



January 25, 2010

Skyline news

Reporting on New York's Health Care News

Governor's Budget Includes 8th Round of Health Care Cuts

On January 19, Governor David Paterson unveiled his Executive budget for the upcoming State fiscal year (SFY) which begins April 1, 2010. The Governor's budget seeks to close a projected \$7.4 billion deficit for SFY 2010-11. It contains Medicaid fee-for-service cuts and taxes for hospitals, nursing homes, and home care—the 8th round of cuts faced by the health care community since 2007.

When factoring in the enhanced Federal Medicaid matching rate, which is expected to be extended beyond December 31, 2010, and the concomitant Medicaid managed care, Worker's Compensation, and no-fault rates that are often tied to provider fee-for-service rates, the cuts reach close to \$1 billion for health care.

In a press statement, the Healthcare Education Project (HEP), a joint project of

GNYHA and 1199 SEIU United Healthcare Workers East, expressed understanding of the current fiscal crisis, but pointed out that the latest proposed cuts and taxes “will trigger severe reductions in care and more layoffs, downsizing, and outright closures.” HEP “believes there are better choices than unsustainable cuts—including sensible Medicaid reforms and sorely needed medical malpractice reforms...which would reduce hospitals' onerous costs.” HEP will be working hard to protect hospitals, nursing homes, and home care from the proposed

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GNYHA Members Mobilize to Help Haiti

To address health care and other challenges facing earthquake-ravaged Haiti, many GNYHA members have sent physicians, nurses, and other health care providers, often equipped with supplies, to the Caribbean nation. The early missions of New York providers found there to be little infrastructure and non-existent security, as widely reported by the media, and therefore faced considerable challenges and safety risks. As time has gone by, the New York region's providers have been able to coordinate with a number of recognized private organizations that either have an

established presence in Haiti or that have been able to develop a degree of infrastructure to support and protect these missions. Federal resources such as Disaster Medical Assistance Teams (DMATs) and military medical teams have also been deployed to Haiti.

Most recently, the New York State Department of Health (DOH) has started contacting volunteers who have registered through the State's ServNY volunteer program. DOH has also asked hospitals to provide information, through the State's HERDS system, about individuals interested in being deployed to Haiti. New York's

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Health Reform in Doubt After Senate Upset

As a result of Republican Scott Brown's upset victory over Democrat Martha Coakley in the January 19 special election in Massachusetts to fill the late Ted Kennedy's U.S. Senate seat, the fate of health care has been called into question. Leading up to Tuesday's election, House and Senate leaders and relevant committee staff were wrapping up nego-

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Legislators Back Opposition to Long Term Care Cuts at Forum

On January 15, GNYHA's long term care affiliate, the Continuing Care Leadership Coalition (CCLC), hosted a legislative Town Hall Forum at member facility United Hebrew in New Rochelle, NY. The forum's goals were to draw attention to the impact of anticipated long term care cut proposals and urge the delay of the nursing home regional pricing payment reform plan. Large numbers of CCLC members, residents, staff, and union representatives attended and explained how cuts to health care impact real residents.

The event was co-sponsored by Democratic legislators Senator Suzi Oppenheimer (Port Chester) and Assemblyman George Latimer (Mamaroneck), who were joined by

Senator Andrea Stewart-Cousins (D-Yonkers), Assemblyman Ken Zebrowski (D-New City), Assemblyman Gary Pretlow (D-Yonkers), and Assemblywoman Sandra Galef (D-Ossining).



From left to right starting with the back row: Assemblyman George Latimer, Assemblyman Ken Zebrowski, Assemblyman Gary Pretlow, In the front row: Rita Mabli, President and CEO of United Hebrew, Senator Suzi Oppenheimer, Senator Andrea Stewart-Cousins, United Hebrew Board Member David Alpert, Scott Amrhein.

During the forum, legislators offered attendees strong commitments to protect and preserve essential health care funding. During the forum's welcoming remarks, Assemblyman Latimer insisted that those dependent on Medicaid-funded health care must not be forgotten, and that their care is an essential public interest, not a special interest.

Additional legislative forums are being planned in the metropolitan region in coming weeks. To learn more, please contact Diane Barrett at CCLC, (212) 259-0741 or dbarrett@cclcnny.org. ■

UHC Delays Admission Notification Penalties

UnitedHealthcare (UHC) has again delayed implementation of reimbursement penalties for inpatient admissions where hospitals fail to comply with UHC notification requirements. The proposed reimbursement penalties of as much as 50% were scheduled to go into effect January 19. UHC attributed the delay to its failure to provide all hospitals with adequate notification of the new policy. A new target date for implementation has not yet been

established, but the delay is expected to last several months.

UHC anticipates notifying providers in February of the new implementation date. While GNYHA welcomes the additional implementation delay, it remains our view that the proposed reimbursement penalties are unreasonable and unnecessary. We will continue to express our concerns to UHC, State legislators, and regulators to try to effect substantial modification to the UHC proposed policy. ■

Health Reform in Doubt *continued*

tiations on a compromise measure and awaiting final cost estimates from the Congressional Budget Office (CBO). A final bill had been expected to head to the House and Senate floors for a final vote before Congress adjourns for the week-long President's Day recess, which starts February 12.

As *Skyline News* went to press, next steps remained unclear as Congressional leadership struggled with whether to pass the Senate bill with a companion measure modifying it, or whether to dramatically scale back a reform package into a much smaller bill or bills with provisions that have widespread public support. Also at issue is whether to use the budget reconciliation process that would facilitate passage in the Senate (since only 51 votes are needed with reconciliation bills), but the nature of that vehicle limits the kinds of provisions that can be included. Specifically, reconciliation bills can only include policies that have a budgetary impact (i.e., that either save or spend money, thereby excluding policies such as value-based purchasing and certain insurance reforms that do not receive a CBO score).

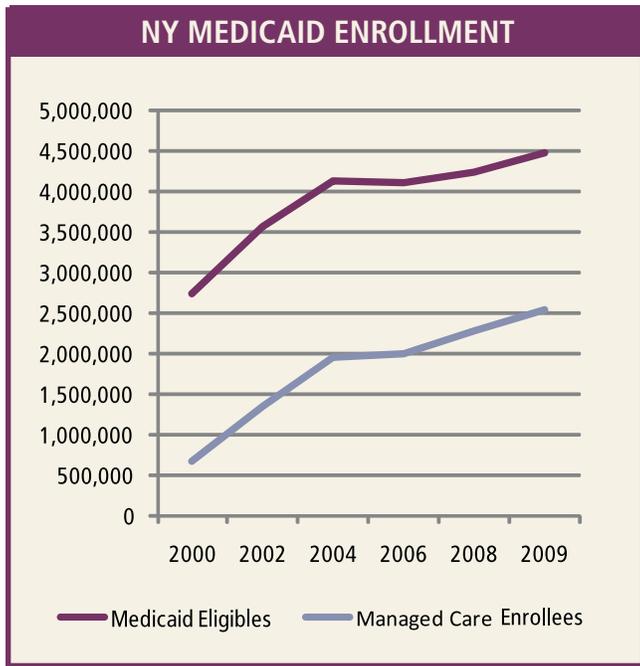
Since much of President Barack Obama's first year has held health care as a top domestic priority, leadership also is struggling with how much more time to devote to getting reform legislation through both chambers before moving on to other issues. Other significant legislation dealing with the economy, climate change, the deficit, and potential immigration reform, among other issues, is pending in Congress. Action has been stalled on the measures until a health reform bill is sent to the President.

In his first official State-of-the-Union address to Congress, scheduled for Wednesday, the President will speak to these and possibly other priorities for 2010, highlight successes of the past year, and tout key policies in his fiscal year 2010 executive budget, which is expected to be released February 1. ■

Continued Growth in Medicaid and Managed Care

This past year saw continued significant growth in managed care enrollment for New York State's public

(FHP), and Child Health Plus (CHP) grew to more than 3.4 million as of January 2010, an increase of more than 10% over January



2009. The growth was fueled by overall increases in the Medicaid-eligible population, managed care expansions upstate, and continued enrollment of the SSI population. The number of Medicaid eligibles (inclusive of FHP) increased by more than 5% through August 2009, the most recent month for which data is available. The total number of Medicaid eligibles in New York now stands at approximately 4.5 million, 2.8 million of which are in New York City. CHP enrollment experienced minimal gains through the year, increasing

by only 17,000 (4%), to 390,000. Overall managed care enrollment for Medicaid, Family Health Plus

insurance programs. Overall managed care enrollment for Medicaid, Family Health Plus

changes in New York's Medicaid program—in terms of the program's growth overall and Medicaid managed care penetration. Total Medicaid enrollment in the State has increased by more than 61% since 2000 and managed care penetration has increased from 25% in 2000 to approximately 70% at the end of 2009. ■

Save the Date

Please reserve the following dates for the GNYHA Annual Meeting and the GNYHA Annual Reception and Awards Ceremony

2010 Annual Meeting
Tuesday, April 20, 2010

2010 Annual Reception and Awards Ceremony
Thursday, May 27, 2010

Haiti *continued*

ServNY program, like New Jersey's Medical Reserve Corps (NJMRC), works within the framework established by the Federal government's Emergency System for the Advance Registration of Volunteer Health Professionals, or ESAR-VHP, which is the Federal program that establishes standards for registering, screening, and pre-credentialing civilian volunteers for use during disasters. Volunteers working through such programs are typically provided important benefits, legal protections, and support during their volunteer service. ServNY, NJMRC, and counterparts in other states organize the activities necessary for effective volunteer management consistent with state and Federal requirements. Although the Federal government has not yet determined whether individuals registered

through such programs will be deployed, it recommends that states use the opportunity to increase the number of volunteers registered and to identify how many volunteers might be available, if needed. GNYHA will provide more detailed information directly to members regarding any potential deployment or volunteer service as specific plans are developed.

On the supply side, GNYHA has taken an active role in collecting and organizing the delivery of medical and other supplies to Haiti and appreciates the many donations and other contributions that have been made. GNYHA Ventures, Inc. is working with members to seek reimbursement for the supplies they have donated.

For information regarding ServNY, NJMRC, and the Federal ESAR-VHP program, please see GNYHA's Web site, <http://www.gnyha.org/203/Default.aspx>. ■

FHCDA Moves Through Legislature

The Family Health Care Decisions Act (FHCDA) has made great progress since New York's legislative session began earlier this month, with the Assembly passing the bill last week. In the Senate, the Health Committee has passed the bill, and it could be referred to the Codes Committee soon.

The FHCDA, which has been debated on and off since the early 1990s, seeks to close the gap in New York State Law that inhibits surrogate decision making. Under current law, no one—not even a concerned family member—has the right to make decisions about medical or life-sustaining treatment for a patient who has lost decision-making

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Health Care Cuts *continued*

cuts and taxes. However, we do support the Governor's proposals to increase taxes on cigarettes and sugared beverages, which could yield a combined \$650 million in revenue. If passed, not only will these proposals contribute to the greater public health good, but would stave off even larger health care cuts.

Hospitals

Specifically, the Executive Budget includes hospital spending cuts and taxes of \$548.3 million (\$244.6 in State savings) including:

- Eliminating the remainder of the Medicaid trend factor for calendar year 2010.
- Increasing the gross receipts tax to 0.75% from 0.35% (the increase does not apply to outpatient revenues).
- Reducing and restructuring the indigent care pool, also known as the bad debt and charity care pool, to remove bad debt from the calculation over a three-year period, and move exclusively to a formula based on units of service provided to uninsured patients.
- Reducing Medicaid payments to hospitals that perform below quality benchmarks related to poten-

tially preventable readmissions and conditions (the proposal envisions bonus payments for hospitals that perform well or improve, as well as assistance to prevent readmissions for certain providers).

Another proposal that would have an impact on teaching hospitals is to reduce the Medicaid indirect medical education (IME) adjustment factor from 4.2% to 1.2% over three years. This proposal, though, is budget-neutral to the hospital industry.

Savings from it would be reinvested, in part, to provide \$72 million in annual Medicaid hospital rate add-ons to enhance quality and access for obstetrical care. Beginning April 1, 2010, the add-on would be based 50% on a hospital's 2007 Medicaid fee-for-service and Medicaid managed care case-mix adjusted obstetrical and neo-natal discharges, and 50% on the 2006 regional adjusted costs per discharge. Starting in fiscal year 2011, the payments would be contingent on a hospital's certification that it has implemented a comprehensive perinatal safety program,

which could include many of the elements embedded in the GNYHA/United Hospital Fund Perinatal Safety Collaborative. The remaining savings from the IME reduction would be used to increase the base Medicaid payment rate for all hospitals, as well as to increase funding for the Doctors Across New York program.

Other hospital-related provisions include requiring detox certification for high volume providers, extending Medicaid selective contracting to include out-

patient specialty services, and increasing the number of transitional care units allowed in the State from five to 10, among others.

Long Term Care

Nursing homes are slated to lose \$274.3 million (\$140.2 million in State savings) and home and personal care losses could be as much as \$175.2 million (\$73.9 million in State savings). Specifically, the remainder of the calendar year 2010 Medicaid trend factor for nursing homes and personal care would be eliminated; the nursing home assessment would be increased from 6% to 7% (with the increase not eligible for reimbursement by Medicaid) and the home health gross receipts tax from 0.35% to 0.7%. Paterson's budget proposal includes imposing a two-year cap on nursing home rate appeals. It would also reduce reimbursement for nursing home bed hold days to 95% and cap the number of days at 14 annually per hospitalized resident. He has also proposed removing prescription drug costs from nursing home rates and paying on a fee-for-service basis; limiting personal care hours to 12 hours per day; and increasing the time period for long term home health care reassessments from 120 days to 180 days.

The Executive Budget would also postpone the regional pricing for nursing homes from April 1, 2010, to March 1, 2011, and extend rebasing through February 28, 2011, with a requirement that the extension be budget-neutral. ■

GNYHA/HANYS STATE BUDGET BRIEFING

GNYHA and the Healthcare Association of New York State will cohost a State budget briefing at GNYHA's offices on Tuesday, February 2, 2010, from 9:30 a.m.–noon. To register for the briefing, contact Evelyn Guthwin at GNYHA, eguthwin@gnyha.org. ■

FHCDA *continued*

capacity, unless the patient has completed a health care proxy or left "clear and convincing" oral or written explanation of his or her wishes. Less than 25% of New Yorkers have completed a health care proxy, and all too often, health care providers are required to administer treatment simply because there is no clear and convincing evidence of the patient's actual wishes. The FHCDA also would facilitate timely treatment of incapacitated patients who have no family to act on their behalf.

The bill (S.3164-B/A.7729-D), sponsored by Senate Health Committee Chairman Thomas Duane (D-Manhattan) and Assembly Health Committee Chairman

Richard Gottfried (D-Manhattan), would provide a framework with the appropriate checks and balances that would enable family members and others to make decisions in collaboration with health care providers in hospitals and nursing homes. Many organizations support the FHCDA, including GNYHA, the Continuing Care Leadership Coalition, Healthcare Association of New York State, and Family Decisions Coalition, a consumer advocacy group, all of whom have been actively advocating for passage of the bill for many years. On January 11, GNYHA organized a lobby day at the Capitol during which FHCDA supporters met with legislators to discuss expediting the bill's passage. GNYHA will keep members apprised of the bill's legislative movement. ■