



November 24, 2008

# Skyline news

Reporting on New York's Health Care News

## Albany Special Session Yields No Cuts

### December 16 Budget Proposal Expected to Address \$14B+ Gap, Including Current Year Deficit

Last week, members of the New York State Legislature gathered in Albany for the second special economic session called by Governor David Paterson this year to address the worsening State budget deficit. However, unlike the first special session held in August, which resulted in \$1 billion in State savings through the next State fiscal year, including \$505 million in health care cuts, the November 18 session was cancelled after it became clear that the Governor and legislative leaders could not reach agreement on new cuts.

The debate centered on Governor Paterson's proposed cuts and new taxes, which he released on November 12. The Governor's proposal included \$572 million in health care cuts for the remainder of this State fiscal year, which ends on March 31, 2009, on top of \$128 million cut in August and \$763 million in April. The Governor proposed major cuts to hospitals, nursing homes, and home care, as well as the reinstatement of the 0.7% gross receipts tax on hospitals. The proposed provider cuts included elimination of the remaining 2008 Medicaid trend factor and the 2009 trend factor; an 8% reduction in Medicaid inpatient hospital and nursing home reimbursement rates for the remainder of the State fiscal year and a 1% cut in home care rates; a 2% reduction in Medicaid inpatient hospital and nursing home reimbursement

rates for the next State fiscal year and a 1% cut in home care rates; cuts in graduate medical education (GME) funding; cuts in public hospital and nursing home recruitment and retention funds; and cuts in home health reimbursements for administrative costs.

**GNYHA Response:** While recognizing the need to reduce spending during the State's time of great economic stress, GNYHA and 1199 SEIU United Healthcare Workers East, our Healthcare Education Project (HEP) part-

ner, opposed the Governor's proposal because it fell alarmingly short of any definition of "shared responsibility." (See HEP ad at left). GNYHA testified to this effect at an Albany hearing of the Assembly Ways and Means Committee on November 14 (to view GNYHA's full testimony please visit [www.gnyha.org](http://www.gnyha.org)). In addition, GNYHA President Kenneth E. Raske and 1199 SEIU President

George Gresham sent a letter to each mem-

*continued on page 2*



## Lame Duck Congress Fails to Pass Stimulus Package

Both the Senate and the House returned to Washington last week for an abbreviated lame duck session and leadership elections. While there had been hope that an economic stimulus package would be passed that would include, among other items, financial relief to states in the form of an increased Medicaid matching rate, known as FMAP, as well as moratoria on damaging Administration policies, lawmakers adjourned without completing

action on a comprehensive bill.

While Senate Majority Leader Harry Reid (D-NV) and Senate Appropriations Chairman Robert Byrd (D-WV) had unveiled a new \$100 billion stimulus package last week that included nearly \$40 billion of Medicaid relief (an 8% FMAP increase over 15 months), the bill failed to move due to Republican opposition. As such, lawmakers were only able to pass limited relief in the form of an extension of unemployment insurance benefits before adjourning at week's end.

*continued on page 3*

# Len Nichols Delivers Keynote at GNYHA Foundation-UHF Symposium

On November 19, Len Nichols, Ph.D., Director of Health Policy Programs for the New America Foundation, discussed Medicare reform opportunities within the context of health system reform at the Nineteenth Annual Symposium on Health Care Services: Research and Practice, sponsored by the GNYHA Foundation and the United Hospital Fund (UHF). The 2008 Symposium attracted approximately 250 researchers, policymakers, clinicians, and administrators.

In his keynote address, Dr. Nichols discussed the bipartisan interest in health care

reform in Washington and noted the widespread belief among policymakers that the current system is unaffordable and unsustainable. He noted that the percent of median family income that must be spent to purchase health insurance has more than doubled in the last 20 years, and stated that recent trends are creating a crisis for the employer-based health insurance system. Dr. Nichols stressed that Medicare has the ability to lead reform initiatives, and has to do a better job at encouraging experimentation, innovation, and linking payment to value.

The Symposium also included morning sessions that focused on the return on investment for preventive care and issues with

obesity. The afternoon roundtable sessions focused on the proposed Federal methodology for underserved areas and managing HIV care. ■

## GNYHA Hosts HIE Briefing

On November 10, GNYHA, in partnership with the Healthcare Association of New York State, hosted a briefing on the State's plans to develop and build its health information exchange (HIE) infrastructure, the Statewide Health Information Network of New York (SHIN-NY). 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 (NYeC), provided an overview of the State's strategy, the work that has taken place to date through the NYeC Statewide Collaboration Process (SCP), and the hospital stakeholder role in this process. GNYHA Webcast the briefing, and a video—along with presentation slides—are posted at [www.gnyha.org/HITbriefing](http://www.gnyha.org/HITbriefing).

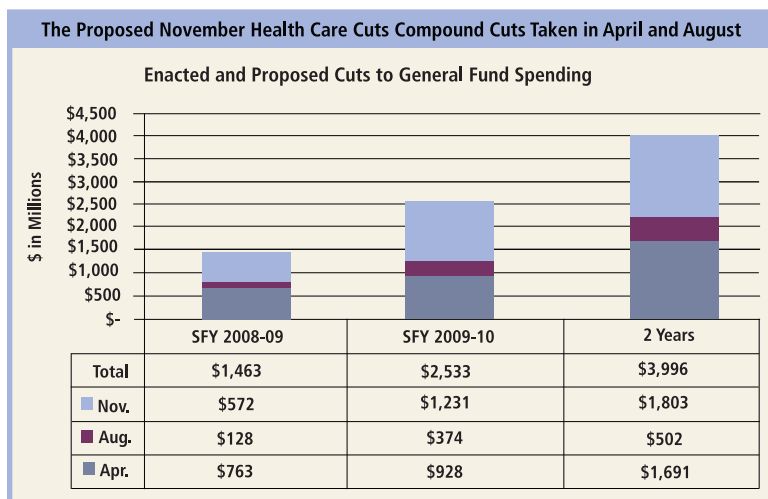
GNYHA has been an active participant in the development of the SCP, a multi-stakeholder effort to develop policies, technical standards, and operational guidance for health information technology (HIT) projects. Separate from the SCP, GNYHA has also pursued discussions with the State regarding the long term sustainability and options for HIT financing, specifically for systems within hospitals' physical plants. As the role of hospitals in health information exchange expands, engaging hospital staff at all levels in operationalizing the recommendations and requirements that emerge from the SCP will become even more critical. Therefore, GNYHA will continue to convene member meetings focused on health information technology and exchange. ■

## Special Session *continued*

ber of the New York State Legislature expressing their opposition to the Governor's plan as proposed. "For the third time this year...and despite education spending finally being on the table, health care is being targeted to shoulder a deeply disproportionate share of budget cuts—cuts that will severely compromise access to care," the letter stated. "Indeed, the education 'cuts' being sought are merely a reduction in proposed spending increases." Mr. Raske and Mr. Gresham went on to point out that because the Governor's plan did not access the State's rainy day funds, increase personal

income taxes on the wealthiest New Yorkers, reduce hospital costs by reforming the medical malpractice insurance system, or require health insurers to dedicate more of their bloated profits to balancing the State budget, the proposal should be rejected.

**Next Steps:** The Governor has announced that he will release his budget proposal for State fiscal year 2009–10 on December 16. He has said that his proposal will eliminate the current year deficit of at least \$1.5 billion and will also eliminate next year's estimated \$12.5 billion deficit. The Governor's estimate of the deficit for next year is equal to 22% of current year State spending. GNYHA will continue to work with the Governor and the State Legislature to ensure that the budget truly reflects the shared sacrifice necessary to balance the budget without decimating important health care services for the most vulnerable New Yorkers. ■



## Stimulus *continued*

It is likely that Congress will reconvene on December 8 to consider legislation to aid the ailing automobile industry, but Republican opposition has made passage of both that and a broader stimulus package during the remainder of the Bush Administration uncertain. Importantly, President-elect Obama has indicated support for a major economic stimulus package and has said that its passage is his top priority when he assumes the Presidency on January 20, 2009.

For months, GNYHA has been working closely with Governor Paterson's Washington Office, Mayor Bloomberg's Washington Office, and other key State partners in pressing for sizable FMAP support in an effort to ease pressure on New York's budget deficit. In fact, GNYHA President Kenneth E. Raske traveled to Washington last Wednesday to join Governor Paterson, New York State Assembly Speaker Sheldon Silver and New York State Senate Majority Leader Malcolm Smith in meeting with the New York Congressional delegation to underscore the critical need for Federal relief to New York State. After the delegation meeting, Mr. Raske accompanied Governor Paterson, Speaker Silver, and Senator Smith to meetings with several Congressional leaders, including House Majority Leader Steny Hoyer (D-MD) and House Majority Whip James Clyburn (D-SC), to press for fiscal relief. Later, Governor Paterson was scheduled to meet with Senate Majority Leader Reid.

Of note, last week New York Senators Charles Schumer and Hillary Clinton again attempted to block harmful Administration regulations affecting cuts to teaching hospitals and Medicaid hospital outpatient clinics by bringing their legislation (S. 3656) to the Senate floor for a unanimous consent vote. Again, resistance from Republicans prevented the passage of this important measure. Despite the opposition, GNYHA will continue to advocate for the inclusion of these moratoria in the larger stimulus bill taken up by the new Congress in January.

### Obama Appointments Abound

On the heels of selecting Representative Rahm Emmanuel (D-IL) as his Chief of Staff and naming the Obama transition team, President-elect Barack Obama has been

busy eyeing potential candidates for key Administration positions. Last Wednesday, the media reported that Obama selected former Senate Majority Leader Tom Daschle to serve as Secretary of Health & Human Services and will act as the Administration's point person on health care reform. It has also been reported widely that Obama has

selected current Congressional Budget Office Director Peter Orszag to serve as White House budget director. New York Senator Hillary Rodham Clinton has been rumored as the most likely candidate to serve as Secretary of State, but the no official announcement had been made as *Skyline News* went to press. ■

## GNYHA SERVICES WEBINARS

Over the past several months, GNYHA Services, Inc. has held an informational series about suppliers with which we have favorable pricing agreements for products or services that are intended to address members' needs. If you have questions or need further information, please contact Barbara A. Green at GNYHA Ventures, Inc.

### The Bard Group

**Date:** *Tuesday, November 25*

**Time:** *10:00 a.m. – 11:00 a.m.*

This health care consulting firm made up of physician leaders and health care executives will discuss how it focuses on strengthening the critical physician-hospital relationship to align medical staff and organizational incentives, develop clinical service lines, improve clinical performance, and achieve other organizational objectives. ■

### Dell MessageOne, Inc

**Date:** *Thursday, December 4*

**Time:** *1:00 p.m. – 2:00 p.m.*

This emergency personnel notification service provider will discuss AlertFind™, an automated system that delivers immediate communications to administrators, clinicians and other key staff members in disasters and emergency situations. AlertFind™ synchronizes with e-mail systems, directory services, human resource systems, and disaster recovery planning systems to ensure accurate and complete lists of users, contacts, and personnel groups and supports communication in over a dozen different devices. It can deliver instructions, ask questions, collect responses and even transfer the message recipient to a live representative or call bridge. AlertFind™ also offers an extensive polling feature to allow administrators to gather real-time data on employee location, safety, availability, and status. ■

## NYS DOH Delays APG Implementation

On November 20, the New York State Department of Health (DOH) issued a letter to hospitals notifying them of a delay in the implementation of the Medicaid ambulatory care reforms included in the State fiscal year 2008–09 budget, which were scheduled to be implemented on December 1, 2008, for clinic and ambulatory surgery services. The reforms included an increase of \$182.5 million on an annualized basis in ambulatory care payments and implementation of a new payment methodology—ambulatory patient groups (APGs)—for clinic, ambulatory surgery, and emergency department services. The ambulatory rate in-

creases were linked to an across-the-board cut to hospital inpatient rates of \$154.5 million.

DOH delayed the implementation of these reforms because the State has not yet obtained the necessary approvals from the Centers for Medicare & Medicaid Services (CMS). DOH is continuing its discussions with CMS on these changes and expects that it will have the necessary approvals by the end of the year. Please note that implementation of the APG system will be effective the date that CMS approval is received. DOH has developed a Web site with information regarding APG implementation at [http://www.nyhealth.gov/health\\_care/medicaid/rates/apg/index.htm](http://www.nyhealth.gov/health_care/medicaid/rates/apg/index.htm). ■

# Baucus Proposes Health Reform Plan

On November 12, Senator Max Baucus (D-MT), Chairman of the Senate Finance Committee, released a white paper on health reform that is being viewed as a signal that the troubled economy has not derailed the possibility of early Congressional action on health care. The Baucus paper argues that health care reform is an essential part of restoring the economy and assuring long-term financial strength and sets forth a plan for reform focused on increasing coverage and improving health care value and efficiency.

While similar to President-elect Obama's health care plan, Senator Baucus' plan differs in its call for an individual mandate as soon as affordable coverage options become available. The Baucus proposal also offers a wide range of general policy options for improving quality and efficiency. Of particular note, restructuring graduate medical education (GME) and indirect medical education (IME) are included with no specific recommendations but the plan calls for assessment of the adequacy of the number of resident slots, options to increase caps for certain areas, policies to allow training in non-hospital settings, and increased accountability for IME funding. The

plan also calls for malpractice reform and proposes grants to states to create alternatives to litigation. Other important components of the Baucus plan include establishment of an institute for comparative effectiveness; expanding policies to strengthen primary care; providing financial incentives under Medicare for quality improvement and adoption of health information technology; reforming Medicare physician reimbursement; providing incentives to reduce hospital admissions; elimination of the Medicare Advantage overpayments; and enhancing fraud and abuse activity. The proposal is available in its entirety at [http://](http://finance.senate.gov/healthreform2009/finalwhitepaper.pdf)

## Baucus Plan for Improving Coverage

- Individual Mandate when affordable options are available
- Guaranteed issue, no preexisting condition limitations
- National Health Insurance Exchange with public and private options
- Medicare Buy-in for 55-64 year olds
- "Pay or Play" for employers
- Tax credits for small business
- Medicaid expansion to 100% FPL
- Refundable tax credits for individuals between 100% and 400% FPL
- Increased FMAP during economic downturns

[finance.senate.gov/healthreform2009/finalwhitepaper.pdf](http://finance.senate.gov/healthreform2009/finalwhitepaper.pdf). ■

## DOH Presents Initial Options for CON Reform to SHRPC

On November 20, the New York State Department of Health (DOH) presented its initial set of options or recommendations for reforming the State's certificate of need (CON) program to the Planning Committee of the State Hospital Review and Planning Council (SHRPC). DOH described the options, which were set forth in a matrix format, as reflective of input received through two SHRPC public hearings, meetings with stakeholders, and internal DOH discussions on the overall issue of reforming and streamlining the CON program. DOH cautioned that the options are neither final nor intended to represent the universe of options, but rather only to initiate and structure the Planning Committee's discussions. Among the options put forward were increasing the cost thresholds from \$3M to \$6M for administrative review, \$10M to \$15M for full review, and \$25M to \$50M for administrative reviews of hospital projects in which costs are less than 10% of facility operating costs. Other options include materially streamlining the process for reviewing non-clinical projects as well as for reviewing equipment that is considered part of "routine standard of care in hospitals";

requiring only administrative review of certain CON amendments; and numerous ways in which to streamline the application, review, and project start process. The SHRPC Planning Committee will now begin to discuss these options, some of which would require regulatory changes and some of which can be made with only "administrative guidance" internally at DOH.

**GNYHA Activities:** GNYHA provided testimony at the September public hearing held by SHRPC on CON reform and advocated for materially increasing the cost thresholds, eliminating many projects and equipment from review, and streamlining the overall CON process. In order to provide additional input, GNYHA and member hospitals have met with DOH and created a workgroup to develop detailed, constructive guidance on ways to improve the program. Based on input from this workgroup, GNYHA has created a working list of specific recommendations for improving the system, which it has shared with DOH. Although many aspects of GNYHA's recommendations were reflected in DOH's November 20 presentation, GNYHA will continue to work with its members and DOH to ensure that as many of its members' recommendations as possible are incorporated in the reform process. ■

### UPCOMING GNYHA MEMBER BRIEFING

#### Cultural Competency Briefing

**Date:** Wednesday, December 10, 2008

**Time:** 1:00 p.m.-3:00 p.m.

**Location:** GNYHA Conference Center

On December 10, GNYHA will hold a briefing to provide members with updated information regarding cultural competency standards and to provide best practice examples of cultural competency staff education programs implemented by GNYHA members. You must register to attend this briefing. If you plan to attend, please complete the attached reply form and return it to Evelyn Guthwin at GNYHA by fax at (212) 262-6350 or by email at [eguthwin@gnyha.org](mailto:eguthwin@gnyha.org). If you have questions about briefing, please contact Lloyd C. Bishop at (212) 258-5340 or Rafael Ruiz at (212) 506-5406. ■