

# Progress Notes . . . . . April 2011

A Monthly Publication of the Nassau-Suffolk Hospital Council, Inc.

*Progress Notes publication is a summary of regulatory and legislative news, advocacy messages, and other relevant issues affecting the delivery of hospital and health care on Long Island.*

## 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 proposed rule is posted at [www.cms.gov](http://www.cms.gov) and is open to comments until June 6, 2011. The CMS plans to implement the ACO program January 2012.

The Department of Justice's Antitrust Division and the Federal Trade Commission also released guidance. Antitrust issues and related impediments to full clinical integration remain a concern of providers. The Internal Revenue Service also weighed in regarding ACO participants and tax-exempt status. Comments on this aspect of the ACO structure are due May 21, 2011.

### ***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@nshc.org](mailto:jlogan@nshc.org)*.

**Medicaid Redesign Team** . . . work continues with the group's first post-state budget meeting set for May 12, 2011 at Baruch College. Nine subcommittees will continue to examine ways to find savings and implement reforms. Healthcare Association of New York State (HANY) 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*

When Congress returns from its spring break next Monday, May 2, 2011, its members will face 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@nshc.org](mailto:jlogan@nshc.org).*

## **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

### *NSHC Partnership Can Help Meet Hospital, Physician Needs for E.H.R. Implementation*

The Nassau-Suffolk Hospital Council (NSHC) and its partner, Melville-based Lloyd IT, are prepared to meet the needs of member hospitals and their physician communities as they make the transition to meaningful use of electronic health records. We have developed a range of services, including resource assessments, document management, recruitment, temporary staffing and a training academy, that are available to Council members under a reduced fee structure. For more information, contact Wendy Darwell, NSHC's chief operating officer, at 631-963-4152 or [wdarwell@nshc.org](mailto:wdarwell@nshc.org).

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 in their facilities.

***On Thursday, May 5, from 1 to 2:30 p.m. the CMS will hold a national forum for individuals and organizations wishing to learn more about the CMS Community-Based Care Transition Program. To participate dial 1-800-837-1935 Conference ID 62519672.***

For more information about the partnership go to [www.healthcare.gov/center/programs/partnership](http://www.healthcare.gov/center/programs/partnership) and for more information about funding go to

[www.cms.gov/DemoProjectsEvalRpts/MD/itemdetailasp?itemID=CMS1239313](http://www.cms.gov/DemoProjectsEvalRpts/MD/itemdetailasp?itemID=CMS1239313). – Janine Logan, [jlogan@nshc.org](mailto:jlogan@nshc.org).

## News Briefs . . .

***Member hospital auxiliaries recognized by HANYS . . . for their advocacy efforts on behalf of their institutions include: Eastern Long Island Hospital, Guilds of Good Samaritan Hospital Medical Center, Huntington Hospital Auxiliary, John T. Mather Memorial Hospital Auxiliary, Mercy***

***Medical Center Council of Leagues, the Auxiliary of North Shore University Hospital, South Nassau Communities Hospital Central Council of Auxiliaries, St. Joseph's Hospital.***

***ACA's Pre-existing Condition Insurance Plan . . .*** provides a health coverage option for children and adults in all 50 states and the District of Columbia who have been locked out of the insurance market because of a pre-existing medical condition. The transitional program continues until 2014, when the insurance exchanges kick in. New York's pre-existing plan is called the NY Bridge Plan and it is administered by Group Health Incorporated. For more information go to [www.pcip.gov](http://www.pcip.gov).

***Revenue Cycle Solutions . . .*** are available from HANYS Solutions through its relationship with Relay Health. HANYS Solutions is the for-profit subsidiary of HANYS and Relay Health is the preferred partner for revenue cycle management solutions for member hospitals. The expanded agreement with Relay Health offers New York's health care providers the benefits of Relay Health's end-to-end solutions to manage revenue in patient access and financial services divisions. These solutions include patient eligibility and financial clearance, claims management and financial settlement analytics, and outsourcing services. For more information visit [www.ehanys.com](http://www.ehanys.com)

***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.

***Updated Health Care Career Guide . . .*** is now available from NSHC for a nominal fee of \$4 per book to cover production

costs. Supplies are limited. To order contact: Janine Logan at [jlogan@nshc.org](mailto:jlogan@nshc.org).

### Member Hospitals

Brookhaven Memorial Hospital Medical Center

Catholic Health Services of Long Island

- Good Samaritan Hospital Medical Center

- Mercy Medical Center

- St. Catherine of Siena Medical Center

- St. Charles Hospital

- St. Francis Hospital

- St. Joseph Hospital

East End Health Alliance

- Eastern Long Island Hospital

- Peconic Bay Medical Center

- Southampton Hospital

Long Beach Medical Center

John T. Mather Memorial Hospital

Nassau University Medical Center

North Shore-Long Island Jewish Health System

- Franklin Hospital

- Glen Cove Hospital

- Huntington Hospital

- North Shore University Hospital

- Plainview Hospital

- Southside Hospital

- Syosset Hospital

Stony Brook University Hospital

Veterans Affairs Medical Center – Northport

Winthrop-South Nassau University Health System

- South Nassau Communities Hospital

- Winthrop-University Hospital

**HANYS/HBS Conference for  
Human Resources Leaders,  
May 19-20**

Registration is underway for the annual HANYS/HBS conference for human resource leaders, being held this year at the Turning Stone Resort in Verona, New York. Check out the conference brochure and registration information at:

[www.hanys.org/events/?event\\_id=434](http://www.hanys.org/events/?event_id=434)

## NSHC Committee News ...

**Communications Committee:** The committee met April 15, 2011 and discussed issues they would like addressed in upcoming educational sessions. These include updates on electronic health records adoption, quality and consumer perceptions, and crisis communication workshop. The committee also announced that the 2011 Ann Marie Brown Annual Scholarship competition is now open. A \$2,000.00 award will be presented to a college junior, senior, or post-graduate student who is studying communication arts, journalism, or health care administration. Student must be a resident of Nassau or Suffolk counties, but can attend school elsewhere. Hospital employees and their families are eligible. Go to [www.nsch.org/programs](http://www.nsch.org/programs) scroll down to scholarship.

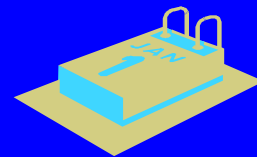
**Corporate Compliance:** The Corporate Compliance Committee held its quarterly meeting on April

26. Mark Thomas, General Counsel to NSHC, debriefed the committee on the malpractice reform provisions included in the state budget deal, and discussed audit activities by the Office of the Medicaid Inspector General. Ms. Darwell briefed the committee on implementation of the state's Palliative Care Information Act, Wage Theft Prevention Act, and new Department of Labor guidelines on permissible payroll deductions. NSHC Facilitated Enrollment Program Director Stacy Villagran gave a presentation on compliance with the state charity care law.

**Finance Committee:** The April meeting of the Finance Committee focused on the final state budget agreement, with a thorough briefing from HANYS staff on the reimbursement cuts, global spending cap, and malpractice provisions. Members also received briefings on the proposed rule to establish Accountable Care Organizations and on the federal budget. The committee also voted to extend its contract with the Reimbursement Alliance for wage index and occupation mix data review.

**Nurse Managers:** At its April 12 meeting, the Nurse Managers Committee received an educational presentation, "Patient Satisfaction in the Ambulatory Setting," from Patricia Magnotta, Nurse Manager at North Shore University Hospital.

**Revenue Cycle Committee:** The April 8 meeting of the Revenue Cycle meeting featured a discussion on Medicare RAC audits, particularly the auditors' rejection of one-day inpatient admissions. Elizabeth Carnevale, Assistant Vice President at South Nassau Communities Hospital, briefed the group on the quarterly meeting of the National Uniform Billing Committee, and Ms. Villagran gave a presentation on integrating public health insurance enrollment with hospitals' charity care application processes.



### Mark Your Calendar for NSHC Events in May

- May 5 NSHC Board Meeting, 8 a.m.
- May 10 Nurse Managers Committee, 12:30 p.m.
- May 11 Finance Committee, 8 a.m..
- May 17 Human Resources Committee, 9 a.m.
- May 18 Nurse of Excellence Recognition Event, Woodbury Country Club, 3 p.m...
- May 20 Meet the Legislative Aide, 9 a.m.

\*Meetings for NSHC members only and are held at the Hospital Council office in Hauppauge unless otherwise noted. To register/info call: 631-963-4153.



## NASSAU-SUFFOLK HOSPITAL COUNCIL

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*The collective voice of Long Island's  
not-for-profit and public hospitals.*