

# 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  
White Plains Hospital Center



A PUBLICATION ADDRESSING HEALTH ISSUES FACING HUDSON VALLEY RESIDENTS

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## STATE UPDATE: Corrective Legislation and Possible Tax Refund

**Observation Care:** The observation care bill, the Suburban Hospital Alliance of New York State, LLC's high priority item during the 2012 legislative session, was signed into law by the governor on October 3, 2012, following weeks of negotiations that resulted in an agreement to amend the bill. Effective immediately, the negotiated agreement, which must be passed by the Legislature again, retains key provisions and most of the intent of the original bill. The Suburban Alliance, a coalition of 51 hospitals located in the nine counties immediately east and north of New York City, advocated for this bill so that state and federal rules about observation care align. A state maximum of 24 hours on observation status as opposed to federal regulations allowing 48 hours and placement of observation beds, either in a discrete unit under the ER's supervision or in scatter-bed fashion as clinically appropriate, were the main discrepancies. The amended bill allows hospitals to decide where to place observation beds and requires the Department of Health to develop new regulations on the timeframe for providing observation care, replacing the 24-hour maximum set forth in the January 2012 regulations. As of now, it is not the 48-hour standard originally sought by the Suburban Alliance, but the amended legislation calls for the new regulations to be consistent with Medicare, unless the Commissioner of Health believes a different standard is necessary to "protect and promote patient care and safety."

**MTA Employer Payroll Tax:** This controversial tax imposed on employers located in select MTA service regions beginning in 2009 was deemed unconstitutional by the State Supreme Court in downstate Nassau County in August. The state is currently appealing that decision and the tax legally continues to be collected. The state expects the decision to be overturned. Should the appeals court uphold the Supreme Court's decision, refunds would be due. The deadline for requesting a refund of the first year of MTA taxes is November 3. The state Department of Taxation and Finance is currently developing a system to process refunds. In the meantime, employers are advised to calculate taxes paid and have a refund request ready to file with the department. Hospitals in the Hudson Valley region pay an estimated \$8.6 million annually in MTA taxes. In December 2011, the state issued a tax/MTA relief plan, which eliminated the MTA tax for some small businesses and lowered it for others. The plan also exempted elementary and secondary public and private schools. Not-for-profit

## FEDERAL UPDATE: Medicare Cuts Near Cliff's Edge

With a lame duck session nearly upon us, Congress has yet to make any major moves toward addressing the impending year-end fiscal cliff. Aside from passage of the continuing resolution that will fund the government at current levels until March 27, 2013, financial disaster for the entire country looms. This is the view of many economists who agree that the nation would plunge further into recession if the Bush tax cuts are allowed to expire, the Social Security payroll tax cut is allowed to expire, and the scheduled 27 percent Medicare pay cut to the nation's physicians occurs.

"Automatic sequestration cuts to defense and domestic spending, including Medicare providers, are the fourth lethal component for a fiscal fiasco," said Kevin Dahill, president/CEO, Northern Metropolitan Hospital Association (NorMet), which represents hospitals in the Hudson Valley region. "The two-percent, across-the-board sequestration cuts are valued at about \$255 million (2013 -2021) for hospitals in this region."

Sequestration is the result of the bi-partisan super committee's inability to reach a deficit reduction agreement last November. The idea a year ago was that sequestration cuts would be so massive and burdensome that Congress would never let such cuts happen. Now, that scenario becomes more likely as each day passes.

Hospital leaders from the region will travel to Washington, DC next month to protest these and any additional cuts to Medicare providers.

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