

# NorMet News . . . March 2013

## A Monthly Publication of the Northern Metropolitan Hospital Association

*NorMet News* publication is a summary of regulatory and legislative news, advocacy messages, and other relevant issues affecting the delivery of hospital and health care in the Hudson Valley.

## State Budget Offers Mixed Results for Hospitals

While the 2013 – 2014 state budget imposes another two-percent, across-the-board Medicaid cut to providers, the agreement stipulates that the two-percent cut is eliminated come April 1, 2014, if Medicaid spending remains under the global cap. Medicaid spending has remained under the four percent annual spending growth cap since the cap was introduced two years ago in the state budget. This is despite significant increases in Medicaid enrollment. The two-percent cut would extend an additional year, if the cap is breached. Similarly, the Medicaid trend factor escaped permanent elimination in the final budget agreement, and instead, will remain absent until April 1, 2015, when it will be reinstated. Legislators will finish voting on budget bills by the start of the Easter holiday weekend, with passage of a \$135 billion 2013 – 2014 state budget assured by the April 1, 2013 deadline. This is the third year in a row that a state budget was passed on time – a first in 30 years. Highlights of budget restorations and other provisions include:

- **Extends super powers of the Commissioner of Health to March 31, 2015.** Should the global spending cap be breached, the health commissioner has the authority to impose unilateral, across-the-board Medicaid cuts to providers. The final budget also authorizes adjustments to the cap to account for spending resulting from a natural or other type of disaster and requires the monthly global cap reports to include greater detail on factors driving spending increases and decreases. This is an important component for providers, as elimination of the two-percent cut, sooner rather than later, is contingent upon total spending remaining under the cap. The cap on the state share of Medicaid spending for state fiscal year 2013-2014 is \$16.48 billion, growing to \$17.1 billion in state fiscal year 2014 – 2015.
- **Disproportionate Share Funding (DSH) distribution methodology** is adjusted to comply with federal requirements set forth in the Affordable Care Act (ACA). The agreement includes a transition adjustment for the three-year period January 1, 2013 through December 31, 2015, with maximum loss percentages established in statute, not in regulation. The Department of Health must report annually to the governor and legislature on the impact of the methodology on safety net providers and the extent to which access of care has been enhanced.
- **Vital Access Provider Funding** includes a total of \$138 million for Safety Net/Vital Access Provider program – an increase of \$52 million from last year's funding and now includes Critical Access Hospitals.
- **Excess Medical Malpractice Program funding** is restored to last year's level of \$127.4 million.
- **Temporary Operator provision** authorizes the Health Commissioner to appoint a temporary operator of a hospital, diagnostic and treatment center, or adult care facility and includes due process protections for the existing operator. The provision also outlines modifications related to the re-appointment of a temporary operator and to the reporting requirements of the temporary operator.
- **The Capital Access Pilot Project** was not authorized in the budget, but will probably become a post-budget issue. However, the budget did amend the statute related to all SUNY hospital contracts for participation in managed care networks and other joint and cooperative arrangements to allow for joint ventures, network arrangements, and joint operating agreements with for-profit corporations and for-profit limited liability companies, provided that the contracts with for-profit entities be approved by the Department of Health and the Division of the Budget. Full details about state budget at [www.hanys.org](http://www.hanys.org). – Janine Logan, [jlogan@normet.org](mailto:jlogan@normet.org).

## Sequester Cuts Advance; House/Senate Budgets Seek More Provider Cuts

The recent passage of the continuing resolution – the legislation needed to keep the government funded through the end of the current fiscal year, September 30, 2013 – averted a shutdown in government operations, but it did not eliminate the sequester cuts. The automatic two-percent cut in Medicare reimbursements to providers begins April 1, 2013, along with a two-

percent cut to incentive payments to hospitals for health information technology “meaningful use.” The appetite for debt and deficit reduction in Washington grows fierce with each passing day and lawmakers and the White House have signaled they are open to entitlement cuts and further reductions to health care providers. The House passed Ryan federal fiscal year 2014 budget seeks

millions in cuts and suggests that Medicare become a premium support program, Medicaid be block-granted to the states, the ACA repealed, but the ACA cuts to providers maintained. The Senate passed federal fiscal year 2014 Murray budget seeks \$275 billion in unspecified health care reductions, aimed at further re-aligning incentives and cutting waste and fraud. It

would also replace sequester cuts with \$1.85 trillion in savings over 10 years through tax increases and spending cuts. Some of these cuts would come from the health care sector. The President's proposed budget is expected early April. – Janine Logan, [jlogan@normet.org](mailto:jlogan@normet.org).

## **Washington Lawmakers Need to Hear from Hospital Leaders, Trustees**

**Join your colleagues April 30 in Washington, DC**

**Annual Federal Briefing and Member Dinner**

**Meet with key New York Congressional delegation health staff**

**Register: [Cguyon@hanys.org](mailto:Cguyon@hanys.org)**

Event held in conjunction with the American Hospital Association  
Annual Membership Meeting (April 28 – 30)

## **CMS Policies Provide Some Rebilling Relief**

The Centers for Medicare and Medicaid Services (CMS) recently released an interim ruling and a proposed ruling relaxing some of the provisions of Part B inpatient billing in hospitals. While there are differences in the timely filing requirements, among other technical issues, they both provide substantial relief by allowing hospitals that bill Medicare at the wrong level of service to bill those services as Part B (outpatient) services and be paid at that level.

The interim ruling – 1455-R - is effective immediately and allows hospitals to rebill Part B inpatient and outpatient services for denied claims regardless of timely filing requirements. This applies to all claims going forward and retrospectively to any denied claim if the hospital has appealed or has time to initiate an appeal challenging the denial (120 days after the date of the demand letter to file an appeal). If hospitals choose to follow the guidance of this interim rule and rebill the claim as Part B, then they must abandon their pending appeal and/or not file an appeal for claims that have received a denial, but have not yet been acted upon by the hospital.

In contrast, the proposed rule imposes a time limit on the rebilling of claims as Part B - the rebilling of the Part B claim must be filed within one year of the date of service. This aspect of the proposed rule would complicate the audit process, especially concerning the Recovery Audit Contractor (RAC) program, as it has been the practice of RAC contractors to review claims older than one calendar year after the date of service. The timely filing requirement in the proposed rule would make it virtually impossible for a hospital to rebill Part B.

NorMet, in conjunction with the Healthcare Association of New York State (HANYs), will comment on the proposed rule. Comments are due May 17, 2013. HANYs plans a two-day RAC conference May 8-9. Details forthcoming. - Janine Logan, [jlogan@normet.org](mailto:jlogan@normet.org).

## **NorMet Engages Local Chambers of Commerce, Business Groups**

NorMet President and CEO Kevin Dahill is meeting with business and industry leaders throughout the region and impressing upon them the economic importance that hospitals offer their local communities, in addition to the lifesaving services these institutions provide 24/7. In round table discussions, task force committees, and leadership meetings, NorMet is fostering a spirit of collaboration between the business community and hospital community.

As the keynote speaker for the Rockland Business Association's General Membership Luncheon, held February 14, 2013, at the Crowe Plaza Hotel in Suffern, NY, Dahill updated attendees about the State Health Insurance Exchange, particularly as provisions affect small



**NorMet President/CEO  
Kevin Dahill**

and mid-sized businesses. Dahill serves on the state Regional Advisory Group that is shaping New York's insurance exchange. While insurers that receive approval to sell on the exchange must offer plans that cover essential health benefits in 10 broad categories, the hospital industry remains concerned that insurers might negotiate reimbursements that are near Medicaid rate levels. This would underfund hospitals for reasonable costs to provide care and undermine hospitals' financial stability. Such tenuousness would spill over into the community.

"We have an opportunity to instill interdependence and a collaborative spirit among stakeholders when it comes to health delivery and payment reform and other regulatory changes that are needed on the federal and state levels" said Dahill. "This will ensure a smooth and productive health care delivery and payment transition for all."



## The Quality Corner

### *An update on quality improvement issues*

Mary Jane Milano, Director

**Sepsis Care Regulations:** In February, the New York State Department of Health issued proposed rules for sepsis care and hospital care. These were written in response to the death of Rory Staunton, a 12 year old young man who died suddenly of septic shock. The sepsis care regulation calls for hospitals to develop sepsis care protocols that include several specific components and criteria, submit the protocols to the state for approval by July 1, 2013, and implement them within 45 days of the state approving them. The regulation would also require reporting of process and outcome quality measures at least annually. The hospital bill requires hospitals to post a parent's bill of rights indicating that: one parent/guardian would be allowed to stay with the pediatric patient at all times; patients would not be discharged until any tests that could reasonably be expected to yield critical value results are completed, reviewed by the medical staff and communicated to the patient/family; the communication must be accomplished in a manner that assures the patient/parents have capacity to understand the information; and that all lab results are provided to the primary care provider if known. The Suburban Hospital Alliance of New York State, LLC, in conjunction with the Healthcare Association of New York State (HANYs) will provide comments about these regulations.

**Ensuring Safe Patient Handoff:** Patient handoffs are frequently a challenge to quality and patient safety. In "*Closing the Safety Gap in Patient Handoffs: Leveraging Technology to Build the Safety Net*" Glenn D. Focht, MD, medical director of Boston Children's Hospital, offers four best practices for ensuring safe patient handoffs. These include human resources to provide orientation to expected standards, provider training in handoff skills and ongoing feedback and evaluation of handoffs; medical staff governance to standardize expectations as part of credentialing and re-credentialing and to build effective sign-outs/handoffs into ongoing professional practice evaluations and focused profession practice evaluations for new providers; the acquisition and use of enabling technology to assist in the work of handoffs; and the scheduling of shifts and time for face-to-face handoffs.

**Vaccination Survey:** The New York State Department of Health is again conducting an annual hospital Health Care Worker Vaccination Survey. This survey covers the period October 1, 2012 to March 31, 2013 and will go live on the Health Emergency Response Data System on April 1, 2013. It is due to the state by May 1, 2013. The February 13, 2013 New York State Register contained a proposed rule requiring hospitals and other health care facilities to have their health care workers either be immunized or wear a mask during the flu season.

**Readmissions Program:** In March, Medicare for the second time in six months published a new list of hospital penalties under its readmissions program. Medicare erred in calculating penalties for more than 1,000 of the nation's hospitals. Although the payment changes for most hospitals were small, averaging .03 percent of each reimbursement, overall hospitals will pay \$10 million less in penalties than previously calculated for a total of \$280 million this year. The changes are retroactive to October 2012 when the program began. A *Kaiser Health News* article published March 14, 2013 provides additional information.

### Member Hospitals

Blythedale Children's Hospital  
Bon Secours Community  
Hospital  
Burke Rehabilitation Hospital  
Catskill Regional Medical  
Center  
Ellenville Regional Hospital  
Good Samaritan Hospital  
HealthAlliance Hospital  
Helen Hayes Hospital  
Hudson Valley Hospital Center  
Keller Army Community  
Hospital  
Lawrence Hospital Center  
The Mount Vernon Hospital  
The New York Presbyterian  
Hospital Westchester  
Division  
Northern Dutchess Hospital  
Northern Westchester Hospital  
Orange Regional Medical  
Center  
Phelps Memorial Hospital  
Center  
Putnam Hospital Center  
St. Anthony Community  
Hospital  
Saint Francis Hospital  
St. Joseph's Medical Center  
St. Luke's Cornwall Hospital  
St. Vincent's Westchester  
(Division of St. Joseph's  
Medical Center)  
Sound Shore Medical Center of  
Westchester  
Vassar Brothers Medical  
Center  
VA Hudson Valley Health Care  
System  
White Plains Hospital

## News Briefs . . .

**Hurricane Sandy Relief Fund Distributions . . .** totaled \$608,717. Forty-seven health care organizations received funds on behalf of 4,124 health care employees identified as being in need, as a result of superstorm Sandy. NorMet was one of the sponsoring organizations of the Hurricane Sandy Health Care Employee Relief Fund...

**CEO Gold Standard Re-Accreditation . . .** was granted to Vassar Brother Medical Center in recognition of the organization's extraordinary commitment to the health of their employees and their families. The designation is presented by the Hudson Valley Region American Cancer Society.

**Baby Friendly Hospital . . .** is a distinction earned by the Hudson Valley Hospital Center by the Baby Friendly USA, a leader in the movement to promote breast feeding and infant health. Hudson Valley Hospital Center is the fourth hospital in New York State and the only one in Westchester, Putnam and Rockland counties to earn this coveted designation.

**Nursing Education Grant . . .** was awarded to Orange Regional Medical Center from the New York State Department of Labor's Registered Nurse Upgrade Project. The grant supports continued education of employed Licensed Practical Nurses interested in enhancing their academic credentials to become Registered Nurses and further strengthen Orange Region's nursing workforce. Orange Regional also was awarded the 2013 Corporate Bell Award presented by the Mental Health Association of Orange County for its long history of providing needed mental health services to the community.

**Concussion Task Force . . .** of the National Collegiate Athletic Association (NCAA) has asked Burke Rehabilitation Hospital assistant medical director Barry Jordan MD, MPH, to join its group. The goal of the physicians and scientists on this national task force is to try to make sense out of what is known and not known about the issue. The task force will look at concussions from what is causative versus correlative and determine a management plan. Jordan is also director of Burke's Brain Injury Rehabilitation Program.

**Enhancing Access to Medical Libraries . . .** is the goal of South Shore Medical Center's recent participation in an innovative, nonprofit consortium, through Health Science Library Association of New Jersey.

**Raising Fund and Awareness of Heart Disease . . .** is a goal of **White Plains Hospital** and it was recently named the winner of the Heart Walk Hospital Cup trophy presented by the American Heart Association. One of seven hospitals in Westchester County to participate in the Heart Association's signature event last year, White Plains Hospital recruited hundreds of employees and friends to its team.

**HANYS 2013 Health Improvement Award . . .** nominations are sought. The award recognizes outstanding initiatives by members to improve the health and well-being of their communities. All NorMet/HANYS members are eligible to apply. Application deadline is March 11. For more information and to apply go to: <http://www.hanys.org/awards/chia.cfm>

**Doctors across New York . . .** third cycle of funding applications is due March 29, 2013 and must be submitted electronically. The application has been streamlined and now includes only one application for either practice support or loan repayment funds.

**National Donate Life Month . . .** is April. Please promote organ and tissue donation throughout your hospital and within the community. For free organ donation materials contact: Melanie Evans at [mevans@alliancefordonation.org](mailto:mevans@alliancefordonation.org).



Go to [www.normet.org](http://www.normet.org) and click on this Vet Connect icon to find online links to hospitals' job banks, health care services, and other community resources. The initiative is coordinated by NorMet and members of its Communications Committee. The Vet Connect icon is also located on each member hospitals' website.



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