



May 17, 2010

Skyline news

Reporting on New York's Health Care News

Furlough Plan Heads to Court with No Budget in Sight

With the New York State budget more than a month late, the State Legislature on May 10 approved Governor David Paterson's plan to place approximately 100,000 State employees on one-day-per-week unpaid furloughs. The plan was to begin this week, but after public employee unions filed lawsuits challenging the furloughs, a U.S. District Court Judge temporarily blocked the proposal and scheduled a hearing for May 26. The unions argue that the furloughs violate collective bargaining agreements.

According to the Governor, the State could save \$30 million each week the furlough is in effect. The furlough proposal was included in a budget extender resolution to keep the State operating. Governor Paterson believes the furloughs are necessary as the State faces a tremendous cash shortage unless the Legislature passes a balanced budget for the 2010–11 State fiscal year by June.

While passage of a final budget seems unlikely anytime soon, GNYHA continues to meet with key legislators and their staffs to try to eliminate both the proposed readmissions penalties and provider tax increases, as well as to restore indigent care funds to voluntary hospitals while allowing public hospitals to access more Federal disproportionate share hospital funding. ■

MAY 27, 2010

The IAC Building
555 West 18th Street
New York, New York

5:30 p.m.—8:30 p.m.

Contact Adriana Ramos
aramos@gnyha.org
to reserve tickets.

2010 GNYHA ANNUAL RECEPTION AND AWARDS CEREMONY HONORING HAITI'S HEROES RECOGNIZING HAITIAN EARTHQUAKE MEDICAL RESPONDERS

ACA Extends Coverage to Young Adults

The U.S. Department of Health and Human Services announced on May 10 new rules that implement Affordable Care Act (ACA) provisions governing coverage for young adults to age 26. The new provisions require insurers that offer coverage to children on their parents' plan to make the coverage available until they reach age 26. Young adults do not have to reside with their parents, be dependent on them, be unmarried or be students to qualify for coverage. The requirements are effective for plan or policy years beginning on or after September 23,

2010, though many insurers have indicated they will implement certain provisions immediately.

Early implementation will generally apply to adult children who would otherwise age out of their parents' policies between now and the end of the year. For adult children under age 26 who are currently not covered under their parents' policies, insurers will be required to conduct an open enrollment period of at least 30 days at the beginning of the next plan or policy year. The cost of covering young adults to age 26 will be incorporated into the cost of all family premiums, which are expected to rise by about 1% as a result. ■

NYC Encourages Paternity Awareness

On May 12 GNYHA, the New York City Human Resources Administration (HRA), Office of Child Support Enforcement, and City Department of Health and Mental Hygiene's Office of Vital Records held a membership briefing for the City's birth-

ing hospitals to assist them in counseling parents on the benefits of establishing paternity at birth.

In opening remarks, HRA Commissioner Robert Doar said paternity establishment at birth is a very high priority for President Obama, Governor Paterson, and Mayor Bloomberg. HRA's goal is to educate expectant parents on the need to establish paternity as soon as possible so that additional services can be provided to the parents and the newborn. The briefing included the screening of a DVD that hospitals can obtain to help parents understand the need to establish paternity where the household is not intact.

Staff from HRA reviewed the City's Acknowledgement of Paternity process to educate hospital staff in the prenatal clinics and

inpatient units in assisting parents in paternity establishment. The Office of Vital Records reviewed the birth registration and correction process currently in place and will provide ongoing training to the birth registrars in the hospitals.

To learn more about the process of establishing paternity, contact Erik Paulino, Executive Director, Parent Resources, in the Office of Child Support Enforcement, (212) 480-5949. ■



From left to right: Gary Jenkins, NYC Assistant Deputy Commissioner for Human Resources; Stewart Presser, GNYHA Vice President, Patient Financial Resources; Frances Pardus-Abbadessa, Deputy Commissioner for Human Resources; and Human Resources Commissioner Robert Doar.

Near-Miss Reporting Project to Expand

On May 5, GNYHA hosted a Webinar on the New York State Department of Health (DOH) Near-Miss Project on May 5. This initiative is sponsored by DOH and carried out by the New York Chapter of the American College of Physicians (NYACP). NYACP Near-Miss Project Chair Dr. Ethan Fried, Director, Graduate Medical Education, St. Luke's-Roosevelt Hospital Center, President-elect of the Association of Program Directors, Internal Medicine, gave an overview of the Project's findings since near-miss event data collection began in 2006. He identified the top three categories of the most frequently reported near-miss events: drug administration, communication, and patient identification. Interestingly, most of the near-miss events reported occurred after one day

of admission, on a weekday, during the day, and were discovered immediately or within one to three hours of occurrence.

Dr. Fried stressed that the Near-Miss Project is a voluntary, confidential, anonymous, and risk-free reporting system to obtain information useful for maximizing patient safety, reducing medical errors, and improving the quality of health care. Over the next three years, NYACP, with the financial support of DOH, plans to expand the Near-Miss Project. The registry will be open to anonymous reporting by interns and residents from other specialties, all physicians, and other health care professionals including registered nurses, nurse practitioners, physician assistants, and pharmacists. For more information, please contact Lorraine Ryan (ryan@gnyha.org) or Kelly Donohue (donohue@gnyha.org). ■

Group Examines Health Reform Opportunities

On May 13, the GNYHA-CCLC Care Transitions Strategic Leadership Committee met to discuss regulatory reforms and demonstrations relevant to improving care transitions under the Affordable Care Act (ACA). The new law has the potential to change payment incentives and payment structures with implications for acute and post-acute providers. Consequently, the group outlined steps for GNYHA-CCLC to help members prepare for ACA's implementation.

Established by the GNYHA and CCLC Boards of Directors, the Committee supports cross-setting collaboration among GNYHA and CCLC members to improve care transitions for patients and residents moving through the continuum of health care. The Committee discusses and supports association activities related to the gaps in the current transfer-discharge process, avoidable re-hospitalizations, and cross-cutting policy and reform issues across the continuum. For more information, please contact Lorraine Ryan at GNYHA or Roxanne Tena-Nelson at CCLC. ■

Insurers' First Quarter Profit Growth Strong

The nation's five largest health plans reported a combined \$3.2 billion in net income in the first quarter of 2010, a 31% increase from the first quarter of 2009. Their combined total margin rose from 4.1% to 5.2% over that period.

The plans combined for an overall medical loss ratio (MLR) of 81.3%, down from 82.4% in 2009, and from 83.1% in 2008. All plans reported a decreased MLR from 2009 to 2010. Over the three-year period, WellPoint and Humana MLRs both declined by more than 3 percentage points—to 81.8% and 83.4%, respectively—while Aetna was the only plan to show an increased MLR, to 82.5%, from 2008 to 2010. As a result of the Affordable Care Act (ACA), beginning in 2011 insurers will be required to maintain MLR limits of 85% in the large group

market and 80% for individual and small group markets. The MLR figures reported above are national and inclusive of all business lines, so it does not indicate that these plans would not be in compliance with the law. In addition, the specifications for determining MLRs under the ACA have not been finalized.

Anthem Blue Cross of California, a subsidiary of WellPoint, continues to be scrutinized and investigated by the California

Department of Insurance for its 39% proposed rate increases in the individual market. Anthem previously delayed implementation of the rates, and has since withdrawn this rate proposal subsequent to an independent review that revealed several significant errors in Anthem's methodologies used to calculate its premium rate increases.

UnitedHealthcare was also recently criticized for its total CEO compensation of \$102 million in 2009. ■

INSURER	Q1 2010 INCOME	% INCREASE OVER Q1 2009	Q1 2010 MARGIN
UnitedHealthcare	\$1.2 billion	21%	5%
WellPoint	\$877 million	51%	6%
Aetna	\$563 million	29%	7%
Cigna	\$281 million	35%	5%
Humana	\$258 million	26%	3%

GNYHA LAUNCHES REFORM SERIES

The new Federal health reform law, the Patient Protection and Affordable Care Act (PPACA), contains provisions that affect nearly every aspect of America's health care delivery system. GNYHA President Kenneth Raske has pledged that GNYHA members will be the most well-informed when it comes to the ins and outs of the health reform legislation. To that end, GNYHA has created the Health Reform Implementation Series.

In addition to a June 17 event for chief executive officers, GNYHA has already planned or held a number of other meetings and briefings to address hospital readmissions, provisions affecting Medicare and Medicaid, and the new law's compliance provisions. The next session in the Series will be June 3 at the GNYHA Conference Center and will focus on insurance reform and coverage. More sessions are under development. See the calendar of events at www.gnyha.org/reformseries. ■



GNYHA HEALTH REFORM SERIES UPCOMING EVENTS

<p>June 3, 2010 1:00 p.m.–3:00 p.m.</p>	<p>Insurance Reform and Coverage Discussion of the insurance and coverage expansion provisions of PPACA. Email mcanales@gnyha.org to register.</p>
<p>June 9, 2010 9:30 a.m.–12:30 p.m.</p>	<p>Medicare & Medicaid Payment Provisions Review will include PPACA's Medicare market basket and productivity cuts, Medicare wage index, disproportionate share cuts, and quality-related provisions. Email simon@gnyha.org to register.</p>
<p>June 17, 2010 8:00 a.m.–12:00 noon</p>	<p>GNHYA Health Reform Summit Overview of health reform challenges and opportunities for GNYHA member C-suites. Email aramos@gnyha.org to register (registration must be approved by institution CEO).</p>
<p>June 22, 2010 10:00 a.m.–4:00 p.m.</p>	<p>Readmissions Conference Discussion of patient-centered care coordination models aimed at reducing preventable readmissions. Email rcasey@gnyha.org to register.</p>

HHC Plan Targets Savings and Operational Efficiencies

On May 11, New York City Health and Hospitals Corporation (HHC) President Alan D. Aviles presented a comprehensive four-year restructuring and cost-containment plan to generate \$300 million in new savings and efficiencies by right-sizing operations, consolidating programs, contracting for targeted support and technical services, and closing a small number of clinics with low patient volume.

According to HHC, the savings would be in addition to another \$300 million in savings and enhanced revenues expected from actions HHC implemented over the past two years to help address a \$1.2 billion budget deficit fueled by reduced State and Federal Medicaid funding, a dramatic rise in the number of uninsured patients, and sharply rising pension and health care costs. Mr. Aviles said HHC's eventual \$600 million in cost-containment actions are reflected in New York City Mayor Bloomberg's Executive Budget plan, which directed additional support to HHC to help prevent the need for further reductions and permit a more gradual workforce reduction.

"In meeting our financial challenges, we will close no hospitals, no patient will be turned away, and our commitment to serving the uninsured, undocumented immigrants, and the most vulnerable New Yorkers will remain intact," said Mr. Aviles. "We are making difficult decisions that are necessary if we are to remain faithful to our mission, preserve our gains in quality and safety, protect our core patient care programs, and prevent the need for more drastic reductions or elimination of services."

The restructuring and cost-containment plan will be phased in over four years. Once fully implemented it will save HHC \$300 million annually—\$93 million in fiscal year (FY) 2011, \$136 million in FY 2012, \$261 million in FY 2013, and \$304 million in FY 2014. The previous cost-

containment plan included \$300 million in savings from a hiring freeze, revenue initiatives, supply cost savings, and a significant reduction in new equipment purchases.

The HHC workforce, which exceeded 38,700 employees in early 2009, will have been reduced by nearly 10% to about

35,000 when the four-year restructuring and cost-containment plan, which will impact all levels of staff, is fully implemented. HHC will target a workforce reduction of 1,000 positions during FY 2011, and the total reduction will reach 3,700 by FY 2014 through a combination of layoffs and attrition. ■

LEGISLATIVE DIGEST

The following summarizes a number of health care-related bills pending in the NYS Legislature and GNYHA's position on each.

A.10448/S.7649, sponsored by Assemblyman Tim Gordon (I-Bethlehem) and Senator Shirley Huntley (D-Queens), seeks to extend the date to December 31, 2012, by which all requests for written documents submitted by a parent, guardian, or other qualified person must be produced under Jonathan's Law. While supportive of the intent of the legislation, GNYHA opposes this bill because it creates serious concerns related to the precedent of extending the time permitted to request what was otherwise information protected from disclosure. The bill has passed the Assembly and has been referred to the Senate's Mental Health and Developmental Disabilities Committee for consideration. • **A.10790/S.7254**, sponsored by Assemblyman Felix Ortiz (D-Brooklyn) and Senator Thomas Morahan (R-New City), extends the sunset date for New York's court-ordered Assisted Outpatient Treatment (AOT) program, also known as Kendra's Law, from June 30, 2010, to June 30, 2015. GNYHA strongly supports the extension of Kendra's Law to continue evaluating the impact of AOT, which has been credited with sharply reducing psychiatric hospitalizations and length of stay for individuals meeting the criteria for court-ordered outpatient treatment. The bill was referred to the Mental Health Committees in the Senate and Assembly for consideration. • **A.1596/S.2821**, sponsored by Assemblyman Richard Gottfried (D-Manhattan) and Senator Kemp Hannon (R-Garden City), extends confidentiality protections for statements made about medical errors by health care professionals in peer review committee meetings, especially for those involved in an incident and may be party to a lawsuit in the future. GNYHA supports this bill because it encourages the premise that health care providers' discussions about errors and adverse events with their colleagues provide an opportunity for them to learn how to improve upon the safety and quality of care provided, without fear of such statements and discussions being used against them in future lawsuits. The bill has passed the Assembly Health Committee and has been referred to the Assembly Codes Committee for consideration. It was also referred to the Senate Health Committee for consideration. • **A.5250**, sponsored by Assemblyman James Bacalles (R-Corning), creates the New York State Nursing Recruitment Incentive and Retention Program to provide tuition-free educational opportunities for individuals interested in pursuing a career in nursing. • **A.6247**, sponsored by Assemblyman Robert Barra (R-Lynbrook), establishes the Regent's Nursing Professional's Loan Forgiveness Program. The program would provide loan forgiveness awards to nurse applicants who agree to full-time employment by hospitals, nursing homes, or hospice care in New York State. • **A.6215**, sponsored by Assemblyman Barra, establishes the Baccalaureate and Associate Nursing Assistance Program within the New York State Department of Education, which would provide loans to individuals pursuing a baccalaureate or associates degree in nursing. • **A.2722**, sponsored by Assemblyman Gary Pretlow (D-Mount Vernon) establishes an Empire State Nursing Scholarship Program to provide financial support to nursing students who commit to work in nurse shortage areas in relation to either a nursing specialty or a setting or region in New York. All four bills are being held in the Assembly Higher Education Committee for consideration. GNYHA supports them because New York State hospitals are bracing for acute increases in staff vacancies in the next few years. Enactment of these bills will help ensure a continued pipeline of nurses. ■