



JANUARY 22, 2007

Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

MedPAC Recommends IME Cut and Full Update for Acute Care Hospitals in FY 2008

At the January 2007 meeting of the Medicare Payment Advisory Commission (MedPAC), the Commissioners voted to recommend that Congress cut the indirect medical education (IME) adjustment but provide a full market basket update to the Medicare inpatient prospective payment system (IPPS) rates in Federal fiscal year 2008. These recommendations were among many others that will be included in MedPAC's March 2007 Report to Congress.

The IME recommendation was to cut the adjustment from 5.5% per 10% increment in

the ratio of interns and residents to beds (IRB) to 4.5%, which would severely cut payments to teaching hospitals. The stated rationale for this recommendation was that the cut, worth about \$1 billion a year, would be offset in the aggregate by higher payments to teaching hospitals due to comprehensive diagnosis-related group (DRG) refinement, which MedPAC also recommends. In fact, MedPAC recommended that the IME cut and DRG refinement occur in tandem. MedPAC calibrated the IME cut to extract \$1 billion from teaching hospitals because that is the staff

estimate of the value to teaching hospitals of DRG refinement. As noted previously in *Skyline*—
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CMS Issues Damaging Medicaid Rule; Congressman Rangel Weighs In

On January 12, the Bush Administration proceeded with its plans to circumvent Congress by implementing billions of dollars in Medicaid cuts through a damaging regulation affecting state Medicaid programs and safety net providers across the country. NYS's public providers are among those facing the heaviest losses under the proposed rule, with an anticipated cut of several hundred million dollars. Officially published in the *Federal Register* on January 18 with a 60-day comment period, the proposed regulation enacts one of President Bush's FY 2007 budget proposals and is projected by the Administration to save \$3.9 billion in Medicaid funding over five years.

The regulation will amend the so-called upper payment limit (UPL) by placing a cap on payments to public hospitals and nursing homes equal to each individual provider's Medicaid costs. The UPL calculation would

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Governor Spitzer Names Four Commissioner Nominees

Over the past two weeks, NYS Governor Eliot Spitzer announced his nominations for four major appointments to his cabinet—the commissioners for the NYS Department of Health, the Office of Mental Health, the Office of Alcoholism and Substance Abuse, and the Office of Mental Retardation and Developmental Disabilities.

Richard F. Daines, M.D., is nominated to be the next NYS Commissioner of Health. Dr. Daines has been President and Chief Executive Officer of St. Luke's-Roosevelt Hospital Center since Jan. 1, 2002. Prior to joining St. Luke's-Roosevelt as Medical Director in 2000, he served as Senior Vice President for Profes-

sional Affairs and Medical Director at St. Barnabas Hospital in the Bronx. Dr. Daines received a bachelor of history degree from Utah State University in 1974 and his medical degree from Cornell University Medical College in 1978. He completed a residency in internal medicine at New York Hospital and is board-certified in internal medicine and critical care medicine. From 1970–72, he was a missionary for the Church of Jesus Christ of Latter-day Saints in Bolivia. GNYHA applauds Gov. Spitzer for this excellent nomination.

Michael F. Hogan, Ph.D., is nominated to be Commissioner of the Office of Mental

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2007 Clinical Update Series Kicks Off With Session on Managing MRSA Infections

On Jan. 10, GNYHA Services, Inc.—GNYHA’s for-profit group purchasing arm—held the first session of its Clinical Update Series for 2007, entitled “Clinical and Diagnostic Management of Methicillin-Resistant Staph Aureus (MRSA) Infections.” The serious and growing nature of the MRSA threat has led government and professional organizations to recommend proactive procedures to identify, prevent, and control multi-drug resistant organisms such as MRSA. The Institute for Healthcare Improvement, following up on the success of its highly regarded *100,000 Lives Campaign*, has identified the reduction of MRSA infections as one of its key initiatives in its new *5 Million Lives Campaign*.

The session on MRSA attracted 70 attendees from 30 hospitals as well as a Web-stream audience logging in remotely. Speakers included Christine Ginoccio, Ph.D., Director of Microbiology/Virology and Molecular Diagnostics at North Shore-LIJ Health System Laboratories; Jeremias Murillo, M.D., Hospital Epidemiologist at Newark Beth Israel Medical Center; and Roseann DiBrienza, R.N., M.S., Assistant Vice President of Patient Care Services at Newark Beth Israel Medical Center. The speakers reinforced that MRSA infections are a serious and growing public health concern, and they highlighted the enormous negative impact that MRSA infections have on patient care by contributing to increased lengths of stay, cost, and mortality and accounting for up to 60% of hospital-associated infections in ICUs. In addition, they noted that MRSA bloodstream infections have a mortality rate as high as 15–60%. The speakers also underscored the benefits that can be gained through rigorous patient screening, accurate testing, rapid reporting, antimicrobial therapy, and the enforcement of infection control measures. The speakers noted that the new GeneOhm test, which uses nasal specimens from patients to screen for MRSA infections, improves upon traditional culture methods because it has a turnaround time of hours rather than days.

The Clinical Update Series is part of GNYHA’s commitment to helping members

eliminate hospital-associated infections. GNYHA and GNYHA Services, Inc. will continue to educate and support members in proactively addressing recommendations and best practices regarding such issues as MRSA infection reduction, eliminating central line-associated bloodstream infections, avoiding and controlling sepsis, preventing surgical site infection, preventing pressure ulcers, and reducing ventilator-associated pneumonia. GNYHA encourages members to use the Joint

Effort New York (JENY) Web site (<http://jeny.ipro.org>) to obtain updates and information on best practices for preventing infections.

For more information on GNYHA’s quality and patient safety initiatives, contact Terri Straub at GNYHA. For a schedule of upcoming Clinical Updates and information on screening methods for MRSA infections, contact Tim Glennon at GNYHA. ■



Speakers at the GNYHA Services Clinical Update session on managing MRSA infections.

MedPAC Recommends IME Cut and Full Update for Acute Care Hospitals *continued from page 1*

line News (Dec. 25, 2006), MedPAC likely overestimated the value of DRG refinement to teaching hospitals because it modeled the effect of 3M’s All Patient Refined DRGs, although it is far from clear that the Centers for Medicare & Medicaid Services (CMS) would use 3M’s approach. Nonetheless, while MedPAC recommended that the IME cut be concurrent with DRG refinement, it did not specify that the size of the IME cut be limited to the presumed benefit teaching hospitals would receive from DRG refinement.

In a recent article in *Modern Healthcare*, GNYHA President Kenneth Raske observed that MedPAC’s IME recommendation was based on “a contrived calculation . . . with no empirical or theoretical evidence to back it up.” GNYHA has already communicated its opposition to the MedPAC recommendation to key members of New York’s Congressional delegation.

Another feature of MedPAC’s IME recommendation was that the savings should be used to partially finance a \$2 billion quality pool out of which CMS would reward hospitals meeting quality thresholds or improvement goals in its pending pay-for-performance (P4P) program. The Deficit Reduction Act of 2005 required CMS to implement a “value-based purchasing” program in FY

2009. MedPAC discussed, but did not formally recommend, that CMS finance the remainder of the quality pool by reducing the IPPS rates.

Giving CMS the flexibility to finance the quality pool by reducing IPPS rates was one reason why MedPAC recommended that Congress confer the full market basket increase in the IPPS and outpatient PPS in FY 2008 (currently forecast at 3.1%). Indeed, in the context of that recommendation, MedPAC also urged CMS to accelerate the time frame for implementing P4P from FY 2009 to FY 2008. However, MedPAC did not make the full update recommendation contingent upon early implementation of P4P. (GNYHA believes that CMS would not be able to accommodate an accelerated schedule at any rate.) It is likely that most MedPAC commissioners would have voted to confer the full update in the acute care payment systems regardless of P4P implementation because aggregate payments in both systems are significantly below cost.

MedPAC’s recommended updates for other prospective payment systems were **1)** inpatient rehabilitation, a 1% update; **2)** long term care hospital, skilled nursing facility, and home health, no update; and **3)** end-stage renal disease, the market basket increase minus 1.3%. ■

Governor Spitzer Names Four Commissioner Nominees

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Health. Dr. Hogan has served as the Director of the Ohio Department of Mental Health since 1991. He was appointed by President George W. Bush to be Chairman of the Federal Government's New Freedom Commission on Mental Health from 2001–02. From 1987–91, Dr. Hogan was Commissioner of the Connecticut Department of Mental Health. He has strong roots in NYS, having received his undergraduate degree at Cornell University, his master's degree at SUNY Brockport, and his doctoral degree at Syracuse University.

Karen M. Carpenter-Palumbo is nominated to be Commissioner of the Office of Alcoholism and Substance Abuse Service. Currently, she serves as Regional Vice President for the Capitol Region of the American Cancer Society, where she has been since 2004. From 1997 to 2004, she was the Executive Vice President of Government Programs at the Albany-based Capitol District Physicians' Health Plan, a non-profit HMO, where she was responsible for management and fiscal oversight of the Medicare, Medicaid, Child Health Plus, Family Health Plus, and regulatory compliance departments. Her

previous government work included Director of Children and Families at the State Office of Mental Health and Assistant Secretary for Human Services under Gov. Mario M. Cuomo.

Diana Jones Ritter is nominated to be the Commissioner for the Office of Mental Retardation and Developmental Disabilities. Ms. Ritter has served as the Executive Deputy Comptroller in the NYS Office of the State Comptroller since 2003. While there, she served in a number of capacities, including Deputy Comptroller in the Division of Administration from 2001–02, Assistant Deputy Comptroller in the Division of Management Audit and State Financial Services from 1995–2001, and Executive Deputy Director in the Office of Public Health from 1993–95. Previously, Ms. Ritter was the Associate Commissioner of Administration and Quality Executive in the NYS Office of Mental Retardation and Developmental Disabilities from 1990–93. She received her undergraduate degree from Morgan State University.

All four Commissioner nominations require Senate confirmations. ■

State Council on GME Developing Recommendations to Modify Incentive Pool

At its most recent plenary session, held in December 2006, the NYS Council on Graduate Medical Education (COGME) voted on its first set of recommendations to modify the State GME incentive pool program. The vote followed a thorough discussion and review of the GME incentive pool program by the COGME Subcommittee on GME Reform and a report to the full Council on those discussions. The GME incentive pool program is a component of the Health Care Reform Act and provides \$31 million in funding to teaching hospitals and GME consortia throughout the State for the achievement of, and progress toward, certain State policy goals.

At the plenary session, the full Council voted to recommend to the NYS Department of Health that the current goals of downsiz-

ing nonprimary care residencies and increasing the amount of training taking place in ambulatory settings be eliminated. The Council stated that these goals were no longer appropriate for the incentive pool program. While keeping the incentive to attract more underrepresented minorities to resident training programs in general, the Council also voted to recommend that the goal of increasing the proportion of underrepresented minority faculty be eliminated from the program. While the Council stated its support for this goal in principle, the Subcommittee reported that data have been difficult to gather and teaching hospitals have reported that their ability to make significant additional gains in this area is limited. The Council plans to consider additional recommendations at its next plenary session. ■

Upcoming GNYHA Member Briefings

Understanding Hepatitis and Appropriate Barrier Protection

Date: Thursday, January 25, 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, part of GNYHA Services' Clinical Update series, will cover liver function and the various types of hepatitis, as well as guidelines for ensuring optimal hand barrier protection. The featured speaker is Pam Werner, R.N., B.S.N., C.N.O.R., M.B.A., Clinical Consultant for Ansell Healthcare. For more information, contact Tim Glennon or Stuart Cunningham at GNYHA Services.

Mandatory Enrollment of SPMI Consumers in Medicaid Managed Care

Date: Friday, January 26, 2007

Time: 1:30 p.m.–3:30 p.m.

Location: GNYHA Conference Center, 555 West 57th Street, 15th Floor

The NYS Department of Health will hold a briefing on the second phase of mandatory enrollment for Supplemental Security Income (SSI) consumers into Medicaid managed care. This phase will include clients who are identified as "severely and persistently mentally ill" (SPMI). SSI-SPMI enrollment ensures continued mental health, personal care, and pharmaceutical benefits through the Medicaid fee-for-service program. Hospital staff who treat these patients and patient account staff are encouraged to attend. For more information, contact Stewart Presser at presser@gnyha.org, and to register, contact Anita Wall at wall@gnyha.org.

Hospital Evacuation Experience

Date: Monday, January 29, 2007

Time: 2:00 p.m.–4:00 p.m.

Location: GNYHA Conference Center, 555 West 57th Street, 15th Floor

Representatives of Lourdes Hospital and United Health Services (UHS) in Binghamton will discuss their experiences evacuating patients from Lourdes to UHS hospitals. Representatives from the NYC Department of Health and Mental Hygiene and the NYS Department of Health will provide updates on various emergency preparedness initiatives. For more information, contact Doris Varlese at varlese@gnyha.org, and to register, contact Laurie Sangirardi at sangirardi@gnyha.org.

Determining Patient Eligibility for Public Assistance

Date: Thursday, February 8, 2007

Time: 1:00 p.m.–2:30 p.m.

Location: Web Demonstration

Bluemark, LLC, a GNYHA Services contracted supplier, will demonstrate its Medical Application Processing System/Charity (MAPSch™) software, which helps hospitals determine patient eligibility for Medicaid, charity care, and other assistance programs in order to meet compliance requirements for charity care legislation that went into effect Jan. 1, 2007. To register and obtain log-in information, contact Barbara Green at green@gnyha.org or Andrea Giotopoulos at agiotopoulos@gnyha.org. ■

National Incident Management System and National Response Plan Training Courses

The New York Office of Emergency Management (OEM), in conjunction with the NYC Department of Health and Mental Hygiene and GNYHA, is offering two training courses on the National Incident Management System and Introduction to the National Response Plan for hospital personnel. The courses are open to representatives of GNYHA members located both in and outside of New York City. Completion of these courses will assist members in meeting the deliverables for the Health Resources and Services Administration Hospital Bioterrorism Preparedness Program, which helps fund hospital preparedness activities. The details of the training courses follow.

**Course Title: IS-700
National Incident Management System (NIMS), An Introduction**

Date: Thursday, February 1, 2007
Time: 9:00 a.m.–12:00 noon

NIMS provides a consistent, nationwide template to enable all government, private-sector, and non-governmental organizations to work together during domestic incidents. For information about NIMS, go to www.fema.gov/emergency/nims/index.shtm.

Course Title: IS-800: Introduction to the National Response Plan (NRP)

Date: Thursday, February 1, 2007
Time: 1:00 p.m.–5:00 p.m.

NRP describes how the Federal government will work in concert with state, local, and tribal governments and the private sector to respond to disasters. More information about NRP is available at www.dhs.gov/xprepresp/committees/editorial_0566.shtm.

Both courses will be held at the NYC Office of Emergency Management Headquarters, 165 Cadman Plaza, Brooklyn, New York. If you plan to attend either of these sessions, please send an e-mail to Laurie Sangirardi at sangirardi@gnyha.org by January 26, 2007. OEM must have participant names by that date for security purposes. If you have questions regarding the training, please contact Doris R. Varlese at GNYHA. ■

CMS Issues Damaging Rule *continued from page 1*

no longer be based on the entire public hospital sector in a state in the aggregate, and would not be based on what Medicare would have paid for the services, but would be changed to an individual provider calculation and would be based solely on Medicaid costs, with no reference to what Medicare would have paid. Such a policy would eliminate the ability of public institutions to obtain even a modest margin, which is essential to help offset the cost of treating the uninsured.

None of these policies was included in the House or Senate FY 2007 budget resolutions, and hundreds of lawmakers have stated their opposition to such proposals in letters to the Administration. Further, the Centers for Medicare & Medicaid Services had previously reviewed and approved New York's Medicaid payment system and verified that all of the money the City and State received through this funding mechanism was wholly appropriate. Regardless, the Administration chose

GNYHA.ORG—Have You Registered?

In September 2006, GNYHA launched its redesigned and updated Web site, www.gnyha.org, which now offers even more resources than it did previously in an easier-to-use format. While maintaining the substantial reference materials from the original site, the new site houses additional resource centers on regulatory issues, compliance, health information technology, and instantaneously updated member letter bulletins, and aims to inform both the media and the general public about hospitals and health care in our region. The redesigned site also contains a revamped advocacy center with more comprehensive information about Federal and State policy issues of importance to GNYHA members, including a library of relevant bill summaries and GNYHA position papers. The new site has, in addition, an area to post member press releases, giving member hospitals one more way to publicize the latest activities at their individual institutions. It also gives reporters a single stop to track the goings-on in the Greater New York hospital community. To get the maximum benefit from the new site, all members should re-register if they haven't done so already (log-ins and passwords from the old site have been disabled). Just visit www.gnyha.org and click "register" in the top right-hand corner of the home page. This function will allow you to select your user name and, after you enter an e-mail address, should automatically send you a confirmation e-mail with a temporary password. Register today! ■

to promulgate this damaging rule. GNYHA will work vigorously to oppose its implementation and has already engaged key lawmakers to weigh in with the Administration.

Already, Congressman Charles Rangel, Dean of the New York Congressional Delegation and Chairman of the powerful House Ways and Means Committee, has expressed his concern about the proposed rule to top officials with the U.S. Department of Health and Human Services. GNYHA is grateful to Congressman Rangel for his efforts. ■

LAST CALL: PRINT OR ELECTRONIC VERSION OF SKYLINE NEWS?

In the last issue, we notified our subscribers that, beginning in February 2007, *Skyline News* will be made available to each reader in either the electronic or printed edition, but not both. The choice is yours, and we have asked all readers to notify us regarding their preference.

If you have not already done so, please indicate your preference by sending an e-mail or fax to GNYHA, as specified below, no later than January 26, 2007, to ensure that you continue to receive *Skyline News* without interruption in the format you prefer. Readers who do not indicate a preference will continue to receive the e-mail edition only. Again, if you prefer

to receive the printed version, you must let us know by January 26, 2007.

Each issue of *Skyline News* is also available to members on the GNYHA Web site, at www.gnyha.org, in the Publications section.

Please contact **Adriana Ramos** at GNYHA by January 26, 2007, to indicate whether you prefer to receive *Skyline News* in the e-mail edition or the printed edition, at:

Adriana Ramos

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Thank you for your cooperation.

