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Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

Senator Hannon Introduces Payment Legislation

Five major bills aimed at addressing payment-related problems health providers have experienced with health care plans were introduced on April 21, 1999, by Senator Kemp Hannon, Chairman of the New York State Senate Health Committee. The legislation was developed by Senator Hannon in consultation with GNYHA, the Healthcare Association of New York State, and the Medical Society of the State of New York. These three associations have been working together in recent months to develop a common legislative package that will protect health care providers and consumers from inappropriate payment practices by health insurers and provide financial protection in the form of a guarantee fund for providers and patients in the event of the

insolvency of a health insurer. GNYHA is extremely grateful for Senator Hannon's leadership on these issues and looks forward to working with him and his colleagues to ensure the enactment of these important bills. A summary of the bills follows.

Electronic Payment and Prompt Payment: S.5445 addresses electronic payment and prompt payment issues. The bill would mandate a 2% per claim penalty on health insurers and HMOs that fail to accept claims submitted electronically by providers. The bill also amends the current prompt payment statute to reduce the payment period from 45 days to 30 days for paper claims, and to 15 days for electronic claims. The bill also establishes a concise definition of a "clean claim."

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Key Congresswoman Visits New York

On April 26, at the invitation of GNYHA, Congresswoman Nancy Johnson (R-CT), a key member of the House Ways and Means Subcommittee on Health, visited the NYU Hospitals Center of the Mount Sinai-NYU Medical Center and Health System. Congresswoman Johnson has been deeply involved in all of the Medicare legislation that has been enacted in recent years, including the Balanced Budget Act of 1997 (BBA). At NYU, a round table discussion with Congresswoman Johnson, which was led by Robert Glickman, M.D., Dean of the NYU

School of Medicine and Theresa A. Bischoff, Executive Vice President for Clinical Operations of the Mount Sinai-NYU Medical Center and Health System, focused primarily on the impact of the BBA on academic medical centers and the importance of providing relief from a number of BBA provisions, including the Medicare transfer provision and the Medicare indirect medical education cut. Congresswoman Johnson made it clear that she and other members of the Ways and Means Committee are willing to consider

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Teaching Hospitals Get to Work on BBA Relief

As reported previously in *Skyline News* (April 19, 1999), GNYHA recently conducted an extensive analysis of the impact of the Balanced Budget Act (BBA) on hospitals nationwide. The analysis showed that, of all types of hospitals, major teaching hospitals are most hurt by the BBA reductions, suffering not only reductions in the rate of growth in Medicare spending over the five-year period of the BBA, as intended by Congress and the President, but absolute reductions in Medicare revenues. Due to this situation, the chief executive officers of academic medical centers and teaching hospitals nationwide are mobilizing to urge Congress and the President to provide relief from the severest consequences of the BBA. New Yorkers Make the Case: GNYHA and its members have engaged in a number of activities during the past two weeks to make the case for BBA relief. On April 28, 1999, GNYHA met with Amy Jensen, Assistant to the Speaker of the House of Representatives, J. Dennis Hastert (R-IL), to discuss GNYHA's analysis and the need for BBA relief. The same day, GNYHA met with key staff to New York Senator Daniel Patrick Moynihan, traditionally the foremost Congressional champion of teaching hospitals and the ranking member of the Senate Finance Committee, which has jurisdiction over Medicare, and New York Senator

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Utilization Review: S.5444 clarifies the standards for the performance of utilization review by HMOs, health insurers, and their utilization review agents, strengthening 1996 and 1998 legislation that regulates the utilization review process.

HMO Payment Obligation and Periodic Interim Payment: S.5224 requires health insurers that consistently and inappropriately

withhold payments from providers to adopt a periodic interim payment system that will ensure timely payments to providers.

Case-Based Payment and Insolvency Fund: S.5349 would establish a case-based (per discharge) payment system that would be negotiated between the payer and the provider and eliminate the practice of "day denials." The bill would also create a New York Health

Insurance Consumer Protection Security Fund that would reimburse enrollees and providers for the costs of covered benefits if a health insurer becomes insolvent.

Y2K Periodic Interim Payment: S.4965 would guarantee payment by insurers and the Medicaid program to health care providers until these payers are Y2K-compliant. ■

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Charles E. Schumer. Also on April 28, Herbert Pardes, M.D., Dean of the College of Physicians and Surgeons at Columbia University, expressed concern about the impact of the BBA on academic medical centers at a hearing before the Senate Finance Committee. "Providers of service to Medicare beneficiaries are concerned about their ability to provide care in the present environment," Dr. Pardes stated. "At this stage we cannot know the full impact of the Balanced Budget Act of 1997. I would urge you to consider the possibility that mid-course corrections might be needed." On April 30, David Skinner, M.D., Vice Chairman and Chief Executive Officer of the New York Presbyterian Hospital, along with several of his colleagues from other states, briefed Republican Governors on the impact of the BBA on academic medical centers at a meeting of the Republican Governors Association in Springfield, New Jersey. Karen S. Heller, Executive Director of GNYHA's Center for Health Economics and Informatics, presented her BBA impact analysis at that meeting, which was hosted by New Jersey Governor Christine Todd Whitman and attended by a number of Governors from around the country, including New York Governor George E. Pataki. Also at that meeting, Dr. Skinner and his fellow chief executive officers impressed upon the Governors the severe impact the BBA and other factors, including managed care, are having on their states' biomedical research, treatment, and education infrastructures. ■

Bipartisan Congressional Delegation Opposes President's Medicare Cuts

As an outcome of GNYHA's March 18, 1999, meeting with the New York Congressional Delegation, a letter to President Clinton expressing opposition to new Medicare cuts, concern over the effect of the Balanced Budget Act on New York's health care providers, and the need to repeal past Medicare cuts is being circulated for signatures throughout the Delegation. This bipartisan letter, spearheaded by Democratic Congressman Charles Rangel and Republican Congressman Benjamin Gillman, was prepared in response to the presentations

made at the Delegation's March luncheon meeting by GNYHA President Kenneth E. Raske, who described the serious fiscal crisis facing health care institutions; Dennis Rivera, President of 1199 National Health and Human Service Employees Union, AFL-CIO, SEIU, who addressed the fiscal impact of these cuts on health care employees; and Daniel Sisto, President of the Healthcare Association of New York State, who emphasized the statewide nature of the problem. As *Skyline News* went to press, 21 members of the New York Delegation had signed. ■

Legislative Digest of State Health Bills

In recent weeks, Committees for the New York State Assembly and the New York State Senate have taken action on the following health-related pieces of legislation:

Hospital Privileges: The Assembly Health Committee has approved a bill, A.7885, that would amend the Public Health Law to make it an improper practice for the governing body of a hospital to deny staff membership or professional privileges to health practitioners based solely on the practitioner's category of licensure. GNYHA believes that section 2801-b of the Public Health Law protects health care practitioners from discrimination with respect to the granting of staff membership and professional privileges. The bill represents an encroachment upon the prerogatives of the hospital's governing body without removing any of the governing body's ultimate responsibility for the quality of care delivered within the facility. For these reasons, GNYHA strongly opposes A.7885 and urges its defeat. • **Staffing Ratios:** The Assembly Mental Health Committee has approved a bill, A.6821, that would establish minimum staffing ratios in facilities operated under the jurisdiction of the New York State Office of Mental Health. Although the proposed legislation has a worthwhile goal, GNYHA opposes it on the ground that it does not account for the complex and multiple variables that determine whether staffing is adequate to provide quality patient care. The number and level of staff required for patient care must be based on such factors as amount of experience, available supervision, how well the members of the staff know the patients on a unit, and patients' accompanying physical conditions or limitations. GNYHA feels strongly that hospitals need to have a certain amount of flexibility in making decisions about staffing if they are to accommodate changing needs and emergency situations. For these reasons, GNYHA opposes this legislation. • **Patient Services Payments:** The Assembly Health Committee has approved a bill, A.5777, that would repeal provisions of the Public Health Law that apply an 8.18% surcharge on hospital outpatient services, diagnostic and treatment centers, and freestanding clinical laboratories; would create an offsetting public goods revenue source; and would allocate funding for indigent care services at diagnostic and treatment centers.

GNYHA Speaks at HCFA Town Hall Meeting Concerning SNF PPS

On April 23, 1999, GNYHA took part in a Town Hall meeting at the U.S. Health Care Financing Administration's (HCFA's) Baltimore offices to seek additional public input regarding the Medicare skilled nursing facility (SNF) prospective payment system (PPS). GNYHA and numerous national provider organizations commented on the need for HCFA to remedy the inadequacy of payments under the PPS for high-cost "non-therapy ancillary" services, which include pharmaceuticals, durable medical equipment, and diagnostic tests. GNYHA cited its analysis showing that losses in the component of the PPS rate responsible for covering non-therapy ancillary costs could exceed 30% during the first year of the PPS for certain New York facilities. GNYHA further noted that the absence of a transition provision for payment of capital

costs will reduce Medicare capital payments more than 50% for many of the New York SNFs in GNYHA's analysis. At the meeting, Congressman Benjamin Cardin (D-MD), expressed concern that, according to the Congressional Budget Office, cuts in Medicare payments to SNFs are now estimated to be \$7.1 billion more than those intended by Congress between 1998 and 2002. Congressman Cardin urged HCFA to modify the PPS to provide additional payments for facilities serving high-cost patients and pledged to introduce legislation to create exceptions to the \$1,500 cap on outpatient rehabilitation services established under the Balanced Budget Act. HCFA officials at the meeting acknowledged that problems do exist with the PPS, and announced that their current intention is to seek to publish a final SNF PPS rule during the summer of 1999. ■

60,000 New Yorkers Say "No" to Medicaid Cuts

On April 21, 1999, Kenneth E. Raske, President of GNYHA, and Dennis Rivera, President of 1199 National Health and Human Service Employees Union, AFL-CIO, SEIU, held a press conference in Albany to discuss a campaign opposing Governor Pataki's proposed Medicaid cuts. The campaign, which was initiated by the Coalition to Save New York's Health Care (a group launched by GNYHA and 1199), involved a direct mailing to households in New York City, Long Island, and the City's northern suburbs, as well as a poster/postcard campaign in all

also allow old Medicaid cuts to expire. The Coalition to Save New York's Health Care strongly supports the Assembly's position and urges the Governor and the Senate to follow the Assembly's lead and protect New York's health care system.

Press Conference: At the press conference, Mr. Raske and Mr. Rivera described the poor financial condition of New York hospitals; the multiple challenges the provider community is facing, and the serious harm that the Governor's proposed cuts would cause to hospitals and nursing homes. "The Federal Housing

"It is time for the Governor to listen to these concerns and stop cutting health care." —*Kenneth E. Raske, GNYHA President*

GNYHA member institutions and metropolitan-area religious institutions. To date the Coalition's effort has generated nearly 60,000 postcards from New Yorkers to the Governor and the State Legislature, urging them to stop the Governor's Medicaid cut proposals. The new Medicaid cuts have been rejected by both the New York State Senate and Assembly. The Assembly, under the leadership of Speaker Sheldon Silver, has passed a budget that would

Authority is concerned," said Mr. Raske. "The Governor's own Dormitory Authority is concerned. And now, thousands of New Yorkers have expressed their strong concern . . . It is time for the Governor to listen to these concerns and stop cutting health care." Mr. Rivera commented, "[W]e need these funds to make sure that patient care is not compromised. If these cuts go through, the fact is that quality care in New York will suffer." ■

Church Leaders Weigh In on Health Care Cuts

On April 26, 1999, 10 prominent Protestant leaders from Harlem and Northern Manhattan wrote a letter to Daniel B. Walsh, President of the Business Council of New York State, to express "grave concerns over recent recommendations taken by the Business Council . . . on health care." The church leaders, who belong to the Community Health Alliance of Harlem/Northern Manhattan, a coalition of faith- and community-based organizations, are specifically concerned about the Business Council's support of Medicaid budget cuts and reductions in State funding for graduate medical education (GME) and charity care. "The congregations and communities that we serve cover Harlem and Northern Manhattan—a population of over 500,000 people with diverse health care needs," the ministers stated. "We lack an adequate number of physician-based office practices, as do many urban and rural communities across New York State. Therefore, many of our residents must rely on hospitals as their only source of care. In turn, many of these hospitals rely heavily on interns and residents to deliver care to New Yorkers across the State. Eliminating New York State support for GME . . . would substantially decrease access to care and wreak havoc on the delivery of services in many communities. . . . [T]he number of uninsured has grown to 3.1 million. In addition, welfare reform has reduced the number of Medicaid beneficiaries by approximately 350,000 in the past year in New York State. The Business Council's recommendation that New York State reduce support for charity care would seem to contradict the present reality." The letter was signed by representatives of Metropolitan AME Church, Emanuel AME Church, Community Health Alliance, Mother AME Zion Church, The Riverside Church, Cathedral of St. John the Divine, Salem United Methodist Church, National Council of Churches of Christ in the U.S.A., Grace Congregation Church, and Church of the Intercession. ■

Key Council Members Decry State Medicaid Cuts

On April 27, NYC Council member Stephen DiBrienza, Chairman of the New York City Council's General Welfare Committee, and Council member Victor Robles, Chairman of the Council's Health Committee, held a press conference on the steps of City Hall to express their strong opposition to Governor Pataki's proposed Medicaid cuts and to express support for State legislators who are working to enact a State budget that allows Medicaid cuts

imposed in prior years to expire. GNYHA joined Council members DiBrienza and Robles at the press conference. Referring to Governor Pataki's proposal to impose another \$1 billion in Medicaid cuts on hospitals, nursing homes, and home health care providers and to continue another \$1 billion in cuts enacted in prior years when the State was suffering from large budget deficits, Council member Robles stated, "It is inconceivable that during these good economic

times the State is still looking to cut billions in Medicaid funding. These cuts would imperil health care for all New Yorkers, whether or not they are on Medicaid." Council member DiBrienza said, "We are voicing our strong support for those members of the Legislature as they fight the Governor's attack on health care." Council members Robles and DiBrienza plan further activities, including hearings, to draw attention to the negative impact of Medicaid cuts. ■

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changes to BBA provisions that have caused significant problems for health care providers. She also discussed the significant pressures the Medicare program will face in coming years

and urged GNYHA and the teaching hospital community to work with her to explore creative ways to finance graduate medical education (GME) costs in the future. GNYHA and

the staff of the Mount Sinai-NYU Medical Center made clear the teaching hospital community's strong opposition to proposals to remove GME funding from the Medicare program unless and until an adequately funded all-payer GME trust fund is created. ■

State Assembly Releases Medicaid Report

On April 21, 1999, Assemblymen Richard Gottfried, Chairman of the Assembly Health Committee, and Roberto Ramirez, Chairman of the Assembly Social Services Committee, held a joint press conference announcing the release of a special report on the State's Medicaid program, a report that largely debunks the common perception that New York's Medicaid program and level of spending are unjustifiably out of line with spending in other states. Governor Pataki has often pointed to lower Medicaid spending in California and Texas to justify cuts in Medicaid spending. The Assembly report examines and compares Medicaid spending and policies in New York, California, and Texas, and explains the very real differences in these programs that account for the spending differences. The report highlights the differences between New York's population—which has a higher concentration of elderly and disabled recipients and, thus, higher costs

— and the populations of the other two states. Unlike California and Texas, New York has succeeded in using Medicaid to cover services and populations previously funded solely by the State, which lowers State costs by having the Federal government reimburse the State for half of the cost of care. The report also points out that New York has very stringent nursing home quality standards and, thus, much higher-quality nursing home care than is available in other states, which adds to the cost of New York's Medicaid program. Finally, the report states that Governor Pataki's proposed cuts are based on "erroneous assumptions about the financial well-being of health care providers." The authors cite an earlier study done by the NYS Senate Majority Research Service that agreed with the Assembly's assessment stating that New York makes better use of Federal funding, compared with other states, to provide essential health services. ■

Y2K Update: Supply Chain Issues

On April 26, GNYHA's Y2K workgroup met to discuss supply chain issues raised by the transition to the Year 2000 and the potential for artificial shortages that may be created by stockpiling. While major suppliers project their own readiness, they, like many businesses, caution that they cannot guarantee that all of their suppliers are prepared. However, these major suppliers are undertaking significant efforts to ensure continued supplies of products. In the meantime, there is concern that stockpiling may lead to artificial shortages arising not from Y2K readiness problems but from hoarding. To address this concern, many major manufacturers, associations, group purchasing organizations, and health care networks are issuing statements urging providers and consumers not to engage in excessive stockpiling and are exploring additional avenues to guard against such artificial shortages. The issue of artificial shortages has been discussed at previous meetings at the White House, and will be discussed at meetings planned for May and June. Additional efforts being pursued include educational and public relations campaigns on the negative consequences of excessive stockpiling. Making presentations at GNYHA's Y2K workgroup were representatives of GNYHA Services, Inc.; Johnson & Johnson Health Care Systems, Inc.; Allegiance Healthcare Corporation; KPMG, in coordination with the Odin Group's VitalSigns2000 project; and the American Hospital Association.

DOH Review: On April 27, GNYHA met with representatives of the NYS Department of Health (DOH) to discuss DOH's assessment of provider readiness. Earlier this year, DOH asked providers to complete a survey regarding some of their programs. DOH plans to begin visiting providers next month to review their readiness and identify ways in which the State can assist them. ■

AROUND

Henriette Kole has been named President and Chief Executive Officer of Beth Abraham Health Services, effective April 19, 1999. Previously, Ms. Kole served as Chief Operating Officer of The Wartburg, in Mount Vernon, where she was responsible for a wide variety of programs and services in the areas of independent and assisted living, skilled nursing care, and short-term rehabilitation and day care.