

Vital Signs May 2011

A Monthly Publication of the Northern Metropolitan Hospital Association

Vital Signs 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.

Reform Law's Vision for Accountable Care Organizations

While the constitutionality of the Affordable Care Act's individual insurance mandate makes its way through the lower appeals court process and eventually to the Supreme Court, guidance on the legislation's call for accountable care organizations (ACOs) was released late March 2011. ACOs are one new model of delivery through which the legislation hopes to accrue Medicare cost savings and improved quality care. Other new care/payment delivery models the ACA supports include bundled payments, value-based purchasing, and medical homes. Better coordinated care that emphasizes preventive and primary services is the thrust of these new models.

ACOs offer the opportunity for shared savings if providers lower growth in health care costs while meeting performance standards on quality. These will be measured in five essential areas: Patient/caregiver experience of care, care coordination, patient safety, preventive health, and at-risk population/frail elderly health.

The Center for Medicare and Medicaid Services (CMS) proposed rule allows ACOs to choose between two payment models: a one-sided risk model (sharing of savings only for the first two years and sharing of savings and losses only in the third year of the pilot) and a two-sided risk model (sharing of savings and losses for all three years). The group of providers and suppliers of health care services who voluntarily agree to work together to coordinate care for patients must commit to participate as an ACO for three years.

CMS projects that the average start-up costs and first year operating expenses for an ACO will be about \$1.7 million. It further estimates that total savings to be shared by participating ACOs ranges from \$560 million to \$1.13 billion and total estimated penalties CMS could recoup range from \$10 million to \$80 million. ACOs will be penalized if they do not meet their prescribed performance standards. Further, CMS estimates that between \$170 and \$960 million in net Medicare savings will be realized for calendar years 2012-2014.

The Internal Revenue Service (IRS) also weighed in regarding ACO participants and tax-exempt status. The Department of Justice's (DOJ) Antitrust Division and the Federal Trade Commission also released guidance. Antitrust issues and related impediments to full clinical integration remain a concern of providers. Comments for both of these rules are due May 31, 2011. For details about the DOJ statement go to www.justice.gov/atr/public/guidelines/269155.pdf and for the IRS statement go to www.irs.gov/pub/irs-drop/n-11-20.pdf.

The full proposed rule/notice from the Centers for Medicare and Medicaid Centers/Office of Inspector General is posted at www.oig.gov/inspection.aspx?AspxAutoDetectCookieSupport-1#special and is open to comments until June 6, 2011. The CMS plans to implement the ACO program January 2012.

State's Stake in ACO Model

As part of the state fiscal year 2011 – 2012 budget, legislation to establish a demonstration program for ACOs was passed. This legislation created a new classification (Article 29-E) within the current Public Health Law that addresses the responsibilities of certified state ACOs, without an explicit shared savings program. The health commissioner has broad authority over the establishment and regulation of state ACOs. Like the federal model, the state ACO Demonstration Program is looking to see how effectively the ACO improves quality, coordination, and accountability of health care services.- *Janine Logan, jlogan@normet.org*.

Medicaid Redesign Team . . . work continues and it plans a first post-state budget meeting soon. Nine subcommittees will continue to examine ways to find savings and implement reforms. Healthcare Association of New York State (HANYS) president Dan Sisto will co-chair the Payment Reform Subcommittee. First order of business - recommendations for development of state ACOs and other innovative payment models

Budget Plans for FY 2012 Threaten Entitlements

Debt ceiling issue adds to the fiscal worries in Washington

Now back from spring break, members of Congress are facing a number of budgetary challenges, the first of which will be the raising of the debt ceiling followed by work to complete a fiscal year 2012 budget. The next fiscal year begins October 1, 2011.

With Standard and Poor's recent decision to change the United States' financial outlook to negative, Congress is under even greater pressure to make a decision about raising the debt ceiling. Economists warn that if the United States should default, the recovering economy will face a serious setback, as consumers and businesses will find it extremely difficult to borrow money.

Federal Budget Process Update

- The GOP plan championed by Rep. Paul Ryan seeks to strip about \$5 trillion from projected federal spending in the next decade with about half of it coming from sweeping overhaul of Medicaid and Medicare programs. The plan would utilize Medicaid block grants to fund states' programs and commercialize the traditional Medicare program through the provision of vouchers to beneficiaries. Finally, the plan would repeal the Affordable Care Act in its entirety, but keep all of the health care reform cuts to providers.
- The President's plan unveiled mid-April would cut \$340 billion over 10 years from projected increases in federal health care programs, while preserving the Medicaid and Medicare programs. The president's framework mostly builds on the ACA.
- The Senate's bi-partisan plan led by six key members of the Senate, known as the "Gang of Six," will likely contain aspects of the deficit reduction plan that was presented last December. The President's Deficit Reduction Commission called for a sweeping combination of tax-restructuring and social safety net cuts. All six members of the current Senate bi-partisan group voted for the recommendations in that plan.
– Janine Logan, jlogan@normet.org.



NorMet Leader Shares Patient Safety Knowledge with Peers

In today's environment of transparency and accountability, the pressures and incentives to improve have never been greater and patient safety organizations provide a consortium of hospitals in a region with a way to share and implement best practices with confidentiality and expediency to meet quality demands. This was the message NorMet Patient Safety Institute Executive Director Angela Skretta shared with colleagues at the 3rd Annual Meeting of Patient Safety Organizations held May 9 – 10, 2011 in Baltimore, Md. Skretta co-presented with John N. Morley MD, medical director of the NYS DOH, at the invitation of the Agency for Healthcare Research and Quality (AHRQ).

"The 23 hospitals from the NorMet region that volunteered to participant in our federally-designated Patient Safety Organization have been able to learn from the experiences, misfortunes, and

Hospitals Save Lives through Organ Donation Programs

The Northern Metropolitan Hospital Association participated in a Regional Donor Council on May 9, 2011 to help the New York Organ Donor Network (NYODN) promote its life saving work of organ and tissue procurement among NorMet hospitals.

NorMet CEO and president, Kevin Dahill, who is also a board member of NYODN, reminded participants that organ/tissue donation is a part of the care continuum that helps hospitals and health care practitioners save lives.

"NorMet has been the front leader in hospital associations to host donor councils and raise awareness about tissue and organ donation.," said Karin Zinner of NYODN.

"NorMet Hospital Association consistently leads the charge for organ donation in this donation service area and I ask each of our member hospitals to re-commit resources to this life-saving endeavor," said Dahill.

errors of others in a protected environment and in a way that gives those events productive value,” said Skretta. “Without the safety of the federally certified PSO and the protections of the Patient Safety and Quality Act, the lessons learned from near misses and unexpected events would stay in a locked drawer in risk management and litigators’ offices, while more patients continue to get harmed. Under this law and the highly structured environment of the PSO, health care professionals can learn from those experiences to save patients’ lives.”

NorMet’s Patient Safety Institute is much more than a data repository and provides its members with data about hospital practices within two months of the release of any surveys. It is building a significant IT infrastructure that will enable members to submit specific data that the members have determined is most valuable for learning and change to improve hospital quality and efficiency, while protecting patient safety. Once this data is collected, “real-time” dashboard reports will be available for members participating in those initiatives. There are four committees within the Institute: Patient Falls, Surgical Site Infections, Medical Directors, and Patient Safety. Schedule for upcoming committee meetings:

Patient Safety Committee

June 17 1:00 – 3:30 PM

Patient Falls Committee

June 3 9:00 – 11:00 AM

Surgical Site Infections Committee

June 7 9:00 – 11:00 AM

**In order that hospitals may enjoy the confidential and privileged nature of the discussions, ONLY staff from hospitals that have fully executed their Confidentiality & Participation Agreements with the Institute will be permitted to participate in these meetings. All meetings take place at the NorMet offices in Newburgh.*

- 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
 - St. 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

New Initiatives Support Members’ Efforts

NorMet recently unveiled three new initiatives designed to assist hospitals in their daily operations in the areas of quality, physical plant improvements, and clinical program enhancements, and managed care reform priorities. The initiatives are:

CON Report – The Project Log . . . provided quarterly, this report provides a summary of publicly available information about all Certificate of Need activity in the NorMet, New York City, and Long Island regions.

Core Measures and Value-Based Purchasing Support . . . will be provided to members on Thursday, May 26 from 9:00 – 11:00 a.m. via a workshop at NorMet. Registration is required for this session, where strategies and tools used by high-performing hospitals around the state and nation will be shared. With the final rule for CMS’ Value-based Purchasing Program now set in stone, pay-for-performance initiatives will accelerate. Several commercial payers are already demanding specific achievements of hospitals, and the State Medicaid program will soon enter the game as well. For hospitals to maximize their VBP payments, they must obtain 100 percent compliance with core measures and get the highest Hospital Assessment of HealthCare Providers and Systems (HCAHPS) scores possible. Since 30 percent of the value-based purchasing reimbursement will be based on HCAHPS scores, and HCAHPS is notoriously difficult to influence in New York State and other more metropolitan areas, maximizing performance on core measures becomes even more important as a means of protecting the remaining

70 percent of Medicare revenue while increasing quality.

Strengthened Advocacy . . . through the **Suburban Hospital Alliance**, that includes hospitals from both NorMet and Long Island, will bring us greater credibility among our federal and state law makers. The Alliance promotes the shared interests of these two similar suburban regions and has successfully advanced several managed care reforms in New York State over the past five years. A Joint Planning

Council composed of five CEOs from each regional association's Board of Directors will meet on May 23, 2011 to identify and prioritize shared legislative and regulatory agenda items.

News Briefs . . .

NorMet hospitals help revive local economy . . . according to United States and New York Departments of Labor, the Hudson Valley health care sector, which includes hospitals, is playing a significant role in local job creation. As hospitals expand programs to meet community needs, jobs follow. Health care is one of the fastest-growing industries in the country. Federal and state labor department statistics point to 24,840 more jobs in the NorMet region by 2016, up 17.5 percent annually.

State Health Commissioner Nirav Shah . . . stopped by the Hudson Valley Hospital Center recently to present the facility with an award of excellence for its efforts to encourage breastfeeding. During a recent quality improvement study by the Department of Health, Hudson Valley had the highest exclusive breastfeeding rate in the state at more than 90 percent.

2010 Auxiliary Advocacy Awards presented by the Healthcare Association of New York State (HANYS) . . . go to the Auxiliary of Hudson Valley Hospital Center, The Kingston Hospital Auxiliary/Health Alliance of the Hudson Valley, Northern Dutchess Hospital Auxiliary, Putnam Hospital Center Auxiliary, Saint Francis Hospital Auxiliary, St. Joseph's Hospital Auxiliary, Vassar Brothers Medical Center Auxiliary.

Suburban Hospital Alliance . . . sent a health insurance survey to Patient Financial Service directors at Member Hospitals, asking for detailed input to help develop legislative and regulatory measures that help fix conduct of health insurance companies that Members prioritized as important to correct. Some issues the Alliance hopes to forward as part of its upcoming advocacy agenda include standardizing explanation of benefit forms and the HCRA payment statement, as well as standardizing health insurance identification cards. Payer compliance with existing prompt pay laws is also evaluated through the survey.

New National Patient Safety Initiative Brings ACA to Life

The Health and Human Services (HHS) Partnership for Patients initiative announced mid-April is the structure under which HHS and CMS will implement and fund the quality and patient safety provisions of the Affordable Care Act. Up to \$1 billion in federal funding will eventually make its way to health care providers.

The initiative has two overarching goals: 1) Keep patients from getting injured or sicker. By the end of 2013, preventable hospital admissions would decrease by 40 percent compared to 2010; and 2) Help patients heal without complication. By the end of 2013, preventable complications during a transition from one care setting to another would be decreased so that all hospital readmissions would be reduced 20 percent compared to 2010.

HHS has committed \$500 million of the funding to community-based organizations partnering with eligible hospitals to help patients safely transition between settings of care. The CMS Innovation Center will provide another \$500 million to stakeholders across the health care system to test different models of improving patient care and patient engagement and collaboration in order to reduce hospital-acquired conditions and improve care transitions nationwide. These collaborative models will help hospitals adopt effective interventions for improving patient safety.



Mark Your Calendar for NorMet Events in May/June

May 17	Case Management, 1:30 p.m. NorMet Office
May 23	Suburban Hospital Alliance Joint Coordinating Council meeting, Noon at the LaGuardia Marriott
May 25	NorMet Executive Committee, 8:30 a.m. Conference call
May 26	Value-Based Purchasing Core Measures Program Part 2, 9:00 a.m.
June 15	NorMet Board of Directors NY Presbyterian Westchester, White Plains

*Meetings for NorMet members only. To register/info call: 845-562-7520.



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