



DECEMBER 27, 1999

# Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

## Landmark Agreement Reached on HCRA 2000

**O**n December 17, 1999, New York Governor George E. Pataki, Assembly Speaker Sheldon Silver, and Senate Majority Leader Joseph L. Bruno announced agreement on the outlines of a new Health Care Reform Act (HCRA), known as HCRA 2000. The Assembly approved HCRA 2000 on December 22, 1999; the Senate is expected to approve the legislation shortly. Unprecedented in scope, HCRA 2000 encompasses the extension and expansion of HCRA 1996 (which was set to expire at the end of 1999) through June 30, 2003; an increase in and guarantee of funding from the State's indigent care pools for hospitals and clinics; continued funding for teaching hospitals through the State's regional professional education pools; the extension of only current Medicaid reductions for all providers through March 31, 2003, with a promise of no new Medicaid rate reductions during that time; and access to affordable health care coverage

for up to one million uninsured New Yorkers through the creation of a program similar to the Family Health Plus program supported by GNYHA. In addition, a variety of programs to help small businesses afford health insurance for their employees will be created. **GNYHA Reaction:** GNYHA is extremely pleased with the HCRA 2000 legislation. Early in the year, GNYHA and its coalition partners, principally 1199/SEIU, created the Healthcare Education Project, dedicated to the twin goals of providing affordable health insurance for uninsured New Yorkers through a new proposal called Family Health Plus and protecting and strengthening the HCRA pools for charity care, graduate medical education, and other important health care initiatives. In the wake of an attack on HCRA by the Business Council of New York State, the Healthcare Education Project reached out to consumer, religious, and other community groups; ran myriad television and radio

advertisements across the State; mailed well over a million direct mail pieces; generated thousands of postcards and phone calls to State legislators; and worked to educate reporters and editorial boards on the importance of HCRA and the problem of the uninsured. A debt of gratitude is owed for the positive outcome to Speaker Silver and his Assembly colleagues, who provided leadership earlier this year by passing their own HCRA 2000 plan, which in large part laid the foundation for the final bill. Speaker Silver then played a key role, with important support from Senator Bruno, in bringing the HCRA 2000 debate to a favorable conclusion. Credit is also due to 1199/SEIU, which played a critical role in direct negotiations with Governor Pataki and his staff. A summary of the major provisions of HCRA 2000 follows.

**Charity Care:** HCRA 2000 strengthens the HCRA "indigent care" pool by guaranteeing

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## GNYHA Launches "Members Only" Section on Web Site

**G**NYHA has officially launched a "members only" section on its Web site, located at [www.gnyha.org](http://www.gnyha.org). This comprehensive new area includes an on-line library of GNYHA materials including publications, bulletins, press releases, surveys, public testimony, and Certificate of Need logs. In addition, a "search" function makes it easy to

locate information on a particular topic. All employees of GNYHA member institutions can access the members' section by following the simple registration instructions and selecting a user name and password. The information in this area includes:

- all 1999 issues of Skyline News

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### GNYHA Board Meets

The GNYHA Board of Governors and the Boards of GNYHA's subsidiaries and affiliates met on December 16, 1999, and took the following actions:

- discussed the current status of the Health Care Reform Act discussions in Albany;
- reviewed and approved the year 2000 budget for GNYHA, as well as its subsidiaries and affiliates, based on the recommendation of the GNYHA Budget Committee; and
- approved new officers for the GNYHA corporations for the 1999-2000 term or until election or qualification of their successors. ■

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that the pool will be funded at \$738 million annually; by creating a new, guaranteed \$27 million supplemental indigent care pool to help teaching hospitals cover the cost of charity care; and by creating a new, guaranteed \$82 million pool to help hospitals that provide a disproportionate share of charity care as well as helping rural hospitals to meet their charity care obligations. The bill also guarantees \$48 million in funding for charity care provided by freestanding diagnostic and treat-

## Update on State GME Programs

**Incentive Pool:** The New York State Department of Health (DOH) is in the process of determining eligibility and calculating distribution amounts for teaching hospitals and graduate medical education (GME) consortia that applied for funding from the 1998 GME incentive pool. Data required for the 1998 incentive pool were initially provided to DOH in March 1998. The incentive pool, which provides \$54 million annually to institutions that meet certain State GME policy goals, was authorized as part of the Health Care Reform Act of 1996. The policy goals include downsizing the number of non-primary care residents, increasing the percentage of primary care residents and underrepresented minority residents, and increasing the percentage of training being conducted in underserved areas. Awardees will probably not be notified by DOH before January 2000 at the earliest.

**Designated Priority Programs:** The 2000 application for a residency program to be approved as a designated priority program (DPP) will be available on the DOH Web site ([www.health.state.ny.us](http://www.health.state.ny.us)) in January 2000. DOH will no longer send the full application to residency program directors; the program directors will instead be notified that the application is available on the Web site. DPP approval is tied to increased Medicaid fee-for-service rates, eligibility for residency loan forgiveness programs, and residents potentially increasing primary care capacity in Medicaid managed care by participating as part of a primary care "team." ■

ment centers. These pools are guaranteed through June 30, 2003.

**Teaching Hospitals:** HCRA 2000 reduces funding for the HCRA professional education pool by \$50 million, \$23 million of which will come from the so-called incentive pool, and \$27 million of which will come from the main professional education pool. The professional education pool is guaranteed through June 30, 2003. The bill also increases penalties for noncompliance with resident working hour requirements.

**Medicaid:** The bill extends Medicaid rate reductions enacted in prior years for all providers through March 31, 2003, with a promise of no new Medicaid rate reductions during that period. The agreement also continues the graduate medical education "carve-out" from Medicaid managed care premiums through June 30, 2003, and the priority restoration pool for Supplemental Low Income Patient Adjustment and distressed hospitals through March 31, 2003. The bill also guarantees inflation increases for all providers, although the update factor is changed from the trend factor methodology used in the past to a method based on the consumer price index.

**New York's Uninsured:** HCRA 2000 includes four programs to help uninsured New Yorkers gain access to affordable health coverage.

These programs will cost \$626 million in State funds, with additional funding provided by Federal and local governments. The State share will be funded primarily through an increase of 55 cents in the per pack tax placed on cigarettes. Specifically, the bill expands upon Child Health Plus by creating Family Health Plus, which will provide coverage for parents with incomes below 150% of the Federal poverty level (FPL)—\$25,000 for a family of four—and for childless adults with incomes up to 100% of the FPL. Currently, parents are eligible only if their income is below 87% of the FPL, and childless adults are eligible only if their income is below 53% of the FPL. The bill also calls for helping businesses with fewer than 50 employees provide health insurance through premium subsidies, provides subsidies to individuals whose employers do not provide coverage, and stabilizes premiums for individuals in the direct pay market through the provision of "stop loss" coverage.

**Lab Tax:** The bill calls for the elimination of the 8.18% surcharge on clinical labs, both freestanding and hospital, as of October 1, 2000.

**GNYHA Briefing:** GNYHA will hold a briefing for its members on January 6, 2000, from 10 a.m. to 12 noon, in the GNYHA Conference Center, at which more details will be provided on HCRA 2000. Call Adele Danahy at GNYHA to register. ■

### Y2K Update:

### Managing the Transition

**ON** December 14, 1999, GNYHA's Y2K workgroup discussed final preparations for the transition to Y2K, including back-up communications systems, staffing plans, and command center information. A representative of the NYC Mayor's Office of Emergency Management (OEM) reviewed the protocol for using 800 MHz radios, which many GNYHA members have purchased for use in the event of communications disruptions. OEM has created a special GNYHA Hospital and Nursing Home Talk Group for the transition period that will permit GNYHA members to communicate with GNYHA representatives staffing OEM's emergency operations center. A representative of the NYS Department of Health (DOH) also reviewed DOH's final survey of provider preparations, which includes questions regarding generators, communication systems, and key contacts during the transition. DOH also reviewed its planned procedure to gather Y2K status information from hospitals and nursing homes across the State immediately after the transition, via an automated telephone system. A negative response or a failure to respond will trigger follow-up by the State.

**GNYHA Preparations:** GNYHA will staff the OEM's emergency operations centers from December 30, 1999, through January 4, 2000, unless it deactivates sooner. GNYHA has requested information from its members regarding key telephone and facsimile numbers as well as e-mail addresses during the transition, and plans to communicate with its members by broadcast facsimile and telephone from the OEM emergency operations center. In the event of communications disruptions, GNYHA will use the 800 MHz radio system in which many GNYHA members participate. GNYHA plans to have a membership meeting following the transition to gather information regarding members' experiences, in order to fine-tune members' emergency preparedness plans and contingency planning processes. ■

# AHA Confirms Poor Financial Condition of New York Hospitals in 1998

Change in Hospitals' Net Margins between 1997 and 1998			
	Aggregate Net Margin		% Change
	1997	1998	
New York	1.52%	1.06%	-30%
United States	6.68%	5.75%	-14%

Data recently released by the American Hospital Association (AHA) from its 1998 Annual Survey of Hospitals confirm findings reported by GNYHA that the financial

condition of New York hospitals deteriorated from 1997 to 1998. The AHA reported that the aggregate net margin of New York hospitals declined by 30%. Furthermore, the AHA reported that the

financial condition of New York hospitals continues to be among the worst in the nation. While the national average net margin in 1998 was 5.75%, the average for New York hospitals was 1.06%. ■

## GNYHA Launches "Members Only" Section on Web Site

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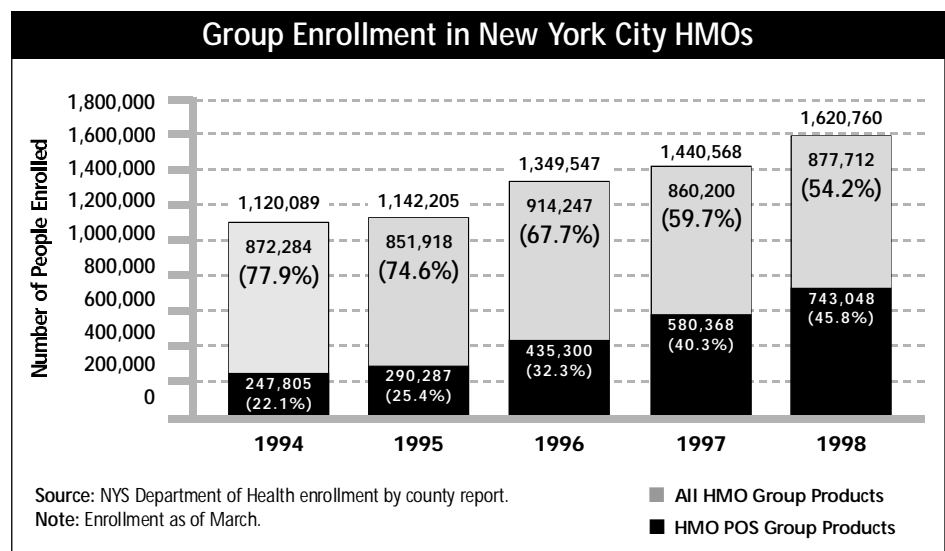
- all 1998 and 1999 issues of GME Central, GNYHA's quarterly newsletter covering graduate and medical education issues;
- a complete library of 1998 and 1999 member letter bulletins;
- recent GNYHA surveys and studies, such as "Residency Trainee Compensation in the Metropolitan New York Region" and "Hospital Personnel in the Greater New York Area";
- GNYHA publications including Health Care Statistics and New York Health Care Terms: A Compendium, and
- the GNYHA Legislative Index, which provides a list of all GNYHA member hospitals and continuing care facilities followed by the name and contact information for each facility's United States Congressional Representative, New York State Senator, and New York State Assembly Member.

Many of the above publications can be viewed either as text documents or in the exact format in which they were originally published (i.e., same layout, including graphics). In the next few months, GNYHA will add several more features to the members' section including a searchable GNYHA 2000 Membership Directory. **New Features on the Public Site:** Several new features have also been added to the public area of the GNYHA Web site, including an overview of GNYHA's extensive efforts to help its members prepare for Y2K, and the latest information on, and Web links to, GNYHA's newest businesses, such as BabyPressConference.com. ■

## HMO Point-of-Service Enrollment Grows; Possible Shift to Preferred Provider Organization Products

From 1994 through 1998, the number of individuals enrolled through employer groups in health maintenance organization point-of-service (HMO POS) products grew substantially in New York City. While the number of individuals enrolled in all HMO products increased 45% during this period, the number of individuals enrolled in POS products increased 200% (see chart below). POS products have been even more popular in New York City's suburban areas, with 55% of group HMO enrollees in Nassau and Suffolk counties enrolled in POS products in 1998 and 61% of group HMO enrollees in Westchester County enrolled in these products. In the

future, however, large employers might choose preferred provider organization (PPO) products over POS products if premium rates for POS products increase due to a recent New York State Insurance Department policy change. Beginning February 2000, HMOs will have to charge all large groups the same rate for a POS product, regardless of the health care cost experience of each group. Previously, HMOs could modify the rate to reflect differing cost experiences. In contrast, health insurers may continue to calculate the rates for PPO products based on group experience. Oxford Health Plans has already announced that it intends to offer large groups a PPO product in 2000. ■



# Medicaid Managed Care Update

**A**t a recent GNYHA training session, representatives from NYC and NYS reviewed the receipt of Medicaid managed care and mental health and substance abuse services among Medicaid beneficiaries enrolled in managed care plans. Many Medicaid beneficiaries who use these services will not be required to enroll in managed care plans but may choose to enroll. These exempt beneficiaries include beneficiaries who are in the Supplemental Security Income (SSI) and SSI-related Medicaid eligibility categories, who are homeless, who are seriously and persistently mentally ill, or who are HIV-positive. The State has identified many of these people and will not send them mandatory enrollment packages. Exempt beneficiaries who receive packages

can call New York Medicaid CHOICE at (800) 505-5768 to request an exemption.

Medicaid beneficiaries enrolled in plans are entitled to all mental health and substance abuse services they would receive in the regular Medicaid program, but they will receive some of these services through the plan and some through the regular Medicaid program. Beneficiaries in the SSI and SSI-related Medicaid eligibility categories will receive only physical health services through the plan and will receive all mental health and substance abuse services through regular Medicaid. All other Medicaid beneficiaries enrolled in plans will receive all mental health and substance abuse services through the plan except for the services shown below. ■

## Mental Health and Substance Abuse Services That Medicaid Plan Enrollees Receive Through Regular Medicaid

### Mental Health

- Day treatment
- Continuing day treatment
- Day treatment for children
- Intensive psychiatric rehab
- Home and community-based waiver services

- Intensive case management
- Rehabilitation services for residents of community residences
- Services of NYS Office of Mental Health-designated clinics for seriously emotionally disturbed children

### Substance Abuse Services

- Methadone maintenance treatment
- Medically supervised ambulatory substance abuse programs
- Outpatient alcohol rehabilitation
- Services ordered by NYC

## GNYHA Comments on National Plan to Improve Substance Abuse Treatment

**G**NYHA recently responded to a request from the Center for Substance Abuse Treatment (CSAT) for comments on the development of a national plan to improve substance abuse treatment. CSAT is part of the Substance Abuse and Mental Health Services Administration, an agency under the U.S. Department of Health and Human Services. GNYHA's comments parallel those highlighted in the U.S. Surgeon General's Report on Mental Health, which was released on December 13, 1999. Members of a GNYHA workgroup of substance abuse providers submitted comments on the following five domains identified by CSAT in the Federal Register of October 12, 1999: gaps in services, reducing stigma and changing attitudes, improving and strengthening treatment systems, connecting services and research, and workforce issues.

GNYHA emphasized the need to assure

access to substance abuse treatment including meeting the needs of special populations and supporting health insurance parity for substance abuse treatment. GNYHA urged CSAT to take a leadership role in aligning public policies with best practice standards and recommended an advertising campaign to educate the public regarding the value of treatment. A copy of GNYHA's comments to CSAT can be obtained by calling Anita Wall at GNYHA. An executive summary of the Surgeon General's report can be ordered by calling 1 (877) 9-MHEALTH. ■

## Briefing Addresses Barriers to Care

**O**n December 6, 1999, GNYHA held a member briefing to discuss barriers to care and programs that have been developed by GNYHA members to address some of the identified barriers. Although GNYHA members provide extensive services to their communities, concerns at a national level about disparities in health status have caused some agencies to focus on reasons for these disparities. To address this issue, President Clinton has announced an initiative to eliminate racial and ethnic disparities in key areas of health status by the year 2010. As part of this initiative, on November 8, 1999, GNYHA hosted a conference presented by the U.S. Department of Health and Human Services (HHS) to begin to look at these issues in the New York area. While a great deal of the President's initiative focuses on public health and other considerations to improve health status, GNYHA's December 6, 1999, briefing focused in particular on the Federal government's interest in ensuring that providers are complying with civil rights laws and was intended to help GNYHA members in understanding the requirements in this area. For this purpose, Thomas Perez, National Director of HHS's Office for Civil Rights (OCR), provided an overview of the civil rights requirements in the health care area in general, focusing on services for patients with limited English proficiency. The briefing also included presentations by several GNYHA member representatives, who described a pilot program that provides simultaneous translation services to patients and discussed a training program to help providers deliver culturally competent care. GNYHA has established a workgroup that will continue to identify programs and services that can help members address barriers to care and improve the delivery of care to patients in their service areas. ■

### AROUND

**Herbert Pardes, M.D.** has been elected President and CEO of New York-Presbyterian Hospital, and CEO of New York-Presbyterian Healthcare System, Inc. He will begin his duties on January 1, 2000. Since 1989, Dr. Pardes has held the post of Vice President for Health Sciences and Dean of the Faculty of Medicine at Columbia University College of Physicians & Surgeons. He succeeds **David B. Skinner, M.D.**, who has been named President Emeritus by the Board. Dr. Skinner is a member of the GNYHA Board of Directors and was Chairman of the GNYHA Board in 1994-95. ■