



August 9, 2010

Skyline news

Reporting on New York's Health Care News

Schumer Takes Lead on Medicaid Relief

On August 5, the U.S. Senate passed a measure sponsored by four senators, including New York Senator Charles Schumer, to provide \$16 billion in Medicaid, or “FMAP,” relief to states. The relief comes in the form of extending the enhanced Federal Medicaid matching rates that expire December 31, 2010, and were provided by last year’s economic stimulus law. The bill the Senate passed extends enhanced matching rates through June 30, 2011. The bill also contains \$10 billion in education funding for

states in an attempt to avert teacher layoffs in the fall. The bill was also strongly supported by New York Senator Kirsten Gillibrand and all of the Senators from New Jersey, Connecticut, Pennsylvania, and Rhode Island. The Speaker of the House of Representatives, Nancy Pelosi (D-CA), has called House members back from their August recess to vote on the bill this week.

Impact The bill is expected to provide \$800 million in FMAP relief for the New York State government in its current fiscal year, which

ends March 31, 2011. The City will receive \$400 million in its current fiscal year, which ends on June 30, 2011. This is two-thirds of the amount Governor David Paterson assumed in the State budget for the current fiscal year; however, according to Senator Schumer, New York will also receive more than \$600 million in education funding from the bill, which the State had not been expecting. Combined, the funding is much greater than the \$1.085 billion the Governor had hoped for from FMAP alone.

Albany On August 3, the New York State Legislature, fearing that Congress would not act on an FMAP relief bill, passed a so-called

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HIT Multi-Campus Bill Introduced

On July 30, the Chairs and Members of the House Ways & Means and Energy & Commerce committees introduced a bill to ensure that hospitals that share a Medicare provider number within the same system will be eligible to receive health information technology (HIT) incentive funds under the Federal economic stimulus law. Last week, Senator Charles Schumer (D-NY) introduced the bill in the Senate. The bill is necessary because the final rule on the HIT program limited payments to hospitals with a Medicare provider number. This means that hospitals within systems that share a provider number are eligible for only one package of HIT incentive payments, re-

gardless of the number of hospitals sharing the provider number.

The bill, “The Electronic Health Record Incentives for Multi-Campus Hospitals Act of 2010,” represents a compromise. It would provide for a full package of incentives for the primary hospital within a system—including a \$2 million base payment plus a \$200 per-discharge rate add-on—and then provide a choice for the other hospital or hospitals sharing the primary hospital’s Medicare provider number. Specifically, the “multi-campus” hospitals could receive either the \$2 million base payment or the per-discharge rate add-on, whichever the hospital chooses. Two of the bill’s principal sponsors, Ways & Means Chairman Sander Levin (D-MI) and

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MedPAC: Hospital Margins Fell Steeply in 2008

Statistics recently released by the Medicare Payment Advisory Commission (MedPAC) show that the aggregate total margin for all U.S. hospitals fell from 6.1% in 2007 to 1.9% in 2008, the lowest margin in at least 35 years.

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GNYHA Updates ACOG on Perinatal Safety

GNYHA staff and Dr. Mark Rosing, the Director of Obstetrics and Gynecology at St. Barnabas Hospital, gave a presentation on the GNYHA/United Hospital Fund Perinatal Safety Collaborative at the American Congress of Obstetricians and Gynecologists (ACOG) District II Annual Patient Safety Conference on August 6 in Saratoga, New York. ACOG's goal was to provide the audience with evidence-based improvements in obstetric and gynecologic patient safety driven by practice guidelines, best practices, first-hand experience, and the literature. Dr. Rosing and GNYHA staff were invited to discuss the Collaborative's progress, as well as how the root cause analysis process can be effectively used to identify areas for improvement in the perinatal setting.

Dr. Rosing and St. Barnabas have participated in the Perinatal Safety Collaborative since its inception in 2007.

For the last two years, ACOG's Executive Director has been supportive of the Perinatal Safety Collaborative, and has been an active participant in the Collaborative's Advisory Panel and monthly conference calls. ACOG has endorsed the evidence-based approach the Collaborative has taken to implement clinical and safety protocols in perinatal units

across the State and supports the partnership between hospitals and physicians that the Collaborative has promoted.

At the ACOG Conference, faculty from across the country presented on topics including fetal heart monitoring, using "bundles" of evidence-based practices for improvement strategies, and a perinatal measures update. Please contact Lorraine Ryan (ryan@gnyha.org) with any questions about the GNYHA/UHF Perinatal Safety Collaborative. ■

Charitable Deductions Limited

The New York State budget saga finally ended on August 3—four months late—when the State Senate passed the last remaining budget bill, namely, a bill to increase revenues to finance State spending. The Assembly had already passed the revenue bill on July 1, but the Senate, due to demands from several Senators on unrelated issues, could not muster the votes to pass the revenue bill until last week. Of interest to the not-for-profit community, the revenue bill contains a provision to reduce the deductibility of charitable donations from wealthy New Yorkers. Specifically, the deductibility of charitable donations from income tax filers earning more than \$10 million per year would be reduced from 50% to 25%. The provision is estimated to raise \$100 million annually. GNYHA opposed this proposal as part of a coalition of charitable organizations, for fear it would discourage charitable giving. ■

Medicaid Relief *continued*

FMAP contingency bill, which imposes for across-the-board cuts to most local assistance funds beginning on September 16, 2010, if FMAP relief is not forthcoming or is less than originally assumed. Local assistance is defined

as funding for any entity other than the State government, and includes Medicaid and other health programs. According to the New York State Division of the Budget (DOB), if none of the \$1.085 billion in FMAP relief that the Governor assumed in his budget is forth-

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GNYHA Comments on Tax-Exempt Provision

GNYHA recently submitted comments on new requirements for tax-exempt hospitals included in the Affordable Care Act (ACA) passed earlier this year. Specifically, Section 9007 of the ACA establishes a new Section 501(r) of the Internal Revenue Code (IRC), which sets forth new requirements for hospitals to maintain their tax-exempt status. The Internal Revenue Service (IRS) had issued a Request for Comments on these new provisions.

The new tax-exemption requirements fall into four basic categories: (1) a mandatory community health needs assessment; (2) mandatory financial assistance policies; (3) limitations on charges; and (4) restrictions on billing and collection practices. New York State, like several other states, already imposes requirements in these areas. After analyzing the new tax-exemption requirements,

GNYHA found that existing New York law and practices place our members squarely in compliance with the goals and expectations of the new Federal requirements.

GNYHA focused its comment letter on explaining our members' compliance with existing State requirements and seeking an acknowledgment of equivalency so that the important work New York hospitals are already doing will be recognized as satisfying the new Federal requirements. It is our view that our members need not disrupt or alter their ongoing activities in these areas.

For members outside of New York State, GNYHA likewise sought flexibility in the implementation of the new IRS requirements. We argued that there are many possible ways to satisfy the ACA's objectives, and individual hospitals should have the freedom to do so in a community-specific, collaborative, meaningful way. ■

Health Care Leadership Institute Graduates

The second class of GNYHA's Health Care Leadership Institute graduated June 29. The Institute, an executive development program designed to promote racial and ethnic diversity in health care leadership, was jointly sponsored by GNYHA and the City of New York's Baruch College School of Public Affairs. Twenty-three middle managers from diverse racial and ethnic backgrounds were selected by their institutions' chief executive officers to participate. Graduates received certificates of completion endorsed jointly by Baruch College and GNYHA.



2010 Health Care Leadership Institute Graduates

Goals and Curriculum The Institute was conceived by GNYHA's Advisory Task Force on Diversity in Health Care Leadership, which comprised civic and business leaders from

diverse communities, as well as hospital and continuing care CEOs. Creating the Institute was one of the Diversity Task Force's primary recommendations, and the GNYHA Board of Governors unanimously accepted it in 2005. It is expected that, with the successful completion of the program, participants

are that much more prepared to assume new levels of responsibility within the health care field, whether in their own institutions or in others. CEOs were asked to assist their selected candidates to assume these new levels of responsibility upon graduation.

Participants' careers will be tracked for two years to determine whether new levels of responsibility are achieved.

The Institute's curriculum provided an overview of the health care system and the issues facing health care managers, such as strategic planning, finance, managed care, interactions with the human services sector, quality improvement, state and Federal policy-making, communications, and dealing effectively with cultural diversity. Classes were held monthly on the Baruch campus in Manhattan with faculty drawn from Baruch College, senior staff of member institutions, and staff from GNYHA. Participants also worked in clusters, researched a current health care issue, and presented their research findings to their peers, Baruch faculty, and staff invited from GNYHA and member institutions.

Reflecting Diverse Communities With communities becoming increasingly diverse across the country, it has become critically important for health care institutions to continue efforts to create workforce and leadership teams that reflect the communities they serve and that can help attract patients. The GNYHA/Baruch College Health Care Leadership Institute is designed to assist GNYHA members in meeting this challenge. GNYHA appreciates the efforts of the 16 member institutions that participated in this second class of the Institute (see box).

Other GNYHA Diversity Initiatives In 2005, GNYHA launched the Center for Trustee Initiatives to assist GNYHA members with recruiting highly qualified, talented, and skilled candidates from diverse racial and ethnic backgrounds and connecting them with available appointments on their boards

of trustees. The Center's efforts have been fruitful thus far, with 25 placements on GNYHA member hospitals and continuing care facility boards. The Center's efforts are an ongoing service available to GNYHA members, who should contact Mary Medina (medina@gnyha.org) for more information.

GNYHA also sponsors the Summer Enrichment Program (SEP), which provides undergraduate and graduate students in health care management with summer internships in GNYHA member institutions. The

2010 SEP internship is currently underway with 16 participants.

Member institutions interested in participating in the Health Care Leadership Institute or in sponsoring a Summer Enrichment Program intern in 2011 should contact Lee Perlman (perlman@gnyha.org), Lloyd C. Bishop (bishop@gnyha.org), or Mary Medina. ■

PARTICIPANTS IN GNYHA'S 2010 HEALTH CARE LEADERSHIP INSTITUTE

- Beth Israel Medical Center
- Continuum Health Partners, Corporate Office
- Dr. Susan Smith McKinney Nursing and Rehabilitation Center
- Kings County Hospital Center
- St. Luke's-Roosevelt Hospital Center
- Maimonides Medical Center
- Montefiore Medical Center
- The Mount Sinai Hospital
- New York Hospital Queens
- New York-Presbyterian Hospital
- Jacobi Medical Center
- North Shore-Long Island Jewish Medical Center
- NYU Langone Medical Center
- Trinitas Regional Medical Center
- Lincoln Medical and Mental Health Center
- St. Barnabas Hospital

Multi-Campus Bill

continued

Health Subcommittee Chairman Pete Stark (D-CA), have indicated that cost has become such a preoccupation within the Congress that a compromise bill is necessary. GNYHA strongly supports the bill and sent a letter of support to the sponsors.

Separate legislation was introduced on another HIT issue—grandfathering existing EHRs that can demonstrate compliance with meaningful use requirements, so that they do not have to be certified in the first two years of the program.

We will work toward speedy enactment with Senator Schumer as well as the House sponsors, including New York Democrats Eliot Engel, Charles Rangel, Brian Higgins, Joseph Crowley, and Anthony Weiner; New Jersey Democrats Frank Pallone and Bill Pascrell; and Pennsylvania Democrat Allyson Schwartz. We are very grateful for their strong support on this issue. ■

MedPAC *continued*

MedPAC noted that factors contributing to the margin deterioration were significant investment losses resulting from the 2008 decline of the U.S. stock market; a decrease in the private payer margin after eight consecutive years of increases; and a continuing decline in Medicare margins.

As shown in Figure 1, the margin decline was worst for major teaching hospitals, which had an aggregate 2008 total mar-

gin of negative 0.5%. Figure 2 shows the decrease in Medicare margins from 2002 through 2008. The overall Medicare margin is now -7.2%, with the inpatient margin at -4.7% and the outpatient margin at -12.9%. Medicare margins will decrease further as the payment reductions in the Affordable Care Act phase in. The MedPAC data were presented in the 2010 edition of *A Data Book: Healthcare Spending and the Medicare Program*, which is available at www.medpac.gov. ■

Medicaid Relief *continued*

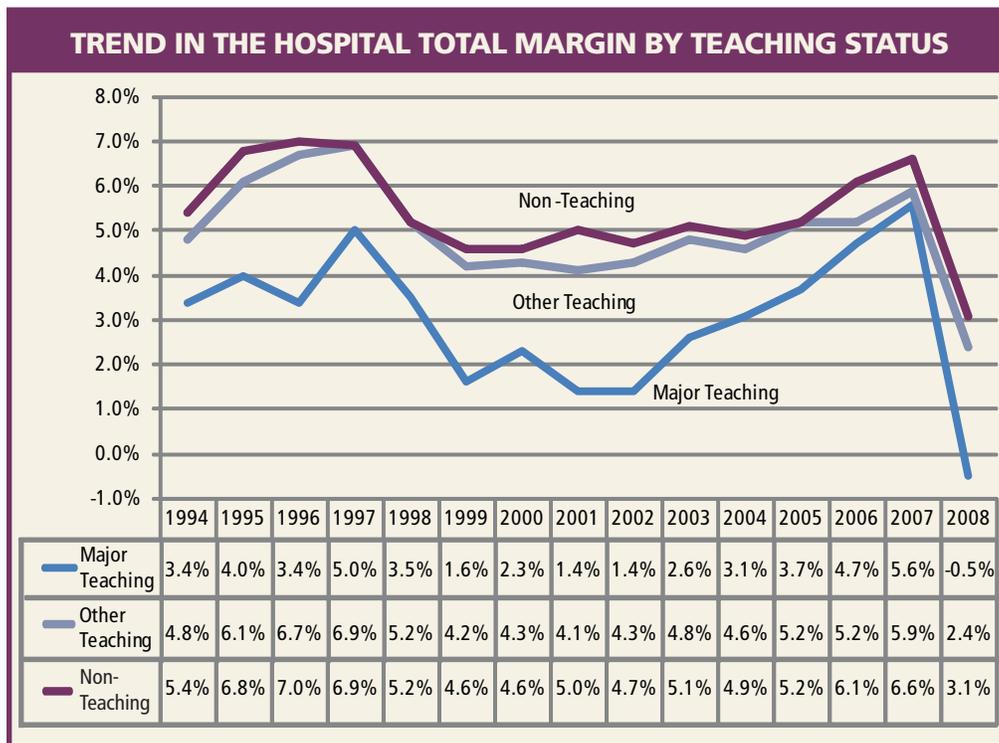
coming, the contingency bill would require Medicaid reimbursement rate cuts of 3.7% for all providers, including hospitals, nursing homes, and home care for the period September 16, 2010, through March 31, 2011. If FMAP relief is forthcoming, but in a lesser amount than projected, as in the bill that passed the U.S. Senate on August 5, the cuts would be adjusted downward.

GNHYA, 1199 SEIU Reactions: The Healthcare Education Project, a joint project of GNYHA and 1199 SEIU United Healthcare Workers East, praised Senators Schumer and Gillibrand for the passage of the FMAP bill, and called upon the House to follow suit.

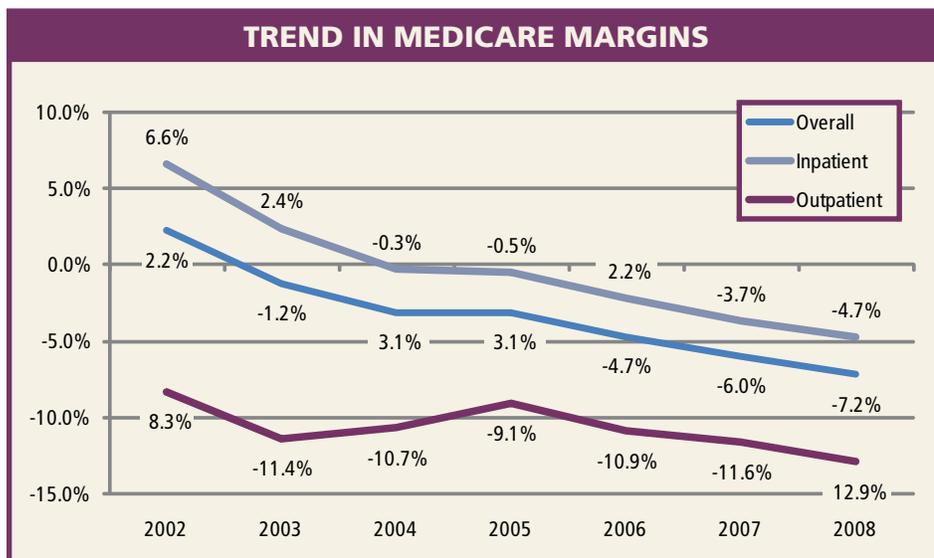
“The health care community owes a huge debt of gratitude to Senator Schumer. His leadership on the extension of Federal FMAP funding will bring considerable relief to New York State’s health care providers, who have struggled through eight rounds of cuts and taxes since 2007 and continue to be a disproportionate target for cuts,” GNYHA President Kenneth E. Raske said.

The Project, however, strongly opposed the FMAP contingency bill the New York State Legislature approved. The bill provides for disproportionate cuts from the health care sector, because, unlike other categories of State spending, State Medicaid cuts bring with them a loss of Federal

funds as well. For every State Medicaid dollar cut by the FMAP contingency bill, hospitals and nursing homes will lose another \$1.60 from the Federal government for the remainder of 2010, and then another dollar thereafter. According to DOB, if Federal FMAP relief is not enacted, the contingency bill would require State Medicaid cuts of \$200 million, with the actual impact on providers of \$460 million, an impact that is much higher than Medicaid’s share of local assistance spending. The Project was deeply disappointed in State legislators who supported this dangerous, unwise, and premature bill, and hopes that, if the House of Representatives passes the FMAP and education relief bill this week, the Legislature will repeal the FMAP contingency bill. ■



Source: *A Data Book: Healthcare Spending in the Medicare Program*, June 2010, Chart 7-18.



Source: *A Data Book: Healthcare Spending in the Medicare Program*, June 2010, Chart 8-13.