operating PPS</i>						
United States	1,266	2,240	1,113	1,151	1,190	6,960
New York State	112	248	79	82	85	606
New York City	61	148	36	38	39	322
Rest of State	51	99	43	44	46	284
GNYHA Members	77	184	48	50	52	412

Governor Pataki Takes Action on Health Care Bills

On December 8, 2000, New York State Governor George Pataki signed legislation requiring health insurers to pay for end-of-life care but vetoed legislation requiring Child Health Plus (CHP) insurers to pay for pre-hospital emergency medical services. GNYHA had supported both pieces of legislation.

End-of-Life Care: S.6097, approved by Governor Pataki and sponsored by Senator Kemp Hannon (R-Westbury) and Assemblyman Jeffrey Klein (D-Bronx), requires HMOs and other insurers to provide end-of-life care to enrollees diagnosed with certain terminal illnesses. The new law restricts such coverage to plans and insurers that provide acute care benefits. The law also establishes default rates of payment for end-

of-life care in the absence of a negotiated agreement and prohibits charging enrollees and subscribers for such services. The measure also makes technical corrections to existing law to ensure that patients receive needed end-of-life care. GNYHA applauds the Governor's approval of S.6097.

Child Health Plus: S.7523A, which Governor Pataki vetoed, was sponsored by Senator Kemp Hannon (R-Westbury) and Assemblyman Robert Sweeney (D-Lindenhurst). S.7523A would have amended the definition of "covered health care services" under CHP pre-hospital emergency medical services. Under this bill, CHP insurers would have been required to cover emergency medical services that an ambulance service provides to CHP enrollees suffering from emergency

medical conditions, and the Department of Health would have been directed to increase CHP premiums to cover the extra costs associated with this new requirement. While health insurers are required to cover emergency services pursuant to a visit to the emergency department using the "prudent layperson standard" of emergency, ambulance services have reported that CHP plans have denied coverage for critical pre-hospital emergency services, a situation that affects low-income families who cannot afford the cost of pre-hospital emergency services. GNYHA supported S.7523A, believing it would have gone a long way toward solving these problems and would have provided peace of mind for parents whose children are enrolled in Child Health Plus. ■

MedPAC Highlights Decline in Hospital-Based SNF Margins

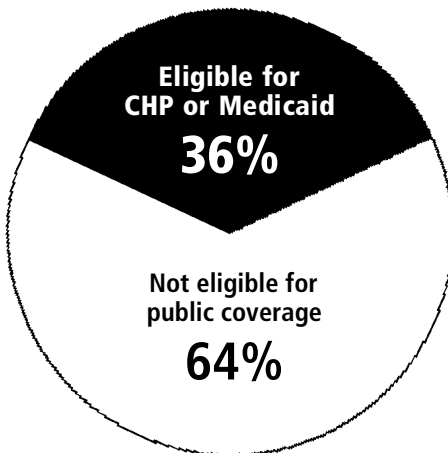
On December 14, 2000, the Medicare Payment Advisory Commission (MedPAC) discussed several post-acute care issues including changes in the overall Medicare margin, a measure of Medicare payments to hospitals based on Medicare-allowable costs. MedPAC researchers reported that the overall Medicare margin for hospital-based skilled nursing facilities (SNFs) of -11.8% in 1996 was twice as bad by 1998 (-25.9%), and even worse in 1999 (-51.4%). Researchers explained that the dramatic decline was a function of the impact of the SNF prospective payment system (PPS) that began to phase in during 1998 and 1999. Not only was its impact negative for hospital-based SNFs, but it was much worse than that predicted by the U.S. Health Care Financing Administration. As a result, many hospitals have closed their SNFs, and the current numbers of hospital-based SNFs has decreased to below 1995 levels. Nonetheless, MedPAC researchers reported that there is no evidence of widespread access problems, and that payment and use levels are above 1996 levels. ■

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uted to New York City hospitals "consumer kits" to raise awareness of CHP and Medicaid and promoted a toll-free child health

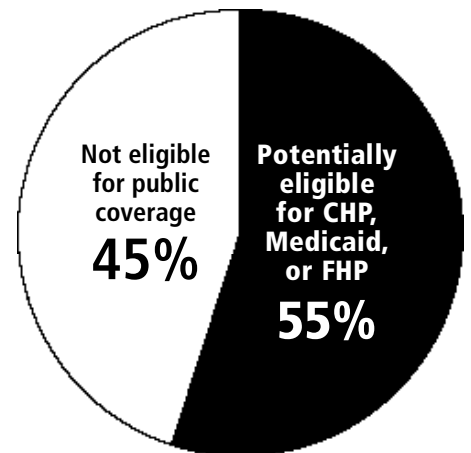
information hotline. GNYHA is currently involved in efforts to simplify the application and enrollment process for FHP. ■

In 1998, over one-third of New York's 3.2 million uninsured residents were eligible for either CHP or Medicaid, but were not enrolled in either program.



Source: GNYHA tabulations based on Kenneth Thorpe and Curtis Florence, "Medicaid Eligible, But Uninsured: The New York State Experience," working paper (New York: United Hospital Fund, October 2000).

When FHP is fully implemented in 2002, over half of New York's current uninsured population could be eligible for public coverage.



Source: GNYHA tabulations based on Thorpe's and Florence's estimates of the number of uninsured individuals eligible for, but not enrolled in, CHP and Medicaid, and on NYS Department of Health projections of potential FHP eligibles when the program is fully implemented in 2002.

Senator Bruno Announces \$500 Million Biotechnology Program

On December 14, 2000, NYS Senate Majority Leader Joseph L. Bruno announced the formation of GEN*NY*SIS (Generating Employment Through New York Science), a new plan to use \$500 million in government and private investment to lure new life science industries to the State and make New York a leader in creating biotechnology jobs. The plan builds on Governor Pataki's leadership in encouraging the growth of high-tech industry by providing a total of \$225 million in State grants to match Federal, industry, and academic funding. GEN*NY*SIS also provides targeted

tax incentives to new companies launched by rapid advances in life sciences, genomics, and genetics, and seeks to build new ties between the high-tech industry and New York's world-class universities and research institutions. GNYHA applauded the announcement. "GEN*NY*SIS will help ensure that New York State continues to be a world leader in biomedical research and state-of-the-art patient care in our teaching hospitals," said GNYHA President Kenneth E. Raske. "It will also bring tremendous economic benefit to New York State and help recruit the world's most promising young investigators to our area." ■

GNYHA Testifies Before NYS Hearing on Nursing Home Quality and Staffing

On December 12, 2000, GNYHA testified before the NYS Assembly Committees on Health and Aging regarding nursing home quality, staffing, and regulation. GNYHA stressed its commitment and that of the not-for-profit continuing care community to providing care that exceeds the quality standards set forth in regulations. GNYHA highlighted the creation of its Continuing Care Quality Forum, its *Perspectives on Quality* educational series, and its pledge to work with the labor community to develop creative solutions to quality concerns. After giving examples of innovative quality initiatives spearheaded by member facilities and noting documented improvements in nursing home care since 1995, GNYHA outlined the barriers to consistent, high-quality, long term care, such as labor shortages, reimbursement shortfalls, and the adversarial nature of the regulatory environment.

With respect to labor and staffing issues, GNYHA recommended increasing the level of available education and training resources, improving the coordination of existing job training and development programs, and supporting the development of new continuing care information technology initiatives. To improve reimbursement, GNYHA recommended the provision of aid for financially distressed nursing homes and the establishment of a Medicaid rate add-on related to workforce recruitment and retention. With regard to regulation and enforcement, GNYHA recommended that the State work with providers to identify and promote the adoption of effective practices throughout the State and the establishment of a center for the advancement of quality in NYS. GNYHA plans to continue working with State officials toward the development of a legislative agenda for continuing care in NYS in 2001. ■

GNYHA Comments Lead to Medicare Provider Status for Psychiatric CNS

In a letter to GNYHA dated December 6, 2000, Empire Medicare Services, one of NYS's Medicare carriers, indicated that the Medicare Part B Local Medical Review Policy for Mental Health Services will be amended to reflect that the psychiatric clinical nurse specialist (CNS) is authorized to perform, and thus bill for, diagnostic interviews and psychotherapy services. This amendment is a positive reversal from the draft policy presented at the Medicare Carrier Advisory Committee meeting last June. The change is a response to GNYHA's request in its comments on the draft policy.

Empire's letter notes that, in addition to authorizing the CNS to provide diagnostic/assessment services that establish medical necessity—which is required for services to be covered under Medicare Part B—the "incident to" section of the policy has been amended to allow services "incident to" a CNS as an independent provider. Therefore, the CNS with a Medicare provider number will be able to bill directly for professional services and for the services of other staff that are performed incident to the CNS. The U.S. Health Care Financing Administration's (HCFA's) supervision requirements for incident to billing must be met. These privileges are the same as those extended to a qualified nurse practitioner (NP). In keeping with HCFA regulations, the NP and CNS are independent practitioners who function under the guidance of a formal collaborative agreement with a physician. NPs who have prescriptive authority will also be authorized to provide pharmacologic management of psychiatric illness under the Medicare policy.

Hospitals that provide mental health services will be able to bill the Medicare carrier for professional services of the CNS and NP that are covered under the Part B Medicare policy. These advanced practice nurses may provide these services independently, giving hospitals increased flexibility in the planning of outpatient services. ■

IN THE

To better reflect its teaching mission, Nassau County Medical Center has been officially renamed **Nassau University Medical Center**. The name change was announced on December 7, 2000, by Jerald C. Newman, President and Chief Executive Officer, Nassau Health Care Corporation, and Bobby Kumar, Chairman of the Board, Nassau Health Care Corporation. ■