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Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

Senate Finance Committee Votes to Reauthorize State Children's Health Insurance Program

President Expected to Veto Measure That Would Provide Coverage to an Additional 3.3 Million Children

On July 19, by a vote of 17 to 4—including votes by six Republicans who voted along with all the Democrats—the U.S. Senate Finance Committee passed key legislation reauthorizing the State Children's Health Insurance Program (SCHIP), which is set to expire on September 30, 2007. While the Senate had originally approved a \$50 billion package in a budget resolution adopted earlier this year, the package that the Committee will send to the Senate floor before the August recess is estimated to cost about \$35 billion and is fully funded through a sizable increase to the Federal tobacco tax by 61 cents per pack.

Key Features: Key features of the Senate's bill

include extending health insurance coverage to an additional 3.3 million uninsured children. Specifically, children living in families with incomes lower than 300% of the Federal poverty level (FPL) would now be eligible to enroll. Previously, enrollment was limited to those children in families at less than 200% of the FPL. States such as New York that have already passed laws expanding the program beyond 300% (up to 400% of the FPL in NYS) will be grandfathered in and will be able to continue their expansions as planned with the enhanced SCHIP Federal match rate.

Under the Senate's carefully crafted bipartisan proposal, states will have the option to cover pregnant women, and those states cur-

rently covering childless adults will be required to move those individuals to Medicaid. The funding formula has also been changed to allow states the option of receiving funding based on projected expenditures, which will keep New York from facing serious shortfalls that had been expected next year and every year going forward under the old formula.

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Sixty-two Facilities Apply for Funding to Implement Recommendations of Berger Commission

According to the New York State Department of Health (DOH), 62 hospitals and nursing homes subject to recommendations by the Commission on Health Care Facilities in the 21st Century (the Berger Commission) have submitted applications for financial assistance to comply with and implement the recommendations. The 62 facilities have requested total funding of \$2.5 billion. Funding in the amount of \$550 million is currently available as part of the lat-

est round of funding under the Healthcare Efficiency and Affordability Law of New York (HEAL NY) as well as funding provided under the Federal-State Health Reform Partnership (F-SHRP). DOH anticipates announcing all awards before the end of September.

DOH is planning to offer additional HEAL NY funding later this year to address community service needs, including women's health care, primary health care, and other outpatient services. ■

NYS COGME Announces Formation of Five Workgroups as Follow-up to Health Commissioner's Remarks

The New York State Council on Graduate Medical Education (COGME) has announced the formation of five workgroups that will make recommendations to the New York State Department of Health regarding GME policy priorities and potential items to be included in next year's State budget. The

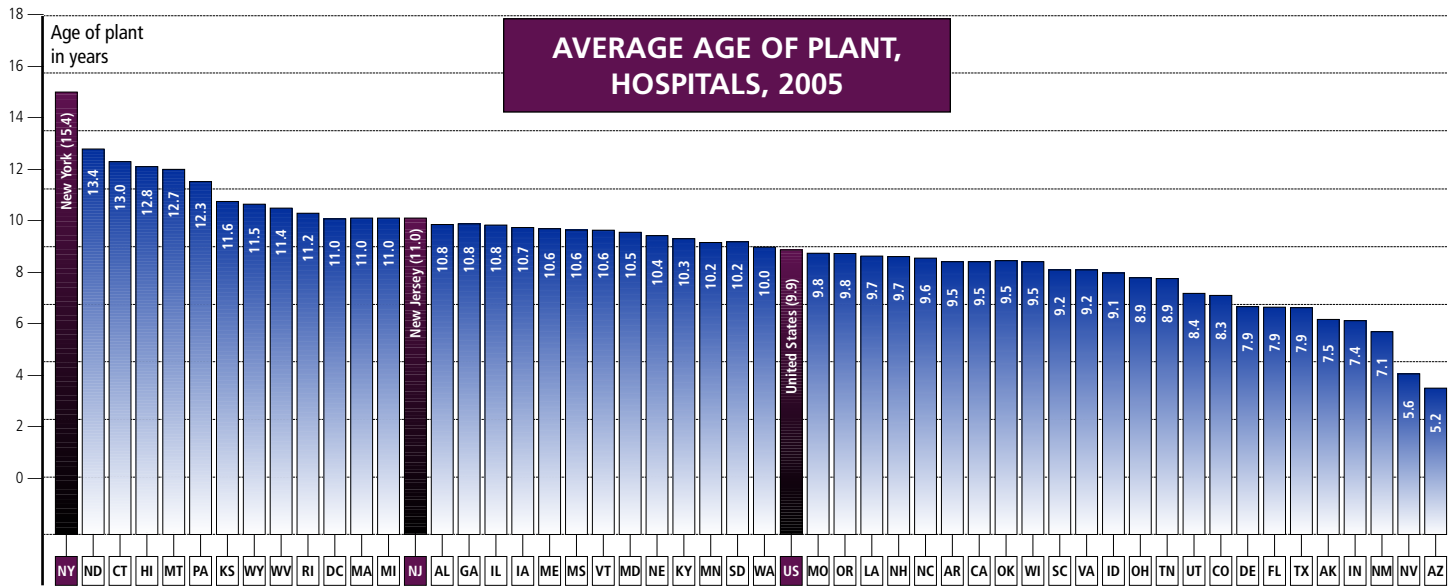
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New York's Hospitals Reflect Oldest "Age of Plant" in the Nation

In 2005, New York hospitals had a collective "age of plant" of 15.4 years—the oldest in the United States, according to an analysis by Ingenix of Medicare cost-report data. As shown in the graph below, the national average age of plant was only 9.9 years. New York's hospitals have also

aged at a faster rate than the national average. While the national average age of plant increased from 9.7 years in 2001 to 9.9 years in 2005, an increase of 2%, New York's age of plant increased from 12.1 years in 2001 to 15.4 years in 2005, an increase of 27%. New York's old age of plant is a reflection of

its inability to finance capital improvements with equity instead of debt, which, in turn is a reflection of poor profitability. Ingenix also reported that New York hospitals have the lowest equity financing ratio in the nation and among the worst collective total margins. ■



Source: Medicare Cost Reports, as compiled by Ingenix in the 2007 Almanac of Hospital Financial and Operating Indicators.

IRS Issues Interim Report on Hospital Community Benefits

On July 19, the Internal Revenue Service (IRS) issued an interim report on its Hospital Compliance Project, its ongoing effort to study the practices of nonprofit hospitals and their community benefits. The IRS hopes through the Project to better understand how hospitals report and attempt to meet the community benefit standard, which must be met in order to qualify as tax-exempt charities under section 501(c)(3) of the Federal tax code. The interim report summarizes data received by the IRS in response to a compliance questionnaire sent to approximately 500 hospitals in 2006. The questionnaire's 81 questions covered hospital type, patient demographics, governance, medical staff privileges, billing and collection practices, and types of programs that might constitute a community benefit, such as uncompensated care, medical education and training, medical research, and other community programs.

Some preliminary findings were that

uncompensated care accounted for 56% of the total community benefit expenditures reported by responding hospitals, with the remainder including medical education and training (23%), research (15%), and community programs (6%). However, as the interim report points out, the questionnaire did not provide a definition of uncompensated care for hospitals to use, so there was considerable variation among hospitals in the types of expenditures included in the uncompensated care category, making true comparisons among hospitals difficult.

According to the IRS, the next step for the Project is to analyze the data summarized in the report to better understand differing definitions of uncompensated care—including the extent to which some hospitals counted bad debt and funding shortfalls from Medicare and Medicaid in the uncompensated care definition—and to determine the extent to which these differences may be isolated and adjusted "to allow more meaningful

comparisons across the respondents." The Project will also conduct additional research on community benefit differences among hospitals based on varying demographics and location (urban versus rural), and will follow up with individual hospitals to further examine answers to the questionnaire and to check on hospitals whose data made them outliers compared with respondents overall.

In the meantime, the IRS continues to work with hospitals to refine the new proposed Schedule H that it is proposing as part of its reform of Form 990, which tax-exempt entities must submit annually to the IRS. The IRS used questionnaire responses outlined in the interim report when it designed the proposed Schedule H, which was released on June 14, 2007. The proposed Schedule H, designed just for hospitals, would require reporting charity care and other community benefits provided, as well as a hospital's charity care policies, revenue profile, bad debt expense, collection practices, and other activities. ■

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Partnership for Quality Care Calls for Expansion of SCHIP

As reported in *The New York Times* on July 19, the Partnership for Quality Care (PQC)—a national health care labor/management partnership, of which GNYHA is a founding member—launched a television ad campaign calling for an expansion of the State Children's Health Insurance Program that would be funded by increasing the Federal tax on cigarettes.

The ad shows a montage of children, parents, and health care providers explaining that an increased tobacco tax will not only help SCHIP cover more uninsured children, but will also decrease smoking—especially among children. Viewers are directed to a Web site, www.CoverKidsNow.org, where they can contact their elected representatives and advocate for an expansion of SCHIP and a tobacco tax increase.

The PQC was created to advocate for reforms to ensure guaranteed and affordable access to health care of the highest quality. Since its launch in May 2007, it has focused on the reauthorization and expansion of SCHIP to cover millions more uninsured children. SCHIP helps finance New York's Child Health Plus program and, in many states, it is being used as a key tool to expand coverage for the uninsured.



The White House has objected to the sizable expansion of the program and has threatened to veto the measure since it is significantly above the President's budgeted request of \$5 billion. Conservative Republicans have similarly expressed their concerns, viewing the program's expansion as a harbinger of

universal health coverage.

The six Republicans who voted for the bill included its co-sponsors—Senate Finance ranking member Charles Grassley (IA) and Senators Olympia Snow (ME), Orrin Hatch (UT), and Gordon Smith (OR)—along with Senators Pat Roberts (KS) and Mike Crapo

(ID). The July 19 *CongressDaily* reported that Senate Finance Committee Chairman Max Baucus said that many Republicans who favor the program will "vote their own conscience."

House Activity: House of Representatives committees are expected to take up their SCHIP legislation this week, which will also contain key Medicare and Medicaid provisions, including an effort to prevent the 10% cut in Medicare payments that physicians are facing come January 1, 2008. Since the House package is expected to total nearly \$100 billion, hospitals remain at risk for payment reductions to help offset the cost of the proposal due to Congress's "pay-go" rules. These rules require that any new spending must be paid for through cuts to entitlement programs or increases in tax revenue.

GNYHA's Response: GNYHA will continue to aggressively urge lawmakers to protect critical payments to hospitals, to address issues facing inpatient rehabilitation facilities (in the form of the "75% rule"), and to extend a wage index reclassification program created under the Medicare Modernization Act known as Section 508. GNYHA has also been advocating for a one-year extension of the Medicaid moratorium that protects public and teaching hospitals from devastating regulations already issued by the Administration. ■

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John Gupta has been named Chief Executive Officer of St. John's Episcopal Hospital, South Shore. He succeeds **Luis A. Hernandez**, who will continue to oversee the activities of St. John's Episcopal Hospital and will be working on other business opportunities to increase the effectiveness of Episcopal Health Services. Mr. Gupta, who will report to Mr. Hernandez, has served as Vice President and Chief Operating Officer of the Mount Sinai Hospital of Queens since 2000. Prior to that, he was a Senior Consultant at KPMG, LLP, where he provided financial and operational strategic business services to major health care provider institutions throughout the Northeast, assisted in hospital operations assessments and re-engineering projects, and led and served on due diligence assistance projects for major academic medical centers. From 1995 to 1998, he served as Director of Operations and Finance at NewYork-Presbyterian Hospital Children's Hospital of New York.

• The board of directors of The New York Eye and Ear Infirmary has appointed **D. McWilliams Kessler** as its new President and Chief Executive Officer, effective July 16, 2007. He succeeds Joseph P. Corcoran, who recently retired after serving as President and Chief Executive Officer for 13 years. Most recently, from 2002–06, Mr. Kessler was President and Chief Executive Officer of the NJ-based Henry H. Kessler Foundation, a \$260-million public charity devoted to improving the lives of people with disabilities. From 1985–02, he was the Executive Director of the Wills Eye Hospital in Philadelphia. From 1981–85, he was Associate Executive Director and Chief Operating Officer at Wills, and served as an Associate Administrator at Mercy Catholic Medical Center in Philadelphia from 1977–81. ■

Upcoming GNYHA Member Briefing

Visual Dx[®]

Dates: Tuesday, July 24, 2007, 10:30 a.m.–11:30 a.m.; Wednesday, September 12, 2007, 2:00 p.m.–3:00 p.m.

Location: Web-based Demonstration

GNYHA Services, Inc. recently announced a new group purchasing agreement with Logical Images, Inc., which offers VisualDx[®], a Web-based searchable database that provides instant access to nearly 15,000 images of visual symptoms for more than 800 visually identifiable diseases, drug reactions, and infections, for fast and accurate diagnosis and treatment by emergency department, primary care, and other clinicians. The demo will show VisualDx[®]'s ability to match the way a physician thinks about symptoms and diagnoses and to show how diseases might look at different stages and across populations. Clinicians simply enter symptoms and other clinical findings, and the system displays photos, illustrations, and key clinical information on all relevant diagnoses. For more information or to register, contact Barbara Green (212-259-0720; green@gnyha.org) or Justin Muschong (212-258-5304; jmuschong@gnyha.org), at GNYHA. ■

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formation of these workgroups follows a speech that NYS Commissioner of Health Richard Daines, M.D. made to COGME, in which he identified specific areas of concern for the State as it reviews the methodology by which GME is financed. The five workgroups are tasked with the following activities.

Transparency and Accountability of GME Workgroup: Has been asked to review what costs are being supported by GME payments, whether those costs are appropriate for GME funding, and how New York's reimbursement system compares with other states.

Physician Supply Workgroup: Is reviewing the future physician needs of New York and the country and reviewing whether specific incentives can be developed to influence specialty choice or choice of practice setting.

Quality of GME Workgroup: Will be looking at different metrics that might be used to identify varying levels of quality among training programs and teaching institutions.

Cultural Competence Workgroup: Will be looking at how cultural and linguistic competence might be improved for residents training in the State's GME programs.

Biomedical Research Workgroup: Will be discussing whether any correlation between GME funding and biomedical research should be expected.

The workgroups comprise COGME members and expert consultants. GNYHA staff has been asked to act as a consultant to the Transparency and Accountability of GME Workgroup and the Quality of GME Workgroup.

The workgroups are reporting on their progress at the COGME Plenary Session on July 23, 2007. They are expected to produce written reports to the NYS Department of Health regarding their topics—and include recommendations for specific State budget items—by September. ■

Legislative Digest

On July 16, the NYS Senate returned to Albany for a special session. Following is an update on the status of various health-related bills.

Nurse Mandatory Overtime: The Senate did not act on the nurse mandatory overtime legislation (A.1898-B/S.6342) sponsored by Assembly Member Eileen Gunther (D-Monticello) and Senator Thomas Morahan (R-Rockland County), which passed the Assembly in June. GNYHA opposes the bill, which, it believes, does not do enough to permit health care providers to require nurses to remain past their regularly scheduled shifts when warranted by an emergency event. GNYHA and the Healthcare Association of New York State will continue to work with the Senate to reach a compromise with the unions that represent nurses in New York State. • **Financing Continuing Care Retirement Projects:** The Senate passed A.9238, sponsored by Assembly Member Sam Hoyt (D-Buffalo). The bill extends for seven months, until January 31, 2008, the authority of Industrial Development Agencies (IDAs) to finance civic facilities and continuing care retirement projects, which offer several housing options for retired individuals. • **September 11 Workers Compensation:** The Senate overrode Governor Spitzer's veto of S.3070/A.4364, sponsored by Senator George Maziarz (R-Buffalo) and Assembly Member Susan John (D-Rochester). The bill amends the workers compensation law to provide for compensation for death or disability due to an accident or disablement resulting from an injury that occurred as a result of rescue activity by an employee of a voluntary hospital related to the terrorist attacks of September 11, 2001. ■

TRIBUTE TO RECENT RETIREES

Two individuals who have served in GNYHA member hospitals and have contributed to the health care of all New Yorkers have retired.

Joseph P. Corcoran, President and Chief Executive Officer of The New York Eye and Ear Infirmary (NYEE) since 1994, retired on July 13, 2007, after a distinguished career in hospital administration in New York City. Prior to joining NYEE, he held senior administrative positions at St. Vincent's Hospital and Medical Center and Columbia-Presbyterian Medical Center. During his tenure at NYEE, Mr. Corcoran was responsible for the expansion of the region's largest dedicated Retina Center, the creation of the soon-to-be opened Ear Institute, and the merger as a member hospital of Continuum Health Partners, Inc. Under Mr. Corcoran's leadership, NYEE also further enhanced its reputation as one of the world's leading specialty hospitals with expanded clinical research, teaching programs, and educational facilities.

"I am proud to have been part of The New York Eye and Ear Infirmary during pivotal points in its long history and health care in general," Mr. Corcoran said upon his retirement. "The future of the Infirmary is bright, and it is in the hands of outstanding administration, medical and support staff."

Harold P. Hogstrom recently retired as the Executive Vice President and Chief Financial Officer of Hackensack University Medical Center (HUMC), which he joined in 2001. Prior to joining HUMC, Mr. Hogstrom was Senior Vice President of NewYork-Presbyterian Medical Center, from 1993 to 2001. He also served at Long Island Jewish Medical Center and New York Hospital as Chief Financial Officer, and at St. Luke's-Roosevelt Hospital as Controller. Under his financial leadership, HUMC's cash reserves increased significantly, days for accounts receivable were reduced by nearly half, and there were double-digit gains from operations in every year. Mr. Hogstrom also bears the distinction of seeing the institution through two hospital mergers.

Of his years in health care, Mr. Hogstrom, who began his career as an accountant, said, "I went into health care because it's an industry that serves people and is good for your soul and your heart. I spent my whole career in health care and I loved every minute of it. I'm going to miss the people."

GNYHA is extremely proud to have worked with both of these dedicated individuals and wishes them all the best in the years ahead. ■