DECEMBER 13, 1999

Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

President's Message on HCRA

Talks concerning the renewal and expansion of the Health Care Reform Act (HCRA) continue. While GNYHA desires a fair renewal, and wishes to seize the unique opportunity afforded by the current HCRA talks to pass Family Health Plus (FHP), mounting problems may lead toward the expiration of HCRA if the involved parties do not agree on the necessary components of a renewal package. In such a case, GNYHA will explore all options for defending the health care community against untoward damage caused by the expiration of HCRA. GNYHA wishes to come to terms with the Governor and both houses of the State Legislature, and will work diligently with 1199/SEIU to help craft a good law for all New Yorkers. ■

New Yorkers Weigh In on DSH

In recent weeks, members of the New York Congressional delegation, GNYHA, and 1199/SEIU have weighed in with Clinton Administration officials to urge them not to inflict new Medicare payment cuts on hospitals in New York that serve a disproportionate share of low-income patients. The health care community has reacted with alarm at suggestions that the Administration may require hospitals in New York, beginning January 1, 2000, to exclude inpatient days of hospital care provided to low-income New Yorkers eligible for the State's Home Relief program from the Medicare formula that determines whether a hospital serves a disproportionate share of poor patients. Such a hospital is classified by the Medicare program as a disproportionate share hospital (DSH) and receives add-ons to its Medicare inpatient rates of payment to help defray the added costs of care for low-income patients. The U.S. Health Care Financing Administration (HCFA) recently announced that it would not seek to recoup past Medicare payments made to DSH hospitals based on the inclusion of days of care provided to Home Relief eligibles; however, HCFA also signaled its intention to clarify its policy for DSH payments applicable to patients served on or after January 1, 2000. GNYHA strongly believes that New York's Home Relief population, who, under a waiver granted by the Federal government to New York in 1997, were recognized by the Federal government as Medicaid-eligible, should be included in the DSH calculation. A decision to exclude these days from the DSH formula would have a devastating impact on DSH hospitals in New York State, reducing Medicare payments by nearly

$170 million annually.

Moynihan, Schumer, Rangel: On November 23, 1999, New York's U.S. senators, Daniel Patrick Moynihan and Charles E. Schumer, and the Dean of the New York Congressional Delegation, Congressman Charles B. Rangel, sent a strongly worded letter on this subject to the Secretary of the Department of Health and Human

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NYS's Share of Medicaid Spending on Acute Care Has Decreased by $288 Million since 1996

New York State's share of Medicaid spending on both fee-for-service and Medicaid managed care acute care services decreased by $288 million from 1996 through the present, according to an analysis of State data by GNYHA. This acute care spending drop represents an 8.8% decline, from $3.28 billion to $2.99 billion. During the same period, the State share of Medicaid spending on all services grew by only 2.5%, or 1.1% compounded annually. Since this growth rate is less than half the rate of inflation, overall State spending on Medicaid, when adjusted for inflation, has actually decreased since 1996.

Total Medicaid spending in New York State (that is, spending by the State as well as the Federal and local governments) on all services increased by 7.5%, from $23.2 bil-

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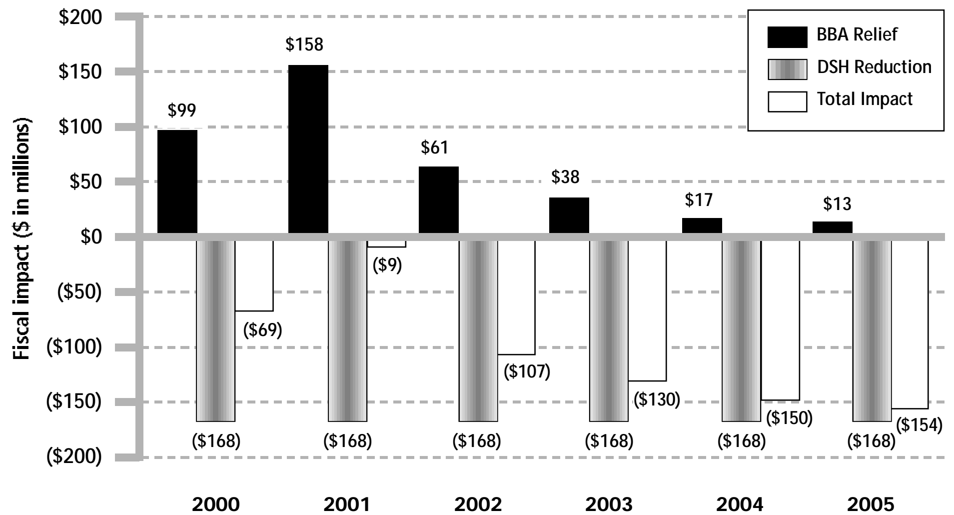
Services, Donna E.Shalala. "We understand . . . that HCFA is planning to issue a new directive stating that inpatient days for [Home Relief] patients covered under a Medicaid waiver program must be excluded from the Medicare DSH calculation from January 1, 2000 forward," the letter said. "We believe that HCFA's policy is misguided and wrong. In 1997, HCFA approved New York's 1115 waiver to implement mandatory Medicaid managed care. As part of the waiver, New York expanded its Medicaid program to include coverage of the Home Relief population. There is no basis for distinguishing inpatient hospital days attributable to waiver eligibles from those for other Medicaid eligibility groups. Thus, Home Relief days should be counted as Medicaid days under the Medicare DSH methodology." The letter goes on to express strong concern about the effect of new cuts to DSH hospitals. "This amounts to an unconscionable funding cut for hospitals serving low-income patients that would result in disastrous consequences for these institutions and the needy communities they serve. We urge you to prevail immediately upon HCFA to change this policy." The members of Congress attached to the letter a legal analysis prepared for GNYHA by GNYHA's outside counsel, Peter F. Nadel of Rosenman & Colin, L.L.P.

Meeting with HCFA Administrator: On November 24, 1999, 1199/SEIU President Dennis Rivera, SEIU Executive Director Jennifer Cunningham, and GNYHA President Kenneth E. Raske met with HCFA Administrator Nancy-Ann Min DeParle to lay out the arguments for inclusion of the Home Relief days in the DSH calculation and to express concern about the impact of an adverse decision in this matter on DSH hospitals in New York. At the meeting, participants made the point that New York's DSH hospitals are already operating at "break-even," and that a DSH reduction of $170 million per year would plunge these hospitals into the red. The point was also made that Medicare reductions associated with an adverse decision by HCFA would more than wipe out any relief from the Medicare cuts contained in the Balanced Budget Act of 1997 provided by the recently enacted Balanced Budget Refinement Act of 1999 (see chart above). A decision is expected from HCFA by the end of the year. ■

Net Fiscal Impact of BBA Relief Act and Proposed Medicare DSH Reduction on New York State DSH Hospitals



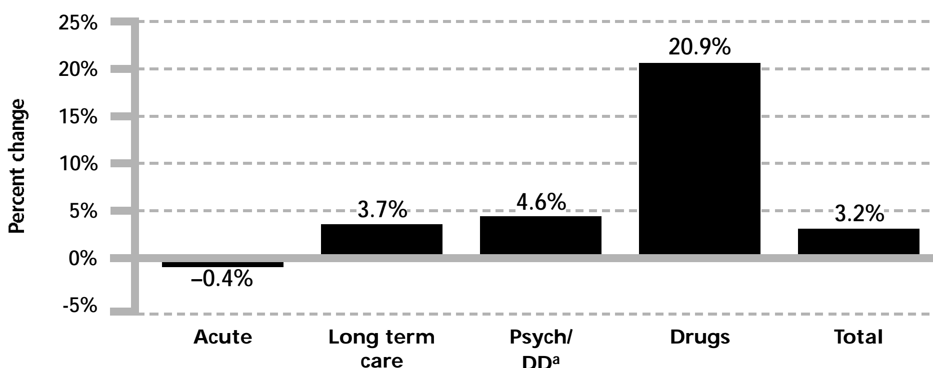
Source: For BBA relief data, GNYHA Center for Health Economics and Research. For DSH reduction data, the Healthcare Association of New York State.

NYS's Share of Medicaid Spending on Acute Care Has Decreased by $288 Million since 1996 continued from page 1

lion to $25.0 billion. This increase represents a compound annual growth rate of 3.2%, roughly the same rate as inflation. Within that trend, most services saw spending moderately increase or decrease;however, Medicaid spending on pharmaceuticals grew at a compound annual rate of 21%.

The source of data for the analysis was the New York State Management and Administrative Reporting Subsystem (MARS-72), which records Medicaid payments made by the State. The specific time frames in which Medicaid spending was compared were the 12-month period ending June 1997 and the 12-month period ending October 1999. ■

Compound Annual Change in New York State Medicaid Expenditures



Note: Change shown is from 12 months ending June 1997 through October 1999.

[a]Developmentally disabled.

Source: MARS-72 reports.

Survey Documents RN Recruitment Difficulties in NYC Region

GNYHA conducted a survey in March 1999 to examine reported difficulties in recruiting registered nurses (RNs) in the NYC area. A survey instrument, prepared in collaboration with nurse managers and researchers, was mailed to Vice Presidents/Directors of Nursing of all 83 GNYHA member hospitals. Fifty-five institutions (66.3%), representing more than two-thirds of certified beds in these hospitals responded. The following are highlights of the findings:

• The overall vacancy rate was 5.5% for direct patient care RNs, representing more than 1,150 vacant positions. Across institutions, slightly more than half of the respondents had direct patient care RN vacancy rates of less than 5%. Nearly 40% of the respondents had vacancy rates ranging from 5% to 10%, and almost 9% reported vacancy rates of 10% or greater.

• Relatively high vacancy rates were reported for licensed practical nurses (13%) and nurse practitioners (10%), although the actual numbers are relatively small. Vacancy rates varied considerably across institutions.

• Many institutions reported substantial difficulty recruiting RNs, particularly for perioperative units during the day shift (40%) and critical care/specialty units during the night shift (46%).

• In all age categories (under 40, 40–49,50–59, and 60+) for direct patient care RNs, nurse managers, and per diem RNs, the majority of RNs are over 40 years of age.

• Supplemental staffing strategies include overtime (96%), followed by the use of per diem nurses (82%), agency nurses (69%), and float pools (47%). Less than 17% of responding hospitals reported using traveler nurses.

• Of the reporting hospitals, almost two-thirds believed that the applicant pool had decreased for experienced RNs, 55% believed the applicant pool had decreased or remained the same for new RN graduates, and half also believed the pool had decreased for nurse managers.

• Less than 25% of responding institutions offer RN student externship/internship programs,although more than 70% indicated that they were interested in starting one.

Conclusion: Hospitals in the NYC area appear to be experiencing the same kind of RN shortage problems that have been reported elsewhere. While the overall vacancy rate is still modest, hospitals are having difficulty recruiting experienced nurses for some specialty and critical care areas, and all indications suggest that this problem may spread more generally throughout hospitals and worsen in the coming years. For the full survey document,call Anita Wall at GNYHA. ■

AROUND TOWN

David J. Campbell has been appointed President and Chief Executive Officer of Saint Vincents Catholic Medical Centers of New York (SVCMC) by the SVCMC Sponsors Council. Mr. Campbell previously served as President and CEO of the Detroit Medical Center, where he oversaw the integration of eight Detroit hospitals into one system. ■

New Jersey to Fund Health Coverage Expansion with Tobacco Money

New Jersey Governor Christine Todd Whitman recently announced a plan to use $100 million per year in tobacco settlement funds plus Federal matching contributions to expand subsidized health insurance coverage to working New Jersey residents. The program,called FamilyCare, would build on the State's KidCare program, which provides free or low-cost health insurance to over 50,000 children in lower-income working families. A similar plan for working New Yorkers, Family Health Plus (FHP), was proposed by GNYHA, 1199/SEIU, the New York State Health Care Campaign, and other labor, consumer, and health care provider organizations. A version of FHP was passed by the New York State Assembly in June and awaits action by the Senate and the Governor.

Possible Plan for Working Adults: Various sources briefed on the plan say Governor Whitman is currently considering a program that would cover working parents as well as childless adults with incomes up to 200% of the Federal poverty level ($27,700 for a family of three).Like the FHP proposal, FamilyCare would target working adults who earn too much to qualify for Medicaid but too little to afford insurance on their own.Governor Whitman intends to unveil more details of FamilyCare during her January 2000 State of the State speech.

FHP Advocacy: The Healthcare Education Project, formed by GNYHA and 1199/SEIU, strongly encourages all New Yorkers to urge the Governor and the New York State Senate to pass FHP. Those who are interested in receiving an "action kit" and postage-paid postcards to send to their legislators should call 1-877-YES-4FHP. ■

Upcoming Briefing for GNYHA Members

BBRA Overview for Continuing Care Providers
Date: Friday, December 17, 1999
Time: 10:00 a.m.–12:00 p.m.
Location: GNYHA Conference Center, 555 West 57th Street, 15th Floor

This briefing on the Balanced Budget Refinement Act (BBRA), to take place at the regularly scheduled meeting of GNYHA's Center for Continuing Care, will include a presentation of GNYHA's fiscal impact analysis concerning the augmentation of the 15 select RUG categories, market basket increase for FY 2001 and FY 2002, and part-B add-on for Medicare Case Mix and Quality Demonstration participants, as well as the opportunity to elect the full Federal rate in FY 2000 and FY 2001. In addition, Joan McHugh from Loeb and Troper will discuss the operational considerations of the BBRA including the admissions process, clarification of the skilled coverage criteria, coordination of the Minimum Data Set schedule and completion process, physician certification requirements, data collection for ancillaries, facility responsibility to inform vendors of payor status, and internal monitoring systems for accurate billing. For more information, call Roxanne Tena-Nelson, and to attend, call Jenifer Fergusson, both at GNYHA. ■

GNYHA Ventures to Sponsor Holiday Donations Effort

This holiday season, GNYHA Ventures, Inc. is sponsoring two charitable organizations in New York.

Volunteers of America–Greater New York: GNYHA Ventures is working with Volunteers of America–Greater New York to distribute holiday food vouchers to needy individuals and families throughout the metropolitan New York area. These vouchers are for the unemployed, people on low or fixed incomes, people with chronic illnesses,single parents with small children, and the elderly poor. Recipients may redeem the vouchers at A&P, Grand Union, Pathmark, and other stores in the metropolitan area. In 1998, over $30,000 in food vouchers was distributed to GNYHA members. GNYHA member hospitals and continuing care facilities are invited to participate again this year. Interested institutions should send the names (typewritten) of up to 10 eligible individuals or families to Cherrie Schoultz, Volunteers of America–Greater New York, 340 West 85th Street, New York,NY 10024. For additional information about this program, contact Amy Kaufman at GNYHA.

City Harvest: GNYHA Ventures is presenting a holiday donation to City Harvest on behalf of all GNYHA members. City Harvest, a not-for-profit organization,helps end hunger by "harvesting" leftover food from restaurants, markets, wholesalers, corporate cafeterias, and health care facilities, and distributing it to agencies feeding the hungry. To donate food and participate in the GNYHA Ventures, Inc./City Harvest Care Food Rescue Cooperative, contact John A. Krakowski, City Harvest's Director of Food Operations, at (212) 463-0456. ■

PACE Regulations Unveiled

On November 24, 1999, in the Federal Register, the U.S. Health Care Financing Administration (HCFA) unveiled its interim final rule with comments for the Programs of All-Inclusive Care for the Elderly (PACE) under Medicare and Medicaid. PACE sites are pre-paid,capitated plans for frail elderly beneficiaries who meet special eligibility requirements and who elect to enroll. With the publication of this rule, existing PACE organizations moved from demonstration status to ongoing status beginning November 24, 1999. The PACE demonstration projects have included the following as core services: adult day care, physician services,therapeutic care,social support services, and hospital, nursing home, home health, and other specialized services. In the Balanced Budget Act of 1997, the Social Security Act was amended to establish PACE as a State option. Prior to the BBA, Congress authorized 15 demonstration projects in 1990 to replicate the original program in San Francisco, On Lok Senior Health Services. In the rule, HCFA outlines the requirements for operating a PACE program,including application requirements, organizational requirements, enrollment procedures,participants' rights, and data collection. On a national level, HCFA stated that the rule will affect a limited number of small not-for-profit entities that are operating, or are planning to operate, a PACE site. In NYS, all four existing PACE organizations fall under the rubric of the Managed Long Term Care (MLTC) Program. Currently, the NYS Department of Health is creating regulations for NYS's MLTC Program.HCFA is accepting comments regarding the rule for a 60-day period ending January 24, 2000. ■

Y2K UPDATE Final Preparations for the Transition

On December 8–9,1999, GNYHA participated in a citywide Y2K exercise conducted by the New York City Mayor's Office of Emergency Management (OEM). The exercise, which was held at the OEM Emergency Operations Center (EOC), was designed to simulate the Y2K transition and was intended to enhance the area's already extensive emergency management preparations for the transition. All agencies that will be present at the EOC for the Y2K transition participated in the exercise.

Workgroup Meeting: The next meeting of GNYHA's Y2K Workgroup will be on December 14, 1999, and will focus on the use of radios and satellite telephones in the event of communication disruptions as well as members' final preparations for the transition. As with all emergencies, GNYHA will be staffing area emergency management command centers, including the New York City OEM's emergency operations center, during the transition.

DOH Survey Regarding Emergency Preparations: On December 3, 1999, the New York State Department of Health (DOH) sent to all hospitals and nursing homes a final survey that is intended to enhance the ability of the statewide emergency response system to respond to situations that may arise as a result of possible Y2K-related disruptions. The survey requests information regarding each facility's channels of communications, including telephones and radios, bed capacity and anticipated occupancy during the transition, and emergency power systems. Providers are requested to respond by December 13 and are strongly urged to reply via an Internet site specifically designed to facilitate the collection of the information. DOH has also sent out information regarding an automated telephone system that will gather information from critical facilities throughout the State during the transition. The system will ask each facility a short series of pre-recorded questions to determine the status of various life/safety issues. DOH representatives will continue to meet with GNYHA's Y2K workgroup to coordinate the State's and providers' preparations. ■

SHRPC Approves Member Projects

At its December 2, 1999, meeting, the State Hospital Review and Planning Council (SHRPC) gave contingent approval to the following GNYHA member projects: **Memorial Hospital for Cancer and Allied Diseases**, construction of an extension clinic to be located in Commack, Suffolk County; Mount Sinai Home Care Department,establishment of **Mount Sinai-NYU Medical Center Health System** as the sole corporate member of The Mount Sinai Hospital's certified home health agency; Continuum Health Partners,establishment to extend passive control over **St. Luke's-Roosevelt Hospital Center Home Health Agency** and establishment as the sole corporate member of **Long Island College Hospital's** certified home health agency. ■