



January 26, 2009

# Skyline news

Reporting on New York's Health Care News

## Congress Begins Economic Stimulus Debate

Last week, committees of the U.S. House of Representatives began considering the "American Recovery and Reinvestment Act," commonly known as the economic stimulus bill. Congressional leaders hope to pass a final bill, once reconciled with a different Senate bill that was released on Friday, before Congress leaves for the President's Day recess on February 13.

**Medicaid:** The House legislation includes a complicated formula to provide Medicaid relief to states in the form of a temporary increase in the Medicaid matching rate, known as FMAP,

for nine quarters, beginning October 1, 2008. Specifically, the bill provides a 4.9 percentage point across-the-board increase for each state, with three additional "tiers" of FMAP support for qualifying states based on growth in unemployment. (The across-the-board increase in the Senate bill is 5.6 percentage points.) It is expected that New York and New Jersey initially qualify for an additional tier of support, for a total FMAP increase of 7.9 percentage points for both states in the House bill, and 8.1 percentage points in the Senate bill. According to preliminary estimates by the State Division of

the Budget (DOB), the resulting relief to New York in the House bill is \$1.7 billion in the current State fiscal year (roughly the size of DOB's estimate of the current-year budget deficit for New York), \$3.4 billion in the next fiscal year, and a total of \$7.6 billion over nine calendar quarters. Should New York's unemployment rate continue to worsen, New York could then

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## Kirsten Gillibrand to be New York's Junior Senator

On January 23, New York Governor David Paterson announced that he has chosen Congresswoman Kirsten Gillibrand (D) to replace Secretary of State Hillary Rodham Clinton in the United States Senate. Congresswoman Gillibrand has represented New York's 20th Congressional district since January 2007 and resides in Hudson, NY. The 20th Congressional district includes all or part of Dutchess, Columbia, Green, Delaware, Otsego, Rensselaer, Washington, Saratoga, Warren, and Essex counties. During the Clinton Administration, Congresswoman Gillibrand served as Special Counsel to Housing and Urban Development Secretary

Andrew Cuomo. GNYHA has worked with the Congresswoman over the past several years on several important issues facing hospitals. Specifically, she has lent her critical support for legislation that would block harmful Medicaid regulations issued by the Bush Administration (including a rule that would eliminate Federal support for Medicaid graduate medical education) and joined the effort to prevent other harmful policies, such as the Medicare capital indirect medical education cuts that went into effect on October 1. GNYHA wishes the Congresswoman all the best and looks forward to working with her on health care issues of importance to all New Yorkers. ■

## Budget Amendments Disappoint Health Providers

On January 15, New York Governor David Paterson submitted his so-called "30-day amendments" to his SFY 2009-10 Executive budget, which was released on December 16. The New York State Constitution allows a Governor to submit amendments to his Executive Budget proposal within thirty days of submitting it to the State Legislature. When releasing the amendments, the Governor's press release stated, "The proposed amendments are primarily technical in nature and do not include significant policy changes or spending additions." Unfortunately, the amendments did not mitigate the impact

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# GNYHA Criticizes MedPAC Recommendation to Cut IME

On January 21, GNYHA send a letter to the Glenn M. Hackbarth, Chairman of the Medicare Payment Advisory Committee (MedPAC) that strongly criticized MedPAC's January 8 vote to cut the indirect medical education (IME) adjustment in the Medicare inpatient prospective payment system (IPPS) for Federal fiscal year 2010 and to use the savings to finance a quality incentive pool in the IPPS. The recommendation would cut the IME adjustment by one percentage point, from 5.5% per 10% increment in the resident-to-bed ratio to 4.5%—a cut of 18%—which would cost teaching hospitals \$1 billion annually. The recommendation was identical to one made last year for FY 2009 and it was unanimously approved. GNYHA urged MedPAC to reconsider the recommendation and to advise Congress

to maintain the adjustment at the current level. Specifically, GNYHA said:

- It is irresponsible to reduce funding to teaching hospitals at a time when there is a looming physician shortage, according to the Federal Council on Graduate Medical Education, among other independent entities;
- Teaching hospitals would not be able to absorb the cut without degrading graduate medical education (GME) and teaching-related patient care activities because of deficient total margins, which have deteriorated sharply

in the current economic downturn; and

- The Medicare program should maintain the current level of IME funding despite some estimates that it is higher than necessary because Medicare under-funds direct GME by \$1.3 billion and because Congress has failed to establish a national Medical Education Trust Fund, which is necessary to ensure appropriate private payer support for teaching hospitals.

Additional information on MedPAC is available at <http://www.medpac.gov/>. ■

## NYS Proposes to Eliminate Critical GME Funding

In New York State's SFY 2009–10 budget proposal, \$24 million in funding collected from private health insurance companies to offset a portion of their fair share costs for graduate medical education (GME) would be eliminated. Moreover, \$283 million of that GME funding—the entire remaining amount—would be redirected to support care for the indigent. This proposal for a complete elimination of the GME pool, established as part of the Health Care Reform Act (HCRA), comes amidst a consensus among independent researchers and advisory bodies that the nation is facing a physician workforce shortage as baby boomers age and demand for medical services increases.

**Looming MD Crisis:** In response to the predicted physician shortage, the Association of American Medical Colleges (AAMC) has called for a 30% increase in medical student enrollment. However, simply increasing enrollment in medical schools will not increase physician supply without increasing available residency slots. Pressure has been building for Congress to consider lifting the caps imposed on Medicare funding for resident training at teaching hospitals. Training more

residents to keep pace with future health care needs, however, will require more—not less—funding.

**Safety Net Providers:** While on track to become the doctors of the future, New York's physician residents currently provide critical health care to many underserved neighborhoods. In these communities, the resident doctors in training—working under the supervision of more experienced physicians—help those who wouldn't otherwise receive the care they need. Approximately nine million primary care visits occur in GNYHA member hospital ambulatory care centers on an annual basis, and most of these centers are staffed by physician residents. In addition, the hospitals, clinics, and physician practices in New York's underserved areas rely on the State's GME programs as the major source for the physicians they are able to recruit. A 2007 study by the Center for Health Workforce Studies, University at Albany, *The Contribution of New York Graduate Medical Education to Primary Care in HPSAs*, found that over 80% of primary care physicians practicing in metropolitan health professional shortage areas (HPSAs) were trained in New York's GME system. ■

### UPCOMING GNYHA MEMBER BRIEFING

#### Hospital Community Service Plan Briefing

**Date:** Monday, February 2, 2009

**Time:** 10:00 a.m. – 12:00 noon

**Location:** GNYHA Conference Center

GNYHA will hold a briefing on the submission of 2009 hospital Comprehensive Community Service Plans (CSPs) and the New York State Department of Health's (DOH's) *Prevention Agenda Toward the Healthiest State* initiative. As part of the Prevention Agenda, DOH is asking hospitals to work collaboratively with local departments of health and community stakeholders to focus some of the hospital's community health improvement efforts around the State's prevention priorities. During the briefing, DOH staff will provide an overview of 2009 hospital CSP submission requirements, the State's *Prevention Agenda*, and available DOH resources to assist hospitals in their CSP development efforts. If you plan to attend, please contact Evelyn Guthwin at GNYHA by fax at (212) 262-6350 or by email ([eguthwin@gnyha.org](mailto:eguthwin@gnyha.org)). ■

# Final Rules on ICD-10 and HIPAA Transaction Sets Published

The U.S. Department of Health and Human Services (HHS) released two final rules on January 16 that will facilitate the nation's ongoing transition to an electronic health care environment through adoption of a new generation of diagnosis and procedure codes and updated standards for electronic health care and pharmacy transactions.

The first final rule sets an effective date of October 1, 2013, for providers to replace the ICD-9-CM code sets now used to report health care diagnoses and inpatient procedures with greatly expanded ICD-10 code sets that will fully support quality reporting, pay-for-performance, bio-surveillance, and other critical activities. The second final rule adopts an updated X12 standard, Version 5010, for certain electronic health care transactions, an updated version of the National Council for Prescription Drug Programs (NCPDP) standard, Version D.0, for electronic pharmacy-related transactions, and a standard for Medicaid pharmacy subrogation transactions under the Health Insurance and Portability Act of 1996 (HIPAA). Version 5010 includes updated standards for claims, remittance advice, eligibility inquiries, referral authorization, and other administrative transactions. Version 5010 also accommodates the use of the ICD-10 code sets, which are not supported by Version 4010/4010A1, the current X12 standard. The current standard has been in

place since the inception of HIPAA electronic transactions in 2003.

To assist members with implementation, GNYHA will hold a briefing on March 9, 2009. Future ICD-10 implementation activities will be announced at a later date. The

GNYHA HIPAA Transaction Sets Workgroup will reconvene to facilitate transition to the 5010 updated electronic transactions. For more information about ICD-10 and HIPAA 5010 transactions, contact Stewart Presser at [presser@gnyha.org](mailto:presser@gnyha.org) ■

## Amendments *continued*

of any of the health care cuts and taxes proposed in the Governor's original budget, despite the fact that Congress is working on an economic stimulus plan to provide substantial new Medicaid funding for New York State (see story, page 1). The Governor continues to refuse to make use of rainy day reserve funds, favoring deep cuts in programs, despite calling the budget situation the worst since the Great Depression. In addition, the health care community is bitterly disappointed that the Governor did not include any of GNYHA's suggested payer and medical malpractice reform proposals in the 30-day amendments, proposals that would help hospitals reduce costs and cope with the inevitable new cuts and taxes that will be included in next year's budget and threaten the viability of New York's already-fragile health care system.

**HEP Response:** In response to the 30-day amendments, the leaders of the Healthcare Education Project (HEP), 1199 SEIU

President George Gresham and GNYHA President Kenneth E. Raske, sent a letter to Governor Paterson outlining their position. "Given the concerns we have expressed about the impact of the Executive Budget proposals on New York's health care community—including cuts, taxes, and so-called reimbursement reforms—and all of the successful work we have done together in Washington to secure relief for New York's Medicaid budget, we expected a much different 30-day amendment package," the letter stated. Mr. Gresham and Mr. Raske went on to describe HEP's vision of shared sacrifice. "Far from saying that the health care sector should be fully protected, we have repeatedly said that we will bear our fair share of the burden of deficit reduction. However, we believe that our fair share should be within the context of a balanced plan, the so-called "5-5-5" plan, which assumes at least \$5 billion in relief for the State budget from the Federal government, \$5 billion in new domestic sources of revenue, and \$5 billion in State actions, including proportionate cuts across all sectors of State spending and use of rainy day funds and other reserves." The letter noted, "And, incomprehensibly, the Executive Budget contains extremely destabilizing reimbursement rate reforms, unrelated to deficit reduction, which, in most cases, exacerbate the impact of the deficit reduction plan with little benefit to the State's overall financial plan." The letter closes with a pledge to "continue to reach out to [the Governor and his staff] and the Legislature to help craft a State budget for these tough economic times that protects New Yorkers and the health care community." ■

## AROUND

Saint Vincent Catholic Medical Centers announced that **Arthur Y. Webb** has accepted the position of chief operating officer for the system. Mr. Webb is well-known in New York's health care community, having served as president and chief executive officer of Village Care of New York since 1993. Prior to that, Mr. Webb spent nearly two decades working for New York State government, including leadership positions in the New York State Health Planning Commission and the Office of Mental Retardation and Developmental Disabilities, as well as serving as a Regional Advisory Committee Chairman for the Berger Commission.

**Laura Castelli**, Director of Government Relations for GNYHA's long term care affiliate CCLC, was recently appointed to the position of Legislative Director for the New York State Senate Deputy Majority Leader Jeff Klein (D-34). Prior to joining CCLC, Ms. Castelli was the Senior Regional Coordinator for the New York State Assembly's communications department, working with legislators across the State on issues such as health care, education, taxes and economic development.

## Stimulus *continued*

qualify for a total FMAP increase of 10.9 percentage points in the House bill (or 10.6 percentage points in the Senate bill), which would result in \$4.6 billion in Federal relief in SFY 2009–10 and \$9.75 billion over nine quarters. GNYHA will continue to press for additional FMAP relief for New York. Members of the New York and New Jersey delegations, including Senator Charles Schumer (D-NY), Congressmen Frank Pallone (D-NJ), Eliot Engel (D-NY), and Peter King (R-NY), have been key champions on this issue.

**Medicare, Medicaid Regulations:** The House bill includes a moratorium on a harmful Medicare policy that eliminated critical capital indirect medical education (IME) payments. The moratorium both prevents the Centers for Medicare & Medicaid Services (CMS) from further implementing cuts to teaching hospitals and also restores monies taken from providers since October 1, 2008. GNYHA is grateful to Congressman Charles Rangel (D-NY) for his steadfast advocacy on this issue, and is working to make sure the moratorium is included in final economic stimulus legislation. (The Senate bill does not currently include this moratorium.) The legislation also extends until July 1 the moratoria on six harmful Medicaid regulations currently protected by a statute that expires on March 31. Another Medicaid rule that had not been protected by a moratorium, the Medicaid outpatient rule, would now also be stopped through July 1.

**HIT:** The House bill provides \$20 billion in support for health information technology (HIT) initiatives over several years. The HIT provisions provide for \$18 billion of the \$20 billion in Federal support for facilitating the adoption of HIT through incentives to providers. GNYHA is also working to encourage the inclusion of assistance for health care providers to gain access to capital for non-HIT capital expenses.

**Health Insurance:** The House bill contains two provisions aimed at providing health insurance for individuals who have lost their jobs. The first provides a time-limited 65% subsidy for COBRA premiums. The second provision would give states the option to extend Medicaid coverage at Federal cost through December 31, 2010, to unemployed individuals and their families. ■

# Clinical Quality Fellowship Launches

**G**NYHA and the United Hospital Fund (UHF) successfully launched the Clinical Quality Fellowship (CQF) program on January 15 and 16, 2009. As reported previously in *Skyline News*, 16 fellows from across the GNYHA membership were selected to join this unique program. The CQF program is a 15-month initiative consisting of four full days of training, bi-weekly conference calls, and monthly evening workshops.

In addition, there are ongoing individual and group assignments, a capstone project, and involvement of fellows in hospital quality committees. A highlight of the January launch was the evening workshop “Friday Night in the ED,” a game that challenged teams to meet the demands of a health care system that is constrained by

space, staffing, and sheer volume of patients. Using real life scenarios, the pace of the game demonstrated the daily challenges of communication, teamwork, silo approaches to care, and the overwhelming pace at which

multiple decisions have to be made. The lessons learned from the game provided fellows with insight on how systems can be improved and re-designed.

As the discussion at the launch event revealed, the physician’s role in quality is continuously expanding and evolving as hospitals address public transparency of hospital quality data,

value-based purchasing, and rapid adoption of evidence-based practices. The CQF will provide the framework to help physicians make rapid and sustainable changes by engaging their col-

leagues, building teams, promoting system and individual responsibility, and providing the knowledge and tools to support the hospital’s quality and patient safety agenda. ■



## GNYHA SERVICES, INC. FEBRUARY WEBINARS

As reported previously in *Skyline News*, GNYHA Services, Inc. will feature two webinars in February to introduce offerings from American Medical Alert Corp. (AMAC), a provider of outsourced telephone call center services, and The Bard Group, a consulting firm which helps health care organizations achieve quality and operational goals through consultation. If you have questions or need further information about these webinars, please contact Barbara A. Green at GNYHA Ventures, Inc. ■

### American Medical Alert Corp.

**Date:** Thursday, February 5, 2009

**Time:** 2:00 p.m. – 3:00 p.m.

### The Bard Group

**Date:** Tuesday, February 10, 2009

**Time:** 10:00 a.m. – 11:00 a.m.