



November 12, 2007

Skyline news

REPORTING ON NEW YORK'S HEALTH CARE NEWS

NYS Medicaid Spending Significantly Below Expected Levels

The New York State Division of the Budget (DOB) estimates that New York's Medicaid spending during the current and next three years will be \$3 billion lower than expected. Spending is actually \$556 million lower than expected in the current fiscal year, which ends on March 31, 2008, due to a combination of lower-than-expected enrollment, lack of

Federal approvals for enacted rate increases, higher-than-expected savings from anti-fraud activities, lower pharmacy costs for persons eligible for both Medicare and Medicaid, and related expenses associated with the State's takeover of local county Medicaid costs. DOB has lowered its projected Medicaid spending for State fiscal year 2008–09 by \$631 million and its esti-

mates for 2009–10 and 2010–11 by \$862 million and \$1 billion respectively. DOB's *Mid-Year Financial Plan Update* (Oct. 30, 2007) reports that there will be 280,000 fewer Medicaid enrollees in the current fiscal year than it had projected, and 40,000 fewer compared with the 2006–07 fiscal year. This change represents a 1% absolute drop in enrollment that may be attributable at least in some measure to new Federal requirements for documen-

continued on page 3

GNYHA Testifies at Health Reform Hearings

GNYHA testified recently at two separate health care hearings in NYC, one on universal health coverage and the other on NYS's primary care agenda. **Universal Health Coverage:** On October 30, GNYHA President Kenneth E. Raske and 1199 SEIU United Healthcare Workers East President George Gresham testified at the NYC hearing of the State's "Partnership for Universal Health Coverage" on behalf of the two groups' combined membership and the Healthcare Education Project, a joint initiative of GNYHA and 1199 SEIU.

The two leaders' testimony reviewed their organizations' history of collaboration in the development and passage of Family Health Plus and Child Health Plus; their development of Cover New York, a proposal to achieve universal coverage in New York; and their roles as founding partners of the Partnership for Quality Care, a national organiza-

tion that has focused on expanding the Federal State Children's Health Insurance Program. They also made the following points:

- **Expand insurance at the State level while working simultaneously toward crucial Federal solutions.** Mr. Gresham spoke to the particular hardships experienced by uninsured home care workers, who have been the subject of many efforts to achieve and maintain ade-

quate coverage. The two leaders also noted that, while the Healthcare Education Project's Cover New York proposal relied upon a combination of government insurance program expansions, employer contributions, and, when affordable insurance becomes available, a requirement that individuals purchase insurance, they wish to work with all parties

continued on page 3

GNYHA Renews Call for Moratorium on Freestanding Ambulatory Surgery Centers

GNYHA recently sent a letter to NYS Commissioner of Health Richard Daines, M.D., of the NYS Department of Health, the NYS Public Health Council, and the State Hospital Review and Planning Council, reiterating its call for a moratorium on new freestanding (non-hos-

pital-sponsored) ambulatory surgery centers (ASCs) when a hospital takes the position that such a facility will have an adverse financial or operational impact on it. GNYHA's letter also opposed a pending application for a facility located in Manhattan.

continued on page 2

NYS Department of Health Releases Revised DRG Weights

The NYS Department of Health (DOH) has released its revised analysis of new service intensity weights (SIWs) and length-of-stay (LOS) trimpoints applicable to NYS all-patient diagnosis-related groups (AP-DRGs). The State's 2007–08 budget required that the cost data used to compute the SIWs be updated to 2004, an important revision that was last performed in 1994. The AP-DRGs are used by the Medicaid program and many commercial payers for hospital inpatient reimbursement purposes. The SIWs are used to adjust inpatient payments to reflect the relative cost differences among services, while the LOS trimpoints are used in the Medicaid payment system to determine which cases qualify for short-stay or long-stay outlier payments.

Among some of the changes seen in the new analysis, SIWs for newborn deliveries, particularly high-risk cases, increased in the aggregate and SIWs for substance abuse detoxification services decreased. There were increases and decreases in other major service areas as well as in the individual DRGs.

The revised SIWs will be implemented in the Medicaid program on a budget-neutral basis statewide, though there will be a redistribution among hospitals depending on their mix of cases. The budget legislation required that the new SIWs be implemented on Jan. 1, 2008, provided that certain other statutory conditions related to the analysis had been fulfilled. The NYS Commissioner of Health is authorized to phase in the new weights as long as they are fully

implemented by Jan. 1, 2010. DOH plans to seek required regulatory approval for the changes at the Dec. 6, 2007, meeting of the State Hospital Review and Planning Council Fiscal Policy Committee.

GNYHA strongly supports using the most accurate and current data available to set payments but, with the Healthcare Association of New York State, had requested that DOH delay implementing the new weights because of concerns about significant methodological problems in the analysis that DOH released in June. GNYHA will be conducting a full analysis of the new SIWs and related impacts to determine whether there are other technical issues that need to be addressed before the SIWs and trimpoints are finalized. ■

GNYHA BOARD MEETS

The GNYHA Board of Governors met on November 8, 2007, and took the following actions:

- Listened to a special presentation from NYS Insurance Superintendent Eric Dinallo about New York's medical malpractice crisis and his department's research into potential reform proposals, including reducing errors, reducing litigation costs, creating a healthy, competitive insurance market, and cost spreading. He noted that New York's medical underwriters are among the worst off financially in the nation, accruing a \$500 million real-world deficit and nearly \$1 billion in uncollected revenue from a series of policy and budgetary decisions over the past 20 years.
- Discussed the upcoming State Budget, with GNYHA President Kenneth Raske emphasizing that possible revenue reductions through expected Medicaid cuts could be offset by revenue increases through, for example, meaningful savings from the implementation of the Berger Commission recommendations, estimates of a lower caseload of Medicaid patients, savings from medical malpractice reform, and re-investments in health care by private insurers. Mr. Raske noted, however, that most of the "reform" issues that the State is considering—DRG reweighting, GME reform, changes in the behavioral health delivery system, and changes to ambulatory care—would redistribute funds among providers, making it difficult to know the true impacts of budget proposals.
- Agreed that GNYHA should continue to work collaboratively with the Executive and Legislative branches to engage in thoughtful reform efforts that will ensure the continuation of a stable hospital care delivery system. ■

DOH Announces \$7.9 Million in Nursing Home Dementia Grant Awards

On Oct. 24, the NYS Department of Health announced grant awards of \$7.9 million to support nine projects that are seeking to improve the lives of nursing home residents with dementia. Members of the Continuing Care Leadership Coalition, GNYHA's long term care affiliate, demonstrated their leadership in this field by developing innovative projects that were recognized in seven of the nine awards issued in this award cycle. The awardees were Parker Jewish Institute for Healthcare and Rehabilitation (Queens), Palisade Nursing Home Co. (Bronx), Coler-Goldwater Specialty Hospital and Nursing Facility (Manhattan), Isabella Nursing Home Co. (Manhattan), Metropoli-

tan Jewish Geriatric Center (Brooklyn), Long Island State Veterans Home (Suffolk), Schervier Nursing Care Center (Bronx), Horizon Care Center (Queens), and Lutheran Retirement Home (Chautauqua), with awards from approximately \$800,000 to \$900,000 each.

Funding from the Dementia Grants Program will allow the awardees to share their best practices with other nursing homes statewide. The awardees will work with 46 additional nursing homes to test and implement their demonstration projects. Six of the funded nursing homes will also produce professional training materials on their interventions for nursing home staff. These materials will be distributed at no charge to every nursing home in the State upon completion of these three-year projects. ■

Ambulatory Surgery Centers *continued from page 1*

GNYHA believes that approving the pending application and future applications for freestanding ASCs would be contrary to the goals of the recommendations issued by the Commission on Health Care Facilities in the 21st Century, which recognized the importance of reducing excess capacity in order to strengthen remaining institutions. GNYHA indicated that relocating cases from hospitals to freestanding ASCs creates excess

capacity in the health care system and weakens hospitals significantly. GNYHA also emphasized that freestanding ASCs do not serve the broader community, as hospitals do, and do not provide needed services such as trauma and emergency department services. Unlike hospitals, freestanding ASCs often do not participate in Medicaid, or they participate in only a limited way, and they provide little or no uncompensated care. ■

tation of citizenship as a condition of enrollment. DOB's *Mid-Year Update* also reported that spending from the Health Care Reform Act, which supports many critical State health care programs, is \$136 million less than expected. ■

Change in NYS Medicaid Spending Projections				
\$ IN MILLIONS				
SFY 2007-08	SFY 2008-09	SFY 2009-10	SFY 2009-10	Total
-\$556	-\$631	-\$862	-\$1,000	-\$3,100

Source: NYS Division of the Budget, *Mid-Year Financial Plan Update* (Oct. 30, 2007).

GNYHA Testifies at Health Reform Hearings *continued from page 1*



GNYHA President Kenneth E. Raske (at microphone) and 1199 SEIU President George Gresham (right) on October 30 with health care advocates outside the NYS public hearing on universal health care coverage. The event, which was organized by the GNYHA/1199 SEIU Healthcare Education Project, was held to call on Albany leaders to take swift action to achieve quality affordable health care coverage for all New Yorkers.

to identify ways to expand health care coverage in New York.

- **Correct the financial imbalance between payers and providers.** Before materially expanding insurance through universal coverage solutions, the State must address problems in the private payer market, among them the extreme financial imbalance between health plans and the hospital community. Among other things, payers should be required to contribute to a community reinvestment fund that would support the health care delivery system, and market reforms should be implemented to ensure that providers are paid promptly and fairly for medically necessary services. Any insurance expansions should also require that payer administrative practices are standardized and electronic connectivity is enhanced.

- **Protect funds for underinsured patients and indigent care.** Even with universal coverage, it is critically important that the Hospital Indigent Care Pool continue to cover unpaid cost-sharing amounts for underinsured patients

and that the pool not be reduced unless and until there is a demonstrated reduction in uncompensated care need.

- **Maintain provider-sponsored health plans.** The Healthcare Education Project strongly supports reliance on provider-sponsored health plans and provider networks to make up at least a portion of the care management system for the newly insured.

Mr. Raske also thanked NYS Insurance Superintendent Eric Dinallo and Department of Health Commissioner Richard Daines, M.D., for their efforts to address New York's medical malpractice cost crisis.

Primary Care: On November 2, GNYHA testified at a public hearing on "Developing a Primary Care Agenda in New York State," held by the Assembly Health Committee chaired by Assemblyman Richard Gottfried. In its testimony, GNYHA discussed the fact that New York hospitals provide 46 million outpatient clinic and emergency room visits annually, 30% of which are primary care services for adults and children. The testimony also noted that the State's teaching hospitals are the training sites for primary and specialty care physicians, of whom a significant number go on to

practice in the State's health professional shortage areas (HPSAs). A recent study conducted for GNYHA by the Center for Health Workforce Studies in the School of Public Health at SUNY Albany found that more than 77% of primary care physicians practicing in New York's HPSAs completed graduate medical education training in New York. In order to address the shortage of primary care physicians, GNYHA recommended that the State expand upon existing loan forgiveness programs, work with the Federal government to provide more visas for international medical graduates interested in working in HPSAs, and find other ways to make primary care practice affordable for interested residents.

GNYHA's testimony pointed out that hospitals in New York lose \$2 billion annually caring for Medicaid patients. A large reason for this is that the Medicaid outpatient visit payment is capped at \$67.50, plus allowable capital costs. In addition, Medicaid pays physicians only \$30 per visit, far below the cost of providing care. GNYHA's testimony noted that lack of access to primary care cannot be resolved until reimbursement systems—Medicaid in particular—change to ensure that primary care providers are adequately reimbursed to cover their costs. ■

IN MEMORIAM

Robert Gumbs

THE NEW YORK HEALTH CARE COMMUNITY lost a good friend with the premature passing last week of **Robert Gumbs** at the age of 57. "Bob," as he was known to his friends and colleagues, was a driving force in the health planning world as a long-time executive of the Health Systems Agency of New York City. Bob was the last Executive Director the agency had before it closed. During his long career, Bob also served as Senior Vice President for Network Development at St. Barnabas Hospital and as Executive Director of the Community Health Alliance of Harlem and Northern Manhattan. He was a Fellow of the New York Academy of Medicine and on the Board of Directors of several organizations, including the National Black Leadership Commission on AIDS, the National Association of Child Advocates, and the 100 Black Men of New York City, where he provided leadership on health advocacy issues. Bob was also an active member and elected lay leader of The Riverside Church in New York City.

With an unforgettable voice and laugh, Bob was a charismatic force, a good listener, and someone trusted by local communities. He had a no-nonsense manner and was able to put his arms around complex health care problems. He will be missed.

CMS Finalizes OPPTS Final Rule for CY 2008

On November 1, the Centers for Medicare & Medicaid Services (CMS) released the Medicare outpatient prospective payment system (OPPS) final rule for calendar year (CY) 2008. The final rule contains important updates to the payment features in the OPPS and introduces for the first time requirements for reporting outpatient quality measures.

The final rule provides a market basket increase of 3.3% for OPPS services. Of importance, the final rule expands the packaging of services that CMS considers to be ancillary and supportive to the primary procedure under the ambulatory payment classification (APC) system and introduces a new concept, “composite” APCs, for select services. The composite APCs will provide one payment bundle for all outpatient care provided on the same day for a particular major service. Under the current APC system, hospitals receive separate payments for each component of the service. CMS believes that both of these policies will encourage greater efficiencies.

The final rule also included the final specifications of the new Hospital Outpatient Quality Data Reporting Program (HOP QDRP) and finalized two new Surgical Care Improvement Project (SCIP) mea-

asures for the fiscal year (FY) 2009 Reporting Hospital Quality Data for Annual Payment Update (RHQDAPU). If hospitals do not participate in the HOP QDRP or do not satisfy the program’s data requirements, they will incur a two percentage point reduction in their CY 2009 OPPS payment update. Hospitals are required to submit their intent

of the quarter being reported. For the CY 2009 HOP QDRP, there will be no attestation requirement (certification of data accuracy) and hospitals will be able to avail themselves of a reconsideration process in the event that they do not receive their full payment update. In addition, no data validation or public posting of the data will

occur for data pertaining to the CY 2009 payment update (April–June 2008 data). Data for the CY 2010 payment update will be based on July 2008–June 2009 services and will be subject to attestation, validation, and will be publicly displayed on CMS’s *Hospital Compare* Web site.

CMS also finalized two new measures for the Inpatient Prospective Payment System RHQDAPU because of recent endorsement by the National Quality Forum SCIP Infection 4, “Cardiac Surgery Patients with Controlled 6 a.m. Postoperative

Serum Glucose,” and SCIP Infection 6, “Surgery Patients with Appropriate Hair Removal.” With the addition of these two measures, the FY 2009 RHQDAPU measure set now includes 30 measures. Data for SCIP Infections 4 and 6 will be based on discharges beginning in the first quarter of CY 2008 and will be included in the FY 2010 validation process. ■

Hospital Outpatient Quality Data Reporting Program Starter Measure Set (calendar year 2009)

MEASURE ^a	DESCRIPTION
ED-AMI-1	Aspirin at arrival
ED-AMI-2	Median time to fibrinolysis
ED-AMI-3	Fibrinolytic therapy received within 30 minutes of arrival ^b
ED-AMI-4	Median time to electrocardiogram
ED-AMI-5	Median time to transfer for primary PCI ^c
PQRI 20	Perioperative care: timing of antibiotic prophylaxis
PQRI 21	Perioperative care: selection of prophylactic antibiotic

^a AMI = acute myocardial infarction. PQRI = physician quality reporting initiative. AMI measures will apply to patients admitted to the emergency department, treated, and then transferred to another facility.

^b Fibrinolysis is the process wherein a fibrin clot, the product of coagulation, is broken down. Its main enzyme, plasmin, cuts the fibrin mesh at various places, leading to the production of circulating fragments that are cleared by other proteinases or by the kidney and liver.

^c PCI = percutaneous coronary intervention.

to participate in the HOP QDRP by January 31, 2008. The first data submission deadline will be November 1, 2008.

For the CY 2009 HOP QDRP payment update, participating hospitals will need to submit data on seven quality measures (see table above) based on services provided from April 2008 to June 2008. Data will then be expected four months from the last day

UPCOMING BRIEFINGS FOR GNYHA MEMBERS

Stark Law Regulatory Changes and Enforcement Trends

Date: Wednesday, November 14, 2007

Time: 2:00 p.m.–5:00 p.m.

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

This briefing will cover recent changes to the physician self-referral law—or “Stark law”—regulations, and enforcement trends relating to the Stark law and other fraud and abuse control areas. The briefing will feature attorneys from the United States Attorney’s Office for the Eastern District of New York and the Office of the New York State Attorney General, Civil Enforcement Unit, along with health care attorneys from the firm of King & Spalding LLP. Though the participating government attorneys are focused on New York State developments, there will be a discussion of national activities as well. For

more information, contact Deborah Brown (brown@gnyha.org), and to register, contact Asali Daniel (adaniel@gnyha.org) at GNYHA.

The Colors of Safety Initiative: Color-Coding Identifiers for Alert Conditions

Date: November 15, 2007

Time: 1:00 p.m.–3:00 p.m.

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

GNYHA and the Continuing Care Leadership Coalition (CCLC) have developed a voluntary initiative, *The Colors of Safety Across the Continuum of Care*, to enhance patient safety by standardizing the color-coding of specific alert conditions across acute and long term care settings. The initiative seeks to spread the awareness of the meaning of the various color-coded identifiers used across

health care settings to clinical and non-clinical staff as well as to patients and their families. GNYHA and CCLC believe that this initiative will reduce the potential for error in misidentification of patients and certain associated alert conditions, reduce the time needed to orient staff to institutional policies with regard to color coding for alert conditions, and lead to improved staff satisfaction. This “kick-off” briefing will introduce the initiative and provide members with a toolkit to use when educating staff on this new standardized approach. The NYS Department of Health will participate in the briefing. For more information, contact Roxanne Tena-Nelson at CCLC (tena-nelson@gnyha.org or 212-506-5412), Kelly Donohue at CCLC (donohue@cclcny.org or 212-506-5424), or Lorraine Ryan at GNYHA (ryan@gnyha.org or 212-506-5416). ■