STAT News

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STATE UPDATE: Budget Passed, Hospital Spared Damage

All in all, hospital advocates say they are pleased with the outcome of the 2014 -2015 state budget passed April 1, 2014 – the fourth straight year Albany managed passage of an on-time budget. For hospitals, the final agreement honors the commitment made in last year's budget to eliminate the across-the-board Medicaid cut to hospitals if the Medicaid global spending cap was not pierced. Savings gleaned from providers' collective efforts to remain under the cap will be returned in part to hospitals through a Medicaid "dividend" mechanism. In addition, the budget recognizes the diversity of hospitals located throughout the state and the equally diverse challenge institutions are facing, financially and operationally, in fulfilling reform requirements.

Member hospitals of the Suburban Hospital Alliance of New York State, LLC, have been hammered in years past with indiscriminate Medicaid cuts, burdensome and often duplicative regulatory reforms, and restrictive legislative mandates. This budget offers some relief. Here are highlights:

Medicaid Waiver: The budget includes authorization of the five-year, $8 billion Medicaid waiver and provisions to ensure that money distributed through the state's Delivery System Reform Incentive Payment (DSRIP) program is allocated to hospitals throughout the state. The state filed a waiver with the federal government in 2012. The waiver is the process through which the state essentially seeks permission to reinvest a portion of the $17.1 billion in savings it estimates will accrue as a result of Medicaid reforms already initiated and others planned. Medicaid costs are borne by both the state and federal governments.

Regional Planning: Hospitals were gravely concerned about the formation of Regional Health Improvement Collaboratives (11 regions throughout the state) and are relieved that the final budget does not authorize these groups. Hospitals raised serious concerns with the possible far-reaching powers such collaboratives would have on local decision making and the ultimate provision of health care services in a community.

Capital and Safety-Net Funding: The budget authorizes a $1.2 billion capital pool and significantly funds the Vital Access Provider (VAP) program. VAP funding is for providers who service disproportionate numbers of indigent and poor patients.

Workforce: A less onerous and more workable safe patient handling provision was agreed upon in this budget. The governor and both chambers circulated proposals meant to protect health care workers from undue risk of injury, such as equipment-to-patient ratios. The final agreement directs health care providers to establish and/or further strengthen facility-specific safe patient handling committees. The budget also includes an additional $1.5 million in funding for the Doctors Across New York Program and a new regulation allowing nurse practitioners to practice under a collaborative relationship with physicians in place of current requirement to have a written practice agreement.

Insurance: The budget protects patients from surprise out-of-network bills. Provisions and requirements differ depending on whether the situation is emergency or non-emergency.

FEDERAL UPDATE: No Cuts to Docs, For Now

Just a day before the nation's physicians were due for a 24 percent cut in Medicare reimbursements, Congress passed a "doc fix" bill that avoided the cut. This is the 17th time since 2003 that such a reprieve was legislated by the Congress. This temporary patch extends until March 31, 2015. Congress has tried but has yet to come up with a permanent solution to the flawed Sustain Growth Rate (SGR) formula. Enacted in 1997, the SGR formula directs Medicare physician reimbursement. It is tied to an inflationary factor economists agree is no longer feasible. At least three times, in as many years, the hospital industry has been tapped as a funding source for temporary "doc fixes. **Permission to reprint articles granted.*

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