

# 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  
(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



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## STATE UPDATE: Proposed Budget Extends Last Year's Mandates; Seeks to Expand Commissioner's Powers, Limit Boards' Authority

**Budget News:** Policy recommendations in the governor's proposed 2012 – 2013 state budget, as well as executive orders and procedural changes occurring outside the budget process, present hospital advocates with different challenges this budget season. Even so, hospitals in Westchester and the Hudson Valley region will still endure a two-percent, across-the-board Medicaid cut in the upcoming fiscal year, as part of last year's two-year budget deal. This cut is in addition to the \$8.8 million in Medicaid cuts that the region's hospitals absorbed last year. That two-year deal also extends the Global Medicaid Spending Cap imposed by the Medicaid Redesign Team (MRT) and adopted by the legislature. The cap also gives broad oversight authority to the health commissioner to make cuts, should the cap be breached. One action could be more indiscriminate Medicaid cuts. That mechanism takes the control of constituent concerns out of legislators' hands. To date, monthly global Medicaid spending reports from the state show spending is in check. The cumulative spending from April through December 2011 is \$95 million (0.8 percent) below the cap. Assembly Republican members and several legislative committees have held public hearings about the proposed budget, with both chambers introducing their proposals on March 10 and 11. Indications are that the budget will be on time, if not early.

**Policy Considerations:** The proposed state budget would grant the health commissioner authority over not-for-profit boards and hospitals' operations in situations the state deems grossly improper and negligent. The expanded powers would allow the commissioner to remove governing board members, approve all new members, and set limits on compensation. However, hospitals boards are members of the community and reflect the needs of the communities in which their hospitals operate. As such, their governing powers should not be undermined. Any extraordinary powers granted to the health commissioner should only be used in the most extraordinary circumstances.

## FEDERAL UPDATE: Congress Finds Temporary Doc Payment Fix; House Committee Proposes Repeal of Medicare Panel

**Doc Payment Fix:** Congress' recent passage of a final agreement to avoid a 27 percent Medicare physician fee schedule cut set for March 1 places this issue on the back burner at least until the end of this year. However, the sustainable growth rate (SGR) formula, enacted in 1997 and now considered flawed by most economists and policy makers, will surface again and hospitals remain vulnerable to cuts to offset funding.

The temporary fix did not inflict the huge cuts in hospital outpatient department evaluation and management clinic services or a new inpatient coding offset that hospitals had feared. Rather, part of the funding for the "doc fix" will come from a reduction in Medicare bad debt payments and a one-year continuation, into 2021, of the Affordable Care Act's Disproportionate Share Hospital (DSH) payment reductions.

**IPAB Repeal:** The House Energy and Commerce Health Subcommittee voted to repeal the Independent Payment Advisory Board (IPAB), a panel of experts established by the Affordable Care Act (ACA) to make Medicare policy and savings recommendations to Congress on an annual basis, beginning in 2014. There is concern that such a panel would hold heavy sway over Congress and harm the deliberative process that Congress now engages in when setting Medicare policy, rates, and targeted savings. This process ensures fair representation for constituents in varied regions throughout the United States. The legislation could make its way to the House floor by mid-March.

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