STAT News

Published bi-monthly by the Suburban Hospital Alliance of New York State, LLC, a consortium of 51 not-for-profit and public hospitals advocating for better health care policy for all those living and working in the nine counties north and east of New York City. **June 10, 2013**

STATE UPDATE: Staffing Ratio Legislation Costly; Managed Care Proposals Helpful to Patients/Hospitals

Proposed legislation would cost New York's health care industry as much as $3 billion

With just a few working days left in the 2013 state legislative session, hospital leaders are meeting with state legislators and urging them to not support the proposed **nurse staffing ratio legislation** (S.3691-A Hannon and A.6571 Gottfried). Not only is this legislation excessively costly to implement, it also runs the risk of harming patients. The bills as proposed require prescriptive nurse-to-patient ratios at all times, which would result in delays for some care services and would force providers to re-allocate financial resources from other support care personnel, such as aides and therapists, to nursing.

Further, there is a lack of regional and national evidence that mandated staffing ratios improve care. And even more importantly, the varied patient acuity mix present every day at the region's hospitals requires the availability and response of a flexible workforce pool.

Mandated staffing ratios also ignore the influx of patients soon to arrive as a result of health care reform and insurance expansion. The State Department of Health predicts that about one million newly insured New Yorkers will gain access to coverage and care, beginning next year when the insurance mandate takes hold.

Similarly, the **safe patient handling legislation** (S.1123-A, Maziarz and A.2180-A, Gunther) making its way through the legislature is costly, inflexible, and an unworkable mandate on hospitals. The legislation calls for ratios of equipment and technology and a minimum number of devices to be applied statewide. This approach would not allow individual facilities to make decisions that best meet the needs of their hospital's patient mix nor account for any structural and building constraints that a particular hospital may face. The hospital industry has made it clear to nursing and patient safety advocates that it wants to ensure patient and employee safety and reduce occupational injuries, but the legislation, as drafted, is overreaching and unworkable. Hospital advocates are hopeful more reasonable legislation emerges.

Improving Managed Care Market Conduct . . . is the focus of a bill (S.5256) proposed by Senator Kemp Hannon and supported by the Suburban Hospital Alliance of New York State, LLC, and the Healthcare Association of New York State (HANYS). The bill further reforms managed care practices, ensuring fairer consideration of patients' access to quality care and providers' ability to process claims and payments. Specifically, this legislation would change statute so that failure to make a determination within established timeframes represents an approved claim rather than a denial; require utilization review agents to substantiate verbal pre-authorizations in writing; and harmonize the provider external appeal timeframe with the timeframe allowed for consumers. The Suburban Hospital Alliance has advanced nearly a dozen market conduct reforms since 2006.

FEDERAL UPDATE: Funding Challenges Abound

While the ill effects of Medicare sequester cuts continue to be felt by hospitals, lawmakers are turning their attention to future funding matters that could have a dire impact upon hospitals. Draft legislation in the House hopes to tackle the inadequate sustainable growth rate (SGR) formula used to set Medicare physician rates. At year's end, physicians will endure a near 30 percent pay cut, according to the formula. This severe pay cut has threatened physicians before, and the hospital industry, several times, suffered Medicare reimbursement reductions to help offset the physician pay cut. Yet, even before the pay cut deadline arrives, come this fall lawmakers will have to tackle setting federal spending limits for the next fiscal year, keeping in mind that the second year of sequestration kicks in, and agree on raising the debt ceiling limit. A broader deficit/debt reduction deal is now less imminent, however. This is due to the slowly recovering economy and contracting deficit. The Congressional Budget Office (CBO) says the 2013 deficit is projected to fall to $642 billion from $1.1 trillion. This situation will affect bargaining power on both sides of the aisle.

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