



January 21, 2008

# Skyline news

Reporting on New York's Health Care News

## Governor Spitzer Delivers 2008 State of the State Address Plans to Update Medicaid Reimbursement Methodology for Hospital Inpatient Services, Increase Rate for Outpatient Services

**O**n January 9, New York Governor Eliot Spitzer delivered his second State of the State address to a joint session of the NYS Legislature. The Governor's speech provided a preview of health care proposals that will be included in his State fiscal year 2008–09 Executive Budget, which is scheduled for release on January 22, 2008, when he will unveil a more detailed description of his proposals.

In his speech, the Governor announced that his health reform agenda includes updating the Medicaid reimbursement methodology for hospital inpatient services and increasing the Medicaid reimbursement rate for outpatient services. GNYHA will work with the Administration to mitigate any negative

impacts these proposals may have on hospitals.

The Governor also announced proposals to invest in the State's health care system, which includes a commitment for New York State to pick up the Federal share of the Child Health Plus eligibility expansion passed by the Legislature last year but rejected by the Bush Administration; an educational loan-forgiveness program to assist physicians who practice medicine in New York's underserved rural and urban areas, known as *Doctors Across Borders*; programs to improve the quality of patient care by implementing pay-for-performance initiatives to effectively manage chronic diseases; investing in a statewide adoption of

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## SHRPC Approves Emergency Regulations to Update Payments for Hospital Inpatient Services

**O**n January 8, the State Hospital Review and Planning Council (SHRPC) approved emergency regulations to allow the NYS Department of Health (DOH) to update hospital inpatient diagnosis-related group (DRG) service intensity weights and related payment features of the NYS Medicaid inpatient payment system. The regulation allows for the implementation

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## OIG Faults Emergency Care of Physician-Owned Specialty Hospitals

**A** new report by the Office of Inspector General (OIG) within the U.S. Department of Health and Human Services (HHS) has found that a high proportion of physician-owned specialty hospitals do not meet Medicare's Conditions of Participation with respect to physician and nurse staffing and the ability to address their patients' emergency care needs. The OIG thus recommended that the Centers for

Medicare & Medicaid Services (CMS) undertake certain actions to strengthen its oversight of those facilities, but did not recommend that Congress or CMS reinstate the moratorium on new physician-owned specialty hospitals that was effectively in place from 2003 to 2006. CMS concurs with the OIG's recommendations.

The Medicare Prescription Drug,

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### Medicaid Stimulus?

As *Skyline News* went to press, GNYHA was working with the American Hospital Association, the Healthcare Association of New York State, and others to support inclusion of two Medicaid provisions in the developing economic stimulus legislation the President and Congress are discussing. One provision would increase the Federal Medicaid matching rate available to states, to ensure that states affected by the economic downturn will not have to cut their Medicaid programs unduly. Another provision would extend the moratoria on the implementation of certain Medicaid regulations that would drastically cut Federal funding for states for graduate medical education and for public health care providers. Stay tuned. ■

# GNYHA/UHF Critical Care Conference Draws 300 Attendees

More than 300 physicians and nurses participated in the first conference—*Critical Care Networks: A Partnership to Improve Patient Outcomes*—organized by the GNYHA and United Hospital Fund (UHF) Critical Care Leadership Network (CCLN) on Jan. 15–16. Attendees were introduced to myriad topics that affect the clinical outcomes of patients, as well as the public policy implications of administrative data, graduate medical education (GME) funding, and the impact of workforce shortages on the delivery of patient care and patient flow. The speakers included many national experts in critical care from GNYHA member hospitals and the GNYHA/UHF CCLN. The program demonstrated the intersection between clinical practice and health care policy and underscored the need for physicians and nurses to use a team approach to improve quality of care and patient outcomes.

The conference was partially funded by a grant from the Agency for Healthcare Research and Quality.

Since its formation in 2006, the CCLN has been working on programs to improve patient outcomes through the adoption of



Left to right: Karen Heller, GNYHA; Neil Halpern, M.D., Memorial Sloan-Kettering Cancer Center; Brian Kaufman, M.D., NYU Medical Center; and Jane Brock, M.D., Colorado Foundation for Medical Care.

regional protocols for the critically ill patient, networking to share best practices, and promoting the leadership and talent of critical care practitioners in the New York region.

**Policy and Advocacy:** Tim Johnson, Vice President of Finance and GME at GNYHA, and Vladimir Kvetan, M.D., CCLN Chair for the past year, discussed the funding for and structure of GME and their effect on the training of critical care staff and patient care. Karen Heller, Sr. Vice President and Executive Director of The Health Economics and Outcomes Research Institute at GNYHA, led a panel of speakers including Neil Halpern, M.D., Memorial Sloan-Kettering Cancer Center; Brian Kaufman, M.D., NYU Medical Center; and Jane Brock, M.D., Colorado Foundation

for Medical Care, who addressed concerns about the development of policies based on flawed reports that are related to critical care services in hospital ICUs and the importance of collecting data to understand critical care bed and service utilization. Irwin Berlin, M.D., Elmhurst Hospital, Queens, participated on a panel about integrating palliative care services into critical care and emphasized the importance of groups like the CCLN to mobilize and advocate on behalf of patients.

**Organization and Staffing:** Discussions also focused on organizational structure, staffing, training, and communication between hospital departments and interdisciplinary staff, with panels on optimal ICU staffing and business models, patient throughput and hospital bottlenecks, training methods, and designing “the ICU of the future.”

**Specialty Critical Care:** Speakers addressed the clinical management of ICU patients, with panels on specialty critical care in the non-specialty critical care setting by John McNelis, M.D., Winthrop-University Hospital, and Stephan Mayer, M.D., NewYork-Presbyterian Hospital, Columbia University Medical Center, and by Brian Koll, M.D., Beth Israel Medical Center, who discussed preventing and managing hospital-associated infections.

**Moving Forward:** GNYHA and UHF will continue to address the topics covered at the conference through the network of professionals who attended and through colleagues at GNYHA member hospitals. To join the CCLN, clinicians should submit a letter of interest, a resume, and letter of recommendation from their CEO to Terri Straub at GNYHA. For more information on the conference or future CCLN activities, contact Zeynep Sumer at GNYHA. Conference presentations are posted on the GNYHA Web site at [www.gnyha.org/criticalcarenetworks](http://www.gnyha.org/criticalcarenetworks). ■

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## GNYHA's Pat Wang Chosen to Lead HealthFirst

Patricia Wang, J.D., GNYHA's Senior Vice President of Finance and Managed Care, has been selected as the new President and Chief Executive Officer of HealthFirst, a not-for-profit health care organization operated by 39 of New York's top hospitals and medical centers, and the largest Medicaid, Family Health Plus, and Child Health Plus health plan in New York State. Ms. Wang joined GNYHA in 1991 and has been responsible for analysis, advocacy, policy development, and member services related to health care financing. Her early efforts at GNYHA contributed to the creation of HealthFirst. Prior to joining GNYHA, Ms. Wang practiced law at a New York City firm. Her fierce commitment to the health care community along with her intelligence, insight, and integrity have been hallmarks of her career. We wish her all success in her new endeavor. ■

SAVE  
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DATES!

Please reserve the following dates for the 2008 GNYHA Annual Meeting and GNYHA Annual Reception.

### GNYHA 2008 Annual Meeting

**DATE:** Thursday, April 24, 2008 | **TIME:** 8:30 a.m. to 11:30 a.m. | **LOCATION:** The Roosevelt Hotel, 45 East 45th Street, New York, NY

### GNYHA 2008 Annual Reception

**DATE:** Wednesday, June 4, 2008 | **TIME:** 5:30 p.m. to 9:30 p.m. | **LOCATION:** Terminal 5, 610 West 56th Street, New York, NY

As these dates draw closer, GNYHA will send additional information to members about each of the events. If you have any questions, please feel free to contact Tina Lee, Director, Special Events, (212) 506-5461, [tlee@gnyha.org](mailto:tlee@gnyha.org); or Adriana Ramos, (212) 506-5525, [aramos@gnyha.org](mailto:aramos@gnyha.org). ■

## State of the State Address

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electronic health records; and supporting stem cell research.

Overall, GNYHA is pleased with the health care reinvestment proposals described in the speech; however, GNYHA strongly opposes shifting monies from hospitals to pay for these proposals. GNYHA expects 2008 to be a challenging year, given that the State is facing an estimated \$4.3 billion deficit, a downturn in the economy, a promise not to increase taxes, and calls for increased spending on education. GNYHA is committed to working with Governor Spitzer, Senate Majority Leader Joseph Bruno, Assembly Speaker Sheldon Silver, and all the members of the New York State Legislature to ensure that hospitals and the patients they serve are supported and protected.

On January 30, GNYHA and the Healthcare Association of New York State have scheduled an Executive Briefing on the acute care proposals that will be outlined in the Governor's SFY 2008–09 Executive Budget. For more details, see "Upcoming GNYHA Member Briefing" below. ■

## SHRPC Approves Emergency Regulations

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of the first comprehensive update in the data used to determine relative resource consumption among different inpatient services since they were last updated in the mid-1990s. The new DRG weights and other payment features will be based on 2004 data. The revised DRG weights were effective January 1, 2008, and will be phased in over three years as follows: *January 1, 2008*: 75% old weights (based on 1992 data), 25% new weights (based on 2004 data); *January 1, 2009*: 33% old weights, 66% new weights; *January 1, 2010*: 100% new weights.

The State fiscal year 2007–08 budget required DOH to update the data used to compute the weights and to implement the changes in a budget-neutral fashion. That

## Legislators and GNYHA Members Make "Resident for a Day" a Success

In August 2007, GNYHA launched its "Resident for a Day" program at teaching hospitals throughout New York State. GNYHA developed the concept on behalf of its membership to give State legislators a better understanding of the role that teaching hospitals play in providing health care to their constituents by enabling them to spend time with the physician residents who provide this care, to interact with hospital management and clinical administrators, and to increase their understanding of how graduate medical education (GME) supports quality health care in the communities they represent.

Over the roughly five-month program, 20 members of the New York State Senate and Assembly visited 14 GNYHA member institutions. While serving as "Resident for a Day," legislators received briefings about the importance of physician residents in providing care to constituents in a given district, attended rounds, and often observed residents delivering much-needed patient care. Legislators were given a white coat and certificate of completion as an honorary resident-for-a-day, mimicking the "White Coat Ceremony" that is held for medical school graduates and following the Association of American Medical College's "Project Medical Education," upon which "Resident for a Day" is modeled.

GNYHA thanks the members of the New York State Senate and Assembly for taking

is, Medicaid must spend the same aggregate amount with the new weights that it would have spent absent any changes. While aggregate spending will remain the same, there will be a redistribution among hospitals depending on the mix of cases. GNYHA will continue to work with DOH on the technical implementation issues associated with this change. ■

the time to visit its member teaching hospitals. Special thanks go to the residents, attendings, and administrators at GNYHA's member institutions for sharing the critical mission of New York's teaching hospitals with State policymakers. ■

### "Resident for a Day" Participating Legislators and Teaching Hospitals

#### Legislators

Assemblyman Michael Benjamin (D-Bronx)  
Assemblyman Jonathan Bing (D-Manhattan)  
Assemblyman William F. Boyland, Jr. (D-Brooklyn)  
Assemblyman Adam Bradley (D-Westchester)  
Assemblyman James Brennan (D-Brooklyn)  
Assemblyman Alec Brook-Krasny (D-Brooklyn)  
Assemblyman Karim Camara (D-Brooklyn)  
Susan Chamlin, Community Liaison, for Senator  
*Liz Krueger (D-Manhattan)*  
Assemblyman Jeffrey Dinowitz (D-Bronx)  
State Senator Martin J. Golden (R-Brooklyn)  
State Senator Efrain Gonzalez, Jr. (D-Bronx)  
Assemblyman Micah Kellner (D-Manhattan)  
State Senator Jeffrey Klein (D-Bronx)  
Assemblyman Rory Lancman (D-Fresh Meadows)  
Assemblywoman Joan Millman (D-Brooklyn)  
State Senator Suzi Oppenheimer (D-Westchester)  
Assemblyman Nick Perry (D-Brooklyn)  
Assemblywoman Linda Rosenthal (D-Manhattan)  
State Senator John Sampson (D-Brooklyn)  
Assemblyman Darryl Towns (D-Brooklyn)

#### Teaching Hospitals

Brookdale University Hospital and Medical Center, a member of MediSys Health Network, Inc. • Jamaica Hospital Medical Center, a member of MediSys Health Network, Inc. • Kingsbrook Jewish Medical Center • Lenox Hill Hospital • Long Island College Hospital, a member of Continuum Health Partners, Inc. • Maimonides Medical Center • Memorial Sloan-Kettering Cancer Center • New York Methodist Hospital • NewYork-Presbyterian Hospital • NewYork-Presbyterian Hospital's Allen Pavilion • NewYork-Presbyterian Hospital's Westchester Division • Roosevelt Hospital, a member of Continuum Health Partners, Inc. • St. Barnabas Hospital • S.U.N.Y. Downstate Medical Center

## UPCOMING GNYHA MEMBER BRIEFING | SFY 2008–09 State Budget Proposal

**Date:** Wednesday, January 30, 2008 • **Time:** 10:00 a.m.–2:00 p.m. • **Location:** GNYHA Conference Center, 555 West 57th Street, 15th Floor

GNYHA and the Healthcare Association of New York State are co-hosting this briefing, at which their staff will review the major health care provisions of the proposed NYS fiscal year 2008–09 budget and advocacy strategies. To register, contact Theresa Simon at GNYHA, at [simon@gnyha.org](mailto:simon@gnyha.org). ■

# Yale-New Haven Health System and HealthFirst Join Linxus

## Linxus Board Takes Preliminary Steps to Incorporate as Stand-alone Entity

Yale-New Haven Health System and HealthFirst, Inc. have reached agreements to join Linxus, a consortium of health care providers and payers whose mission is to increase the standardization and use of electronic transactions and lower health care administrative costs. Yale-New Haven and HealthFirst join seven hospital systems and their faculty practice groups and five health plans operating regionally in New York and nationally that have pledged to develop information technology (IT) implementation specifications that can simplify reimbursement and reduce payment administration costs for both plans and providers. The specifications will be based on the Health Insurance

Portability and Accountability Act (HIPAA) Transactions and Code Set standards, which were developed to simplify the administration of reimbursement encounters between providers and health insurance plans by creating a framework for electronic data exchange.

The board of Linxus has also unanimously approved plans to incorporate as a not-for-profit corporation and operate as a stand-alone entity beginning in 2008. GNYHA will continue in its role as program manager. As a stand-alone, the Linxus board's goal is to create a larger, national platform from which to advocate for the adoption of standards and best practices created collaboratively among its members.

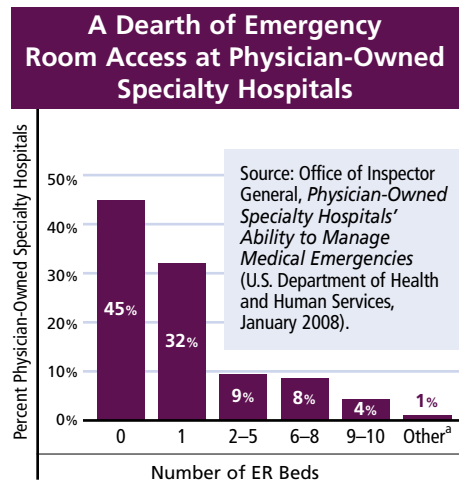
Linxus was formed three years ago as a unique collaboration, equally owned and directed by providers and health plans. The participants were brought together by a common understanding of the limitations of HIPAA and the belief that, for IT standards to have mutual business value, a greater understanding of each other's business environments was needed and transactions and data content needed to be specific and consistent, so that information exchanged electronically is meaningful and actionable.

For more information and a list of Linxus participants, visit the Linxus Web site at [www.linxus.net](http://www.linxus.net) or contact Eric Wallace, Executive Director of Linxus, at GNYHA. ■

## Physician-Owned Specialty Hospitals *continued from page 1*

Improvement, and Modernization Act of 2003 (MMA) imposed the moratorium on new physician-owned specialty hospitals in response to a request by the American Hospital Association (AHA). The AHA request was made at the behest of general hospitals facing increasing competition from physician-owned specialty hospitals proliferating in states without Certificate of Need requirements. The MMA also required the Medicare Payment Advisory Commission (MedPAC) to study the impact of these new specialty hospitals on general hospitals and to make recommendations to mitigate harmful effects. The MedPAC report that was prepared in response to this mandate called for Medicare to improve payment accuracy in the inpatient prospective payment system (IPPS) by using cost-based diagnosis-related group (DRG) weights in its calculations rather than charge-based DRG weights and by refining the CMS DRGs. MedPAC believed that physicians were forming their own specialty hospitals because the cardiac, orthopedic, and general surgery DRGs were especially profitable and that better matching IPPS payments and cost would remove this incentive.

The general hospitals under financial stress from the physician-owned specialty hospitals did not agree that reforming the



<sup>a</sup>One hospital with an emergency department shares the emergency beds of an adjacent hospital.

IPPS would be sufficient to alleviate the stress because the greatest complaint about the specialty hospitals was that they avoid Medicaid and uninsured patients and, thus, profit from a financially favorable payer mix. The new OIG report underscored this concern by observing that the vast majority of physician-owned specialty hospitals avoid emergency admissions either by not having an emergency room or by having scant ER capacity. As shown in the chart at left, 45% of such hospitals have no emergency room, while another 32% have only one ER bed.

The OIG report can be obtained at [www.oig.hhs.gov](http://www.oig.hhs.gov). ■

## DOH Awards Additional HEAL NY Grants for Berger Commission Mandates

Last week, the New York State Department of Health (DOH) announced 13 additional grants totaling \$161 million to facilities to implement mandates included in the report of the Commission on Health Care Facilities in the 21st Century (known as the Berger Commission). The grants were awarded under Phase 4 of the Healthcare Efficiency and Affordability Law for New Yorkers (HEAL NY) and the Federal-State Health Reform Partnership (F-

SHRP). In September, the first round of funding, totaling \$362 million, was awarded under this phase of HEAL NY.

Phase 5 of the program focused on health information technology projects; awards under that phase are expected soon. The next Request for Proposals for restructuring projects is Phase 6 and is expected to focus on additional Berger Commission projects and the development of an expanded primary care infrastructure. ■