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Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

GNYHA Calls for Health Insurers to Reinvest in New York's Health Care

GNYHA presented testimony at a joint hearing of the Assembly Committees on Health and Insurance on December 1 regarding health insurer consolidation and its impact on health care services, patients, and providers in New York. GNYHA noted that issues associated with health plan consolidation in the downstate area were accompanied by those associated with the growing dominance of national health insurers not domiciled in New York. Issues included increased market leverage over provider reimbursement and collection, lack of

accountability and responsiveness to local provider concerns, increased administrative costs resulting from non-standardized plan protocols, required migration to national contracting and systems templates, and difficult contracting processes, particularly for safety net providers. GNYHA noted the longstanding disparity between health plan profits and hospital losses: health plans made \$5.7 billion in after-tax profits from 2000–04, while hospitals lost \$760 million during that period. GNYHA also presented information on

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GNYHA Testifies at NYS Senate Hearing on Berger Commission Recommendations

On December 1, GNYHA Senior Vice President David Rich testified before the New York State Senate Standing Committee on Health, chaired by Senator Kemp Hannon (R-Nassau), on the final recommendations of the Commission on Health Care Facilities in the 21st Century (known as the Berger Commission, after its chairman, Stephen Berger). The hearing allowed for public comment and input from the health care community at large and represents the first step in the Senate's efforts to carefully analyze the Commission's report before potentially voting on the recommendations

during a special session on December 13. GNYHA's testimony is available to members on its Web site, www.gnyha.org, in the Press Room section under "About GNYHA."

Referring to the Commission's estimated savings of \$8 billion to payers that it says its recommendations will yield over 10 years—including \$2.5 billion to the State Medicaid program—Mr. Rich noted GNYHA's belief that, based on its preliminary analysis, "the actual savings for New Yorkers will be far greater." (See story above, "GNYHA/1199 SEIU Healthcare Education Project Responds

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GNYHA/1199 SEIU Healthcare Education Project Responds to Closure and Restructuring Recommendations Statement Urges No New Medicaid Cuts, Payer Involvement in Reform

In a press release dated Dec. 6, 2006, the Healthcare Education Project (HEP)—a joint initiative of GNYHA and 1199 SEIU United Healthcare Workers East—presented a detailed response to the Nov. 28 report of the Commission on Health Care Facilities in the 21st Century. Characterizing the recommendations as "the most sweeping and dramatic restructuring of a health care system ever attempted in the history of the United States," the statement observed that, "No state has ever tried to merge, consolidate, restructure, or close 57 hospitals at once. The hospital recommendations alone will profoundly impact not only the 57 communities across NYS where those institutions are located, but the many patients and families who travel to them from towns, neighborhoods, and cities farther away."

Payer Savings: While the Commission estimated that its recommendations would save Medicare, Medicaid, and private insurance companies \$8 billion over 10 years, or \$806 million annually, GNYHA's analysis shows that this estimate is significantly understated.

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GNYHA Foundation Awarded Health Workforce Retraining Initiative Grant

GNYHA has been notified that it will be receiving \$1.1 million in grant funding from the NYS Departments of Health and Labor for the GNYHA Foundation to administer five projects on behalf of hospitals and continuing care facilities in the downstate New York region. The grant award, which is provided under the Health Workforce Retraining Initiative (HWRI), will be used to develop and deliver training programs for health care workers employed by GNYHA hospitals and members of the Continuing Care Leadership Coalition, the long term care affiliate of GNYHA. Each project will include a needs assessment, curriculum development, delivery of training, and follow-up technical assistance. The five funded projects are:

- a training program to support the development of rapid response systems in hospitals;

- a program to train health care workers regarding how to conduct a root cause analysis for quality improvement;
- a program to train experienced nurses to act as preceptors for nursing students;
- a pilot program to develop information technology skills in continuing care workers; and
- a continuation of a successful program to train continuing care workers in using quality measures to improve performance.

The HWRI is authorized under the Health Care Reform Act. The goal of the HWRI is to train health care workers to obtain positions in occupations with documented shortages of workers, as well as to train current health care workers who would benefit from new skills as a result of changes in the health care system. ■

Healthcare Education Project Responds to Recommendations

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GNYHA estimates that payers will in fact save \$19 billion over the 10-year period—triggered by the effects of inflation and disutilization as a result of restructuring. Included in GNYHA’s estimate is \$5.5 billion in savings to the State Medicaid program—in contrast with the \$2.5 billion estimated by the Com-

“Make no mistake: Medicaid budget cuts would doom the Commission’s recommendations to failure.”

mission—with \$460 million of that amount saved in the first year alone. The State will also save money over time as a result of averted bail-outs of the struggling hospitals that are recommended for restructuring.

Why GNYHA and 1199 SEIU Supported the Creation of the Commission:

The statement noted that GNYHA and 1199 SEIU’s unprecedented support for the creation of the Commission was given for several reasons.

First, they believed that careful and intelligent restructuring could strengthen the health care system for all New Yorkers. “It may,” the statement noted, “be better to have 80 financially sound institutions that can invest in quality care than 100 financially struggling ones that have no money left over at the end of the year for workforce enhancements, capital improvements, information technology, and other critical investments to improve quality for patients.”

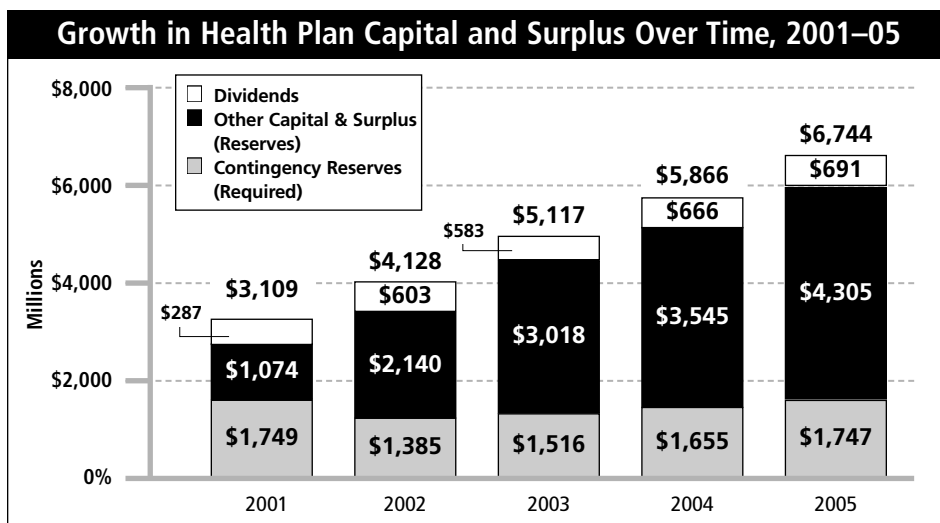
Second, in assessing the potential danger of health care budget cuts and provider taxes proposed in the 2005 Executive Budget—which would have seriously damaged and destabilized an already financially fragile health care system—GNYHA and 1199 SEIU called instead for programmatic reforms that they believed would improve the health care system for all New Yorkers. Among those reforms was the Commission.

Third, the two groups believed that “with funding from HEAL-New York . . . combined with Federal funding (later secured through the F-SHRP waiver), we could create a once-in-a-lifetime opportunity to truly restructure

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the extraordinary growth in health plan capital and reserves of the main health insurers in the State (those representing 88% of total NYS enrollees) over time. By 2005, capital and reserves held by these plans in excess of the levels required by regulators had quadrupled from the 2001 total, to \$4.3 billion.

GNYHA called for health plan reinvestment into the health care provider infrastructure and suggested that legislators look to health plan profits and excess reserves for this purpose. Specifically, GNYHA called for the “disgorgement” of \$1 billion in excess reserves and a continued contribution by insurers for the health care needs of NYS. ■



Note: Health plans included in this analysis are Aetna, Capital District Physicians Health Plan, Cigna, Empire, Excellus, GHI, HealthNow, HIP, Horizon, Independent Health, Oxford, United (including AmeriChoice), and Wellcare. Together, these plans represent 83% of total NYS premium income, 85% of total NYS net income, and 88% of total NYS enrollee member months.

Source: National Association of Insurance Commissioners financial statement filings.

a health care system that has been financially ailing for many years.”

Conditions for Success: The HEP statement cautioned that, if the recommendations are implemented, they would usher in an era of transition and extreme volatility for the health care community as facilities and their patients adapt to the recommended closures and restructurings. The statement thus urges the State to refrain from enacting new Medicaid or other funding cuts for hospitals or nursing homes, which would only exacerbate that volatility. It observes further that “cuts are completely incompatible with the Commission and the implementation of the Commission recommendations,” which “were made with the assumption that funding would remain stable and . . . that new funding would be made available through HEAL-New York and F-SHRP to carry out the recommendations. . . .”

It is equally important that the State require all the players in the health care system to become involved in securing health care reforms, the statement emphasized. Rather than leaving the burden to financially struggling hospitals, nursing homes, and their workers—who currently are the only members of the system that have voluntarily sacrificed to improve that system—other, for-profit stakeholders must do their part to make sure that New York’s health care system remains strong. Those stakeholders, moreover, have the funds to help: a new analysis by GNYHA shows that the payers in New York had amassed reserves, over and above the statutorily required minimums, of more than \$4 billion in 2005, a 400% increase since 2001—a discretionary surplus resulting from

RESPONSE TO THE BERGER COMMISSION RECOMMENDATIONS Excerpts from the statement of the GNYHA/1199 SEIU Healthcare Education Project

“Every time a hospital closes there is pain: pain for patients, pain for surrounding communities, pain for employees, and pain for local businesses. . . . As the Commission report details, 34 hospitals and 44 nursing homes have closed in the last 12 years. Our thoughts and prayers go out to all of the people who continue to be affected by those closings as well as to those who are so deeply affected by the Commission’s recommendations. 1199 SEIU and GNYHA have pledged to work with the Legislature and the New York State Department of Health (DOH) to help communities, workers, and institutions to make as smooth a transition as possible, if the recommendations do, indeed, become the law of the land. It is essential that not one New Yorker lose access to critical health care services due to this process.

“If the recommendations do go forward, we stand ready to work with individual institutions to assist them in implementing them and to develop modifications, where appropriate

“[T]he next several years will be an era of transition and extreme volatility. . . . Patients formerly served by closed hospitals will need to find new caregivers, forge new relationships, and find new medical homes. Health care professionals and health care workers will need to find new jobs. Communities will lose their economic anchors. Remaining institutions will need to absorb new patients and new workers, often requiring reconfiguration of their operations. Hospitals and nursing homes that are recommended for mergers will be conducting the arduous task of consolidation. In a number of cases, hospitals and nursing homes will be securing the financing to shutter several facilities and to build one new one in place of the former ones. . . . Thus, it is imperative that the State in no way exacerbate this volatility by enacting new Medicaid or other funding cuts for hospitals or nursing homes. . . .

“Cuts are completely incompatible with the Commission and the implementation of the Commission recommendations. . . . What sense could it possibly make to provide funding with one hand and take it all away with the other through damaging Medicaid cuts? . . . Make no mistake: Medicaid budget cuts would doom the Commission’s recommendations to failure. . . .

“The segments of the health care system that are profiting at the expense of patients and communities—insurers, HMOs, pharmaceutical companies, device manufacturers, trial lawyers—have contributed absolutely nothing to the reform of the system and, in some cases, have only hastened the demise of a number of hospitals over the last decade. . . . There is a moral imperative for health plans to reinvest a portion of their profits into the health care system and to reinvest a portion of the benefits that will accrue to them from the implementation of the Commission’s recommendations. . . .

ever-increasing payer profits, which have come at the expense of the State’s public and not-for-profit hospitals. While health plans made more than \$5 billion in profits from 2001 through 2004, hospitals lost \$600 million, according to GNYHA’s analysis. The health insurers earned \$1.8 billion in profits in 2005 alone. Moreover, GNYHA’s analysis

also shows that private payers will save \$6 billion over the next 10 years as a result of the recommendations. At a minimum, therefore, GNYHA and 1199 SEIU are calling for a \$1 billion disgorgement of unnecessary health insurance reserves as well as an ongoing contribution from the payers to help pay for health care reform and to reinvest in communities (see story on page 1).

Finally, the HEP statement called for a fair Medicaid funding formula for NYS, which currently has the lowest possible Medicaid matching rate even though New York sends billions of dollars more to Washington each year than it receives. Increasing the matching rate just 3 percentage points—which would still leave New York’s rate below that of 34 other states—would increase Federal revenue for NYS by \$2 billion annually.

Conclusion: The HEP statement reiterated GNYHA and 1199 SEIU’s commitment to making sure that the Commission’s recommendations, if they are carried out, do not impede any New Yorker’s access to health care and do not leave dislocated workers without the help they need to find a new job. GNYHA and 1199 SEIU have given their assurances that they “stand ready” to work with the Legislature, DOH, and the affected institutions to facilitate a smooth transition “to a better, higher quality, efficient health care system” should the recommendations become law. ■

The Numbers: The Impact of the Berger Commission Recommendations

Reduction in number of hospital beds: 8%
Number of hospitals recommended for closure: 9
Mergers, consolidations, and other restructurings: 48
Additional closures caused by mergers, consolidations, and other restructurings: 11
Displaced hospital employees: 6,402*
Displaced nursing home employees: 983*
Savings to payers, Commission estimate: \$8 billion over 10 years
Savings to payers, GNYHA estimate: \$19 billion over 10 years

*Includes employees from facilities slated for closure only. Thousands more workers will be affected by the proposed mergers, consolidations, and other restructurings.

to Closure and Restructuring Recommendations,” for the details of GNYHA’s completed analysis.)

If the recommendations are enacted, Mr. Rich said, GNYHA and 1199 SEIU United Healthcare Workers East are committed to working with the New York State Legislature and the Department of Health to facilitate a smooth transition and to ensure that access to care is not compromised for any New Yorker and that dislocated workers receive the necessary help and retraining to find new employment. In addition, he noted that capital markets must be protected.

Mr. Rich also highlighted GNYHA’s support of the creation of the Commission as a rational replacement for Medicaid cuts in 2005 and observed that funding from the Health Care Efficiency and Affordability Law for New Yorkers (HEAL NY)—legislation originally promoted by GNYHA and 1199 SEIU that allocates \$1 billion over four years for capital grant funds—and the Federal-State Health Reform Partnership (F-SHRP) waiver would provide the necessary financial support to restructure the health care system, especially in carrying out the Commission’s recommendations. He also urged the Legislature not to enact cuts to Medicaid or other health programs in 2007 on top of the Commission’s recommendations. “Medicaid budget cuts would doom the Commission’s recommendations to failure,” he said.

He further called upon insurers, HMOs, pharmaceutical companies, device manufacturers and trial lawyers to do their part in

reforming the health care system, which Governor-elect Eliot Spitzer also endorses.

Testimony From Health Care Facilities: The hearing also gave representatives from individual institutions that are the subject of the Commission’s recommendations a chance to publicly state their views. GNYHA member institutions represented at the hearing included St. Vincent’s Midtown Hospital and Cabrinia Medical Center, as well as Continuing Care Leadership Coalition member Andrus-on-Hudson. Criticisms of the Berger report from other health care associations, public employee unions, and individual hospitals affected by the recommendations included insufficient public input, lack of an implementation plan, the problems inherent in merging sectarian and non-sectarian facilities, and oppo-

sition to the privatization of State University of New York–affiliated institutions.

Senator Hannon noted that the record would remain open until the week of December 4, thereby allowing GNYHA and others to submit additional statements.

Assembly Hearing: GNYHA is also submitting a written statement to the Assembly Committee on Health, which is holding a hearing in NYC on Dec. 11. The Assembly will host six hearings to obtain regional input about the recommendations from across New York State. In addition to New York City, hearings will be held in the Western, Central, Northern, Hudson Valley, and Long Island regions. If you would like to testify or have questions about the hearing, contact Elsie Chun of the Assembly at (518) 455-4371. ■

GNYHA Releases Employee and Family Emergency Preparedness Materials

GNYHA recently released a DVD and slide presentation to assist members in training their employees in personal and household emergency preparedness. GNYHA and its members recognize that in order to ensure that their employees report to and remain at work during an emergency, they must be certain that their families and households are prepared and will remain safe. The presentation is based on the NYC Office of Emergency Management’s “Ready New York” program and materials developed by the Yale-New Haven Center for Emergency

Preparedness and Disaster Response. Both of those entities, along with other members of GNYHA’s Emergency Preparedness Coordinating Council, were instrumental in preparing the materials, which are tailored to health care workers. The DVD and slide presentation are available in GNYHA’s Emergency Preparedness Resource Center under “Workforce/Volunteer Issues,” at www.gnyha.org/eprc. The materials will be most effective as a training tool if the slides and DVD are used simultaneously. For more information, contact Doris R. Varlese at GNYHA. ■

Upcoming GNYHA Member Briefings

Prevention of Surgical Site Infections

Date: Wednesday, December 13, 2006

Time: 9:00 a.m.–1:00 p.m.

Location: GNYHA Conference Center, 555 West 57th Street, 15th Floor; and via Webcast

This briefing in the Clinical Update Series will cover the latest findings on the prevention of surgical site infections. The speaker will be Charles Edmiston, Ph.D., S.M., C.I.C., Professor of Surgery, Pathology, and Otolaryngology and Hospital Epidemiologist, Medical College of Wisconsin. For more information, contact Tim Glennon at GNYHA Services; to register, contact Nyree Vega at nvega@gnyha.org.

Sign Language Associates, Inc.

Dates & Times: Tuesday, January 16, 2007, 10:00 a.m.–11:00 a.m.; Tuesday, January 30, 2007, 2:00 p.m.–3:00 p.m.

Location: Web Demonstration

Sign Language Associates, which has entered into a group purchasing agreement with GNYHA Services, Inc., will demonstrate how its video remote interpretation services support communications between health care workers and deaf or hard-of-hearing patients. *Registration is limited. Additional sessions will be added as needed.* For information, contact Barbara Green or Andrea Giotopoulos at GNYHA.

Gateway Travel Management (GTM)

Dates & Times: Tuesday, January 23, 2007, 10:00 a.m.–11:30 a.m.; Thursday, January 25, 2007, 1:00 p.m.–2:30 p.m.

Location: Web Demonstration

GTM, a full-service corporate travel management company that has entered into a group purchasing agreement with GNYHA Services, Inc., will demonstrate its state-of-the-art travel booking and management tools and services, which are being offered at favorable pricing to GNYHA members and will enable members to reduce and better manage their travel-related expenses. For information, contact Barbara Green or Andrea Giotopoulos at GNYHA. ■