



OCTOBER 1, 2007

# Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

## Congress Passes SCHIP Bill and Approves Measure to Reduce Hospital Cuts, Delay Prescription Drug Requirement

Critical legislation moved through Congress last week as Federal fiscal year 2007 ended. Without Congressional intervention, essential programs like the State Children's Health Insurance Program (SCHIP) would have expired on Sept. 30. Congress also took action on regulations

that were scheduled to go into effect starting Oct. 1, including reducing hospital cuts that were part of the final inpatient prospective payment system (IPPS) rule and delaying a tamper-resistant prescription requirement that would affect institutions that print prescriptions from electronic medical records.

**SCHIP:** After weeks of negotiations on how to structure the size, determine the eligibility categories, and pay for a compromise bill reauthorizing SCHIP, the U.S. House of Representatives passed a compromise measure on Sept. 25. The House passed the measure by a

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## GNYHA Chair Meets With HHS Secretary

On Sept. 26, Gary S. Horan, GNYHA Chair and President & Chief Executive Officer of Trinitas Hospital, met with the Secretary of the U.S. Department of Health and Human Services (HHS), Michael O. Leavitt. The occasion was a breakfast seminar hosted by the Gateway Regional Chamber of Commerce at the Newark Airport Hilton in Elizabeth, New Jersey, at which Secretary Leavitt gave a major health care policy



HHS Secretary Michael O. Leavitt (left) with GNYHA Board Chair Gary Horan.

address. At the breakfast, Mr. Horan had the opportunity to question Secretary Leavitt about Medicare payment policy. In particular, Mr. Horan questioned the decision by the Centers for Medicare & Medicaid Services to implement a complex, new Medicare inpatient diagnostic-related group (DRG) system by Oct. 1, 2007—the final regulation governing the system was released in August, less

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## GNYHA to Host "Where to Practice" Open House

In a unique effort to address the physician shortage in upstate New York, GNYHA, in cooperation with the NYS Department of Health, the Healthcare Association of New York State, the Iroquois Healthcare Alliance, and NYS legislators, will host the first *Upstate New York "Where to Practice" Open House* on Oct. 21 in Manhattan. At the event, physician residents from downstate teaching hospitals can network with upstate hospital representatives, physician practices, and recruiting organizations to discuss practice opportunities outside NYC. NYS officials will also be on hand to answer questions about physician loan forgiveness programs and J-1 visa waivers.

GNYHA President Kenneth E. Raske said of the event, "This open house is the perfect opportunity for the upstate and downstate health care communities to join together to improve health care access for all New Yorkers."

The event will be held at the Sheraton New York Hotel & Towers, Seventh Avenue and 53rd Street, on Oct. 21 from 2:00 p.m. to 6:00 p.m. It is open to all physicians and physician residents; no registration is required.

GNYHA is grateful to Senator Kemp Hannon and Assemblyman Richard Gottfried for their cosponsorship and support.

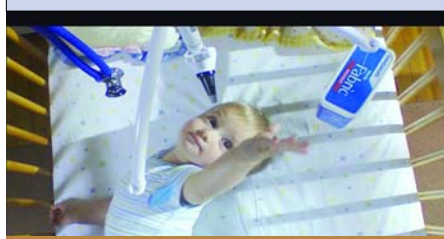
To obtain more information, including how to exhibit, please send an e-mail to [openhouse@gnyha.org](mailto:openhouse@gnyha.org). ■

# Partnership for Quality Care Launches Ad Campaign to Promote SCHIP

As reported nationally on CNN, on September 18 the Partnership for Quality Care (PQC)—a national health care labor/management partnership of which GNYHA and 1199 SEIU United Healthcare Workers East are founding members—launched a television advertising campaign in Washington, D.C. calling for Congress to pass and the President to sign pending legislation that would strengthen the State Children's Health Insurance Program (SCHIP) to cover 4 million more uninsured children. (See story on page 1.)

The ad shows an infant reaching for a mobile and warns that if this opportunity

*From the PQC ad promoting SCHIP*



**"Last year alone, 600,000 children lost their health insurance. Now, the Children's Health Insurance Program is about to expire. Fully funding SCHIP would cover 4 million more kids. That means immunizations and regular checkups...the right start for a healthier life. Call Congress and the President today and urge them to renew and fully fund the children's health program. Unless they act, health care for 4 million uninsured kids will remain just out of reach."**

is lost, health care for 4 million children will remain "just out of reach." The ad can also be seen on PQC's action Web site, [www.CoverKidsNow.org](http://www.CoverKidsNow.org), which also allows individuals to contact their elected representatives and advocate for SCHIP.

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 strengthening 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. ■

## GNYHA Chair Meets With HHS Secretary *continued from page 1*

than two months prior to implementation—and to impose an across-the-board cut on Medicare inpatient rates known as the "behavioral offset" (see story on page 1). Mr. Horan framed the issue for the Secretary, expressing support for the goal of the new DRG system—to enhance payment accuracy—while stating that the behavioral offset would impose unwarranted Medicare funding cuts on hospitals throughout the metropolitan area and, in particular, on safety net hospitals that can ill afford payment cuts.

Secretary Leavitt said that he expected the behavioral offset to go forward, notwithstanding the fact that it has been "controversial." In his address, Secretary Leavitt outlined the Bush Administration's plan for health care reform, which includes an emphasis on creating an environment in which health care providers compete for informed consumers who base their personal health care spending decisions on quality and cost. Key to this new system would be a wider adoption of electronic medical records; dissemination of quality measures that will enable consumers to compare the quality of health care providers; standardization of episodes of care, so consumers can compare the prices of identical services provided by different providers; and making sure that every American has access to affordable, private insurance options. ■

## GNYHA Launches Perinatal Safety Collaborative

GNYHA is continuing to expand its patient safety and quality advocacy agenda by launching a new initiative in perinatal safety. As it has on a number of initiatives, GNYHA will work with the United Hospital Fund (UHF) to offer the Perinatal Safety Collaborative. The initiative is designed to assist members with improving the quality and safety of their obstetrical and perinatal care processes and to reduce the incidence of perinatal and maternal injuries through the implementation of enhanced communication skills and techniques and multidisciplinary team training. This Collaborative is an important component of GNYHA's goal to reduce adverse events of all types and, correspondingly, to reduce the related costs of medical malpractice claims.

The Perinatal Safety Collaborative will be

structured similarly to other GNYHA/UHF quality and patient safety collaboratives, but with a focus on perinatal and obstetrical care. As part of the work plan for this initiative, GNYHA and UHF have already begun to convene an expert advisory panel to develop the Collaborative's clinical priorities, as well as to provide ongoing expertise, leadership, and support for the Collaborative participants. Following an initial kick-off session this fall, GNYHA will support the Perinatal Safety Collaborative through ongoing educational conference calls, data collection and analysis, Web-based communication and information sharing, and additional face-to-face learning sessions.

GNYHA will continue to update members on the progress of this initiative. Contact Terri Straub or Lorraine Ryan at GNYHA for more information. ■

AROUND

**Frank J. Cracolici** has been appointed President and Chief Executive Officer of St. Luke's—Roosevelt Hospital Center in Manhattan. Mr. Cracolici, who originally joined St. Luke's—Roosevelt in 1993, has served as Interim President and CEO since February 2007. Prior to that appointment, he served as Executive Vice President and Chief Operating Officer of St. Luke's—Roosevelt while simultaneously serving as Continuum's Corporate Vice President for Patient Services. Before joining St. Luke's, he held positions at The Presbyterian Hospital/Columbia Presbyterian Medical Center, Healthtrust, Inc. (a major hospital management organization headquartered in Nashville, Tennessee), New York Hospital/Cornell University Medical Center, and the Hospital for Special Surgery. ■

# Hospital Quality Alliance Holds First Public Meeting, Approves Outpatient Starter Measures

**O**n Sept. 18, the Hospital Quality Alliance (HQA) held its first meeting that was open to the public and adopted 10 outpatient measures that the Centers for Medicare & Medicaid Services (CMS) has proposed for its Hospital Outpatient Quality Data Reporting Program (HOP QDRP).

HQA is a collaborative run by many national organizations involved in quality measurement and reporting, including CMS, the American Hospital Association, the Joint Commission, and others. It adopts measures suitable for public reporting on CMS's *Hospital Compare* Web site. HQA has become a

more formal entity recently, with the hiring of a Managing Director and an invitation to the public to listen in on its deliberations. The 10 outpatient measures are associated with five conditions: heart failure, diabetes, pneumonia (one measure each); surgical care improvement (two measures); and acute myocardial infarction (five measures). Because the National Quality Forum (NQF) has not yet field-tested or endorsed the measures, the HQA adopted them contingent upon field testing, NQF endorsement, and development of a hospital infrastructure to collect the requisite data. Although the adoption of the measures has not been finalized,

HQA's principals have indicated that they were closer to final adoption than they were on June 2, 2007, when they adopted the measures on a preliminary basis. CMS will announce its final decision regarding the HOP QDRP measures in its outpatient prospective payment system final rule, which will be released on or about Nov. 1, 2007.

GNYHA submitted detailed comments on the proposed outpatient measures and urged CMS not to implement the HOP QDRP on Jan. 1, 2008, but to conduct a dry run of the data submission during the first six months of 2008. GNYHA also recommended that CMS postpone implementing the diabetes measure, which is the proportion of diabetic patients whose condition is uncontrolled, because the measure is not risk-adjusted. ■

## Congress Passes SCHIP Bill

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vote of 265–159, 25 votes shy of a veto-proof margin, with 45 Republicans voting for the bill and 8 Democrats voting against it. From the New York Congressional Delegation, all but Representatives Tom Reynolds (R-NY) and Randy Kuhl (R-NY) voted in support of the bill. The Senate subsequently passed the measure on Sept. 27 by a veto-proof vote of 67–29, with all voting Democrats and 19 Republicans voting in support of the bill. Since the President has vowed to veto the bill, the SCHIP debate is expected to continue.

The measure largely mirrors the Senate's original \$35 billion (five-year) SCHIP expansion package, which is funded entirely through a \$0.61 increase in the Federal tobacco tax. The bill would provide coverage for the 6.6 million children enrolled in SCHIP and cover an additional 4 million individuals. It would extend health coverage to low-income pregnant women and mandate dental health coverage and mental health parity benefits. The legislation does not extend coverage to illegal immigrants. The compromise bill would also replace the restrictive criteria promulgated by the Centers for Medicare & Medicaid Services (CMS) through the Aug. 17 directive to State Medicaid Directors. The new criteria make it extremely difficult for states to extend coverage to children in fami-

lies with incomes above 250% of the Federal poverty line. CMS had cited a failure to comply with such criteria as the basis for recently denying New York's SCHIP expansion waiver.

Of note, the Medicare provisions in the House's original SCHIP bill—called the Children's Healthcare and Medicare Protection Act—have been temporarily set aside and will move separately later in the year. These provisions include critical components such as a freeze on the so-called Medicare 75% rule and a two-year extension of the Section 508 wage index reclassification program. Medicare legislation is considered a “must-do” for Congress since legislative action is necessary to protect physicians from a 10% payment reduction that starts in Jan. 2008.

**IPPS Behavioral Offset:** For months, GNYHA, with the American Hospital Association and its partners in the hospital community, has been aggressively advocating against the implementation of more than \$20 billion in back-door cuts the Administration included in the final hospital payment rule, commonly referred to as the “behavioral offset.” This cut was scheduled to be phased in over three years, starting with a 1.2% cut on Oct. 1, followed by 1.8% in reductions in both FYs 2009 and 2010. In response to intense advocacy, Congress overwhelmingly passed a stand-alone measure (H.R. 3668) that would block the behavioral offset from being fully implemented and would appropriately allow

the new, refined Medicare Severity Diagnosis-Related Group system to be phased in over the next two years. However, the corresponding offset has been halved so that hospitals would face a 0.6% payment reduction in FY 2008 and a 0.9% reduction in FY 2009. For FYs 2010–12, the Secretary would have the authority to implement additional payment adjustments based on a retrospective evaluation of claims data.

At press time, the President had yet to sign this bill. GNYHA is pleased that Congress addressed a top issue facing hospitals and is grateful to the New York delegation for their support. GNYHA extends special thanks to Sen. Charles Schumer, in particular, for his influential role in helping to protect New York hospitals from these devastating cuts.

**Tamper-resistant Prescriptions:** A law that the President signed in May included a provision requiring that, as of Oct. 1, 2007, all prescriptions for Medicaid enrollees be written on “tamper-resistant” paper. Hospitals and clinics that are currently required to use NYS Official Prescription forms would not be affected; however, institutions in NYS that print prescriptions for non-controlled substances from electronic medical records would be affected by this new requirement. Because of the compliance burden on hospitals and pharmacies related to this new law, Congress has included in H.R. 3668 a critical six-month delay of the new prescription requirement. ■

# Grant Applications Requested for HEAL NY Program to Fund Health IT Projects

The NYS Department of Health (DOH) and the Dormitory Authority of the State of New York (DASNY) have announced a Request for Grant Applications (RGA) for Phase 5 of the Health Care Efficiency and Affordability Law for New Yorkers (HEAL NY) Program. Phase 5 is intended to support projects that advance health information technology (IT) interoperability and the adoption of electronic health records. Approximately \$106 million is expected to be awarded for this phase of HEAL NY. Applications are due to DOH by Nov. 19, 2007.

Two types of applicants may apply for funding: 1) a regional health information organization (RHIO)—a not-for-profit corporation with an overall mission to advance the electronic exchange of information among health care facilities, to improve health care quality and safety and to reduce costs; and 2) a community health information technology adoption collaboration (CHITA)—a

group of ambulatory care clinicians and clinic-affiliated providers who work together to advance the adoption and effective use of health IT tools, especially electronic health records, by clinicians at the point of care. A CHITA does not have to be organized as a separate not-for-profit corporation, as a RHIO does, but can be a looser collaboration.

Grants of between \$1 million and \$10 million per project may be requested, and will be awarded for up to 75% of the project's total costs. Phase 5 funding is being made available for projects to 1) support the implementation of the Statewide Health Information Network for New York, which will help clinicians to exchange patient information electronically; 2) conduct a pilot to implement clinical informatics services, which are tools that can be used to aggregate, analyze, and report data; and 3) conduct a pilot to implement the use of community-wide interoperable electronic health records. ■

## NYS Indigent Care Technical Advisory Committee Meets

The NYS Indigent Care Technical Advisory Committee (TAC) met on Sept. 18 in NYC. The TAC was mandated in the State fiscal year 2007–08 budget to advise the NYS Department of Health Commissioner on evaluating the State's Bad Debt and Charity Care (BDCC) Pool distributions. At the meeting, Commissioner Richard Daines, M.D., posed key questions for TAC member feedback and input. In particular, the discussions focused on whether or not bad debt amounts associated with patient liabilities for unpaid coinsurance and deductible amounts should continue to be covered by the BDCC pool or whether the distributions should be limited to services provided to uninsured individuals. TAC members also discussed whether the basis of the distribution methodology should be changed to an approach that recognizes units of service provided to uninsured individuals that would be valued at a certain rate—for example, Medicaid or cost. Distributions are currently based

on the aggregate cost of bad debt and charity care provided to both uninsured and underinsured individuals. Finally, TAC members discussed whether hospitals should be required to provide a certain minimum level of uncompensated care in order to receive BDCC pool payments.

The TAC also heard presentations on the proposed changes to the Internal Revenue Service (IRS) Form 990 and accompanying Schedule H, which, among other important changes, would require hospitals to report their community benefits. The Committee also heard a presentation from the NYS Insurance Department on trends in the NYS insurance market with respect to plans that have high patient cost-sharing requirements.

The next and final meeting of the TAC is scheduled for Nov. 14, 2007, in Albany. The Commissioner is required to issue a report with his recommendations on the BDCC pool distributions by Dec. 15, 2007. The report is expected to form the basis for proposals to restructure the BDCC pool distribution methodology in the SFY 2008–09 budget. ■

### Upcoming GNYHA Member Briefings

#### Subtle Influences: A Discussion on Conflicts of Interest in Health Care

Date: Tuesday, October 9, 2007

Time: 10:00 a.m.–11:30 a.m.

Location: New York University Medical Center, Farkas Auditorium, Alumni Hall

Co-hosted by GNYHA and NYU Medical Center, this session will focus on physician-vendor relationships and the impact they may have on treatment decisions and potential conflicts of interest. The event is open to all GNYHA members; affiliated physicians are encouraged to attend. For more information, contact Deborah Brown (212.258.5314; brown@gnyha.org); to register, contact Asali Daniel (212.506.5460; adaniel@gnyha.org), at GNYHA.

#### Joint Commission Emergency Management Standards

Date: Monday, October 15, 2007

Time: 2:00 p.m.–4:00 p.m.

Location: GNYHA Conference Center, 555 West 57th Street, Suite 1500

This briefing will cover the revised Joint Commission Emergency Management Standards that will become effective on Jan. 1, 2008. Joseph L. Cappiello, VP, Accreditation Field Operations, Joint Commission, will speak. The revisions reflect an "all hazards" approach to emergency preparedness and stress communication, resources and assets, safety and security, staff responsibilities, utilities management, and patient clinical and support activities. For more information contact Doris R. Varlese (212.506.5494; varlese@gnyha.org); to register, contact Laurie Sangirardi (212.506.5470; sangirardi@gnyha.org), at GNYHA.

#### Medication Safety Forum

Date: Friday, October 26, 2007

Time: 9:00 a.m.–12:30 p.m.

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

This meeting will focus on best practice information related to the new Joint Commission National Patient Safety Goal in the area of anticoagulation medications. For more information contact Liz Shlom (212.506.5448; shlom@gnyha.org) or Terri Straub (212.258.5370; straub@gnyha.org); to register contact Eden Rollins (212.258.5370; erollins@gnyha.org), at GNYHA.

#### Fall 2007 Webinar Series

Dates: Fall 2007, through December 6, 2007

GNYHA Services, Inc., is holding a series of webinars 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. For a detailed calendar, descriptions of the webinars, and a registration form, go to [www.gnyhaservices.com/webinars](http://www.gnyhaservices.com/webinars). For more information contact Barbara A. Green (212.259.0720; green@gnyha.org) or Justin Muschong (212.258.5304; jmuschong@gnyha.org) at GNYHA. ■