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Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

New Medicare Severity DRG System Poses Management Challenges

GNYHA to Host Briefing and Training Sessions—Free to Members

On August 1, the Centers for Medicare & Medicaid Services (CMS) released its final Medicare inpatient rule. Among other things, as of October 1, 2007, CMS will begin replacing its current system of 538 diagnosis-related groups (DRGs) with 745 new DRGs known as Medicare Severity DRGs, or MS-DRGs.

Along with the expanded list of DRGs comes a wholesale revision of the list of comorbidities and complications (CCs) that dictate which DRG applies to a particular patient's care and, consequently, whether the hospital is paid accurately for that care. Many DRGs have lower or higher levels of reimbursement depending on

whether a patient has a CC. To ensure appropriate payment under the MS-DRG system, it is vitally important for hospitals to educate physicians, medical records coders, and others about the changes to the CC list. In addition, the new DRG system will require different and more precise cod-

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GNYHA Testifies at Federal/State Malpractice Hearing

On August 15, GNYHA testified at a field hearing spearheaded by Congressman Edolphus Towns (D-Brooklyn) at Brooklyn Borough Hall on the escalating cost of medical malpractice insurance. Several elected officials from the New York State Legislature joined Representative Towns as part of the panel for the "Joint Federal State Investigation into the Access and Equality of New York State Medical Malpractice," including Assemblywoman Annette Robinson (D-Brooklyn), Senator Carl Kruger (D-Brooklyn), Senator Martin Golden (R-C-Brooklyn), and Senator John Sampson (D-Brooklyn). The purpose of the hearing was to examine the reasons for the high cost of malpractice insurance in New York State and the resulting impact on access to health care services for Brooklyn patients.

In addition to hearing testimony from

GNYHA, the panel heard testimony from Susan Donnellan, Deputy Superintendent for Policy for the State Insurance Department; Lisa Eng, M.D. on behalf of the Medical Society of the State of New York; and Edward Amsler, Vice President of the Medical Liabili-

ty Mutual Insurance Company. Several GNYHA members also testified at the hearing, including David Rosen, President and Chief Executive Officer of Jamaica Hospital Medical Center, the Brookdale University

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Governor Spitzer Signs Bills to Regulate Office-based Surgeries, Permit For-Profit Dialysis Providers to Offer ESRD Services

New York Governor Eliot Spitzer recently signed legislation to require State regulatory oversight for invasive procedures performed in physicians' offices and to permit dialysis companies that are owned by other business entities to provide end-stage renal dialysis (ESRD) services

in New York State.

The office-based surgery legislation requires that office-based surgery be performed by physicians in settings that have been accredited by an entity approved by the New York State Department of Health

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GNYHA REFORM ACTIVITIES

Helping Members Help Themselves

Beginning with this issue, *Skyline News* will feature a series of articles on activities that GNYHA is conducting to help its members address the many challenges facing the health care community today and going forward. The series begins with a look at Linxus, a GNYHA-managed consortium of health care providers and health plans that is committed to bringing standardized electronic information exchange to the health care community.

LINUX PROVIDERS AND HEALTH PLANS PLEDGE TO COLLABORATE ON ELECTRONIC INFORMATION EXCHANGE STANDARDS

Consortium Aims to Simplify Reimbursement Process, Reduce Administrative Costs

Health plan and provider organizations participating in Linxus, a voluntary standards-setting consortium managed by GNYHA, announced recently that they have each signed a unanimous pledge to adopt single technology standards that will simplify reimbursement processes and make claims payment administration less costly. Linxus is a collaborative, consensus-driven organization of hospitals, physician groups, and commercial and government payers that is committed to increasing the standardization and use of electronic transactions and lowering health care administrative costs.

Working Together to Help Members: In their recent agreement, the health plans participating in Linxus made a commitment to be more consistent and specific in their electronic responses to providers using the transaction code sets provided under the Health Insurance Portability and Accountability Act (HIPAA). Providers agreed to support technology changes that will route electronic claim status, remittance, and eligibility responses specified by Linxus directly to appropriate staff, who will then be able to take action based on the data.

Together, these shared commitments are expected to translate into fewer phone calls to check payment status and research payment denials, as well as give providers increased capability to automate the processing of routine claim payments.

Linxus health plan participants also pledged to establish free, over-the-Internet, direct connectivity methods for system-to-system electronic information exchange. Linxus expects this shared commitment to create further incentive for providers to increase the volume of their electronic communications because the Internet provides a lower-cost way to achieve connectivity than those offered currently by clearinghouses, which may charge fees to exchange information electronically over private "toll roads."

Linxus's provider participants consist of Montefiore Medical Center, Montefiore Faculty Practice, NYU Medical Center, NYU Faculty Group Practice, NewYork-Presbyterian Health System, Columbia University Practice Plan, Weill Cornell Physician Organization, Memorial Sloan Kettering Cancer Center, Memorial Sloan Kettering Practice Plan, North Shore-LIJ Health System, Continuum Health Partners, and The Mount Sinai Hospital. Health plan participants are WellPoint (Empire Blue Cross Blue Shield), Aetna, GHI, HIP, and Oxford Health Plans (a UnitedHealth Company). New York State Medicaid is an *ex officio* Linxus member. □

CMS Releases SNF PPS Final Rule for 2008

On August 1, 2007, the Centers for Medicare & Medicaid Services (CMS) announced its final rule updating the prospective payment system (PPS) for skilled nursing facilities (SNFs) for fiscal year (FY) 2008. The updated rates provide for full market-basket adjustments of 3.3%, which are projected to increase annual

Medicare payments by \$690 million nationally. Members should note that this increase could be reduced or eliminated by Congressional action, and that legislation currently under consideration (H.R. 3162) contains a proposed freeze in Medicare payments for nursing homes and home health agencies.

The PPS also revises and rebases the

components of the market basket. Such revisions will include updated costs and more appropriate price proxies. The market basket, which currently reflects data from FY 1997, will be rebased to reflect data from 2004. Further, CMS is raising the threshold for triggering a forecast error adjustment under the SNF PPS from the current 0.25 percentage point to 0.5 percentage point, effective FY 2008. ■

Massachusetts Study Highlights Need for More Physicians and Malpractice Reform

A study released recently by the Massachusetts Medical Society highlights the workforce challenges to policymakers who seek to expand health insurance coverage. The *2007 Physician Workforce Study*, which focused on issues concerning Massachusetts' physician workforce as the State seeks to implement universal health insurance coverage, found that the average wait time among internists accepting new patients is up to 52 days compared with 33 days just a year before, and the average wait time for new patient

appointments for OB/GYNs has increased to 46 days from 34 days last year.

In terms of physician recruitment, 70% of the medical directors responded that the average amount of time needed to recruit a physician had increased over the last several years and one-third of the medical directors reported that they needed to alter services as a result of physician supply problems. When the study examined the effects on specific specialties, it found that the specialties of neurosurgery, anesthesiology, cardiology, and gastroenterology have been consistently facing critical or severe labor mar-

ket conditions over the past six years.

With regard to concerns about the cost of malpractice insurance, the study found that physicians practicing in five specific specialties—OB/GYN, neurology, urology, general surgery, and orthopaedic surgery—indicated that high professional liability rates are pushing them to contemplate a career change. Significantly, these are the same physician groups that reported they are dissatisfied with the practice environment in Massachusetts and are currently contemplating a career move outside of Massachusetts.

For the full study, visit www.massmed.org. ■

ing than can be anticipated in advance, which will increase case-mix indices above anticipated levels and result in temporary overpayments. As a result, CMS made a

Upcoming GNYHA Member Briefings

Fall 2007 Webinar Series

Dates: September 12–December 6, 2007

Time: Various

GNYHA Services, Inc. recently announced a “Webinar Series” designed to provide information about group purchasing agreements it has with suppliers encompassing an array of specialized areas, along with services offered by selected businesses owned in whole or in part by GNYHA Ventures, Inc. The scheduled series of 26 “webinars” (Web-based presentations) will begin on September 12, 2007, and conclude on December 6, 2007. For a detailed calendar of webinar dates, descriptions of suppliers, what their presentations will cover, and a registration form, go to www.gnyhaservices.com/webinars. To obtain more information, contact Barbara A. Green (212-259-0720; green@gnyha.org) or Justin Muschong (212-258-5304; jmuschong@gnyha.org) at GNYHA.

What to Do When the Government Knocks on Your Door

Date: Tuesday, September 18, 2007

Time: 2:00 p.m.–4:00 p.m.

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

This briefing will feature a panel of health care regulatory and defense attorneys to discuss steps that health care facilities should take in the event of a government inquiry or investigation. It will focus on the necessary elements of effective internal investigations and appropriate responses to government requests, among other topics. Attendees will be presented with a hypothetical fact pattern similar to a situation that may confront health care providers before, during, and after a government investigation. David E. Matyas and Beth Essig of Epstein Becker & Green, and Amy E. Millard and Thomas C. Rotko of Clayman & Rosenberg will respond to the hypothetical situation in a panel format and will seek comments and questions from the audience. GNYHA members are encouraged to raise issues for inclusion in the fact pattern in advance of the briefing. Please e-mail your suggestions to Deborah Brown (brown@gnyha.org) at GNYHA. To register, contact Asali Daniel (adaniel@gnyha.org) at GNYHA. ■

prospective cut to DRG payments of 1.2% for the coming year to avoid those overpayments. This lends more urgency to the need to master the new DRG system and revised CC list.

Assistance for Members: GNYHA is sponsoring two sets of activities for its members, at no charge, to help them understand the practical implications of CMS’s changes. First, GNYHA is sponsoring a briefing on the changes with a focus on implications for staff productivity and the accuracy of Medicare reimbursement. Coding is expected to take a significantly longer amount of time because it will be necessary to capture more detailed codes in order to identify CCs that add to the cost and reimbursement of patient care. In addition, coders will have to abstract the “present on admission” (POA) indicator, which will require them to read progress notes written by physicians in order to determine whether a condition was present on admission or acquired as a result of complications that arose during the course of treatment. The briefing will cover MS-DRGs,

significant secondary diagnoses (complications/cormorbidities), two-tiered system (major CCs, or MCCs) and regular CCs, and conditions present on admission. The briefing will be held three times and will be conducted by Precyse Solutions through “webinars”—computer-enabled sessions—as follows:

Session 1: Wednesday, August 22, 1:00 p.m.

Session 2: Thursday, August 23, 10:00 a.m.

Session 3: September (date and time to be announced)

GNYHA recommends this briefing for members’ finance, business office, and medical records staff.

In addition to the policy briefing, GNYHA will sponsor coding training sessions on September 10 and 11 that will focus specifically on medical records coding changes. These sessions will consist of four half-day segments that will be repeated in order to permit the maximum number of coders to attend.

For more information, contact Stewart Presser, and to register, contact Anita Wall, both at GNYHA. ■

Governor Spitzer Signs Bills to Regulate Office-based Surgeries, Permit For-Profit Providers to Offer ESRD *continued from page 1*

(DOH). The new law also requires that physicians report to the State adverse outcomes from office-based surgery, including patient deaths and unplanned hospital admissions, within one business day.

GNYHA had strongly urged the New York State Legislature to enact this legislation in order to ensure patient safety. GNYHA believes that minimum safety standards will ensure a higher degree of patient safety for procedures performed in private physicians’ offices. The adverse events reporting provisions of the bill become effective on January 14, 2008, although provisions regarding accreditation will not take effect until July 14, 2009.

The second law permits diagnostic and treatment centers established exclusively to provide ESRD services to be operated by corporations formed under New York State laws whose stockholders or members may include

corporations. In effect, this would allow publicly traded corporations to own and operate these treatment centers. The operators must demonstrate to the New York State Public Health Council “sufficient experience and expertise in delivering high quality end stage renal disease care.” The legislation provides that the New York State Public Health Council may promulgate rules and regulations to address issues related to the establishment and operation of dialysis centers established under the legislation. Currently, such corporations do provide dialysis services in New York State. However, they must contract with a hospital to do so, by means of an arrangement termed “representative governance.” The legislation, which will require those operators to be directly accountable to DOH instead of being required to contract with a hospital, will become effective on January 14, 2008. ■

GNYHA's Gap Program Enrolls Nurses for Second Season

On Sept. 5, 2007, GNYHA will launch the second season of *Bridging the Gap: Linking Clinical Practice to Academia*—known as the “Gap Program.” The Gap Program is conducted in two phases: Phase One, Nurse Preceptor/Clinical Faculty Development; and Phase Two, a Nursing Student Residency Match, which is designed as a follow-up to Phase One.

Program Goals and Progress: The Gap Program is GNYHA's innovative response to the need to improve the quality and delivery of nursing care by creating a model to modernize nursing education practices. Its goals are to increase the number of experienced and knowledgeable clinical faculty and to develop better nursing recruitment practices to improve the long-term retention of nursing staff at GNYHA member hospitals.

The program began last spring with Phase One, when 33 experienced nurses completed 12 weeks of education and skills-building and are now positioned to become adjunct faculty at nursing schools and preceptors to nursing students. Several of the Phase One Gap graduates have also secured faculty positions at Adelphi University and Lehman College, which have taken the lead among the area

nursing schools to partner with hospitals to strengthen nursing education. During Phase Two, individual nursing students will be matched to each participating hospital and will rotate for two years through the units represented by the Gap nurse preceptors who were trained last spring.

Second Season: The second season of the Gap Program begins this fall. A new class of 23 nurses representing the eight hospitals that

participated last spring have registered for Phase One. The participating hospitals are Beth Israel Medical Center, St. Luke's-Roosevelt Hospital Center, Jacobi Medical Center, Mount Sinai Hospital Queens, Long Beach Medical Center, Lenox Hill Hospital, NewYork-Presbyterian Hospital, and Long Island Jewish Medical Center.

For more information, contact Terri Straub or Zeynep Sumer at GNYHA. ■

GNYHA Testifies at Federal/State Malpractice Hearing

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Hospital and Medical Center, and Flushing Hospital Medical Center; Claudia Caine, Chief Operating Officer of Lutheran Medical Center, and Vincent Calamia, M.D., Administrator and Chief Operating Officer of Victory Memorial Hospital.

GNYHA's testimony reviewed the severe financial pressure hospitals are facing as a result of ever-increasing medical malpractice costs. Continued hefty increases are especially difficult for New York hospitals after many years of losses. According to GNYHA estimates, New York hospitals now collectively

spend more than \$1.3 billion annually on medical malpractice insurance premiums, up from \$800 million in 2000.

At the hearing, GNYHA also reviewed the numerous activities undertaken by member hospitals to improve the quality of patient care and reduce medical errors. GNYHA also encouraged the State Legislature to address the issue through long overdue reforms and cited specific legislative proposals advanced at the State level by various legislators as well as its own proposal. For a detailed description of those proposed reforms, see this week's issue of *Health Care News In-Depth*. ■

Public Hearings to be Held in NYS on Health System Reform, Universal Health Care Coverage

The NYS Departments of Health (DOH) and Insurance (SID) will hold a series of public hearings this fall on reforming New York's health care system, increasing access to health insurance coverage, and developing a plan for universal health care coverage in the State. Both departments are seeking input from the general public, health care stakeholders, academics, other health care experts, and legislators.

Among the topics to be explored at the hearings are increases in insurance coverage, improvement in the quality and efficiency of the State's health care delivery system, how to improve quality and control the costs of health insurance and health care, how to distribute the cost of health insurance fairly, and how to improve the State's economy and the competitiveness of its businesses.

Specific, detailed questions posed to those who might testify are available on the State's “Partnership for Coverage” Web site at www.partnership4coverage.ny.gov/hearings/notice.htm. Testimony can also cover any additional information that a speaker believes is useful.

GNYHA will testify at the NYC hearing.

Pre-registration: Anyone who wishes to attend a hearing must pre-register by contacting either Ms. Cindy Esterby, Office of Health Insurance Programs, NYS Department of Health, Corning Tower Building, Room 1483, Empire State Plaza, Albany, NY 12237, (518) 474-5737; or Ms. Deborah Greer, NYS Insurance Department, One Commerce Plaza, Albany, NY 12257, (518) 474-4567. ■

Increasing Access to Health Insurance Coverage and Moving Toward Universal Health Care Coverage in NYS		
SCHEDULE FOR PUBLIC HEARINGS		
September 5, 2007 10 a.m.–5 p.m.	Glens Falls Civic Center	Heritage Hall, Glens Falls, NY
October 3, 2007 10 a.m.–5 p.m.	Erie County Community College	Auditorium, Post Building, City Campus 121 Ellicott Street, Buffalo, NY
October 30, 2007 10 a.m.–5 p.m.	Fordham University	Lowenstein Building, 12th Floor Lounge 113 West 60th Street, New York, NY
November 13, 2007 10 a.m.–5 p.m.	Onondaga Community College	Storer Auditorium Syracuse, NY
December 5, 2007 10 a.m.–5 p.m.	SUNY College at Old Westbury	Recital Hall, Campus Center Old Westbury, NY