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Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

Governor Spitzer Proposes Health Care Cuts

Proposes \$1 Billion in Medicaid Cuts for Hospitals, Nursing Homes

On January 31, 2007, Governor Eliot Spitzer presented his Executive Budget to the NYS Legislature for State fiscal year 2007–08. The Executive Budget contains \$1 billion in Medicaid and other funding cuts for hospitals, nursing homes, and personal care providers.

While the Governor also proposes measures that GNYHA strongly endorses—including expansion of the Child Health Plus program to make sure all uninsured children are covered and ensuring that eligible adults are enrolled in Medicaid and Family Health Plus—GNYHA is extremely disappointed in the proposed budget. While the Governor claims he is cutting health care programs in order to afford expanding health insurance for children, his proposal, according to his own figures, cuts \$1.3 bil-

lion in State funds from Medicaid and other health care programs for the poor but he devotes less than \$11 million—eight-tenths of one percent of the savings from the cuts—to covering uninsured children. The Governor would spend the vast majority of the balance on tax cuts and other, non-health care priorities. The Governor's proposals will harm the health care delivery system upon which all New Yorkers rely and should be opposed, particularly at a time when the State is undertaking a major effort to restructure the hospital and nursing home systems through the recommendations of the Berger Commission.

Both Assembly Speaker Sheldon Silver and Senate Majority Leader Joseph Bruno agree that further cuts to the health care industry will have a deleterious effect on health care providers in New York State and

continued on page 2

GNYHA Board Meets

The GNYHA Board met on February 1, 2007, and took the following actions:

- was briefed on Gov. Spitzer's 2007–08 Executive Budget, which proposes savings activities of about \$2.8 billion—\$1.3 billion of which comes from cuts to Medicaid and other health care spending—creating operating losses of about \$500 million for hospitals and more than \$450 million for nursing homes;
- heard a special presentation by Elaine Berg, President and CEO of the New York Organ Donor Network, who spoke about the importance of organ donation and how hospital CEOs could support organ donation at their facilities;
- was updated on Gov. Spitzer's latest appointments, including his selection of Dennis Whalen as Deputy Secretary to the Governor for Health and Human Services and Richard Daines, M.D., as NYS Commissioner of Health;
- received a report about the Federal policy outlook, including issues related to a revision to Medicaid regulations that would have a deleterious effect on public hospitals;
- was updated on issues related to New York State's new financial assistance laws and GNYHA's activities to assist its members; and
- learned of various Federal and State Medicaid compliance requirements and GNYHA's efforts to assist members in this regard.

Proposed Federal Medicaid Regulation Garners Increased Attention; Public Hospitals Nationwide Would Suffer

Joined by the Chairman of the powerful U.S. Ways and Means Committee, Rep. Charles Rangel, and GNYHA President Kenneth E. Raske, City Council Speaker Christine Quinn held a press conference on January 27 to underscore the devastating impact of a Medicaid regulation recently pro-

posed by the Federal government. Unless Congress intervenes and blocks its implementation, the rule would cut \$3.9 billion over five years from the Medicaid program by implementing cuts to public providers across the country. Chief among the hardest hit institutions is NYC's public hospital system, the

NYC Health and Hospitals Corporation (HHC).

As reported previously in *Skyline News*, the regulation imposes a cap on Medicaid payments to public hospitals and nursing homes at no more than the cost of providing

continued on page 3

the patients they serve. Speaker Silver has said that “the Governor’s proposed hospital and nursing home cuts could severely limit the availability of and quality of care throughout the State. . . . [W]e must ensure that restructuring our state’s health care system is done responsibly . . . so that no one is left behind or shortchanged on the level of care that our citizens deserve.” Senator Bruno has also gone on the record, saying, “The Senate is also very concerned about the Governor’s plan for health care. Simply put, it appears that his plan to put patients first might actually put patients at risk. The last thing the Senate would agree to is anything that could endanger people’s access to quality, affordable health care.”

GNYHA’s Response: GNYHA and its Healthcare Education Project partner, 1199 SEIU United Healthcare Workers East, are preparing a multifaceted action plan to protect the health care community from the damaging cuts contained in the Governor’s budget. GNYHA and 1199 have released a variety of reform proposals for legislators to consider—including the comprehensive document, *Shared Responsibility: A Prescription for Comprehensive Health Care Reform in New York State*—that go much further than and would save more money than the Governor’s proposals. GNYHA and 1199 have also educated legislators about the real facts of the Medicaid program, have released a point-by-point rebuttal of the Governor’s January 26 health care speech, and, most recently, have released a statement spelling out 10 reasons why cutting the Medicaid program is wrong for New York. All of these documents can be accessed at www.gnyha.org. GNYHA stands ready and willing—as it has in the past—to work with the Governor and the Legislature on important proposals to

reform New York’s health care system.

Following are highlights from the five main areas of health care targeted in the Governor’s proposed budget.

Hospitals: The Governor’s proposed hospital cuts would eliminate the Medicaid inflation, or “trend,” factor for 2007; remove the “hold harmless” provision for rebasing Medicaid graduate medical education (GME) payments; and cut Medicaid worker recruitment and retention funds by \$40 million (the Governor would also change the allocation formula for worker recruitment and retention funding). The Governor would also extend the 0.35% hospital gross receipts tax, now set to expire on March 31, 2007, and remove the cap on amounts collected from the tax for prior periods; authorize the Commissioner of Health to revise the service intensity weights for Medicaid case payments and exempt unit payments to reflect 2004 costs and statistics, effective January 1, 2008; and, once again, extend existing Medicaid cuts for hospitals that were originally enacted in 1995 and are due to expire in March.

Some of the impact on public hospitals from the GME cut would be offset by a new Medicaid rate adjustment for public hospitals with a high Medicaid inpatient utilization, with the State share to be funded through a reduction in the HCRA GME pool.

Health Care Reform Act: The Governor proposes extending the Health Care Reform Act (HCRA) for most programs from its current expiration date of June 30, 2007, to March 31, 2008. His budget would repeal many of the specific dollar amounts for particular programs in HCRA, thus more fully subjecting HCRA programs to the annual appropriations process. In addition, the

Governor proposes eliminating the \$20 million HCRA restructuring pool and cutting HCRA workforce retraining funds by \$20 million; increasing the covered lives tax on private health insurers by \$75 million; and directing the Commissioner of Health to devise a new distribution methodology for the HCRA bad debt and charity care pool as of January 1, 2008, moving from a method based on bad debt and charity care costs to a method based on services provided to uninsured patients valued at Medicaid payment rates.

Nursing Homes: Proposals in the budget that would affect nursing homes include eliminating the trend factor for 2007; basing nursing home payment rates on the case mix of Medicaid residents only; eliminating the nursing home quality improvement grants; phasing out nursing home recruitment and retention add-ons over three years; continuing the phased rebasing of nursing home rates that began last year; expanding the number of managed long term care plans; eliminating Level I personal care services (i.e., housekeeping); and extending existing Medicaid cuts for nursing homes, set to expire in March, and permanently extending the 6% reimbursable assessment, set to expire on March 31, 2009.

Insurance: The Governor’s proposed budget would allow HIP to convert to a publicly traded entity, with 95% of the proceeds going to fund health care programs; freeze premiums for Medicaid managed care and Family Health Plus plans; increase Child Health Plus income eligibility from 250% of the Federal poverty guidelines to 450% as of September 1, 2007; simplify eligibility and recertification requirements for Medicaid to increase enrollment of more uninsured-but-eligible New Yorkers into Medicaid; and, as specified above, increase the covered lives tax by \$75 million statewide.

Medicaid Fraud and Abuse: The proposed budget calls for the submission of legislation to create a “Martin Act for health care” to combat fraud and to enact a State version of the Federal False Claims Act. In addition, funding would be provided for 100 new auditor positions within the Medicaid Inspector General’s Office. ■

Governor Announces Nominees for Department of Environmental Conservation and Office for the Aging

Governor Eliot Spitzer has announced his nominations for two more NYS Commissioners.

Assemblyman Alexander B. “Pete” Grannis, Chairman of the Assembly Insurance Committee, is nominated to be the next Commissioner of the Department of Environmental Conservation. GNYHA has worked

closely with Assemblyman Grannis over the years on a variety of insurance issues. He has always been a staunch advocate for health plan enrollees and for payer reform.

Michael J. Burgess is nominated to be the next Commissioner for the Office for the Aging. Mr. Burgess has served as Executive Director for the State Alliance for Retired

Americans since 2004 and prior to that was Executive Director of the Statewide Senior Action Council. Mr. Burgess worked for the Office for the Aging as a policy analyst from 1981 to 1982.

The Senate must confirm both nominations. Confirmation dates are still to be determined. ■

Proposed Federal Medicaid Regulation Garners Increased Attention; Public Hospitals Nationwide Would Suffer *continued from page 1*



William Alariste, New York City Council

Left to right: Councilwoman Helen Sears; Kevin Collins, Contract Administrator, Doctor's Council; Councilwoman Letitia James (behind Mr. Raske); GNYHA President Kenneth E. Raske; Frank Proscia, Executive Director, Doctor's Council; Gloria Thomas, President, Friends of Harlem Hospital (behind Rep. Rangel); and Rep. Charles Rangel at the January 27 press conference. Not pictured are HHC President Alan Aviles and City Council Speaker Christine Quinn.

services to Medicaid patients—which would withdraw support for the significant amount of care public hospitals provide for the uninsured—and would severely restrict intergovernmental transfers (IGTs) and the use of upper payment limits (UPLs), state financing mechanisms that have been previously approved by the Centers for Medicare & Medicaid Services (CMS).

HHC has estimated the impact of these cuts at roughly \$350 million, which reflects only the Federal share in the first year alone. According to HHC President Alan Aviles, “It seems contradictory for the Federal administration to profess a commitment to addressing the crisis of the uninsured in this country while at the same time proposing to strip

nearly \$4 billion from the nation's safety net public hospitals that provide comprehensive health care for millions of uninsured Americans.”

“For many of the uninsured in this nation, public hospitals . . . are the next best thing to true universal health care coverage.”

Mr. Aviles added that, while HHC “support[s] the goals of transforming the Medicaid program to be more efficient and expanding access to health care by making insurance coverage more affordable,” the City's public hospital system “cannot risk destabilizing public institutions that serve millions of people. The nation's existing health care safety

net—which here in New York City serves 1.3 million people and nearly 400,000 uninsured, and millions more across the country—should not be torn apart before we thoughtfully construct an alternative that provides essential health care access to *all*, including undocumented immigrants. . . . After all, for many of the uninsured in this nation, public hospitals—like those here in New York City—are the next best thing to true universal health-care coverage.”

NYS also released a statement, through a briefing paper issued to New York Congressional Delegation staff, that referenced additional cuts in excess of \$350 million affecting the Office of Mental Retardation and Developmental Disabilities.

“The regulation places 90,000 individuals with developmental disabilities at risk of losing day-to-day direct support and protective oversight,” the statement said. “Among other things, the rule would likely force a reduction in mental retardation staffing that provides vital support for the severely mentally disabled.” The State also referenced another \$70 million in Federal funding cuts to the Office of Mental Health as a result of the rule. “This loss of funding for mental health programs operated by state and county providers will prevent providers from delivering crucial support for persons with mental illness. These services have proven essential to keep these individuals out of more expensive emergency services, homeless shelters, correctional facilities and inpatient beds.”

GNYHA has lobbied Congress to block the regulation's implementation set for September 2007 and will continue to aggressively advocate for moratorium legislation. ■

At its Feb. 1 meeting, the State Hospital Review and Planning Council (SHRPC) approved, in some cases with conditions or

contingencies, these GNYHA member projects: **Orange Regional Medical Center**, close two existing campuses (with a total of 450 beds) and build a new hospital (with a total of 374 beds) in connection with a HEAL NY grant; **Good Samaritan Hospital of Suffern**, acquire an existing freestanding ambulatory surgery center (ASC) and relocate the center to the hospital's campus, to be operated as a hospital-based ASC; **Long Island Jewish Medical Center**, construct a seven-story parking garage with an adjacent parking lot; **Long Island Jewish Medical Center**, construct six new neonatal intensive care beds and seven new neonatal intermediate care beds, and expand and renovate space at **Schneider Children's Hospital** to house the 13 beds; **University Hospital of Brooklyn**, upgrade heating, ventilation, and air conditioning system; **H.E.L.P./Project Samaritan Services Corp.**, construct a diagnostic and treatment center to serve persons with HIV/AIDS; **Visiting Nurse Service of New York Home Care II**, purchase **Kingsbrook Jewish Medical Center's** home care business.

Long Island Hand Surgery Center: At a Public Health Council (PHC) meeting held on Jan. 19, 2007, the PHC discussed the Long Island Hand Surgery Center application to establish a physician-owned ASC in Huntington, Long Island. In 2004, SHRPC had voted to disapprove the certificate of need application and the PHC had voted to disapprove the application in 2005. The application has been the focus of much debate among the PHC and SHRPC members and had come up for vote and discussion at several prior PHC and SHRPC meetings. Huntington Hospital had opposed this application on the grounds that the physicians in question were currently performing surgical procedures at the hospital, that the hospital's operating rooms were not operating at capacity, and that establishment of this ASC would cause financial harm to the hospital. The applicant had requested a hearing before an administrative law judge, who ruled that the PHC should approve the application. However, after hearing testimony by both counsel to the PHC and the applicant, the PHC Establishment Committee did not have enough votes to make a recommendation on the application. Therefore, it will be reconsidered at the PHC Establishment Committee meeting on Feb. 14, 2007.

SPARCS Regulation: SHRPC also adopted a regulation that will require freestanding ambulatory surgery centers to report data to SPARCS. The regulation will become effective when a Notice of Adoption is published in the *State Register*.

New Appointments: Joel M. Zinberg, M.D., J.D., Oncologist/General Surgeon, Department of Surgery, Mount Sinai Hospital, and Russell W. Besette, M.D., Special Advisor to Senior Vice President/Vice President of Health Sciences, have been appointed to SHRPC. ■

UPCOMING GNYHA MEMBER BRIEFINGS

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 January 1, 2007. To register and obtain log-in information, contact Barbara Green at green@gnyha.org or Andrea Giotopoulos at agiotopoulos@gnyha.org.

New York State Budget

Date: Wednesday, February 14, 2007

Time: 9 a.m.–11:30 a.m.

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

At this briefing, members will be briefed by GNYHA and the Health Care Association of New York State on the provisions of the State fiscal year 2007–08 NYS budget proposal, its impact on the health care community, and GNYHA's advocacy strategy. For more information, contact David Rich, Pat Wang, or Elisabeth Wynn at GNYHA; to register, send an e-mail to Theresa Simon at simon@gnyha.org.

Increasing Surge Capacity for Treating Burn Patients

Date: Thursday, February 15, 2007

Time: 2:00 p.m.–4:00 p.m.

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

This meeting will cover projects being undertaken by the NYC Department of Health and Mental Hygiene, NewYork-Presbyterian Healthcare System, The Burn Center at NewYork-Presbyterian/Weill Cornell Medical Center, and Westchester Medical Center to develop models for increasing surge capacity for burn patients in the event of large-scale emergencies. Although this meeting relates to projects in NYS, GNYHA members located outside the State may also be interested in attending to learn about models being considered for treating large numbers of burn patients. For more information, contact Doris Varlese at varlese@gnyha.org, and to register, contact Laurie Sangirardi at sangirardi@gnyha.org. ■

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