



Representing the shared advocacy interests of the Nassau-Suffolk Hospital Council (NSHC) and the Northern Metropolitan Hospital Association (NorMet)

2012 Legislative Priorities

- ✓ *Stick to two-year budget deal on health care spending. Don't deepen the cuts enacted in 2011.*
- ✓ *Maintain legislative authority to make important health policy decisions.*
- ✓ *Give providers the regulatory flexibility to make health care more efficient and patient-centered.*
- ✓ *Enact meaningful tort reform to lower the cost of care and support hospitals' continued ability to contribute to the economy.*
- ✓ *Repeal MTA tax on hospitals.*
- ✓ *Position NYS to optimize Disproportionate Share Hospital (DSH) funding, protecting patient access.*
- ✓ *Reserve extraordinary administrative powers for extraordinary circumstances.*

Take Health Care Cuts off the Table — Last year the governor and legislature reached an historic two-year agreement on Medicaid spending and reforms, under which hospitals agreed to numerous policy changes, a 2 percent across-the-board rate cut, and the elimination of the annual inflationary adjustment. Steeper cuts were averted in exchange for a cap on total Medicaid expenditures. Total Medicaid spending (though not reimbursement rates) may only grow by the rate of medical inflation or else providers' reimbursements will be cut. Despite continued sharp increases in Medicaid enrollment, providers have succeeded in achieving efficiencies that kept overall expenditures below the 4 percent cap this year. Having accepted this risk and lived up to their end of the deal, providers should not be looked to for any new cuts in 2012-13.

Retain Legislative Authority to Set Health Policy — Hospitals have generally welcomed the more collaborative approach to reforming New York's health system epitomized by the Medicaid Redesign Team process. However, the most significant achievement of the first phase of the MRT — the global spending cap — also resulted in a substantial consolidation of authority in the executive branch: the health commissioner was granted broad latitude to determine who and what to cut to stay below the cap. This year, a proposed provision would give the commissioner authority to approve and remove hospital trustees, and appoint temporary operators, without the guarantee of due process. We urge the Senate and Assembly to reject this shift in power. Strong legislative oversight is necessary to reassess the wide-ranging and experimental policy changes that have already been implemented by New York or are still to come under health care reform.

Rational Regulatory Reforms — Health care reform and economic circumstances dictate significant shifts in the business model of health care, incentivizing consolidation among providers, clinical integration, and the provision of more care in ambulatory settings. In order to adapt to this changing marketplace, hospitals and health care providers must operate in a more flexible regulatory framework. At minimum, New York must have a Certificate of Need process that meaningfully acknowledges these changes in providers, settings of care, and market disruptions, and regulates accordingly. The Legislature should also reject efforts — such as mandated nurse staffing ratios or state-mandated caps on compensation — that limit providers' ability to make workforce decisions that are appropriate to their institutions and patients.

Meaningful Tort Reform – Suburban Alliance hospitals pay some of the highest medical malpractice premiums in the country, and costs continue to rise. This increases the cost of care for consumers, employers and the state, while physicians leave the state to practice elsewhere. New York is in need of true malpractice reform that balances the rights of patients to receive fair compensation and the need for rational procedures and limitations that keep malpractice premiums affordable.

About the Suburban Hospital Alliance of New York State, LLC

The Suburban Hospital Alliance was formed by the Northern Metropolitan Hospital Association and Nassau-Suffolk Hospital Council to ensure the specific concerns of suburban hospitals were heard by lawmakers in Albany and Washington. Suburban Alliance hospitals are a mix of academic medical centers, specialty hospitals, and community hospitals.

- 54 hospitals strong
- Represents nine counties outside of New York City
- 18 State Senators; 40 Assembly Members
- 5.1 million New Yorkers
- Potent force affecting change for patients, payers, and employers
- Alliance hospitals are economic powerhouses
 - ✓ Provide 143,000 local jobs
 - ✓ Contribute \$22.9 billion in payroll and purchases to local communities
 - ✓ Contribute \$927 million in state and local income and sales tax to New York's economic infrastructure
- \$405 million in Medicaid cuts and new taxes on these suburban hospitals since January 2008.

Repeal MTA Tax - While the Suburban Alliance is encouraged by legislative action in late 2011 to exempt some employers from the metropolitan commuter transportation mobility tax ("MTA tax") of 0.34 percent of payroll, it continues to be an onerous burden on hospitals. The SHANYS endorses S. 5596 (Zeldin)/A.8193 (Latimer), which would phase out the MTA tax for all employers in the Hudson Valley and on Long Island, S. 6461 (Lanza), which would exempt Article 28 health facilities from the tax immediately, and S. 6597 (Ball), which would phase out the tax on hospitals by 2015.

Health Insurance Exchange - New York must act to establish its own Health Insurance Exchange in order to ensure that health plans are structured appropriately for New York's market, to prevent a federal assumption of the Exchange responsibilities, and to allow the State to utilize federal dollars to rebuild its antiquated health enrollment and eligibility systems. The Suburban Alliance encourages the Legislature to act quickly on Exchange-authorizing legislation, and is advocating for the establishment of regional advisory committees to help direct the Exchange.

Position New York State to Optimize Federal Disproportionate Share Hospital (DSH) Funding - Under the federal Affordable Care Act (ACA), beginning in 2014 changes will be made to DSH funding—the dollars provided to hospitals for care provided to the indigent. These changes will affect how much funding New York State receives and how the funding is distributed to hospitals. It is important for the state to pass legislation in accord with ACA so that New York State gets all of the federal funding that it deserves to provide indigent care and so that our hospitals are able to transition to the new DSH program. A workgroup of stakeholders, including HANYS, has worked with the Department of Health (DOH) to recommend changes to the state program, and we anticipate that language will be forthcoming soon from the Governor and DOH to propose

changes in the state budget. Appropriate changes must be enacted to protect our patients and hospitals.

Managed Care Reform - The Suburban Hospital Alliance and HANYS advocate for an aggressive agenda of managed care reform in response to the changing commercial insurance marketplace. Health plans are now moving toward tightly managed products, narrow networks, and traditional managed care principles. We seek legislation to help ensure that providers are best positioned to thrive under these new market dynamics. This legislation is intended to:

- Ensure that the failure of the utilization review agent to make a determination represents an approved claim;
- Prevent unilateral coding adjustments;
- Extend the external appeal provider timeline to conform with recent changes to related patient timeframes;
- Require that utilization review agents substantiate pre-authorizations in writing; and
- Ensure that common sense factors are considered in applying the prudent layperson.

Quality-Related Payment Policies - New York State implemented several quality-related payment policies in the last few years and proposes to implement more in SFY 2012-2013. Quality-related payment policy must correctly incentivize positive outcomes, hold providers appropriately accountable for adhering to evidence-based practices, recognize factors beyond the control of providers, and support shared responsibilities between patients and providers. Policies need to be streamlined to:

- Reduce duplication and the potential for hospitals to be penalized twice for the same condition;
- Align with federal initiatives where feasible; and
- Ensure that such policies are based on quality metrics and evidence-based guidelines, not budget targets.

Extraordinary Powers Must Only Be Used in Extraordinary Circumstances - The proposed state budget would grant the Commissioner of Health the authority to remove governing board members and change operations. Proposals regarding expanded powers for the Commissioner must recognize the governance role of existing boards and current laws and regulations, and must ensure that extraordinary powers are only used in extraordinary circumstances. Those involved in the most egregious abuses in governance should be held accountable for their actions. However, the extent of this proposed authority is broad and unprecedented.

Executive Compensation and Administrative Costs - The proposed budget and Executive Order #38 establish a limit on state reimbursement to support executive compensation and administrative costs of service providers. Many questions remain unanswered about how these provisions would be implemented, and HANYS and the Suburban Hospital Alliance have serious concerns about the potential impact of the proposal. Hospitals must currently comply with Internal Revenue Service (IRS) guidelines that specify the steps a hospital board must take and document to ensure that appropriate compensation levels are determined. The budget proposal does not reference the IRS process. If any action is taken related to executive compensation and administrative costs, we must ensure that the ability of health care institutions to attract and retain high quality administrators is not negatively affected, and must recognize current processes and procedures.

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