

# NORTHERN METROPOLITAN HOSPITAL ASSOCIATION

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## 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  
Sound Shore Medical Center of  
Westchester  
Vassar Brothers  
Medical Center  
VA Hudson Valley Health Care  
System  
Westchester Medical Center  
White Plains Hospital Center



A PUBLICATION ADDRESSING HEALTH  
ISSUES FACING HUDSON VALLEY RESIDENTS

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## Federal Update: House Passes Tax/Jobs Bill, Includes “Doc Fix” Supported by Medicare Cuts Damaging to Hospitals

Yesterday, December 13, 2011, the House passed the Republican led Middle Class Tax Relief and Job Creation Act of 2011. The bill includes a year-end tax and unemployment package and a two-year fix for the Medicare physician payment cut, but the bill offers no relief to hospitals. Instead, it calls for \$828 million in funding cuts statewide to hospitals to offset the scheduled 27.4% physician payment cut that will take effect January 1, 2012.

Hospitals in the NorMet region support eliminating this scheduled reduction in Medicare payments to physicians, but not by reducing payments to hospitals. This physician pay cut crops up yearly, as a result of legislation dating back to the Balanced Budget Act of 1997. The Sustainable Growth Rate (SGR) formula developed at the time to maintain fiscal stability no longer remains an accurate and useful mechanism for physician Medicare rate setting. Congress has enacted several stop gap measures to avert the drastic cut each time it surfaces, but no permanent solution has been legislated. In the past, hospitals have endured Medicare reductions to offset the physician payment cut.

The current House bill seeks to reduce hospital outpatient payments by cutting payments for evaluation and management services. These services are among the most common outpatient services provided in hospitals. The bill would also cut Medicare bad debt payments, which partially reimburse hospitals for copayments and deductibles that beneficiaries are unwilling or unable to pay.

The recent failure of the deficit reduction “Super Committee” triggers another \$2.4 billion in Medicare cuts to New York’s hospitals and health systems beginning January 2, 2013.

Indications are that the House bill has no way of passing in the Senate, and this chamber is busy now working on its proposal. However, hospital leaders remain very concerned that the House bill will influence ongoing negotiations to secure offsets for the “doc fix.”

“A physician payment cut of this size will seriously affect access for seniors and the disabled,” said Kevin Dahill, president/CEO of the Northern Metropolitan Hospital Association (NorMet), the organization that represents hospitals in the Hudson Valley. “Given all the payment reductions our hospitals have endured in just the past two years, there is no way they can absorb more cuts and expect to remain fully operational.”

## State Update: MTA Plan Helps Small Businesses, Non-profits, But Hospitals Still Taxed

Hospitals in the Hudson Valley are employers that have been paying the MTA payroll tax since it was enacted two years ago. However, hospitals were not included in the state’s tax/MTA relief plan, approved earlier this month, which eliminates the MTA tax for some employers and mitigates it for others.

“The plan is a prudent action that will better enable job creation and ease the burden on educational institutions and some businesses,” said Kevin Dahill, president/CEO of NorMet and the Suburban Hospital Alliance of New York State, an advocacy association that represents the shared interests of suburban hospitals in the Hudson Valley and on Long Island. “However, hospitals are in most cases the largest employers in the impacted areas, supporting 150,000 jobs and \$23 billion in economic activity. These hospitals paid approximately \$20 million each year for the MTA tax. Where is their relief?”

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