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Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

GNYHA Submits Uninsured Plan to Legislature; Proposes "Cover New York" for Universal Coverage in NYS

Last week, GNYHA submitted testimony to the Assembly Standing Committees on Health, Insurance, and Labor on how to increase health insurance coverage in NYS. The testimony laid out the specifics of a proposal, "Cover New York," that aims to provide universal coverage for all New York-

ers. GNYHA's testimony, submitted by GNYHA Senior Vice President David Rich, began by noting that New York's not-for-profit and public hospitals' longstanding tradition of providing all patients with access to high-quality care is consistent with GNYHA's support for new State guidelines for hospital

financial assistance policies. He noted that those policies, however, are not a solution.

"Discounts alone are not what people really need," Mr. Rich said. "They need stable health insurance coverage that allows them to seek care when they need it." He noted further that "the underfinancing of care for low-income populations is not only a problem for the uninsured themselves, but is a major driver of the financial distress that is leaving our health care safety net in tatters."

Voluntary, not-for-profit, and public hos-
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President Signs Health Measure; Heavy Losses Averted for NYS

With only a few hours remaining in the 109th Session of Congress, lawmakers passed the Tax Relief and Health Care Act, a package of health care reforms affecting the Medicare and Medicaid programs. President Bush signed this bill into law on December 20, 2006. Among the most significant provisions is a measure that will protect physicians from a 5% payment cut for one year—and will not come at the expense of hospitals—by freezing payments at 2006 levels, and will provide for a 1.5% bonus payment starting in July 2007 for reporting on quality measures. Additionally, a provision was included to preemptively limit the Administration from significantly lowering provider tax limits from 6% to 3% as the President had proposed in his FY 2007 Budget. GNYHA, the American Hospital Association,

and other stakeholders who would have been negatively affected had the Centers for Medicare & Medicaid Services been allowed to proceed have been advocating against such a proposal for months—but it was Senator Charles Schumer (D-NY) and other members of the NY delegation who were most instrumental in protecting New York from the devastating revenue loss of up to \$1 billion by working with leadership to include in the law a measure that keeps the provider tax cap at 5.5%.

The efforts of Senator Schumer together with Senator Hillary Clinton (D-NY) were essential in ensuring that the Section 508 wage index reclassification program be extended for six months, through the end of FY 2007. Also included in the package is the extension

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GNYHA Board Meets

The GNYHA Board of Governors met on December 13, 2006, and took the following actions:

- approved the 2007 budget for GNYHA and its subsidiaries and affiliates;
- was briefed on the final recommendations of the Commission on Health Care Facilities in the 21st Century, also known as the Berger Commission;
- approved a series of Medicaid reform proposals for which GNYHA and the GNYHA/1199 SEIU Healthcare Education Project may advocate in Albany in 2007;
- heard a progress report from United Hospital Fund President James Tallon on Governor-elect Eliot Spitzer's Health Care Policy Advisory Committee, which Mr. Tallon chairs; and
- heard a report from David Rosen, President of MediSys Health Network, Inc., on payer reform issues. ■

pitals are all threatened by insufficient funding for treating the uninsured and the Medicaid population. A recent report by the Urban Institute, entitled *Covering the Uninsured in New York*, pointed out that hospitals in New York lose at least half a billion dollars annually caring for the poor and uninsured, even after considering the subsidies they receive from Federal, State, and local governments. GNYHA believes the actual loss figure is much higher. Either way, the extreme financial difficulty in which hospitals find themselves today, Mr. Rich maintained, is attributable to “inadequate financing for covering the uninsured and low-income populations as well as a relentless drive on the part of health insurers to maximize profits.”

GNYHA/1199 SEIU Proposal: Developed by GNYHA and 1199 SEIU United Healthcare Workers East and originally proposed in early 2006, Cover New York builds upon the past work of the two organizations, which share a long tradition of putting forward proposals to cover the uninsured. The proposal—whose guiding principle is that health insurance should be both a *right* for all residents and a *responsibility* shared among businesses, government, and individuals—would expand affordable public and private health insurance programs; subsidize premiums for lower-income individuals who do not have access to affordable coverage; provide a tax credit for small businesses that purchase health insurance coverage for their workers if the coverage were at least as generous as an enhanced Healthy NY policy; streamline public health insurance programs; require large businesses to contribute to the public costs of their workers’ health care; expand linguistic access to health care; provide grants to support research and innovation in the provision of language assistance services, culturally competent care, and health literacy education; and, once affordable insurance options are available for all New Yorkers, require all individuals to have insurance. GNYHA’s testimony explains the proposal in detail and urges the Assembly Committees to consider it. The full testimony is available in the Advocacy section of GNYHA’s Web site, www.gnyha.org, under “GNYHA Public Testimony.”

Financing Cover New York: Citing the gross

United Hospital Fund “Blueprint”

Last week, the United Hospital Fund (UHF) and the Commonwealth Fund released a report, *A Blueprint for Universal Health Insurance Coverage in New York*, which, they state, “would achieve universal coverage and improve coverage options for the insured to provide a more stable health insurance system for all New Yorkers.” Many of the report’s proposals are similar to Cover New York, including the expansion and streamlining of public programs and the individual mandate. Interestingly, the report asserts that the State would need to raise “\$4.1 billion to \$4.2 billion...to achieve universal coverage in New York”—a much lower spending figure than estimated by other experts. For instance, a recent Urban Institute report made clear that new spending for medical services alone for the uninsured, if they were all provided insurance, would exceed \$4 billion annually, with the actual cost of health insurance premiums to cover this new medical spending costing much more than \$4 billion. In addition, the *Blueprint* states, “In 2005, New York’s State and local governments spent \$1.3 billion reimbursing providers for uncompensated care. As uninsured rates decline, a portion of these funds could be redirected toward the cost of providing coverage directly.”

GNYHA’s concern about this proposal is that merely “a decline” in uninsured rates does not necessarily coincide with a decline in uncompensated care costs at all institutions, in the absence of a new program that truly guarantees universal coverage for all New Yorkers. Reducing already inadequate payments to hospitals for uncompensated care without ensuring that those reductions will be offset by actual payments from insurers for newly insured patients would destabilize New York’s already fragile hospital system. ■

inadequacy of current funding to hospitals and health centers to help offset the costs of uncompensated care they provide—funding that comes nowhere close to the amount needed to provide insurance coverage for all of the uninsured in New York State (the Urban Institute estimates that medical care expenses alone would increase by more than \$4 billion

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annually if all of the uninsured in New York State were covered)—Mr. Rich noted that Cover New York would require a mix of contributions not only from employers and individuals, but also from New York’s health insurers, who have enjoyed huge windfall profits in recent years. Mr. Rich explained that 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, while hospitals have lost money.

Mr. Rich also pointed out that HMOs have a huge amount to gain from the implementation of the recommendations of the Commission on Health Care Facilities in the 21st Century. At a minimum, GNYHA is calling for a \$1 billion disgorgement of unnecessary health insurance reserves as well as an ongoing contribution from insurers to help pay for

health care reform and to reinvest in communities. Finally, Mr. Rich stated, the Federal government must give NYS a fair Medicaid funding formula, which would increase Federal revenue and help finance reform.

Uncompensated Care: Mr. Rich pointed out that New York’s hospitals provide an extraordinary amount of care to the poor and uninsured, including the Medicaid population—\$3.4 billion of it uncompensated in 2004, according to an Urban Institute analysis. While those costs are partially defrayed by government subsidies, the subsidies do not come close to covering hospital uncompensated care costs. Although the funding provided to help hospitals cover the costs of uncompensated care is inadequate, it is critically important, particularly to hospitals whose bottom-line margins are already slim to non-existent. It is crucial, therefore, that government subsidies not be shifted to pay for coverage expansion unless and until the State implements a successful strategy to provide coverage for *all* New Yorkers, including New York’s sizable population of undocumented immigrants. Without truly universal coverage, dollars taken from hospitals and health centers to pay for partial coverage would, Mr. Rich observed, inevitably end up diverted into HMO profits and administrative costs, far outstripping any incremental benefit to hospitals from a marginal increase in insurance coverage and further eroding the financial health of safety net providers. ■

MedPAC Targets IME, Again

At its December meeting, the Medicare Payment Advisory Commission (MedPAC) proposed a recommendation that would cut the indirect medical education (IME) adjustment in the inpatient prospective payment system (IPPS) from 5.5% per 10% increment in the ratio of interns and residents to beds to 4.5%. GNYHA estimates that this would cost teaching hospitals about \$1 billion a year, including payments related to Medicare managed care enrollees. The rationale given for this recommendation was that MedPAC staff estimate that teaching hospitals would gain an equivalent amount if the Centers for Medicare & Medicaid Services (CMS) implemented comprehensive diagnosis-related group (DRG) refinement. The IME cut would coincide with the implementation of refined DRGs.

The staff estimate of the gain to teaching hospitals from refined DRGs was based on 3M's All Patient Refined DRGs (APR-DRGs), which CMS is not likely to implement. Last year, CMS proposed implementing a consolidated version of APR-DRGs. That grouper, also developed by 3M, generally combined the two lowest severity levels within each DRG, as well as the highest severity level across all DRGs in many Major Diagnostic Categories. The RAND Corporation is currently evaluating that and other refined DRG methodologies and will submit its finding to CMS shortly.

In presenting the proposal to the MedPAC commissioners, three options were given for using the IME savings: increasing the operating IPPS standardized amount, since the IPPS margin is now negative; financing rewards under a pay-for-performance (P4P) program; or financing specific new resident training activities. With several commissioners favoring either the first or third approaches, an emerging compromise position seems to be using the funds for P4P. The Commission will make its decision on whether to move forward with the proposed IME cut and, if so, how to use the savings, at its January meeting, which is scheduled for January 9 and 10.

The proposal issued in December was a surprise to most observers, since a similar proposal, first discussed at MedPAC's September meeting, was not pursued. That proposal would have cut the IME adjustment to its empirical level—which staff later estimated at about 2.2%—with the savings used to increase the standardized amount.

If the Commission votes in favor of the IME cut, it will be included in MedPAC's March Report to Congress. It would be up to Congress to decide whether to implement the recommendation through legislation. GNYHA is working closely with the Association of American Medical Colleges to try to prevent cuts to teaching hospitals. ■

Governor Pataki Signs Timothy's Law

On December 22, the bill that creates parity for health care coverage for biologically based mental illness, known as Timothy's Law, was signed into law by NYS Governor George Pataki. Timothy's Law passed the Senate during its special session on September 15, after both houses reached an agreement on the bill's language on the last day of the 2006 legislative session. The Assembly passed the bill on December 13.

The provisions of Timothy's Law are as follows: **1)** every insured person would have a minimum of 20 outpatient visits for mental illness and 30 inpatient visits per year; **2)** small employers (50 or fewer employees), at their option, can "opt in" and provide health insurance coverage for biologically based mental illnesses for their employees; if they choose to do so, the State will pick up the extra cost of providing the benefits; **3)** larger employers are required to provide an additional layer of coverage; there would be unlimited treatment for adults (above 18 years old) with schizophrenia/psychotic disorders, major depression, bipolar disorder, obsessive-compulsive disorder, delusional disorder, panic disorder, and bulimia and anorexia; **4)** for children under 18, large employers must provide coverage for the above disorders plus attention deficit/hyperactivity disorders, disruptive behavior disorders, and pervasive developmental disorders.

GNYHA strongly supports Timothy's Law, which was named for Timothy O'Clair, a Schenectady adolescent boy who took his own life in 2001 after his health insurance for mental illness ran out. GNYHA is grateful to the Assembly, Senate, and Governor Pataki for making Timothy's Law a reality. ■

President Signs Health Measure *continued from page 1*

and nationwide expansion of the Recovery Audit Contractor Initiative, which is designed to identify and collect inaccurate Medicare overpayments and underpayments (for Medicare Parts A and B) through specialized contractors. Currently, the demonstration exists only in New York, California, and Florida. Reporting on quality indicators will be required in return for a full payment update for hospital outpatient departments and ambulatory surgical centers by FY 2009. The penalty for not reporting will be a reduction in payment updates by two percentage points. The package



Sen. Charles Schumer

also included a provision requiring the U.S. Department of Health and Human Services Office of Inspector General to conduct a study on "never events"—serious errors in the provision of health care services that should never happen. Finally, the Mental Health Parity Act of 1996 will be extended for one year.

This package accompanied a budget measure that will provide continued funding to government agencies through February 15, 2007, at which point Democratic leaders have signaled they intend to pass a measure containing a year-long continuing resolution. ■

New Jersey Launches Major Stem Cell Initiative

Last week, NJ Gov. Jon Corzine and the NJ Legislature took major steps to make NJ one of the nation's foremost centers for stem cell research. On Dec. 20, Gov. Corzine signed a bill to authorize the NJ Economic Development Authority to issue \$270 million in bonds to cover critical capital costs for stem cell research facilities, cancer research facilities, and other biomedical research facilities throughout the State. The bill (A-2828/S-1471) would provide \$150 million to build the Stem Cell Institute in New

Brunswick; \$50 million to build stem cell research facilities at the NJ Institute of Technology in Newark; \$50 million for a biomedical research center in Camden, which will be jointly operated by Rutgers University, the Coriell Institute for Medical Research, the Robert Wood Johnson Medical School, and the Cancer Institute of NJ, South Jersey; \$10 million for the Garden State Cancer Center in Belleville; and \$10 million for the Eli Katz Umbilical Cord Blood Program in Allendale, for cord blood collection in support of stem

cell research. Further, on Dec. 19, Gov. Corzine announced \$10 million in grant funding for stem cell research in FY 2007, doubling the funding that was available in 2006. The grants will support two areas: \$7 million to establish core facilities where embryonic stem cell research is conducted, and \$3 million for individual stem cell research grants to academic, nonprofit, and for-profit institutions for research on adult stem cells. Interested institutions must submit pre-proposal letters of intent by Feb. 28, 2007, and full applications by Mar. 8, 2007. Final decisions will be announced in June 2007. For more information, go to www.state.nj.us/scitech. ■

SHRPC UPDATE

At its Dec. 7 meeting, the State Hospital Review and Planning Council (SHRPC) approved (in some cases with conditions or contingencies) the following GNYHA member projects: **Harlem Hospital Center**, major modernization project; **Glen Cove Hospital**, add four medical/surgical beds and renovate space to create a fully integrated 34-bed special care unit; **Richmond University Medical Center (RUMC)**, establish RUMC as new operator of St. Vincent's Hospital Staten Island, with Bridge Regional Health System as the active parent of RUMC, and RUMC as a 50% member of the Health Institute, an Article 28 cardiac care facility on Staten Island; NewRad, Inc., establishment by the affiliated entities of **NewYork-Presbyterian Hospital/Cornell Medical Center** of a freestanding diagnostic and treatment center to provide radiology and imaging services; Sunset Park Health Council, Inc., establishment of Sunset Park Health Council, Inc. as the co-operator of **Lutheran Medical Center's** main site for primary medical care outpatient services; Ralph Lauren Center for Cancer Care and Prevention (a joint venture between **Memorial Sloan-Kettering Cancer Center** and **North General Hospital**), extend limited life for an additional three years; **Village Center for Care**, cost increase in previously approved CON application to construct a 100-bed replacement facility; **Terence Cardinal Cooke Care Center**, construct a 310-bed residential health care facility as part of its reconfiguration of its service delivery program; and **Hebrew Hospital Home of Westchester, Inc.**, assume operation of the long term home health care program presently operated by Hebrew Hospital Home, Inc. In addition, the following GNYHA member hospitals were approved as Designated Stroke Centers: **Putnam Hospital Center**, **St. Joseph's Hospital**, and **Woodhull Medical and Mental Health Center**. SHRPC also adopted regulations containing the standards for the Sexual Assault Forensic Examiner (SAFE) programs. The regulations also clarify the responsibility of every hospital to treat sexual assault victims and to maintain sexual assault evidence. The regulations will become effective upon publication of a "Notice of Adoption" in the *State Register*. Finally, the NYS Senate recently confirmed several new members of SHRPC, including Megan V. Kearney, Chief Health Aide to Governor Pataki, and Margaret M. Johnson, Esq., General Counsel to the MediSys Health Network, Inc. ■

Upcoming GNYHA Member Briefing

Clinical and Diagnostic Management of MRSA Infections

Date: Wednesday, January 10, 2007 • **Time:** 9:00 a.m.–1:00 p.m.

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

This briefing, the first of the 2007 Clinical Update Series, will cover the status of MRSA locally and worldwide, criteria and reasons to test for MRSA colonization, and laboratory implementation. For more information, contact Tim Glennon (glennon@gnyha.org) or Stuart Cunningham (cunningham@gnyha.org) at GNYHA Services. ■

GNYHA Testifies on HIV at NYS Assembly Committee on Health

On Dec. 20, GNYHA testified at a hearing of the NYS Assembly Committee on Health regarding HIV Testing, Counseling, and Informed Consent. GNYHA focused on two amendments that it and its members believe should be made to the current provisions of the HIV confidentiality statute (Article 27-F, NYS Public Health Law). The first amendment would permit patients who present for care in the hospital setting to be tested for HIV through "opt out" screening, consistent with the most recent Centers for Disease Control and Prevention (CDC) recommendations. Under that process, patients would consent to HIV testing by means of a general consent form provided when first receiving care in the hospital. They would be advised that HIV testing is routine and that they may decline or defer testing. This approach is consistent with the CDC's recent recommendation that all adults and adolescents aged 13–64 in health care settings be screened for HIV irrespective of risk factors. The second change on which GNYHA focused would permit patients who are unconscious or lack the ability to consent—and who do not have a legal representative—to be tested for HIV when a health care worker has potentially been exposed to HIV.

Several physicians from GNYHA member facilities testified that HIV testing should be incorporated into routine care and that HIV-specific consent should be eliminated. ■