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Skyline news

Reporting on New York's Health Care News

DOH Moves Ahead with Medicaid Rebasing Despite Fiscal Uncertainty

On October 22, during testimony before the State Division of the Budget (DOB), New York State Department of Health (DOH) Commissioner Richard Daines, M.D., made clear that DOH believes that Medicaid inpatient rebasing—which will have profound and, as of yet, unknown financial impact on hospitals across the State—must go forward in the next State fiscal year, despite a deep economic downturn that will necessitate Medicaid cuts and despite respectful requests by the hospital community to defer rebasing until the State's finances are again in order. "I know that many argue for a 'time out' from reform because of the fiscal crisis," Dr. Daines said, "but it is even more impor-

tant that we move ahead with reform that will ensure that we are getting the highest value for the scarce resources we have available." GNYHA is profoundly disappointed with the Commissioner's comments because GNYHA believes that a combination of Medicaid cuts and rebasing (which is designed to update the Medicaid reimbursement system for inpatient services by updating costs from a 1981 base year to a 2005 base year) will have a destabilizing effect on an already financially struggling hospital system.

However, GNYHA was pleased the Commissioner's testimony addressed the need for medical malpractice reform and restructuring the Certificate of Need pro-

cess, both of which he maintained will assist providers with the cost of doing business. Dr. Daines also spoke to the State's efforts to invest more in outpatient services in hospital clinics (among other settings) and the adoption of a new payment methodology—Ambulatory Patient Groups—for outpatient and emergency departments.

Coinciding with the hearing was the final meeting of the Technical Advisory Committee (TAC) charged with studying inpatient rebasing. For details on the TAC, on which GNYHA, the Healthcare Association of New York State, Iroquois Healthcare Alliance, hospital chief executive officers, and consumer representatives, among others, have served, see story below. ■

Hospital Rate-Setting Technical Advisory Committee Holds Final Meeting

On October 22, the New York State Department of Health (DOH) hosted the final meeting of the Hospital Rate-Setting Technical Advisory Committee (TAC). DOH Commissioner Richard F. Daines, M.D., and several colleagues presented the Department's preliminary recommendations for rebasing and modernizing the Medicaid inpatient

fee-for-service payment methodology. The Commissioner is expected to present his final recommendations to the New York State Legislature on November 1, 2008.

Rebasing

Under its rebasing proposal, DOH would update the base year for the Medicaid inpatient rate-setting system from 1981 to 2005—a change that the hospital industry supports. In that context, DOH also pro-

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Second Attempt at Stimulus May Offer New Opportunity for Hospital Priorities

Should a lame duck session occur as expected the week of November 17, Congress is likely to take up a second economic stimulus package, providing an opportunity to address key issues important to hospitals around the country.

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GNYHA Participates in National Infection Control Press Event

On October 22, at the National Press Club in Washington, D.C., GNYHA participated in “Infection Control is Everyone’s Business,” a roundtable discussion about infection prevention success stories, specifically in the areas of central line-associated bloodstream infections (CLABs), *C. difficile*, ventilator-associated pneumonia, and MRSA. The event was sponsored by the Association of Professionals in Infection Control (APIC) as part of the 22nd anniversary of International Infection Prevention Week.

Terri Straub, R.N., M.B.A., GNYHA’s Vice President of Quality and Patient Safety, discussed the history of GNYHA’s quality and patient safety initiatives, from the Board of Governors’ 2004 endorsement of public reporting of hospital-acquired infections to the tremendous success of the 38-hospital GNYHA/United Hospital Fund (UHF) CLABs Collaborative. Ms. Straub said that the collaborative approach championed by GNYHA and UHF—also underway are collaboratives aimed at reducing *C. difficile*, Improving Perinatal Safety, MRSA, and promoting rapid response teams—has enabled a densely clustered group of competitive hospitals to share best practices and embrace

a sweeping cultural shift in the way they approach quality and patient safety. She also emphasized that hospital CEOs must set the tone for how errors are treated and for shifting the entire workforce from a culture of blame to an environment of sustainable problem-solving.

The roundtable also included APIC President



GNYHA’s VP of Quality and Patient Safety, Terri Straub.

Janet Frain, R.N.; Denise Cardo, M.D., Director, Division of Healthcare Quality Promotion, National Center for Infectious Diseases, Centers for Disease Control and Prevention; Barbara Smith, R.N., B.S.N., Nurse Epidemiologist, St. Luke’s-

Roosevelt Hospital Center; Coretha Weaver, R.N., Infection Control Coordinator, Erlanger Health System, Chattanooga, TN; and Sherry Hillis, M.P.H., Infection Control Coordinator, Blount Memorial Hospital, Maryville, TN.

Collectively, the group discussed strategies, challenges, and approaches that produced tangible improvements in their respective institutions and significantly reduced the incidence of health care-associated infections. The event was covered by a number of health care trade publications including *Modern Healthcare*, *Hospitals & Health Networks*, and *Bureau of National Affairs*. ■

Hospitals’ Access to Capital is of Great Concern

GNYHA is carefully monitoring the activities in the credit markets and the impact on hospitals’ access to capital, both short term and long term, as well as other implications for health care financing. GNYHA is consulting with experts in financial markets and State and Federal agencies to develop innovative proposals to ensure financial stability for its members. For example, GNYHA recently proposed reinvigorat-

ing the goals and principles of the Hospital Survey and Construction Act, or Hill-Burton Act, to provide grants or low-cost loans to hospitals that are unable to access capital. For decades, the Hill-Burton Act provided critically needed grants and low-cost loans for hospital construction and modernization, with “need” being defined within the context of each state. GNYHA will continue its work with legislative leaders and financial experts to continue to find innovative solutions to these issues. ■

GNYHA SERVICES NOVEMBER WEBINARS

CitiStorage, LLC/U.S. Document Security

Date: Thursday, November 6, 2008

Time: 2:00 p.m. to 3:00 p.m.

CitiStorage, LLC/U.S. Document Security (USDS) will discuss how their services and technology address record management needs and help health care institutions effectively handle the storage, conversion, retrieval, and destruction of medical records and other key documents. Both USDS and CitiStorage, LLC employ appropriate safeguards consistent with HIPAA requirements to ensure the secure storage and destruction of Protected Health Information. CitiStorage’s automated inventory system utilizes barcode scanner technology to track boxes, files, and tapes. The software’s extensive reporting capabilities include box content descriptions and activity data tracking. CitiStorage, LLC/USDS serves all five New York boroughs, Nassau and Westchester Counties, as well as Bergen County in New Jersey. ■

Versus Technology, Inc.

Date: Tuesday, November 11, 2008

Time: 10:00 a.m. to 11:00 a.m.

This technology company will discuss its tracking solution, VISion™, a real-time location information and tracking system that combines infrared (IR) and radio frequency identification (RFID) to more precisely track assets with badges/tags for portable equipment. This system is equally effective for patient and staff tracking. Versus provides lightweight badges and tags that are attached to equipment or worn by people within a hospital setting. As equipment and people move within the building, ceiling-mounted sensors installed in rooms and hallways receive each badge’s unique ID signal. The receiving sensor identifies the badge location and routes the data through the VIS software. The results are displayed in real time on PCs or sent as alerts to third-party clinical systems. ■

To register for these sessions, view the online version of *Skyline News* and complete and return the registration form. If you have questions or need further information, please contact Barbara A. Green, Senior Vice President, New Business Initiatives (212-259-0720 or green@gnyha.org) or Lauren Glasser, Account Manager, New Business Initiatives (212-258-5304 or lglasser@gnyha.org) at GNYHA Ventures, Inc. ■

GNYHA Supports NYS Efforts to Simplify CON Non-Clinical Project Reviews

On October 3, GNYHA submitted comments in support of the New York State Department of Health's (DOH's) proposed rule making that would substitute prior limited review for administrative review with respect to non-clinical construction projects with costs between \$3 million and \$10 million under the State's certificate of need (CON) program. According to the proposed rule, the new reduced level of CON review would apply to projects that do not relate to a change in clinical service or equipment and would include, but not be limited to, projects such as information systems, exterior building envelopes (e.g., windows, roof, and wall repairs), parking

garages, dietary, solid waste and/or sewage disposal. GNYHA believes that the proposed change, if adopted, will help reduce costs and enhance efficiencies for providers and DOH alike without undermining the goals of the State's CON program.

The proposed rule making, which appeared in the August 20, 2008, *New York State Register*, reflects efforts by both GNYHA and the Healthcare Association of New York State to simplify CON approval requirements. In writing in support of the proposed rule making, however, GNYHA also strongly recommended that DOH increase the State's CON cost thresholds more generally; eliminate the need for review of all non-clinical

projects, regardless of cost; methodically review the remaining projects and equipment with an eye toward eliminating unnecessary reviews; and streamline the process for reviewing applications in general. GNYHA also noted that these additional recommendations are not intended to hold up the rule making currently under consideration. These recommendations, however, do reflect comments that GNYHA formally presented at a September 18 special meeting of the Planning Committee of the State Hospital Review and Planning Council. At that meeting, GNYHA urged the State to undertake broad-based reform of its CON program, which, under its current construction, no longer effectively serves many of its intended purposes. GNYHA's recommendations on CON reform can be found at <http://gnyha.org/7648/file.aspx>. ■

TAC Meeting *continued*

posed to reduce aggregate inpatient payments by \$300 million and to reinvest that funding in higher hospital-based ambulatory service rates. While the hospital industry strongly supports greater investment in ambulatory services—indeed, New York hospitals lose \$2 billion a year providing ambulatory services to the Medicaid population—it urges caution in using inpatient payments as a funding source. Caution is needed for several reasons:

- The funding that DOH would reprogram is already supporting other policy initiatives, most notably workforce recruitment and retention. New York hospitals still have critical shortages in nursing and other professions.
- The State's need to close an unprecedented budget deficit of \$8–\$10 billion next year may supplant other policy priorities.
- The potential redistribution of funding among hospitals adds more uncertainty to hospitals' ability to prepare their 2009 budgets, which is already severely encumbered by the prospect of deficit-related Medicaid cuts on top of revenue losses and cost increases asso-

ciated with the collapse of the financial services industry. Hospitals are already planning for service reductions to pay for the higher cost of borrowing and increased funding required for medical liability insurance and pension plans in the wake of sharply reduced investment income.

Recommended Payment Methodology

The State would replace the current methodology with an approach similar to the Medicare inpatient prospective payment system. There would be a single statewide rate that would be adjusted by a diagnosis-related group (DRG) weight, for regional differences in input prices, and for indirect medical education costs. The State would also change the patient classification system to All Patient Refined DRGs (APR-DRGs), which provides greater severity adjustment than the current system. Finally, DOH is considering whether an outlier policy is needed in the context of severity-adjusted DRGs. Direct medical education and capital-related costs would continue to be reimbursed on a hospital-specific basis. GNYHA is modeling and carefully studying the merits and impact of DOH's proposals in close collaboration with the Healthcare Association of New York State and DOH staff. ■

In Memoriam: Allan Rosenfield, M.D.

GNYHA mourns the passing of **Dr. Allan Rosenfield**, Dean Emeritus of the Mailman School of Public Health at Columbia University. A world-renowned obstetrician-gynecologist, Dr. Rosenfield conducted groundbreaking work in the areas of women's reproductive health and human rights. After earning his B.A. in biochemistry from Harvard College in 1955 and his M.D. from Columbia University in 1959, Dr. Rosenfield served as advisor to the Thai Ministry of Public Health, working with the Population Council to develop a national family planning program. In 1975, he was tapped to head the Center for Population and Family Health at Columbia University's School of Public Health, and then in 1986, Dr. Rosenfield was appointed Dean of the Mailman School, where he expanded the school's involvement in the global AIDS crisis by launching the International Center for AIDS Care and Treatment Programs among many other accomplishments. We send our heartfelt sympathies to his wife Clare, and their children and grandchildren. In lieu of flowers, the family requests that donations be made to the Allan Rosenfield Fund at the Mailman School of Public Health. ■

Stimulus *continued*

Remaining under serious consideration is the inclusion of significant Medicaid relief for states in the form of a temporary increase in the Medicaid matching rate, or “FMAP.” GNYHA has long advocated for FMAP relief, and has urged that any moving legislation should also include moratoria on two damaging Administration policies promulgated by the Centers for Medicare & Medicaid Services (CMS). The moratoria would stop Medicare cuts to teaching hospitals, and would prevent the implementation of Medicaid cuts to public hospitals and outpatient clinics around the country.

Responding to House Speaker Nancy Pelosi’s (D-CA) call to address “Main Street” issues resulting from the economic downturn, House committee chairmen have scheduled a dozen hearings over the next month to determine key provisions of a “fiscally responsible recovery package.” At the first of these hearings, Federal Reserve Chairman Ben Bernanke testified before a House Budget hearing and urged Congress to pass another stimulus package. The White House had opposed the \$61 billion stimulus package passed by the House last month, of which \$15 billion had been designated for FMAP relief. Democratic leaders are currently discussing a broader stimulus package that would provide significantly more assistance in the range of \$150-\$300 billion. GNYHA is working with its State and national partners to ensure that FMAP, along with regulation moratoria, are part of this broader package.

With New York State facing as much as a \$10 billion budget deficit for the upcoming budget year, an FMAP increase is essential to lessen the State’s financial burden and, in turn, to provide protection for hospitals from deep State Medicaid cuts—particularly since when the economy declines, more individuals become Medicaid eligible. A temporary increase in New York’s FMAP of 4% for 14 months, as proposed in the House of Representative’s previous stimulus package (H.R. 7110) and passed on September 26, is expected to yield about \$1.9 billion in savings to

New York State. The Center on Budget and Policy Priorities has projected that the tiered relief bill would save New Jersey almost \$400 million.

GNYHA reiterated in letters to the delegation this week that the stimulus package must also include moratoria on damaging Administration policies affecting public hospitals, as well as certain hospital outpatient clinics across the nation. Specifically, the moratoria include stopping Medicare cuts to teaching hospitals that went into effect on October 1, 2008 (Medicare capital indirect medical education payments have been reduced by half for FY 2009 and will be eliminated starting in FY 2010). When fully phased in, these cuts will total more than \$375 million nationally (annually), of which \$60 million will be cut from

New York’s teaching hospitals and \$14 million from New Jersey teaching hospitals. GNYHA also urged the delegation to include a second moratorium that would prevent CMS from finalizing a devastating Medicaid regulation affecting public hospitals and outpatient clinics (known as the Medicaid outpatient regulation). If implemented as proposed, this rule would result in nearly \$500 million in losses annually for New York providers. The American Hospital Association and the Association of American Medical Colleges have underscored their support on blocking both these policies and, as such, have endorsed legislation (H.R. 7241/S. 3656), spearheaded by members of the New York delegation, that would protect hospitals from these devastating cuts. ■

UPCOMING GNYHA MEMBER BRIEFINGS

Briefing on Health Information Technology in New York State

Date: Monday, November 10, 2008

Time: 2:00 p.m. to 4:00 p.m.

Location: GNYHA Conference Center

GNYHA, in partnership with the Healthcare Association of New York State, will host an educational session on the State’s ongoing efforts to build a Statewide Health Information Network of New York. Members may participate in person or via Web cast to hear from Lori Evans, Deputy Commissioner of the State Department of Health Office of Health Information Technology Transformation, and Rachel Block, Executive Director of the New York eHealth Collaborative. To register for the briefing, contact Yasmin Hilal (yhilal@gnyha.org or 212-258-5370). ■

Briefing on HCRA Surcharge Audits

Date: Tuesday, November 4, 2008

Time: 10:00 a.m. to 12:00 noon

Location: GNYHA Conference Center

GNYHA has invited the New York State Department of Health (DOH) and KPMG to conduct a briefing on the audit protocols, documentation requirements, and

process for audits of Health Care Reform Act (HCRA) surcharge payments. DOH has started to audit hospitals on the accuracy of HCRA surcharge payments made to New York State on behalf of non-direct payers and to validate the accuracy of the 1% statewide assessment payments. The audits cover the years 2002-2007. To register for the briefing, please contact Anita Wall at wall@gnyha.org. ■

Briefing on Medicare RAC Expansion

Date: Wednesday, November 5, 2008

Time: 2:00 p.m. to 4:00 p.m.

Location: GNYHA Conference Center

GNYHA has scheduled a briefing with staff the Centers for Medicare & Medicaid Services and Diversified Collection Services, Inc., the Medicare recovery audit contractor (RAC) for the northeast region, including New York, New Jersey, Connecticut, and Rhode Island. The RACs are paid on a contingency fee basis to perform retrospective reviews of Medicare paid claims. It is expected that RAC reviews will begin in early 2009 in New York and Rhode Island and in August 2009 or later in New Jersey and Connecticut. To register, please contact Anita Wall at wall@gnyha.org. ■