



May 12, 2008

Skyline news

Reporting on New York's Health Care News

Senate, House Supplemental Appropriations Bills to Include Medicaid Moratoria

Raising hopes of health care providers nationwide, both chambers of Congress will include provisions to prevent the implementation of a number of Medicaid regulations to their respective underlying appropriations bills to fund the ongoing wars in Iraq and Afghanistan. Following veto-proof passage by the U.S. House of Representatives, the *Protecting the Medicaid Safety Net Act of 2008* (H.R. 5613), sponsored by Energy and Commerce Committee Chairman John Dingell (D-MI), has been included as an amendment to the domestic

spending portion of the war bill that is expected to clear the House this week. Specifically, the amendment prevents the Centers for Medicare & Medicaid Services from implementing seven Medicaid regulations that have been proposed or finalized since last year, including regulations to eliminate funding for graduate medical education costs, curtail funding for public providers, restrict the ability of states to raise funds for their Medicaid programs through taxes on providers, and cut funding for hospital outpatient services.

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CMS Issues Medicare PPS Payment Rules for Rehabilitation, Psychiatric Facilities

On April 25, the Centers for Medicare & Medicaid Services (CMS) published its proposed rule for the Inpatient Rehabilitation Facility (IRF) Prospective Payment System (PPS) for fiscal year 2009, which begins October 1, 2008. Notably, the proposed rule implements the provisions in the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA) pertaining to the "75% rule." The 75% rule

requires that a certain percentage of an IRF's admissions have a primary diagnosis that falls within 13 conditions or diagnoses. The MMSEA required CMS to set the compliance percentage for the 75% rule at no higher than 60% for cost reporting periods beginning July 1, 2006. In addition, the proposed rule would implement the provision in the MMSEA that provided a zero update factor

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Save the Date!



GNYHA ANNUAL RECEPTION & AWARDS CEREMONY

A Salute to the Physician Training Capital of the World

Wednesday, June 4, 2008
5:30 p.m.–9:30 p.m.

At this year's Annual Reception and Awards Ceremony, GNYHA salutes "the physician training capital of the world" by honoring three representative alumni of New York-area graduate medical education programs who exemplify the hundreds of thousands of physicians who have trained here:

- Bruce Charash, M.D., Founder and Chairman of Doc to Dock;
- Malachi G. Sheahan, III, M.D., Program Director of the Vascular Surgery Fellowship and Assistant Professor of Surgery, Louisiana State University School of Medicine, New Orleans; and
- Martin Posner, M.D., Clinical Professor of Orthopaedic Surgery at NYU Hospital for Joint Diseases.

For more information, please contact Adriana Ramos at aramos@gnyha.org or visit the GNYHA Web site at www.gnyha.org.



CMS Issues Medicare PPS Payment Rules *continued from page 1*

for rehabilitation services for FY 2008 and FY 2009. With respect to the payment features of the IRF PPS, CMS would update the data utilized to calculate the case-mix group weights to FY 2006 data and update the cost outlier threshold to \$9,191 so that estimated outlier payments would equal 3.0% of total payments. CMS did not propose any changes to the teaching hospital, disproportionate share hospital, and rural hospital payment adjustments. Comments on the proposed rule are due to CMS by June 20, 2008.

The following week, CMS issued an update of the Inpatient Psychiatric Facility PPS (IPF PPS) for rate year (RY) 2009, which covers the period July 1, 2008, through June 30, 2009. Since CMS made no changes to the payment parameters or payment policy, the update was a final rule. The wage-adjusted rates will increase by 3.2% for hospitals located in the New York City wage index area and by 3.5% for hospitals located in the Long Island wage index area. RY 2009 represents the first year in which psychiatric facilities will be reimbursed solely based upon the PPS. For the past three years, facilities have received a blend of cost-based and PPS payments. For RY 2010, CMS

expects to issue a proposed rule that will make a one-time adjustment to the Federal per diem rate to ensure budget neutrality with the former payment system and will not update the regression model upon which the system parameters were based (but will wait for a subsequent year). Having developed the original regression model for the IPF PPS, GNYHA will begin conducting research on an updated model to prepare for CMS's eventual update. This process will complement GNYHA's work with the New York State Office of Mental Health on an inpatient psychiatric reimbursement model for the New York State Medicaid program. ■

GNYHA Presents Perinatal Collaborative at State Maternal Health Symposium

On May 1, GNYHA participated in a Department of Health (DOH) symposium aimed at improving maternal outcomes in New York State. The symposium, led by New York State Health Commissioner Richard Daines, M.D., and John Morley, M.D., Medical Director, Office for Health Systems Management, created a forum for experts from across New York State and around the country to discuss their experiences and perspectives on improving quality and safety of care for obstetrical patients.

GNYHA staff presented on the Perinatal Safety Collaborative, one of several projects

jointly conducted by GNYHA and the United Hospital Fund (UHF) that follows the "collaborative approach" to providing patient-centered care. In the presentation, GNYHA staff noted that the true value of the collaborative model is the opportunity for hospitals to share experiences and best practices, highlighting the intensive training and teamwork necessary to promote and sustain improvements. GNYHA staff also detailed the progress made by the 33 hospitals participating in the Perinatal Safety Collaborative, including assessing the culture of safety within their organizations, team training and education in electronic fetal monitoring strip interpretation, and implementation of standardized communication strategies.

Commissioner Daines expressed his support for the GNYHA/UHF Perinatal Safety Collaborative, explaining to the symposium participants—who included representatives from the American College of Obstetricians and Gynecologists, District II/New York, HANYS, DOH, and leaders in obstetrical practice—that GNYHA has demonstrated that the collaborative approach can lead to sustainable improvements in patient care. Promoting this approach, GNYHA continues to invite hospitals from across New York State to join the Perinatal Safety Collaborative, using it as a framework to support an individual hospital's existing perinatal safety improvement efforts. ■

Approps Bills to Include Moratoria

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Similarly, on May 7, Senate Appropriations Chair Robert Byrd (D-WV) announced that his committee would also include the moratoria as part of its supplemental package, which is scheduled for action on Thursday of this week. In response, Senator Charles Grassley (R-IA), Ranking Member of the Senate Finance Committee, sent a letter urging Chairman Byrd to remove the moratoria, as well as a separate controversial provision that would ban new physician-owned specialty hospitals from the Medicare program. Instead Grassley favors taking a "time-out" on two of the regulations (the GME and public provider

regulations) until August 1, to give Congress time to legislate on these issues. Such a compromise would leave Medicaid beneficiaries and providers at risk on the other five regulations, and would not guarantee protection against implementation of any of the regulations this year.

Expedient passage of these provisions through the appropriations bills is critical since the existing moratoria on several of the regulations expire on May 25, threatening billions of dollars in losses to public and teaching institutions in New York and around the country. However, since supplemental funding is necessary to finance the wars in Iraq and Afghanistan, the measure has been expected

to move quickly through both chambers despite opposition to the added provisions by the White House. Prior to H.R. 5613's passage in the House, the Bush Administration had issued a veto threat underscoring its desire to implement the Medicaid regulations without delay. Grassley's latest appeal to Chairman Byrd, however, may slow progress of the measure's passage by the Senate.

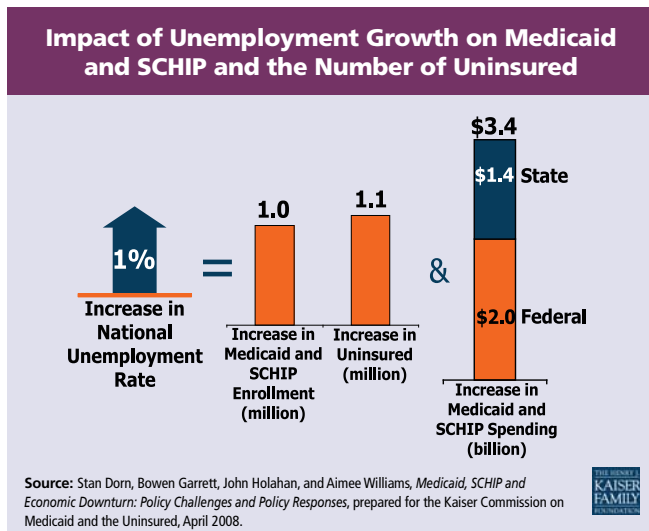
GNYHA and its allies—1199 SEIU Healthcare Workers East, the American Hospital Association, HANYS, and others—have advocated aggressively for the moratoria on these Medicaid regulations and are grateful to the entire New York delegation for its steadfast support on this important issue. ■

Kaiser Report Quantifies Recession Impact on Insurance Coverage

A recently published report from The Kaiser Commission on Medicaid and the Uninsured, titled *Medicaid, SCHIP and Economic Downturn: Policy Challenges and Policy Responses*, found that a downturn in the U.S. economy has a direct relationship with an increase in the number of uninsured individuals, as well as an increase in Medicaid and State Children's Health Insurance Program (SCHIP) enrollment and costs. Based on studies of past recessions/eco-

turn also leads to state revenue declines, and since states must maintain balanced budgets, a slowing economy is likely to result in cuts to Medicaid, SCHIP, and other public programs. The Kaiser Commission estimates that for each 1% increase in the unemployment rate, state general fund revenue decreases by 3%–4% on average, which could cause a 3%–4% decrease in Medicaid and SCHIP spending if states cut spending evenly across all programs to account for the lost revenue. Accordingly, Medicaid and SCHIP cuts have recently been proposed in 13 states, as 28 states

anticipate an aggregate budget deficit of \$39 billion for the coming fiscal year. The report points out that in past economic downturns, Congress has provided relief to states in the form of Federal Medicaid matching rate increases, which have helped states avoid slashing Medicaid budgets. Accordingly, a bill was introduced in the House by Congressmen Frank Pallone (D-NJ) and Peter King (R-NY) on February 7 that would provide a tem-



conomic downturns and estimates from currently available data, the report shows that as unemployment increases in a weakened economy, many people lose employer-sponsored coverage, which not only increases the uninsured population, but also increases the number of people eligible for Medicaid and SCHIP. The study estimates that a 1% increase in the national unemployment rate would cause 2.5 million people to lose employer-sponsored coverage (700,000 children; 1.7 million adults); 1 million people to enroll in Medicaid and/or SCHIP programs (600,000 children; 400,000 adults); 1.1 million adults to go uninsured; and 400,000 adults to obtain non-group coverage. As a result of increased enrollment, spending in Medicaid and SCHIP would increase by \$3.4 billion (\$1.4 billion for children; \$2 billion for adults). State shares were estimated to total \$1.4 billion.

Looking at the other side of the equation, the report notes that an economic down-

temporary 2.95% across-the-board increase in the Federal Medicaid matching rate for five calendar quarters. Similar legislation also has been introduced in the Senate. ■

GNYHA to Share Funds to Reduce Hospital-Acquired Infections

On May 9, the New York State Department of Health announced that seven non-profit health organizations—including GNYHA via its affiliate the GNYHA Foundation, and several GNYHA members—will share in more than \$1.2 million in funding for demonstration projects that focus on preventing hospital-acquired infections (HAIs). Beth Israel Medical Center, New York City Health and Hospitals Corporation, North Shore University Hospital (Manhasset), University of Rochester School of Medicine and Dentistry, Westchester County Healthcare Corporation, and HANYS also received funding for demonstration projects.

In particular, GNYHA received \$174,860 to coordinate the development, implementation, and evaluation of comprehensive, evidence-based practices to prevent and control *Clostridium difficile* (*C. diff*) infections. *C. diff* is a multi-drug resistant, toxin-producing bacterium responsible for most cases of antibiotic-associated diarrhea. GNYHA's 30-hospital joint collaborative with the United Hospital Fund is one of the first in the nation to specifically target *C. diff*. ■

NYS Announces \$109 M in New Stem Cell Research Funding

On May 8, New York Governor David Paterson announced the availability of nearly \$109 million in new State funding for stem cell research. The announcement marked the second round of funding to support the State's 11-year, \$600 million stem cell research initiative, which was approved as part of the NYS 2007–08 budget. The Governor also issued four Requests for Applications (RFAs) for proposals that encourage scientific collaboration, facilitate

development and acquisition of specialized equipment, and support researcher-initiated stem cell research. The program's first round of funding, totaling nearly \$15 million and awarded in January to 25 research institutions, focused on increasing the capacity of research institutions in New York State to conduct stem cell research. The second round of funding is scheduled to be awarded in October 2008, with letters of intent due on May 28, 2008, and all applications due on June 30. For more information about the RFAs, go to www.nyhealth.gov/funding. ■

Public Health Council Withholds Approval of Long Island Hand ASC

At its May 2, 2008, meeting, the Public Health Council (PHC) once again failed to generate sufficient votes to approve an application for establishing a freestanding (non-hospital-sponsored) ambulatory surgery center (ASC) project, Long Island Hand and Orthopedic Surgery Center, LLC (Suffolk County). The PHC previously has considered this project, but did not have enough votes to definitively approve or reject the application. In particular, this application has generated a great deal of discussion among PHC members as to whether approval of the project will undermine the ability of neighboring hospitals to deliver needed community services, and whether hospital impact should or could be considered in an ASC application. Notably, NYS Department of Health Commissioner Richard Daines, M.D., voted against the motion to approve the application. Long Island Hand ASC has filed an Article 78 petition challenging the PHC's actions in not approving its application. The petition alleges that the PHC has

effectively disapproved the ASC by failing to ever gather the requisite eight affirmative votes, and the applicants ask the court to overturn that decision.

GNYHA's Position: GNYHA has consistently called for a moratorium on new freestanding ASCs when a hospital takes the position that such a facility will have an adverse financial or operational impact. Moreover, GNYHA believes that approving future applications for freestanding ASCs would be contrary to the goals of New York State's Berger Commission, which aimed to strengthen the financial condition of existing health care institutions by reducing excess capacity. It is GNYHA's opinion that relocating cases from hospitals to freestanding ASCs creates excess capacity in the health care system and undermines the ability of hospitals to deliver care needed by their communities, including trauma and other emergency care as well as services to the uninsured. As a result, the PHC has the responsibility to consider the impact of a particular ASC on neighboring hospitals. ■

Upcoming GNYHA Member Briefings

GNYHA Behavioral Health Services Committee

Date: Thursday, May 15, 2008

Time: 2:00 p.m.–4:00 p.m.

Location: GNYHA Boardroom
555 West 57th Street, Suite 1500

GNYHA is holding a meeting of its Behavioral Health Services Committee to update members on the recently finalized New York State fiscal year 2008–2009 budget, as well as on several New York State Office of Mental Health (OMH) and Office of Alcohol and Substance Abuse Services (OASAS) redesign efforts, which include ongoing programmatic and reimbursement reform initiatives. Members will also be briefed on updates to the Medicare Inpatient Psychiatric Facility Prospective Payment System. Additionally, colleagues from a New York City Comprehensive Psychiatric Emergency Program (CPEP) will present information regarding a study of overcrowding and high utilization of CPEP services. Members will have the opportunity to discuss their experiences and begin developing strategies to address overcrowding and high utilization of psychiatric services. For more information, contact Alison Burke. To register, email Rosanne Casey at rcasey@gnyha.org. ■

GNYHA Board Meets

The GNYHA Board met on May 8, 2008, and took the following actions:

- Heard a special presentation from New York State Medicaid Inspector General James Sheehan about governance and compliance issues in the New York Medicaid program. In addition to noting that the long-awaited Model Compliance Guidance for New York hospitals would soon be available, Inspector General Sheehan emphasized the importance of educating hospital boards on their legal responsibilities for oversight of quality, credentialing, and other regulatory compliance issues;
- Received an update on medical malpractice reform and relief efforts, reviewed some key dates for Federal legislation related to moratoria on Medicaid regulations, and learned about various efforts related to quality improvement and its ties to payment policy for certain types of serious adverse events;
- Approved a number of measures related to GNYHA's operations, including the approval of membership for Hoboken University Medical Center in New Jersey;
- Reviewed and approved the audit report of the 2007 financial statements of GNYHA and its subsidiaries and affiliates; and
- Gave hearty thanks to outgoing Board Chair Gary Horan of Trinitas Hospital, as well as outgoing Audit Committee Chair Don Ashkenase of Montefiore Medical Center. The GNYHA Board and Officers for the 2008–09 Association term will be installed at the Annual Reception on June 4.

The GNYHA Board of Governors is scheduled to meet again on June 19 before going on summer hiatus. ■

NIMS Happens! Real Responses to Real Events in Hospitals Using the National Incident Management System

Date: Thursday, May 15, 2008

Time: Registration, 1:30 p.m.;
Program, 2:00 p.m.–5:00 p.m.

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

GNYHA and the NYC Department of Health and Mental Hygiene (DOHMH) will hold a joint meeting of GNYHA's Emergency Preparedness Coordinating Council and DOHMH's Emergency Preparedness Coordinators, which is intended to provide GNYHA members, wherever located, with practical approaches to complying with the National Incident Management System (NIMS). Representatives from four GNYHA member hospitals will present information regarding how NIMS has played an integral role in their response to real events and the needs experienced by their hospitals. For more information, contact Doris R. Varlese. To register, e-mail Laurie Sangirardi at sangirardi@gnyha.org. ■