



APRIL 16, 2007

Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

CMS Outlines Value-Based Purchasing Program

GNYHA's P4P Principles, Proposed to CMS, Are Reflected in Program

The Centers for Medicare & Medicaid Services (CMS) is developing a value-based purchasing (VBP) program—known generally as pay-for-performance (P4P)—that closely adheres to a set of P4P principles that GNYHA developed with its Outcomes Research Committee and P4P Steering Committee last year. CMS is devel-

oping the VBP program at the behest of Congress, which called for such a program in the Deficit Reduction Act of 2005. The program will commence in Federal fiscal year (FY) 2009, which begins on Oct. 1, 2008. GNYHA proposed its P4P principles to CMS in its comment letter on the FY 2007 proposed rule.

continued on page 3

GNYHA Program Trains 500 Quality Coaches in First Year

The GNYHA Quality Coach Fellowship (QCF) Program, a pay-for-performance (P4P) initiative, trained approximately 500 quality coaches from 20 GNYHA member hospitals in its first year. The quality coaches received training in quality measures and how hospital staff can improve performance on those measures. In other on-site training sessions, 330 additional staff members were trained to facilitate the hospital's use of the coaches. The program was developed with grant funding awarded to the GNYHA Foundation by the NYS Department of Health under its Health Workforce Retraining Initiative. GNYHA is offering the QCF Program at a time when hospital reporting of performance is being tied to changes in reimbursement (see story at top left).

The QCF program is designed to train management and labor in both clinical and nonclinical roles. The program seeks to draw a clear connection between the day-to-day activities of hospital staff and various quality measures by training designated staff to act as "quality coaches." Through learning about the critical role that each person can play in the process, staff are encouraged to lead, support, mentor, and inform other members of the health care team about ways to improve patient satisfaction and clinical outcomes.

continued on page 4

NYS DOH Appoints New Senior Staff

On Apr. 10, 2007, NYS Department of Health (DOH) Commissioner Richard Daines, M.D. announced new appointments and staff changes for his executive management team. The announcement appears to complete the Spitzer Administration's reorganization of DOH. Rather than having an Executive Deputy Commissioner—a position held during the Pataki Administration by Dennis Whalen, who is now the Governor's chief health care advisor—Dr. Daines has appointed a Chief of Staff, **Wendy Saunders**, who will assume many of the responsibilities of the former Executive Deputy Commissioner. In addition, the Department will have five Deputy Commissioners: **Deborah S. Bachrach**, Deputy Commissioner of the Office of Health Insurance Programs and State Medicaid Director; **Jim Clyne**, Deputy Commissioner for the Office of Health Systems Management; **Lori M. Evans**, Deputy Commissioner

for the new Office of Health Information Technology Transformation; **Mark Kissinger**, Deputy Commissioner of the new Office for Long-Term Care; and **Robert W. Reed**, Deputy Commissioner for Administration. Other appointments are **David V. Wollner**, DOH Ombudsman, and **Claudia Hutton**, Director of Public Affairs.

These officials will join DOH General Counsel Thomas Conway; Guthrie S. Birkhead, M.D., M.P.H., Director, Center for Community Health and the AIDS Institute; John Morley, M.D., Medical Director; Dale L. Morse, M.D., M.S., Director, Office of Science and Public Health; Ronald Tramontano, Director, Center for Environmental Health; and Lawrence S. Sturman, M.D., Ph.D., Director, the Wadsworth Center.

GNYHA has worked closely with many of these appointees in the past, looks forward to working with them all in their new capacities, and wishes them the very best. ■

GNYHA Awarded a Second Grant to Conduct Training in Root Cause Analysis

GNYHA has been awarded a grant from the NYS Health Workforce Retraining Initiative (HWRI) to conduct a second round of root cause analysis/failure mode and effect analysis (RCA/FMEA) training. Since the completion of its initial RCA/FMEA training, conducted in 2001 through 2003, GNYHA has received consistent and continuing requests from its members for additional training in this area.

The training utilizes a systems approach to preventing medical errors and provides health care workers with a fundamental understanding of why and how errors occur as well as the skills necessary to identify the root causes of error. The ultimate goal is to prevent such errors from recurring.

The RCA/FMEA project was one of five projects sponsored by the GNYHA Foundation that was funded under this round of the HWRI.

Tools for Patient Safety: RCA and FMEA are powerful performance improvement tools used in patient safety programs. RCA is used to identify the underlying cause of a medical error or adverse event and to formulate a comprehensive action plan to prevent its recurrence. The goal of the RCA is to learn from a medical error or serious patient occurrence as a means to perform process improvement and ultimately to improve facility operations and the patient safety system. FMEA is a proactive risk-assessment process used to design safer systems and processes by identifying the sources of potential problems before those problems occur. FMEA is best used on a high-risk process with the goal of redesigning the process to reduce the risk of failure.

Training and Related Materials: GNYHA's new training program, "Root Cause Analysis Training for Process Improvement," will provide introductory principles and techniques as well as a more advanced discussion for those who have some experience in conducting RCA and FMEA. The goals of the training program are to develop leaders among various staff positions within the health care organization who can do the following:

1. Lead the organization through an RCA in response to a medical error or a serious adverse patient occurrence that will ultimately result in a better understanding of why that specific error occurred.
2. Develop effective risk-reduction strategies that will prevent that type of error from occurring again in the future
3. Heighten awareness among health care workers in all disciplines of the nature of error in the health care environment, drawing attention to both the organizational and human factors that contribute to such errors and empowering health care workers to create a better environment for

patients by designing and creating safer patient care processes.

In addition to the new training program, GNYHA will be updating its RCA/FMEA resource guide, *Conducting Effective Root Cause Analysis and Failure Mode and Effect Analysis*, which it developed as part of its initial RCA/FMEA training program. The guide, which was widely disseminated, reinforces the content of the training and enables trainees to implement the RCA/FMEA processes at their facilities.

If you have any questions about the training program, please contact Lorraine Ryan at GNYHA. ■

CMS Clears Home Care Recruitment Funding

The NYS Department of Health (DOH) has confirmed that the Centers for Medicare & Medicaid Services (CMS) has approved a Medicaid State Plan Amendment that will allow the State to allocate \$100 million in Home Care Recruitment and Retention funding approved in last year's State budget to home care agencies in NYS. This funding was initially authorized in the final budget agreement for State fiscal year (SFY) 2006–07, following extensive advocacy by GNYHA's long term care affiliate, the Continuing Care Leadership Coalition (CCLC). The funding, which covers activities during the period April 1, 2006, through June 30, 2007, is designed to be used for the purposes

of recruitment, training, and retention of non-supervisory home care services workers or other home care personnel with direct patient care responsibilities. Funding is available to certified home health agencies, long term home health care programs, hospice programs, and managed long term care programs. CCLC will be working with DOH to encourage the prompt allocation of this vital funding. CCLC will also be working with DOH in support of the State's efforts to secure approval of a subsequent State plan amendment related to additional home care recruitment and retention funding approved in the just-finalized SFY 2007–08 budget prior to the end of June 2007. ■

UPCOMING GNYHA MEMBER BRIEFING

Federal Rules of Civil Procedure: Amendments Regarding E-Discovery

Date: Tuesday, April 24, 2007 • **Time:** 3:00 p.m.–5:00 p.m.

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

On Dec. 1, 2006, amendments to the Federal Rules of Civil Procedure containing many important obligations for attorneys and their clients regarding electronic discovery took effect. At this briefing, hosted by GNYHA, Steven R. Paradise and Jessica Mussallem of the law firm Vinson & Elkins LLP will outline the relevant rule changes and explain what they mean for companies and organizations in practical terms. Mr. Paradise is a partner in the firm and co-chair of its Electronic Discovery Task Force, of which Ms. Mussallem is a member. The session will build upon a related program hosted by GNYHA last year and will allow members to address the implementation of the new rules. Attendees will also be able to receive NYS Continuing Legal Education credit for their participation. For more information contact Deborah Brown at brown@gnyha.org, and to register contact Cynthia Araujo at araujo@gnyha.org. ■

GNYHA's Annual Meeting This Week—Last Chance to Register!

April 19, 2007 • Pierre Hotel • 61st Street and Fifth Avenue

This week is members' last chance to register for GNYHA's 2007 Annual Meeting, which will be held on the morning of April 19. In addition to the Annual Business Meeting and the President's Address, this year's program will feature a Keynote Address and two special sessions.

KEYNOTE ADDRESS. **Leslie V. Norwalk, Esq.**, Acting Administrator for the Centers for Medicare & Medicaid Services (CMS), will discuss the 2007 Federal health agenda, focusing specifically on Medicare and Medicaid reform and how strategic advocacy will play a strong role in the challenging year ahead.

THE VIEW FROM CAPITOL HILL (via satellite). This session will feature, via satellite, **Senator Charles E. Schumer**, member of the powerful U.S. Senate Finance Committee; **Congressman Charles B. Rangel**, Dean of the New York Congressional Delegation and Chairman of the House Ways and Means Committee; and **Congresswoman Nita M. Lowey**, a key member of the Health and Human Services Appropriations Subcommittee. They will discuss the 2007 Federal health agenda and the latest developments in Medicare and Medicaid policy.

HEALTH CARE QUALITY: LESSONS FROM INDUSTRY. **Steven Spear, D.B.A., M.S., M.S.**, Senior Lecturer at the Massachusetts Institute of Technology and Senior Fellow at the Institute for Healthcare Improvement, will discuss how members can create a competitive advantage by strengthening their internal operations and managing complex administrative processes for exceptional performance that leads to unmatched combinations of quality, safety, responsiveness, efficiency, and flexibility.

Registration brochures have been mailed to all GNYHA members. If you have not received a brochure, please contact Adriana Ramos at aramos@gnyha.org by April 18. ■

NYS DOH Changes Definition for Reporting Ambulatory Surgery to SPARCS

The NYS Department of Health (DOH) has sent a notice to all Article 28 facilities notifying them that, as of April 1, 2007, the definition for ambulatory surgery has been changed to reflect that many ambulatory surgical procedures are no longer performed in the main operating room of a hospital or freestanding ambulatory surgery center. Previously, the definition for ambulatory surgery was based on procedures occurring in an operating room on an anesthetized patient who had a stay of less than 24 hours. The new definition will be based on the American Medical Association Current Procedural Terminology (CPT) codes. All facilities licensed to perform ambulatory surgery services that are on the Ambulatory Surgery CPT annual list must report those services to the Statewide Planning and Research Cooperative System (known as SPARCS) starting with procedures performed on April 1, 2007. This change in definition will not affect Medicaid reimbursement at this time. ■

CMS Outlines Value-Based Purchasing Program *continued from page 1*

On Apr. 12, 2007, CMS hosted a listening session that described the programmatic and financing features of its VBP program. The program's key features are described below.

Financing: VBP will replace and will be financed the same way as the current Reporting Hospital Quality Data for the Annual Payment Update (RHQDAPU) program. Under the RHQDAPU program, 2% of the annual payment update is withheld if a hospital failed to submit valid clinical data in the prior reporting period. Under the VBP program, a certain portion of inpatient prospective payment system (IPPS) funding would be withheld if a hospital failed to achieve certain performance benchmarks or performance improvement standards. Unlike the RHQDAPU, the VBP withholding would not be all-or-nothing; rather, partial payment would be made for partial success.

Performance Measures and Scoring: The VBP performance measures will be the same ones reported on the CMS *Hospital Compare* Web site, which reports data on 21 process measures pertaining to four conditions: acute

myocardial infarction, heart failure, pneumonia, and surgical infection prevention. Later this year, patient satisfaction and risk-adjusted mortality data will be added. For each hospital, CMS will compute an overall score, which will be total points earned as a percent of the maximum potential points. Thus, the score will be between zero and 100%. Each score will correspond to a fraction of the IPPS payment that is at risk. CMS will compute each hospital's overall score as follows:

- For each measure, CMS will compute a benchmark performance level.
- Hospitals achieving the benchmark will receive 10 points.
- Other hospitals will receive the higher of partial points awarded for achieving a certain threshold below the benchmark or partial points awarded for improving over the prior year's performance.
- The points earned for each measure will be summed and that sum will be divided by the maximum potential points to compute each hospital's overall score.

If all hospitals achieved perfect scores, they

would all receive their full payment. If all hospitals did not achieve perfect scores, the funding not paid out would be pooled and distributed in a manner yet to be determined. CMS contemplates several alternatives, including rewards to the highest-scoring hospitals. GNYHA recommends that a portion of any pool be spent on initiatives—possibly sponsored by the Quality Improvement organizations—to improve performance in underperforming hospitals.

GNYHA Assistance to Members: In anticipation of the VBP Program, GNYHA has designed the Quality Coach Fellowship (QCF) program to assist hospitals with optimizing performance on the measures (see story on page 1). GNYHA is very pleased that the VBP program will encourage performance improvement among all hospitals and will encourage CMS to set benchmarks based on clinical criteria that all hospitals can achieve. ■

CMS Implementing Contingency Plan for Compliance With National Provider Identifier Regulations

The Centers for Medicare & Medicaid Services (CMS) has announced that it is implementing a contingency plan for covered entities, other than small health plans, that will not meet the deadline for compliance with the National Provider Identifier (NPI) regulations under the Health Insurance Portability and Accountability Act (HIPAA) of 1996. The final rule establishing the NPI as the standard unique health provider identifier for health care providers was published in 2004 and requires all covered entities to comply with its provisions by May 23, 2007, except for small health plans, which must comply by May 23, 2008. Under the final rule, covered entities are defined as health care providers and payers that use HIPAA electronic transactions to conduct business. The enforcement guidance clarifies that covered entities that have been making a good-faith effort to comply with the NPI provisions may, for up to 12 months, implement contingency plans that could include accepting legacy provider numbers on HIPAA transactions in order to maintain operations and cash flow.

The NPI is an identifier that covered entities will use to identify health care providers, eliminating the current need for multiple identifiers for the same provider. The NPI replaces all legacy identifiers that are currently being used, such as the Medicaid provider ID, the individual plan provider ID, the Unique Physician Identification Number (known as UPIN), and so forth, and will be required for use on health care claims and other HIPAA transactions.

CMS decided to announce this guidance on its enforcement approach after it became apparent that many covered entities would not be able to fully comply with the NPI standard by May 23, 2007. This guidance would protect covered entities from enforcement action if they continue to act in good faith to come into compliance and they develop and implement contingency plans to enable them and their trading partners to continue to move toward compliance. HHS recognizes that transactions often require the participation of two covered entities and that non-compliance by one covered entity may put

the second one in a difficult position.

The enforcement process is complaint-driven and will allow covered entities to demonstrate good-faith efforts and employ contingency plans. If a complaint is filed against a covered entity, CMS will evaluate the entity's "good-faith efforts" to comply with the standards and will not penalize covered entities that have used contingencies to ensure that payment continues to flow

smoothly. Each covered entity will determine the specifics of its contingency plan. Contingency plans may not extend beyond May 23, 2008, but entities may elect to end their contingency plans sooner. Medicare will announce its own contingency plan shortly.

Providers who have not yet obtained an NPI should visit the National Plan/Provider Enumeration System (NPPES) Web site at <http://nppes.cms.hhs.gov>. ■

NYS DOH Issues Cost Report Certification Requirements

The NYS Department of Health (DOH) recently issued the Independent Certified Public Accountant (CPA) certification requirements for hospitals for the 2005 Institutional Cost Reports. While hospitals were required to submit their 2005 cost reports in May 2006, because DOH and the CPA firms had not agreed upon a final certification process, the 2005 cost reports have not yet been certified and, there-

fore, have been unavailable for use in Medicaid rate-setting and other purposes. Hospitals will have until May 21, 2007, to submit their 2005 certified reports but may file a request for an extension with DOH. Certified 2006 cost reports are due 10 days later, on May 31. The certification process requirements had been the topic of discussion between DOH and a work group including public accounting and hospital representatives for several months. ■

GNYHA Program Trains 500 Quality Coaches in First Year

continued from page 1

The coaches are also encouraged to serve as a resource to hospital administration regarding specific quality issues and ways in which specific activities might be addressed to advance the quality agenda. According to the QCF program evaluations, hospital executives as well as ancillary staff at the participating facilities have been very impressed with the program, particularly the enthusi-

asm and sense of empowerment staff demonstrate after completing the training.

GNYHA is completing its scheduling of Year Two training and will be consulting with hospitals that have completed the training regarding next steps for using the trained staff. For more information, contact Julie Mathew at mathew@gnyha.org or Terri Straub at straub@gnyha.org. ■

AROUND

James G. Sheehan has been nominated to serve as NYS's Medicaid Inspector General. Mr. Sheehan is the Associate U.S. Attorney for Civil Programs in the Eastern District of Pennsylvania and a national leader in health care fraud litigation. • The NYS Department of Health (DOH) has announced the retirement of **Brian Wing**, who served as the Executive Deputy Commissioner at DOH during the transition from the Pataki Administration to the Spitzer Administration. Mr. Wing had served in State government positions for the past 30 years, including as the first Commissioner of the Office of Temporary and Disability Assistance, Commissioner of the Department of Social Services, and Director of the Office of Medicaid Management at DOH. ■