



February 22, 2010

Skyline news

Reporting on New York's Health Care News

Obama Provides Medicaid Relief as Paterson Looks to Fill Growing Deficit

On February 18, the Obama Administration announced that it will newly interpret a provision of last year's economic stimulus bill to provide \$4.3 billion in extra Medicaid relief to states. According to the Administration, this will bring \$407 million in Medicaid relief to New York. (The move will also bring \$66 million to Connecticut, \$153 million to New Jersey, \$229 million to Pennsylvania, and \$23 million to Rhode Island.) In announcing the relief, Health and Human Services Secretary Kathleen Sebelius explained the Administration's intent in providing it. "We believe today's action will help states as they

struggle to maintain Medicaid and other budget priorities in these difficult economic times," she said. The announcement provides some relief for New York State, which is facing a worsening deficit. When Governor David Paterson originally released his SFY 2010-11 budget proposal January 19, he estimated a \$7.4 billion budget deficit for the fiscal year that begins April 1, but later revised it upward by \$750 million, bringing the State's estimated deficit to \$8.2 billion.

In response to the unexpected Federal relief, GNYHA and its advocacy partner 1199 SEIU issued a release urging Governor Paterson and the State Legislature to use

these critically important funds for health care services, as intended, and avoid crushing budget cuts to hospitals, nursing homes, and home care. This newfound Federal relief is nearly enough to completely eliminate the budget's proposed health care cuts and tax increases, which the Division of the Budget estimates would save the State \$459 million in the upcoming fiscal year. Combined with the \$4.2 billion in Federal Medicaid relief New York is already slated to receive in 2010-

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President Appoints Deficit Reduction Panel

Last week, President Barack Obama signed an executive order creating the National Commission on Fiscal Responsibility and Reform, a bipartisan panel charged with recommending ways to significantly reduce the Federal budget deficit by 2015. The Commission is to be co-chaired by former Clinton Chief of Staff Erskine Bowles, who played a significant role in negotiating the Balanced Budget Act of 1997 (which helped balance the budget in the late 1990s), and

former Senator Alan Simpson, a Republican from Wyoming. The panel will comprise 18 members: six to be appointed by the President (including the co-chairs) and six each by the Democratic and Republican Congressional leaders.

The Commission's specific charge is to identify "policies to improve the fiscal situation in the medium term and to achieve fiscal sustainability over the long run." The medium-term

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HEP Attends Annual Caucus Conference

GNYHA and 1199 SEIU United Healthcare Workers East recently participated in the New York State Association of Black and Puerto Rican Legislators, Inc.'s 39th Annual Conference Weekend. The Healthcare Education Project (HEP), a joint initiative of GNYHA and 1199 SEIU, sponsored a booth at the conference's craft and information fair to educate attendees about

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National Insurers Report Record Profits Despite Recession

For the nation's five largest insurance companies, 2009 was a year of record profits, according to documents filed with the U.S. Securities and Exchange Commission. Following a decrease in profits in 2008, combined net income for WellPoint Inc., UnitedHealthcare, Humana, Cigna, and Aetna rebounded sharply in 2009, totaling \$12.2 billion, or an increase of 56%. WellPoint and UnitedHealthcare led the pack with 2009 income of \$4.7 billion and \$3.8 billion, respectively. Aetna was the only one of the five to show decreased earnings in 2009—the company had an 8% drop that was driven largely by increased medical costs. State-specific breakouts of the earnings figures will not be available for several months. In December, though, New York Governor David Paterson blasted the New York subsidiaries of UnitedHealthcare, Aetna, and WellPoint for distributing \$1.2 billion in dividends to their out-of-state parents. Analysis of national five-year data indicates insurer

profits increased 35% from 2005 to 2009. The combined income of the five plans during this period was \$51.4 billion.

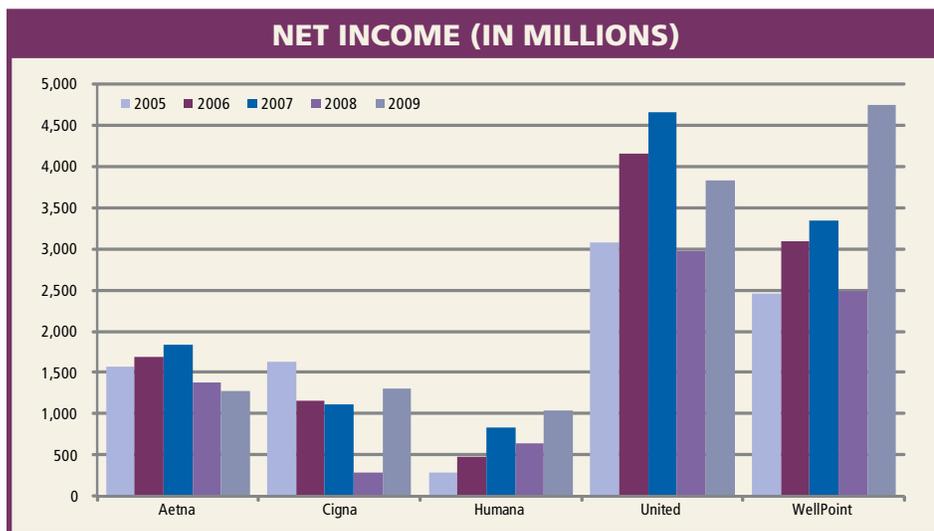
Health reform advocates lambasted the insurers for generating record profits while millions of people have lost their jobs and accompanying health insurance, and U.S. Health and Human Services Secretary Kathleen Sebelius has criticized WellPoint subsidiary Anthem Blue Cross of California. Despite the record profits, the insurer is seeking premium increases of up to 39% for individuals. Those premium increases will be the subject of Congressional hearings scheduled for February 24. Anthem has agreed to a two-month delay in implementing the premium increases pending review by independent actuaries engaged by the California Insurance Commissioner. Meanwhile, health reform advocates are using the earnings reports and Anthem premium increases to call for renewed efforts at reaching agreement on health care reform. ■

President to Host Health Reform Summit

On February 25, President Barack Obama and the bipartisan leadership of Congress are scheduled to meet to discuss health care reform. "I want to come back [after the President's Day Congressional recess] and have a large meeting—Republicans and Democrats—to go through, systematically, all the best ideas that are out there and move [health reform legislation] forward," President Obama said in announcing the summit earlier this month. "If we can go, step by step, through a series of these issues and arrive at some agreements, then, procedurally, there's no reason why we can't do it a lot faster than the process took last year," he said.

The meeting will be held at Blair House, located across Pennsylvania Avenue from the White House and will also be televised. In addition to Congressional leaders of both parties, the chairs of Congressional committees with jurisdiction over health care matters have been invited, including Congressman Charles Rangel (D-NY), Chairman of the House Ways and Means Committee; Max Baucus (D-MT) and Charles Grassley (R-IA), the Chair and Ranking Republican, respectively, of the Senate Finance Committee; and Christopher Dodd (D-CT), who for many months during last year's health reform debate filled in for Edward Kennedy (D-MA), the former Chair of the Senate Health, Education, Labor, and Pensions Committee, who died in August.

The meeting is expected to open with a statement by the President, followed by statements from a leader of each political party. The President is scheduled to moderate a discussion focused on four policy priorities: insurance reforms, cost containment, expanding coverage, and deficit reduction. Administration officials have said that prior to the meeting a proposal from the President will be posted on the White House Web site, www.whitehouse.gov. ■



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

Members Share Expertise to Prevent Pressure Ulcers

On February 16, GNYHA and its long term care affiliate, the Continuing Care Leadership Coalition (CCLC), held a learning session of its Pressure Ulcer Improvement Collaborative that featured Joyce Black, RN, PhD, immediate past chair of the National Pressure Ulcer Advisory Panel (NPUAP). Dr. Black provided an overview of the recently released NPUAP guidelines on the prevention and treatment of pressure ulcers. She also explained NPUAP's plan to hold a consensus panel to discuss avoidable and unavoidable pressure ulcers, including releasing a summary of the proceedings in early March.

The GNYHA-CCLC Pressure Ulcer Improvement Collaborative includes interdisciplinary teams from hospitals and long term care organizations that are addressing the challenges in care transitions while developing a more standardized, sustainable, community-driven, and team-based approach to the prevention, assessment, management, documentation, and treatment of pressure ulcers. Participants are testing and measuring practice innovations, and sharing experiences to accelerate learning and the

systematic adoption of best practices. The participating organizations are using a standardized communication tool that includes an essential set of elements to enhance the transfer process between acute and long term care settings aimed at pressure ulcer prevention and improvement. This collaborative further supports GNYHA's efforts to reduce preventable hospital readmissions.

At the learning session, participants discussed strategies for patient assessment on admission and interdepartmental prevention strategies. Participants from one organization described their protocols regarding skin and risk assessments to identify potential pressure ulcers. A representative from another organization discussed the complexity of pressure ulcer improvement, and stated that the Collaborative is a great opportunity for hospitals and long term care organizations to focus on improving communication during the transfer process. For more information about the learning session or the Collaborative, please contact Roxanne Tena-Nelson (tena-nelson@cclcn.org), Kelly Donohue (donohue@gnyha.org), or Zeynep Sumer (zsumer@gnyha.org). ■

Medicaid Relief *continued*

11 under the Federal economic stimulus bill and another \$1.06 billion when Congress passes its jobs bill in the coming weeks, there is no possible excuse, at this critical point in time, for cutting financially struggling hospitals, nursing homes, home care agencies, their patients, and the health care workers they employ.

21-Day Amendments The announcement is another bit of potentially good news for New York's hospital community. Earlier this month, Governor Paterson significantly amended his SFY 2010–11 budget proposal by removing several provisions that would have dramatically redistributed Medicaid and charity care funding among hospitals across New York State.

Under State law, the Governor had 21 days to submit amendments to his proposed budget legislation to the State Legislature. While these amendments are often merely technical in nature, Governor Paterson took the opportunity this year to make some major changes, including deleting a provision that would have cut Medicaid indirect medical education funding for teaching hospitals and redistributed it to 1) all hospitals across the State, and 2) hospitals with a high proportion of Medicaid obstetrical patients. In addition, the Governor removed a provision that would have redistributed bad debt and charity care funding among voluntary hospitals. The amended budget still includes a provision to cut charity care funding for voluntary hospitals by \$187 million annually. In addition, the Governor proposed in his 21-day amendments using any new Federal Medicaid money that may be available from a new economic stimulus bill to cover estimated increases in the State's budget deficit.

GNYHA Testimony On February 9, GNYHA President Kenneth E. Raske testified in Albany on the Governor's proposed health care budget at the annual joint hearing of the Assembly Ways and Means and Senate Finance committees. Mr. Raske outlined for the assembled legislators the weak financial condition of New York's hospitals, including their having as a group the worst total bottom line margins in the country and the worst equity financing ratios (meaning

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Caucus Conference *continued*

the negative impact of Medicaid funding cuts on health care providers, particularly those providers serving communities of color. In addition, the Alliance for a Healthier New York, a coalition of public health advocacy groups, including GNYHA, staffed a booth aimed at educating the public about the importance of enacting the sugary beverage tax as a way to reduce obesity (particularly among New York's children), improve the public's health, and generate revenue that will help protect health care funding. On the long

term care front, staff from the Continuing Care Leadership Coalition, a GNYHA affiliate, participated in a conference session organized by Assembly Member Adriano Espaillat (D-Manhattan) that focused on the impact of cuts on long term care providers.

The NYS Association of Black and Puerto Rican Legislators, Inc. is the not-for-profit foundation arm of the Black, Puerto Rican, Hispanic, and Asian Legislative Caucus. The Conference was held over President's Day weekend. ■

Medicaid Relief *continued*

New York's hospitals have to rely more heavily on debt and borrowing than hospitals anywhere else). Pointing out that Federal Medicaid relief from the economic stimulus bill last year was used inappropriately for many non-health care purposes, Mr. Raske said this year the State Legislature should place new Federal relief in a "lockbox" dedicated to reducing proposed cuts and taxes to hospitals, nursing homes, and home care. Mr. Raske also expressed strong support for the Executive Budget's proposed tobacco tax increase and the proposed tax on unhealthy sugary drinks.

Scott C. Amrhein, President of the Continuing Care Leadership Coalition, gave detailed testimony on the impact of the budget on nursing homes and home care providers.

Next Steps GNYHA continues to meet with legislators to find solutions to the State's budget woes without harming New

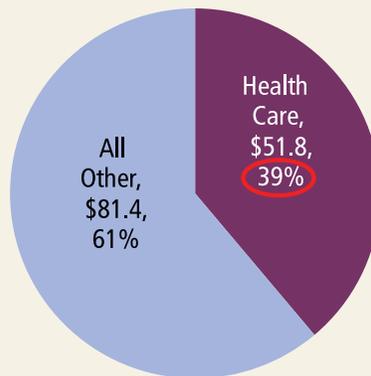
Deficit Reduction Panel *continued*

goal is to balance the budget, excluding interest payments on the debt, by 2015. This would bring the deficit, including interest payments on the national debt, to 3% of gross domestic product in 2015, down from 10% this year—a huge undertaking. Something of note for GNYHA members: the recommendations to achieve fiscal sustainability over the long run are required to include "changes to address the growth of entitlement spending." Medicare and Medicaid are two of the largest entitlement programs.

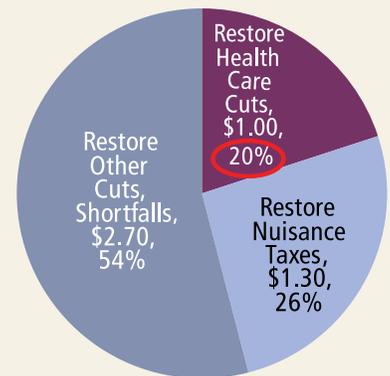
The Commission's report with recommendations is due by December 1, 2010, and requires the approval of 14 of the 18 members. Office of Management and Budget Director Peter Orszag said the day the Commission was announced, "The leaders of both the Senate and the House have assured us that they will bring these recommendations to a vote before the end of the current Congress," which will end when the new Congress, chosen in the November 2010 election, is sworn in January 2011. ■

LAST YEAR, HEALTH CARE DID NOT GET ITS FAIR SHARE OF THE \$5 BILLION FMAP INCREASE

Health Care's Share of the \$133.2 Billion 2010–11 State Budget



How Last Year's \$5B Increased FMAP Was Spent



Source: GNYHA analysis of SFY 2010–11 Financial Plan and other DOB documents.

York's health care delivery system. GNYHA has urged all members to contact their State legislators, and to attend the Healthcare Association of New York State's Advocacy

Day in Albany on March 3. GNYHA is scheduling and will participate in meetings with legislative leaders for CEOs of GNYHA member hospitals. ■

GNYHA MEMBER BRIEFINGS

NY State External Appeals, CMS Dispute Resolution Briefing

Date: Wednesday February 24, 2010

Time: 9:00 a.m.–10:30 a.m.

Location: GNYHA Conference Center

GNYHA will host a briefing in which representatives from the New York State Department of Insurance will explain the External Appeals process. Representatives from the Centers for Medicare & Medicaid Services Region II Office will discuss the agency's dispute resolution process that is available to non-participating providers under Medicare Advantage. To register, please contact Maria Canales, mcanales@gnyha.org. ■

Briefing on NYS OMH's New Survey Processes for Inpatient Units and Clinic Programs

Date: Thursday, February 25, 2010

Time: 2:00 p.m.–4:00 p.m.

Location: GNYHA Conference Center

Members will learn about the development of a collaborative survey agreement between the Office of Mental Health and The Joint Commission (TJC) for OMH-certified inpatient units. Hospitals, under the agreement, could choose to allow TJC's accreditation survey process to satisfy OMH's routine survey requirements. Members will also be briefed on OMH's revised clinic survey process, which adds the use of a tracer methodology. Please contact Alison Burke (aburke@gnyha.org) if you have any questions about the meeting. ■

Census Conference Call on Patients Residing in Health Care Facilities

Date: Monday, March 1, 2010

Time: 10:00 a.m.–11:30 a.m.

GNYHA will host a conference call briefing on the enumeration process for patients residing in health care facilities. The call, featuring staff from the American Hospital Association and the U. S. Census Bureau, is designed to provide background about Census Bureau activities and the expected role of health care facilities. To register for the conference call, please contact Evelyn Guthwin, eguthwin@gnyha.org. ■