

Vital Signs April 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.

I hope you enjoy this inaugural issue of Vital Signs, NorMet's new membership publication. It will arrive in your e-mail box every month and will bring you timely information about legislative and regulatory issues important to your facility and the region. In addition, look for meeting notices, information about clinical safety collaboratives, emergency preparedness activities, grant and other business opportunities, and related initiatives. Vital Signs will also carry notices about regional and national awards member hospitals receive. Please feel free to contact the publication's editor, Janine Logan jlogan@normet.org, with your questions, comments, and contributions.

Sincerely,

Kevin Dahill, President/CEO, Northern Metropolitan Hospital Association

Medicaid Cuts/Reforms Bundled into State Budget

The 2011 -2012 state budget agreement designed by the state legislature and the executive branch offers mixed results for the hospital industry. It includes Medicaid cuts, limited malpractice reform, and other budget mechanisms that will quell future Medicaid spending increases, while attempting to improve efficiencies and enhance care, especially for medically-complex, high-need Medicaid populations.

In the end, the \$132.5 billion budget means a \$21.2 million cut in Medicaid revenue to Hudson Valley hospitals – a loss that would have been nearly double under the Governor's original proposal. Nonetheless, the loss is still significant, as it comes after several years of Medicaid budget cutting and taxing that resulted in this region's hospitals absorbing \$160 million in cumulative new cuts and taxes since January 2008.

Budget provisions include:

- **Elimination of the 2011 trend factor.** In recent years, budget actions had also eliminated this yearly inflationary update that was written in statute.
- **Two-percent across-the-board reduction in Medicaid reimbursements.** The blow was softened a bit, as the reduction applies to fee-for-service payments and not Medicaid managed care rates.
- **Medical malpractice reform.** Gone is the \$250,000 cap on non-economic damages (and the quality contribution attached to it) that would have led to insurance premium relief for all hospitals. Instead, the agreement calls for a neurologically-impaired infant indemnity fund. The fund will be financed in its first year by a \$30 million contribution from the hospital industry, with increases in subsequent years. Only hospitals with obstetric services will be assessed.
- **Global Medicaid cap.** The budget agreement sets a global Medicaid spending cap of \$15.1 billion (state share only) for the upcoming fiscal year. Based on current state projections for Medicaid spending, health care providers are at risk for an estimated \$640 million in additional state share cuts – about four percent of state Medicaid spending.
- **Broad authority given to DOH.** Language in the agreement allows the departments of health and budget to develop a Medicaid Savings Allocation Plan should the global spending cap be pierced. It is unknown at this time if the DOH would simply execute more across-the-board cuts or take a more measured and consultative approach, with provider industry input, to meet the yearly spending targets. Budget language directs the DOH to prepare monthly reports detailing spending trends and any actions implemented through the Medicaid Savings Allocation Plan.

The legislature, by relinquishing its authority in this area, also loses some of its representative power on behalf of health care providers.

- **Other measures.** Reducing reimbursement for selected **potentially preventable conditions** to discourage their use, when appropriate and clinically-indicated, for such procedures as cesarean deliveries, coronary artery bypasses grafts, and percutaneous coronary interventions. DOH would also have authority to adjust inpatient reimbursement rates for potentially preventable conditions and complications, including hospital-acquired conditions and complications. The legislation also **accelerates the review of inpatient detoxification cases and removal of the physician component from ambulatory payment group rates.** – Janine Logan, jlogan@normet.org.

National Reform One Year Later

NorMet CEO brings audiences up-to-date

Many questions still surround the Affordable Care Act even after it turned one on March 23, 2011. Kevin Dahill, president/CEO of the Northern Metropolitan Hospital Association, and a well-respected policy expert on the legislation, has addressed business groups, hospital staff and boards, lawmakers and the media in recent weeks to shed light upon this complex and encompassing legislation.

“It was significant that we even had the debate, one year ago, about national health care reform,” said Dahill. “We knew we needed to get the 32 million eligible residents in this country currently without insurance into some system that would ensure them access and coverage. That’s good for every one - insurers, providers, and most of all, the patients.”

He adds that a good part of the health reform law rests on



Kevin Dahill, President/CEO of the Northern Metropolitan Hospital Association, recently spoke about health care reform and Congress’ current debate about federal budgeting and threatened cuts to the Medicare and Medicaid programs. Health Quest Independent Physician Group and the NorMet Chapter of the Health care Financial Management Association were just two of the groups Dahill addressed in recent weeks.



Mark Your Calendar for NorMet Events in April

Apr.	14	MACE Team, 1 p.m. NorMet Office
Apr.	20	NorMet Board of Directors, 9 a.m., Health Quest, Lagrangeville
Apr.	21	NorMet/AHA/HANYS Nan Hayworth, 9 a.m., Northern Westchester Hospital
Apr.	26	Core Measures, 9 a.m. NorMet Office

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

access to primary care and promoting prevention, initiatives that yield cost savings in the long

run and better public health in the short and long terms. The law includes millions of dollars to support disease prevention and improve the U.S. public health infrastructure through federal, state, and community-based efforts.

The various delivery system and payment reforms in the legislation will offer patients much better coordinated and integrated care in the years ahead, explained Dahill. New models of delivery, such as accountable care organizations, medical homes, bundled payments, value-based purchasing programs, will all drive quality, improve efficiencies, and save costs.

“Health information technology will be key to the provision of this seamless care,” said Dahill. “Already, those providers employing electronic health records are seeing enhancements to patient safety and some savings,

even this early in the game.” – Janine Logan, jlogan@normet.org.

GOP FY 2012 Budget Seeks Drastic Cuts

House Republicans released their budget blueprint for fiscal year 2012 on April 5, 2011, and it is not all good news for hospitals. The proposal seeks to strip about \$5 trillion from projected federal spending in the next decade with about half of it coming from a sweeping overhaul of Medicare and Medicaid.

Major provisions include:

Medicaid Block Grant Program; Each state would receive a limited amount of funds to run their Medicaid program. Such a move would shift costs and risks to states and would eliminate \$700 million in Medicaid spending over 10 years. An additional \$434 billion could be saved by limiting the expansion in Medicaid eligibility scheduled to take place in 2014 under the new health care law.

Medicare Voucher Program: The government would contribute a specified amount of money toward the premium costs of private health insurance for all those 55 and younger – Premium Support Plan. Retirees would receive a fixed amount each year (\$11,000 suggested) to buy commercial insurance.

Repeal Health Care Reform. The budget plan would repeal the law in its entirety, but keep all of the health care reform cuts to providers. – Janine Logan, jlogan@normet.org.

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
Nyack 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

News Briefs . . .

American Red Cross . . . presented Vassar Brothers Medical Center and its parent company, Health Quest, with its Platinum Level Award for successful participation in the American Red Cross' Life Share Program 2010. The Platinum Level is the highest achievement possible in the program and is awarded to organizations with a participation rate greater than 30 percent. Vassar Brothers and Health Quest combined to hold six blood drives.

NorMet Hospitals' Performance Improvement Efforts . . . are highlighted as best practices in the American Hospital Association (AHA) Health Research and Educational Trust website Hospitals in Pursuit of Excellence (HPOE). This website is AHA's strategic platform to accelerate performance improvement and support health reform implementation. HPOE identified the success stories nominated for HANYS' Pinnacle Award for Quality, which were also recognized as nominees for NorMet's 2010 Quality Awards.

Medical Laboratory Observer Magazine . . . bestowed its 2011 Lab of the Year Award upon Catskill Regional Medical Center. *Medical Laboratory Observer* magazine is a national publication and its Lab of the Year competition is open to all medical labs across the United States. The criteria for being chosen is based on customer service, contributions to patient care, teamwork, productivity, efficiency, quality control, innovation, and creativity.

IRS Community Health Assessment Requirement and CSP Aligned . . . New York State's hospitals will be able to use the Community Service Plan (CSP) community needs assessment in 2012 to satisfy the Internal Revenue Service requirement. The IRS requirement to complete community needs assessment will be for tax years

beginning after March 23, 2012, for hospitals and health systems. This assessment requirement will link with the New York State CSP community needs assessment, which will be due September 2012.

Financial Crisis Survey . . . is due April 8. The HANYS' 2010-2011 Financial Crisis Survey gathers information related to hospitals' financial condition and steps hospitals have taken, or plan to take, to

cope with adverse economic conditions and budget cuts. Contact Pam Payette at ppayette@hanys.org for more information. Results of the survey will be used to inform continuing advocacy efforts.

Emergency Preparedness Testing . . . will take place at the NorMet region's Regional Resource Center (RRC) – Westchester County Medical Center the week of May 20th.

Healthcare.gov Refresher . . . The CMS is asking the Office of Management and Budget for speedy review of its plan to collect updated health plan information from major health insurers across the country. The Patient Protection and Affordable Care Act mandates that insurers report information about their health plans to the government. Plan information gathered from the first round of data collection last year is now available on *Healthcare.gov*. The site was created under the reform law with the aim of giving consumers easy access to information about their health insurance choices based on demographics and other factors. Public comment on the CMS' proposal will be accepted through April 25.

CMMI Website . . . CMS re-launched its Center for Medicare and Medicaid Innovation web site to provide more information to providers and other stakeholders on its mission as the "venture capital" entity established by the Affordable Care Act. Formal requests for proposals will be forthcoming from the Innovation Center shortly. Those RFPs will focus on accountable care organizations, medical homes, programs for dual-eligibles, and programs that improve population health, particularly in the area of cardiovascular disease. Go to <http://innovations.cms.gov>.

Suburban Hospital Alliance . . . will soon send a health insurance survey to members asking for input regarding health insurance reforms that are a priority. Some issues the Alliance hopes to forward as part of its upcoming advocacy agenda include standardizing explanation of benefit forms and health insurance identification cards, as well as evaluating payer compliance with prompt pay laws.

Upcoming Events . . .

May 19 – 20: HANYS/HBS Annual Human Resources Conference, Verona, NY

Save the dates for the 2011 Conference for Human Resource Leaders at the Turning Stone Resort in Verona. HANYS and HANYS Benefit Services will offer an informative and insightful program, tackling emerging issues facing human resource professionals and providing valuable information for you to apply in your organization. Additional program details will be provided soon.

Surgical Site Infections Committee

May 3 9:00 – 11:00 AM

Patient Falls Committee

April 15 9:00 – 11:00 AM

May 6 9:00 – 11:00 AM

Patient Safety Committee

April 15 1:00 – 3:30 PM

May 20 1:00 – 3:30 PM

****In order that hospitals may enjoy the confidential and privileged nature of these 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



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