



July 21, 2008

# Skyline news

Reporting on New York's Health Care News

## Congress Overrides Medicare Veto, Averts Physician Cut

On July 15, both the U.S. Senate and House of Representatives voted to override President Bush's veto of key Medicare legislation, thereby averting a 10.6% payment cut that went into effect for physicians on July 1. The bill, the "Medicare Improvements for Patients and Providers Act" (HR 6133), overwhelmingly passed both chambers with significant bipartisan support on July 9, but garnered even more supporters when the measure returned for another round of votes a week later when the President issued his veto. The final vote in the House was 383-41, with 153 Republicans joining 230 Democrats; the final vote in the Senate was 70-26, with 21 Republicans joining 47 Democrats and two Independents in support of the measure.

In order to cover the significant cost of preventing the physician cuts, the measure reduces payments to Medicare Advantage (MA) by reducing the payments to plans for indirect medical education (IME) for MA beneficiaries and requiring private fee-for-service plans to develop networks for physicians and hospitals. The measure also includes other provisions such as delaying a new durable medical equipment competitive bidding program implemented by the Centers for Medicare & Medicaid Services (CMS) and extending certain existing programs, including the wage index reclassification program for particular hospitals.

While physicians will soon see payment relief, teaching hospitals still face cuts to the IME adjustment to capital payments starting October 1 thanks to a provision in the inpatient prospective payment system (IPPS) rule. GNYHA has worked with the AAMC and the AHA to draft a "Dear Colleague" letter that will soon be sent by Congress to CMS urging the Agency to rescind this policy. The letter is spearheaded by Rep. Jim Marshall (D-GA) and longtime teaching hospital advocate Rep. Peter King

(R-NY). Senators Charles Schumer (D-NY), Hillary Clinton (D-NY), and Arlen Specter (R-PA) have initiated a similar letter to CMS in the Senate, while House Ways & Means Chairman Charles Rangel (D-NY) independently submitted his own letter to CMS on the issue last month. GNYHA is grateful for the New York Delegation's support and will continue working with national partners and allies on Capitol Hill to identify the most appropriate legislative vehicle to address this issue. ■

## State Report Finds Benefits of CLABs Collaborative

On July 8, the New York State Department of Health (DOH) released findings from the State's first Hospital-Acquired Infection (HAI) Reporting System Report, which found, among other things, that hospitals in New York City had lower central line-associated bloodstream infection (CLABs) rates in medical and surgical ICUs than did facilities elsewhere in New York. This finding prompted DOH Commissioner Daines to note in DOH's related press release, "...we believe that [the lower CLABs rate] is attributable to a collaborative effort among a number of hospitals, the United Hospital Fund, and the Greater New York Hospital Association to combat infection." Additional analysis comparing the 46 hospitals in the

CLABs Collaborative, which focused its efforts in medical and surgical ICUs, with hospitals outside of the Collaborative (see graph on page 2) shows that the medical and surgical ICUs participating in the CLABs Collaborative had a statistically significantly lower CLABs rate than non-Collaborative hospitals.

Building on the success of the CLABs Collaborative, GNYHA and UHF, with support from DOH, have launched a new collaborative to reduce *Clostridium difficile* (*C. diff*) in hospitals. *C. diff* is a very contagious spore-forming bacterium that can cause serious intestinal conditions and even death in those with weakened immune systems. Currently 36 hospitals and their nursing home partners are participating in the *C. diff* Collaborative. For

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## Upcoming GNYHA Member Briefings

### HIPAA Privacy and Security Workgroup Meeting

**Date:** Thursday, July 31, 2008

**Time:** 2:00 p.m.–4:00 p.m.

**Location:** GNYHA Board Room

GNYHA will convene a joint meeting of its HIPAA Privacy and Security Workgroups to discuss current issues and any concerns members may have. GNYHA staff will also provide relevant legislative and business updates. For more information, please contact Rebecca Urbach ([rurbach@gnyha.org](mailto:rurbach@gnyha.org) or 212-258-5389) or Zeynep Sumer ([zsumer@gnyha.org](mailto:zsumer@gnyha.org) or 212-258-5315). To RSVP, please contact Linda Tam ([ltam@gnyha.org](mailto:ltam@gnyha.org) or 212-506-5430). ■

### GNYHA Compliance Workgroup Meeting

**Date:** Wednesday, July 30, 2008

**Time:** 1:00 p.m.–3:30 p.m.

**Location:** GNYHA Board Room

GNYHA will hold a meeting of its Compliance Workgroup featuring a presentation on organizational best practices and subsequent breakout group discussions. The primary discussion will be led by Suzie Draper, a frequent compliance lecturer and instructor and national leader in the field. If you have any questions regarding the meeting, please contact Deborah Brown at 212-258-5314 or [brown@gnyha.org](mailto:brown@gnyha.org). ■

### DATE ADDED: Root Cause Analysis Training for Process Improvement

**Date:** Thursday, October 27, 2008

**Time:** 9:00 a.m.–1:15 p.m.

**Location:** GNYHA Conference Center

Due to overwhelming demand, GNYHA has added a new date to its *Root Cause Analysis Training for Process Improvement* program, which provides introductory principles and techniques for conducting RCA as well as strategies for identifying effective corrective action plans in response to an adverse event. If you would like to sign up for this session, contact Rosanne Casey at GNYHA at [rcasey@gnyha.org](mailto:rcasey@gnyha.org). ■

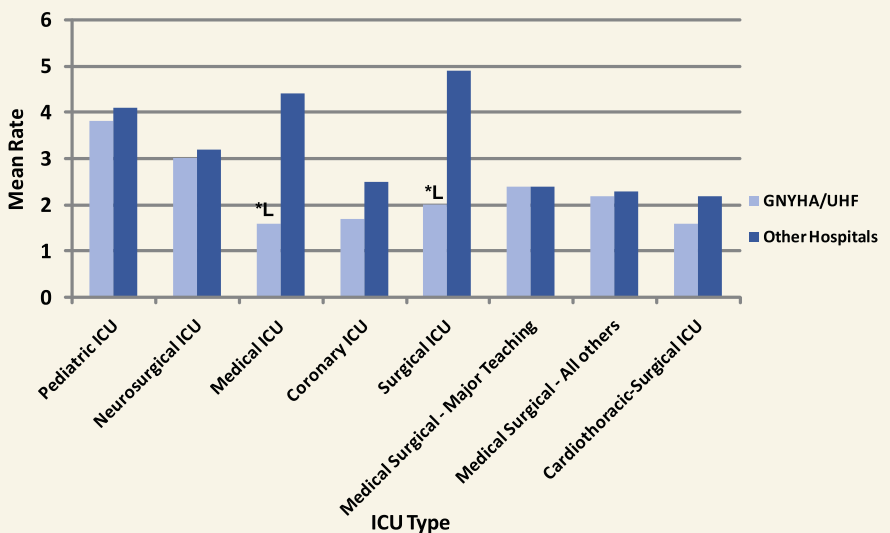
## CLABs *continued*

more information about GNYHA infection prevention initiatives, contact Terri Straub or Gina Shin at GNYHA. GNYHA will continue to work with DOH as it develops HAI and other reporting requirements.

The HAI Report was released pursuant to State law requirements that DOH develop measurements for and publicly report certain hospital-acquired infection rates. By law, the initial phase of the reporting program,

which collected 2007 data, made public only aggregate infection rates across the State. Beginning in 2009, DOH will publicly identify each hospital's infection rates using 2008 data. GNYHA's Board of Governors had supported the State's public reporting of infection rates as an important tool for consumer education and driving reductions in infection rates. To access the DOH press release or the HAI Report, go to: [http://www.health.state.ny.us/press/releases/2008/2008-07-08\\_department\\_issues\\_hospital\\_infection\\_report.htm](http://www.health.state.ny.us/press/releases/2008/2008-07-08_department_issues_hospital_infection_report.htm). ■

### Central Line-Associated Blood Stream Infection (CLABSI) Rates by Type of Adult or Pediatric Intensive Care Unit



\* L = GNYHA /UHF rate significantly lower than rate in other hospitals Mean rate=1000 \* Number of CLABSI / Number of Central Line Days 2007 NYS data, reported as of April 1, 2008

Source: New York State Department of Health, 2008.

## Members Assist NYC's EMS System

GNYHA members that participate in New York City's (NYC's) 9-1-1 Emergency Medical Service (EMS) system have quickly mobilized to assist the Fire Department of New York's Bureau of EMS (FDNY EMS) to address workforce shortage issues affecting ambulance operations. In response to recent press reports about EMS workforce shortage issues, hospitals contacted GNYHA offering EMS personnel and additional ambulance resources during the summer's high call volume months. GNYHA President Kenneth Raske communicated hospitals' interest to provide

assistance and immediate capabilities to FDNY Commissioner Nicholas Scoppetta. As a result, a number of additional hospital-operated ambulances have been added to the NYC 9-1-1 EMS system for the summer months and are scheduled to operate until early September. Commissioner Scoppetta expressed appreciation for the immediate assistance being provided to FDNY EMS and the exemplary service provided by GNYHA members to the City of New York. Hospitals interested in offering additional resources during the summer months should contact Alison Burke at GNYHA. ■

# Paterson Signs Clinical Labs Bill to Address Technician Shortage

On July 8, New York State Governor David Paterson signed into law amendments to New York State's Clinical Laboratory Technology Practice Act (Act) that will provide additional pathways to licensure and certification for practitioners working in clinical laboratories. The amendments will help ensure that clinical laboratories in New York can continue to attract and retain the best personnel possible during a time of significant personnel shortages.

The amendments, which provide for greater, but reasonable flexibility with regard to educational and other requirements for licensure, become effective on August 7, 2008.

In general, both hospitals and laboratory practitioners believed that, in defining requirements for licensure, the Act did not adequately take into account the expertise and skills of many highly specialized practitioners or of those who might transition from research laboratories or other jurisdictions. As a result, the amendments, which GNYHA helped draft, address these concerns through the following mechanisms:

- The creation of new, less restrictive grandfathering provisions to continue to allow qualified practitioners who are currently working in an unlicensed capacity to apply for licensure;
- The creation of new, restricted licenses so that individuals with high levels of education and specialized skills who have completed training programs in a specialty area may apply for licensure and practice in their area of expertise;
- The creation of new, limited licenses for those practitioners who were previously licensed in another jurisdiction or who have previously worked in research laboratories; and
- The exemption from the licensure requirements of individuals or entities that perform only waived tests (simple laboratory tests exempt from regulatory oversight) as well as authorization for the New York State Department of Health to issue certificates of registration to allow practitioners to perform one or more

waived tests for a period of up to two years.

A copy of the bill containing the amendments can be accessed here: <http://assembly.state.ny.us/leg/?bn=508117&sh=t>.

GNYHA members with questions about the amendments or the Act should contact Rebecca Urbach ([rurbach@gnyha.org](mailto:rurbach@gnyha.org) or 212-258-5389). ■

## 2008 Summer Enrichment Program Continues GNYHA's Diversity Efforts

Continuing its commitment to promoting racial and ethnic diversity in health care leadership, GNYHA proudly launched the 2008 Summer Enrichment Program (SEP) in July. The latest group will be the 15th class to matriculate through SEP, an initiative sponsored by GNYHA each summer that seeks to promote diversity in health care management through internships for undergraduate and graduate students pursuing degrees in the field.

Participating students are assigned to senior managers at GNYHA member facilities to gain firsthand experience with the operations and administrative issues facing health care organizations. In addition to their internships, this year's students visited Washington, D.C., on July 12-13 to meet health care policy staff from various Congressional offices and health care agencies, including AARP, the National Medical Association, NY Governor David Paterson's Washington Office, Congressman Gregory Meeks' Office, the Centers for Medicare & Medicaid Services, and the National Association of Public Hospitals and Health Systems.

More than 200 students have taken part in the SEP over 15 summers, with 27 students participating in 2008. In August, GNYHA will invite participating students and their hospital management mentors to attend a graduation ceremony.

The SEP serves as the "first step" in

GNYHA's efforts to promote diversity in health care leadership by creating a "pipeline" of talented, qualified leaders. In 2005, GNYHA launched the Center for Trustee Initiatives to facilitate diversity at the top: on the governing boards of health care organizations. To date, the Center has successfully placed more than two dozen trustees to boards of area hospitals and continuing care facilities through a complex, customized matching process. And rounding out

the pipeline, GNYHA in 2006 launched the Health Care Leadership Institute, an executive training program for middle managers. The Institute, established in partnership with the City University of New York's Baruch

College of Public Affairs, allows health care chief executive officers to nominate employees of diverse backgrounds who are already making noteworthy contributions to participate in a 15-month program to "fast-track" their careers by preparing them for higher levels of responsibility. Demonstrating the pipeline effect, several of the Institute's initial participants were graduates of the SEP program. The Institute's inaugural class graduated in June 2007, and GNYHA is fine-tuning the curricula for future participants. If you are interested in learning more about the SEP, the Center for Trustee Initiatives, or any of GNYHA's diversity programs, contact Lloyd Bishop or Mary Medina at GNYHA. ■



# NYS Health Plan Profits Exceed \$1 Billion for Sixth Straight Year

Health plans in New York State continue to thrive financially, recording \$1.4 billion in net income for 2007, for a total margin of 4%. Net income declined slightly from \$1.7 billion in 2006, which was a record surplus year for health plans. Overall, health plan income increased 93% from 2001–2007. The aggregate medical loss ratio (MLR)—or percentage of the premium used to pay for health care services—increased to 87%, up two percentage points from 2006. Fifteen of the 24 plans reported MLRs of 85% or higher.

Health maintenance organizations (HMOs) accounted for 45% of the total net income with \$632 million and a 5% total margin. While HMO total member months decreased 32% from 2001–2007, net income per member per month (pmpm) increased 125% to \$20 pmpm in 2007.

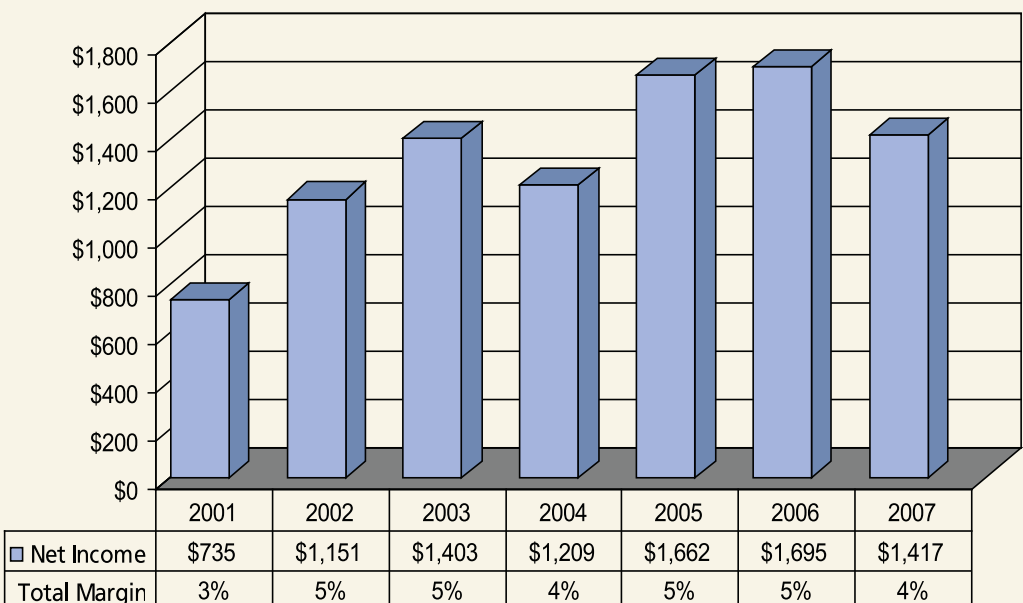
Continuing its market dominance, Empire reported the largest profits with \$499 million, up from \$450 million in 2006. The company also reported a 6% profit margin and took in \$14 pmpm. Oxford's profits ranked second to Empire with \$375 million in income (9%

margin, \$19 pmpm). Rounding out the top five earners were: Excellus with \$84 million in income (2% margin, \$4 pmpm); Rochester Area HMO with \$78 million in income (8% margin, \$32 pmpm); and HealthNow with \$76 million in income (4% margin, \$11pmpm). These five plans represented 78% of the total profits.

HIP's financial performance deteriorated in 2007, dropping from a net income of

\$209 million in 2006 to \$56 million in 2007 and raising potential questions about the timing of the for-profit Emblem conversion. It is also worth noting that underwriting gains on health plans' Medicare business continue to contribute significantly to plan surpluses, comprising 35% of total underwriting gains, up from 31% in 2006. Federal cutbacks in this area could impact future health plan financial performance. ■

## New York State Health Plan Financial Performance 2001 – 2007 (\$ in millions)



Source: National Association of Insurance Commissioners (NAIC) financial statement filings.

## Joseph Bruno Retires from Senate

Former Senate Majority Leader Joseph L. Bruno (R-Rensselaer) formally resigned his Senate seat on Friday, July 18, 2008, leaving it vacant until fall elections. Below are excerpts from his July 15 statement announcing his decision. GNYHA thanks Senator Bruno for his long record of support of

the health care community.

“I have been very fortunate to be able to work with so many talented and dedicated people during my career. I want to thank Governor David Paterson for his leadership and his friendship. I also want to thank Assembly Speaker Silver and Minority Leaders Malcolm Smith and Jim

Tedisco for their friendship. . . . And, most importantly, I want to thank the members of the Senate Majority Conference and all the members of the Senate for their friendship and support for so many years. The transition of Senate leadership to the new Majority Leader, Senator Dean Skelos, has been a tremendous success.”

He added, “. . . it is time for me to ride off into the sunset.” ■