

# NorMet News . . . May 2012

**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 Legislative Session Nearing End; Critical Health Care Issues Still Active

With about a month to go before the official close of the 2012 legislative session, hospital advocates are closely watching bills pertaining to managed care reform, telemedicine, and observation care, among others. These important legislative issues as well as Governor Cuomo's continuing focus on not-for-profit executive compensation mean hospital advocates have a busy few weeks ahead of them. Here is a summary of pressing concerns.

**Managed Care Reform** – The Healthcare Association of New York State (HANYs), in conjunction with the Suburban Hospital Alliance of New York State LLC (SHANYs), advanced legislation to remove unnecessary waste and cost from the health care delivery system. Senate bill S.7071 (Hannon) and Assembly bill A.9946 (Morelle) seek to accomplish the following: prevent unilateral coding adjustments by insurers; prevent technical denials for compliant hospitals; change statute so that failure to make a determination represents an approved claim; harmonize the provider external appeal timeframe with the time frame allowed for consumers; require utilization review agents to substantiate pre-authorizations in writing; and require utilization review agents to take time, date, and severity of treatment into consideration for emergency services.

**Telemedicine** – Senate bill S.6970 (Young) and Assembly Bill A.9834 (Gunther) would remove barriers to the provision of telemedicine services.

**Observation Care** - The 53 member hospitals of the Suburban Alliance of New York State LLC (SHANYs), which includes hospitals in the Hudson Valley, support legislation (S.7031) introduced by Senator Kemp Hannon pertaining to observation care and observation units. Currently, state regulations and federal regulations do not align, which has deterred many hospitals from implementing observation care, though in some circumstances that may be the most appropriate level of care at which to treat patients. Senator Hannon's legislation, prompted by discussions with the Suburban Hospital Alliance hospital leaders, would correct this. State regulations finalized in January require that observation care be provided in a discreet unit, under the direction of the emergency department, with a specific designation of beds for the purpose of providing observation care. This presents problems for many hospitals already providing observation care under Medicare rules, which allow hospitals to utilize beds on existing units that best meet patients' clinical needs, and would bar others from establishing observation units due to costs and physical plant restraints. The state also limits the time period in which a patient can be treated in an observation unit to 24 hours. In rare cases, observation services can exceed 48 hours. Senator Hannon's bill extends the time period to 48 hours, consistent with Medicare regulations.

**Executive Compensation** – Governor Cuomo recently presented more detailed rules regarding executive compensation paid by not-for-profit and for-profit health and human services providers that receive state funds. In January, the Governor's budget included broad provisions addressing executive compensation and state revenue allocation. However, the final state budget did not include any language related to the issue. Instead, the Governor issued an executive order in January directing state agencies to develop proposals related to executive compensation and revenue allocation. The newly released rules by the Governor will take effect January 1, 2013. The regulations include definitions for covered providers, covered executives, executive compensation, administrative costs, and state funds and state-authorized payments. The regulations outline requirements for providers with regard to compliance, penalties, and a waiver process. State, county, and local government providers are exempt from the rules. The rules are scheduled to be published in the State Register on May 30, 2012 and the comment period will end July 16, 2012. Leaders of the Northern Metropolitan Hospital Association are working alongside the state hospital association to gain further clarification on several points of unclear language and questions raised by the proposal. Comments on behalf of NorMet hospitals will be submitted to the Department of Health.

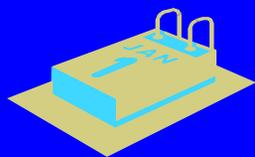
# Spending Pressures Intensify in DC

Hospital advocates say they are preparing for tough negotiations with Washington lawmakers who have one objective in mind – reduce spending. Several weeks ago the GOP House Budget Committee forwarded a plan to cut health care and social service programs, although cuts in this plan are smaller than the ones proposed in the broader House budget blueprint passed in March. Adding to the fiscal restraint fervor are the expiring Bush tax cuts and the Social Security payroll tax holiday. Both sunset at year's end. In addition, the nation's doctors once again will face a steep pay cut come January 1, 2013, unless Congress acts. A permanent fix to the Medicare physician payment formula is desperately needed. Both physicians and hospitals agree on this point. However, hospitals are on guard against any efforts to offset the "doc fix" through reimbursement cuts to hospitals. Finally, hospitals are bracing for two-percent across-the-board Medicare "sequestration" cuts that automatically kick in January 2013. These provider cuts and defense budget cuts were

set in motion last fall by the failure of the "Super Committee" to reach a deficit reduction agreement. There will be increased pressure to shift "sequestered" cuts from defense to health care.

Just last week, the Republican-controlled House approved a \$642 billion defense budget that breaks the deficit-cutting deal made with the Obama administration last summer during the debt ceiling/deficit reduction crisis. This House budget calls for \$8 billion more in defense spending than was originally agreed upon. The Democrat-controlled Senate is unlikely to go along with any proposals that go beyond the spending levels set forth in last summer's deficit reduction agreement.

In early May, hospital leaders from suburban regions met with members of the congressional delegation in Washington to protest additional Medicare and Medicaid cuts to providers. Advocacy on behalf of the hospitals in the Hudson Valley region will continue throughout the summer months and into the election season.

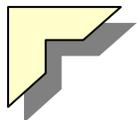


## Mark Your Calendar for NorMet Events in June 2012

June 6 Fiscal Policy Committee Retreat, 1:00 p.m.

June 18 Internal Audit and Privacy Committee, 10:00 a.m. (Westchester Medical Center)

Meetings for NorMet members only and are held at NorMet offices in Newburgh unless otherwise noted. To register/info call: 845-562-7520.



## The Quality Corner

### *An update on quality reporting measures*

Mary Jane Milano, Director

**Medicare Conditions of Participation:** On May 10<sup>th</sup>, the Centers for Medicare and Medicare Services (CMS) issued a final rule updating the hospital Medicare Conditions for Participation federal health and safety requirements. The final rule eliminates "outdated" hospital management requirements and will:

- require that all eligible candidates, including physician assistants and advanced practice RNs, be reviewed by medical staff for potential appointment to the hospital medical staff and then be granted all of the privileges, rights and responsibilities accorded to appointed medical staff members;
- eliminate a requirement for a single director of outpatient services;
- allow smaller hospitals to outsource some lab tests and radiology tasks;
- allow hospitals in the same system to have their own governing boards.

**National Quality Forum:** Earlier this year, the National Quality Forum took a bold step in releasing a set of four endorsed "resource use" (cost) measures that included two developed by the National Committee for Quality Assurance and two from Bloomington, Minneapolis-based HMO Health Partners. The measures address the costs of diabetes and cardiovascular care along with total primary care costs and primary care total use of resources. Although for small practices

or for individual physicians the measures may not be statistically viable, if a primary care doctor always prescribed brand name drugs or always orders more tests or consultations, this will "show up" with the new measures for total costs and resource use.

**Palliative Care Quality Measures:** The Measure Applications Partnership, a national group of 60 organizations representing diverse stakeholder interests, convened by the National Quality Forum, recently issued a report identifying 28 measure concepts for hospitals and palliative care. These measures focus on patients' and families' needs and preferences and are measured across settings of care and diverse providers. The report identified more than a dozen existing measures ready for immediate application in the Medicare Hospice Quality Measurement Program, as well as measures that can be applied to palliative care settings. A new law that begins in 2014 will require hospice programs to submit quality data to the Centers for Medicare and Medicaid Services.

## MRT Process Reaches Milestone

New York's path toward cost-effective Medicaid reform reached a milestone this past April 1<sup>st</sup> when Medicaid spending came in \$14 million below the Medicaid global spending cap for the state fiscal year, according to the Department of Health. Another milestone was reached earlier this month when the Medicaid Redesign Team's (MRT) final report was issued – *A Plan to Transform the Empire State's Medicaid Program: Better Care, Better Health, Lower Costs*. This report outlines the ambitious goals and objectives set forth by the Cuomo administration to transform the state's Medicaid program into one that is more cost-efficient and quality conscious.

In January 2011, Governor Cuomo assembled a statewide group of Medicaid stakeholders, now familiarly known as the Medicaid Redesign Team (MRT), who were charged with examining every aspect of Medicaid on both the payment and delivery sides. Ultimately, the MRT workgroups, providers, and regulators universally concluded that care delivery, management, and reimbursement would function best in a fully-integrated system. Toward that goal, New York's vision of care management for all means enrolling every Medicaid beneficiary in some type of care management organization within three years. Actions in last year's state budget and several in the current state budget move New York in this direction.

Additionally, to fully implement the MRT recommendations, New York will pursue a new Medicaid 1115 waiver. This waiver and reforms already underway aim to reduce costs, improve outcomes, reduce disparities, replace the fee-for-service model with an integrated care management system, and implement the program changes called for in the Affordable Care Act (ACA).

The plan is the state's multi-year road map to major Medicaid reform and change that will affect providers and patients. NorMet will continue to work with the Governor's office, state agencies, and the Legislature to ensure the views of NorMet regional hospitals are considered throughout the plan's implementation process.

## News Briefs . . .

**National Marketing Awards . . .** were presented to Catskill Regional Medical Center. The hospital's marketing and public relations department secured four prominent national marketing awards, including a gold award, from the 29<sup>th</sup> Annual Healthcare Advertising Awards competition and the 2012 Aster Awards for excellence in medical marketing. The Annual Healthcare Advertising Awards are sponsored by Healthcare Marketing Report, a leading publication covering all aspects of health care marketing, advertising, and strategic business development. A national panel of judges reviewed all entries. Nearly 4,000 entries were submitted.

### Member Hospitals

Benedictine Hospital  
 Blythedale Children's Hospital  
 Bon Secours Community Hospital  
 Burke Rehabilitation Hospital  
 Catskill Regional Medical Center  
 Ellenville Regional Hospital  
 Good Samaritan Hospital  
 Helen Hayes Hospital  
 Hudson Valley Hospital Center  
 Keller Army Community Hospital  
 The Kingston 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  
 Westchester Medical Center  
 White Plains Hospital Center

**\* \* \* JOIN YOUR COLLEAGUES \* \* \***  
**HANYS 44<sup>th</sup> Annual Membership Conference June 28 and 29**  
**The Sagamore in Bolton Landing, NY**

Hear from the hospital CEO whose facility was the only health care organization to receive the prestigious *Malcolm Baldrige National Quality Award in 2008, the nation's highest honor for organizational innovation and performance excellence . . .* and enjoy a special address offered by *Jason Helgerson, NY State Medicaid Director, and key architect of New York's Medicaid transformation.*  
For more information contact: Rachel Hajos at 518-431-7838, rhajos@hanys.org.

## ***Patient Safety Institute Committee Meetings***

**Patient Falls:**

Friday, June 1 at 9:00 a.m.

**Patient Safety:**

Friday, June 1 at 1:00 p.m.

**Surgical Site Infections:**

Tuesday, June 5 at 9:00 a.m.

*\*In order that your hospital may enjoy the confidential and privileged nature of these discussions, ONLY staff from the 23 hospitals that have fully executed their Confidentiality and Participation Agreements with the Institute will be permitted to participate in these meetings. Contact Angela Skretta for more information.*



**400 Stony Brook Court**  
**Newburgh, New York 12550**  
**845-562-7520 • Fax: 845-562-0187**  
**www.normet.org**