

NORTHERN METROPOLITAN HOSPITAL ASSOCIATION

400 Stony Brook Court,
Newburgh, New York 12550
845-562-7520
Fax: 845-562-0187
E-Mail: nmha@normet.org
www.normet.org

MEMBER HOSPITALS

Benedictine Hospital
Blythedale Children's Hospital
Bon Secours Community Hospital
Burke Rehabilitation Hospital
Catskill Regional Medical Center
Ellenville Regional Hospital
Good Samaritan Hospital
Helen Hayes Hospital
Hudson Valley Hospital Center
Keller Army Community Hospital
The Kingston Hospital
Lawrence Hospital Center
The Mount Vernon Hospital
The New York Presbyterian Hospital Westchester Division
Northern Dutchess Hospital
Northern Westchester Hospital
Nyack Hospital
Orange Regional Medical Center
Phelps Memorial Hospital Center
Putnam Hospital Center
St. Anthony Community Hospital
St. Francis Hospital
St. Joseph's Medical Center
St. Luke's Cornwall Hospital
Sound Shore Medical Center of Westchester
Vassar Brothers Medical Center
VA Hudson Valley Health Care System
Westchester Medical Center
White Plains Hospital



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A PUBLICATION ADDRESSING HEALTH ISSUES FACING HUDSON VALLEY RESIDENTS

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Federal Update: Reduce Spending, Reform Entitlements

Recommendations coming out of the House Budget Committee and White House in recent days suggest drastic deficit reduction measures and significant changes to the Medicare and Medicaid programs. The plans differ in approach, but agree that health care spending and deficits need further trimming.

GOP FY 2012 Budget Blueprint: Reduces federal spending by about \$5 trillion in the next decade with half of it coming from a sweeping overhaul of Medicare and Medicaid. Major provisions include:

Medicaid Block Grant Program – each state would receive a limited amount of funds to run their Medicaid program, regardless of increases in enrollment and other costs. Cost and risk would shift to the states.

Medicare Voucher Program - those 55 and younger would receive a voucher (about \$11,000 per year) to help them buy commercial insurance. Such an approach does not account for increasing cost of health care and places more of the cost burden onto seniors.

Repeal Health Care Reform – in its entirety, but keep all of the health care reform cuts to providers.

Meanwhile, **President Obama's deficit reduction plan** seeks to reduce the deficit by \$4 trillion in 12 years or less and would cut \$340 billion over 10 years from projected increases in federal health care programs, while preserving the Medicaid and Medicare programs. No Medicaid block grant program is proposed. The president's plan builds on the ACA's framework to reduce spending by looking at ways to improve delivery and value.

Current Federal Budget Now Funded for Remainder of FY 2011

After months of negotiations and numerous continuing resolutions that temporarily kept the federal government running, the president signed on Friday, April 15, 2011 a budget bill that ultimately cuts \$38.5 billion in spending from the current fiscal year. Medicare and Medicaid were mostly untouched. The proposed \$185 million cut in hospital emergency preparedness funding was restored. Many of the savings achieved in the legislation came about by de-funding programs that expired, such as the Census Project, which concluded last year.

State Update: Budget Offers Mixed Results for Hudson Valley

The \$132.5 billion spending plan enacted by the state legislature just a day before the fiscal year was due to expire did not bring with it the comprehensive medical malpractice reform that the hospital industry sought. It did, however, retain the neurologically-impaired infant fund, financed its first year through a \$30 million contribution from hospitals. Only hospitals with obstetric services will be assessed. The cap on non-economic damages would have required all hospitals to make a quality contribution, but all hospitals would have experienced liability insurance premium relief.

Additionally, the budget calls for a \$21.1 million reduction in Medicaid revenue from Hudson Valley hospitals through a two-percent across the board cut. It institutes a Global Medicaid spending cap of \$15.1 billion (state share only) for the upcoming fiscal year. It also gives the Commissioner of Health broad powers in the event that the spending cap is breached. Hospital administrators say the cap will likely be breached soon, leading many to fear another round of across-the-board cuts. The industry hopes the department of health will take a more consultative approach and seek provider input in order to meet yearly spending targets. The legislature, by relinquishing its authority in this area, loses some of its representative power on behalf of health providers and patients.