



**Health Care Leadership  
Advocacy Day**

**March 7, 2012**

**AGENDA AND  
KEY MESSAGES**



Healthcare Association  
of New York State



Healthcare Trustees  
of New York State

## ALLIED ASSOCIATIONS

Greater New York Hospital Association

Iroquois Healthcare Alliance

Nassau-Suffolk Hospital Council

Northern Metropolitan Hospital Association

Rochester Regional Healthcare Advocates

Western New York Healthcare Association



# Health Care Leadership Advocacy Day

March 7, 2012

## AGENDA

8 A.M. – NOON

Empire State Plaza Convention Center Lobby (Concourse Level)

### **REGISTRATION**

8:30 – 10 A.M.

The Well of the Legislative Office Building (LOB)

### **LEADERSHIP ADVOCACY DAY PROGRAM BEGINS**

*Invited speakers:* Assembly Speaker Sheldon Silver;  
Senate Majority Leader Dean Skelos; Senate Democratic  
Leader John Sampson

*Remarks:* Daniel Sisto, President, HANYS; Joseph McDonald,  
HANYS' Chairman of the Board, and President and Chief  
Executive Officer, Catholic Health System, Buffalo; John Lane,  
Chair, Healthcare Trustees of New York State, and Trustee,  
Winthrop-University Hospital, Mineola

*Continental breakfast will be available from 8 to 10 a.m.*

10 A.M. – NOON

(continuing into the afternoon, as necessary)

Various locations in the Capitol and LOB

### **INDIVIDUAL LEGISLATIVE MEETINGS AND/OR REGIONAL MEETINGS**

NOON – 2 P.M.

Empire State Plaza, Meeting Rooms 2-4

### **MEMBERSHIP LUNCHEON**

12:30 – 1:30 P.M.

Empire State Plaza, Meeting Rooms 2-4

### **DIALOGUE WITH LEGISLATIVE HEALTH COMMITTEE CHAIRS**

*Invited speakers:* Senator Kemp Hannon, Chair, Senate Health  
Committee, and Richard Gottfried, Chair, Assembly Health  
Committee

*Moderator:* Daniel Sisto

# KEY MESSAGES

## TO COMMUNICATE TO YOUR LEGISLATORS:

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- The Legislature has a central role in setting health policy.
- Health care providers play a critical role in the economy and communities across New York State.
- Providers face severe fiscal challenges.
- The 4% increase in the Medicaid spending cap is not a raise for providers.
- Proposals regarding executive compensation and expanded powers for the Commissioner of Health must recognize the governance role of existing boards and current laws and regulations, and must ensure that extraordinary powers are only used in extraordinary circumstances.
- We need to clear barriers that impede innovation, reform the regulatory apparatus, enact managed care changes, and appropriately design quality-related payment policies.



**Health Care  
Leadership  
Advocacy Day**  
March 7, 2012

**Welcome and thank you for  
participating in Leadership  
Advocacy Day.**

Our state budget advocacy this year focuses on shaping key health care policies that will impact the delivery of health care for years to come.

Hospitals and continuing care providers share the state's goal of a more patient-centered and efficient health care system with better patient outcomes. This transformation is occurring while simultaneously providing care to millions of New Yorkers in the current system.

This is the year for the Legislature to develop policies that appropriately facilitate the transformation of health care delivery. We must ensure legislators understand our concerns and advance our own recommendations for needed reform and regulatory relief.



## The Legislature Has a Central Role in Setting Health Policy

Stress the importance of the Legislature in crafting health policy:

- Health care fiscal and policy decisions must be made accurately, fairly, and in an open manner. The role of the Legislature is critical.
- The health care policies crafted and refined during the budget debate will shape New York's health care system for years to come. At stake is the continuity of our health care system and the well-being of all New York State residents.
- The Medicaid global cap is a two-year experiment to be evaluated and assessed for extension or modification. The Legislature must take an active role in measuring its effectiveness and determining appropriate next steps. HANYS has proposed that the Administration and the Legislature make recommendations, prior to the end of 2012, on the modification, continuation, or discontinuation of the global cap, its composition, and the process for establishing a Medicaid savings plan if the cap is pierced.



## The 4% Increase in the Medicaid Spending Cap is Not a Raise for Providers

Last year's budget included a two-year agreement on Medicaid spending, including a global spending cap. The Governor's proposed budget for state fiscal year (SFY) 2012-2013 continues the Medicaid global spending cap along with the associated payment reductions imposed in last year's and all prior year agreements.

- **Providers are NOT getting a 4% raise.** The year-to-year cap growth (currently about 4%) will **not** be used to increase provider reimbursement rates. The increase will be consumed largely by increased Medicaid enrollment, which has grown by more than 100,000 enrollees since April 2011.
- Provider payment cuts imposed in the two-year agreement will continue on top of previously enacted budget cuts.



## Providers Face Severe Fiscal Challenges

- Providers face severe financial strain from:
  - billions in state and federal cuts;
  - payments from managed care and government payers that do not cover the cost of providing care;

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- increased costs of workforce, technology, and operations; and
  - policy changes and penalties that reduce reimbursement.
- New York's providers have experienced \$5 billion in state Medicaid cuts in the last three years and \$17 billion over ten years in federal Medicare cuts.
  - Massive additional cuts are pending from federal deficit reduction actions and there is a lack of access to sources of capital financing, making it difficult to upgrade facilities.
  - Underpayments from managed care and government payers (for example, hospitals lose 26 cents on every dollar of Medicaid care they provide) force providers to make difficult choices about the medical services they can offer their communities.



## The Essential Role of Health Care Providers

Emphasize that New York State's health care providers:

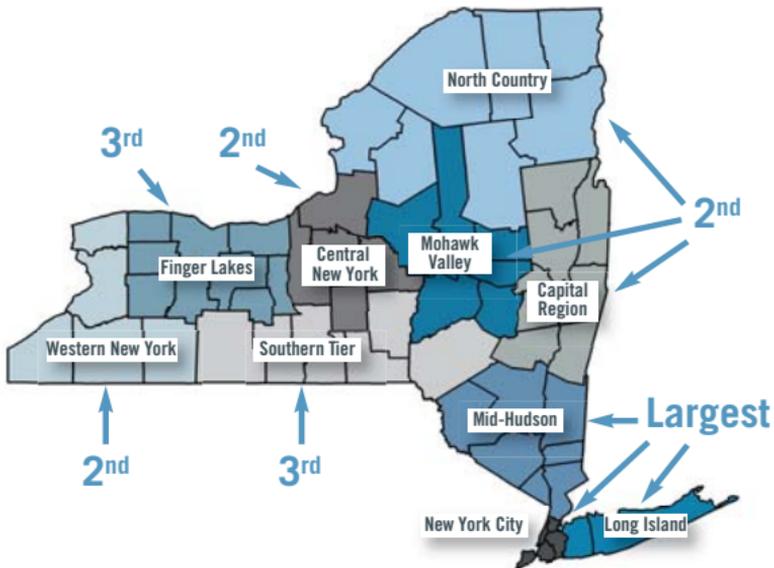
- are vital to the economy and quality of life of communities throughout the state;
- provide health care services every day around the clock, offering needed medical interventions and life-saving emergency care;

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- have an irreplaceable role in building a strong economy, with hospitals and health systems generating \$108 billion for state and local economies each year—about 9.4% of the Gross State Product;
- ensure that communities are prepared to respond to man-made and natural disasters; and
- in addition, New York’s hospitals employ more than 370,000 full-time equivalent workers, with a total payroll of more than \$30 billion in direct wages and fringe benefits per year. Hospitals also indirectly support an additional 317,000 jobs in their communities.

## HEALTH CARE IS AMONG NEW YORK STATE’S LARGEST EMPLOYERS

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## Governance and Operations

The proposed budget would grant the Commissioner of Health authority to remove board members and change operations.

- Those involved in the most egregious abuses in governance should be held accountable for their actions.
- However, the extent of this authority is broad and unprecedented, as proposed, and any governance proposal must recognize the governance role of existing boards and current laws and regulations, and ensure that extraordinary powers are only used in extraordinary circumstances.
- New York State's non-profit, voluntary hospitals and health systems are guided by governing boards comprised of community members. These volunteers are the stewards of their community's precious health care resources and are responsible for maximizing each hospital's contribution to the community.
- In New York State, more than 4,400 trustees volunteer their time, effort, and expertise on a hospital or health system board. Trustees volunteer countless hours of service to fulfill their fiduciary roles and responsibilities.



## Executive Compensation and Administrative Costs

The proposed budget and Executive Order #38 establish a limit on state reimbursement to support executive compensation and administrative costs of service providers.

- If any action is taken in regard to executive compensation, it must not negatively affect the ability of health care institutions to attract and retain high-quality administrators, and it must recognize the current processes and procedures in place to ensure appropriate compensation levels.
- Because there is both a budget proposal and an Executive Order, even if the Legislature does not adopt the Governor's proposal or changes it, state agencies will still proceed with implementing Executive Order #38. Thus, HANYS is working with the Legislature, the Governor's Office, and the Department of Health (DOH) to provide reasonable alternative proposals that do not inappropriately impact providers' ability to operate sound, effective organizations.
- Currently, hospitals must comply with IRS executive compensation guidelines that specify the steps a hospital board must take and document to ensure that appropriate compensation levels are determined. The Governor's proposal does not reference the IRS process.
- HANYS is reviewing recommendations contained in the Attorney General's recent

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Leadership Committee for Nonprofit Revitalization report on operations and governance of not-for-profit organizations to determine if they can provide sound alternative supplements to the IRS process.



## Regulatory Redesign

New York's health care providers are committed to creating a more patient-centered and efficient health care system, focused on coordinated care delivery, improved health status, and better patient outcomes. The current regulatory structure can be an obstacle to progress because it has not kept pace with the changes occurring within the health care system, and remains rigid where it should allow flexibility and innovation.

Archaic regulatory approaches need to be modernized and bureaucratic roadblocks need to be removed that block success, innovation, and change. Urge your legislators to:

- advocate for meaningful change to the state's CON program, a renewed effort currently underway by the Public Health and Health Planning Council;
- redesign the Doctors Across New York program to make the process non-competitive and streamlined;
- authorize house calls through Article 28 hospital outpatient departments and diagnostic and treatment centers;

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- create a simplified process for hospitals and nursing homes to share credentialing and other information for telemedicine;
- clarify the use of standing orders in Article 28 facilities under certain circumstances; and
- eliminate duplicative and inconsistent state inspections.



## **Positioning New York to Optimize Federal DSH Funding**

Under the federal Affordable Care Act (ACA), beginning in 2014 changes will be made to Disproportionate Share Hospital (DSH) funding—the dollars provided to hospitals for care provided to the indigent. These changes will affect how much funding New York State receives and how the funding is distributed to hospitals. It is important for the state to pass legislation in accord with ACA so that New York State gets all of the federal funding that it deserves to provide indigent care and so that our hospitals are able to transition to the new DSH program.

A workgroup of stakeholders, including HANYS, has worked with DOH to recommend changes to the state program, and we anticipate that language will be forthcoming soon from the Governor and DOH to propose changes in the state budget. Appropriate changes must be enacted to protect our patients and hospitals.



## Managed Care Reform

HANYS is advocating for an aggressive agenda of managed care reform in response to the changing commercial insurance marketplace. Health plans are now moving toward tightly managed products, narrow networks, and traditional managed care principles. HANYS is seeking legislation to help ensure that providers are best positioned to thrive under these new market dynamics.

Urge your legislators to:

- ensure that the failure of a utilization review agent to make a determination would represent an approved claim;
- prevent technical denials for compliant hospitals;
- prevent unilateral coding adjustments;
- extend the external appeal provider timeframe to conform with recent changes to related patient timeframes;
- require that utilization review agents substantiate pre-authorizations in writing; and
- ensure that common sense factors are considered in applying the prudent layperson standard.



## Quality-Related Payment Policies

New York State implemented several quality-related payment policies in the last few years and proposes to implement more in SFY 2012-2013. Quality-related payment policy must correctly incentivize positive outcomes, hold providers appropriately accountable for adhering to evidence-based practices, recognize factors beyond the control of providers, and support shared responsibilities between patients and providers.

Urge your legislators to:

- streamline the various quality-related payment policies to reduce duplication and the potential for hospitals to be penalized twice for the same condition;
- align state policies with federal initiatives, where feasible; and
- ensure that such policies are based on quality metrics and evidence-based guidelines rather than budget targets.