



HOSPITAL AND HEALTH SYSTEMS

Hotline

• VERMONT ASSOCIATION OF HOSPITALS AND HEALTH SYSTEMS • 148 MAIN STREET • MONTPELIER, VERMONT 05602 • 802-223-3461 •

MAY 2002

PRESIDENT'S MESSAGE



The focus is shifting from the Montpelier legislature to the Capitol in Washington D.C. In both arenas unfortunately, hospitals and health systems remain at risk for election-minded decisions on Medicaid and Medicare.

In Montpelier, House and Senate conferees are embroiled in a chess-like process that will ultimately produce a balanced budget. The governor originally produced a budget for FY 2003 (in what now seems like "way back when") that cut Medicaid to balance the budget, hoping legislators would use cigarette tax revenues to fill the gaps. The House budget filled some of the gaps and proposed a 36-cent cigarette tax and the Senate budget was built around a 67-cent cigarette tax increase.

In the face of overall budget shortfalls, Medicaid inpatient hospital payments and physician payments fell behind the established annual inflation rate of 2.8% in both the House and Senate budgets. The Senate Appropriations Committee proposed a 2.0% increase while the House passed a 1.5% increase. While the Association has been pushing hard to maintain an inpatient increase of at least 2.0%, it will likely depend on the final cigarette tax increase.

Even though the state of our current economy has made this budget process very difficult, the future doesn't look much brighter. Even if the economy rebounds, projected Medicaid expenditures will continue to put pressure on other portions of the state budget, prompting legislators to "contain" Medicaid spending by cutting payments to

providers. Beginning with the Medicaid Leadership Conference next month, the Association plans to begin working with legislators and others on how to re-think future Medicaid policies. The Association is also working with other healthcare stakeholders on developing a Health Policy Day for Legislators slated for December 14th, 2002.

In Washington, legislators are in the beginning stages of developing the FY 2003 budget. In the House, legislators are "robbing Peter to pay Paul" in a health reform bill that will likely pass the House in early June. This legislation proposes a Medicare prescription drug benefit, a modest payment increase for physicians and increased payments for Medicare+Choice providers at significant costs to hospitals. This proposed draft will cost hospitals \$3.9 billion over 5 years! With a democratic Senate, this bill will not survive beyond the House, but it has put the hospital community on the defensive.

In the Senate, while there is no Medicare reform bill, Senate Finance has been considering options for enhancing provider payments. This is very good news! Key drivers for a Medicare "patchwork" bill include initiatives to help rural hospitals and proposals to retain home health payments. The challenge will be to bring the House and

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VERMONT EXPLOR: DATA DEVELOPMENTS

Vermont Explor continues to promote the distribution of health care data resources. A new listserv (members@vtexplor.org) is being used to disseminate timely information about Vermont health care data to all Vermont Explor members. We expect that the members@vtexplor.org listserv will be used as a forum for discussing various health care information issues. Internally, we will be disseminating weekly product updates from our business partner Solucient, announcing the availability of new Vermont Explor information resources and promoting educational events. We will also be encouraging members to use this space to post questions, comments and related announcements.

If you would like to join this list please send an e-mail to Gregory Farnum (greg@vtexplor.org).

Solucient provides a valuable resource to members in their **Current Fact** column, found on the web at www.hciasachs.com/default.asp. Log in to read the full article by Solucient's researchers.

Reminder: The next NHVSHIP meeting (regarding HIPAA) is June 21st at the VA in White River Junction, VT. Details at www.nhvship.org.

For more information contact Greg Farnum.

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Senate together on core Medicare changes that will help our hospitals. I am heading to Washington D.C. again this week to meet with our Delegation on these issues. Senators Leahy and Jeffords have been unanimously supportive of our concerns. With the November elections looming on the horizon, hospital communities nationwide are working to ensure that our federal legislators understand the importance of passing key Medicare improvements this year.

HOSPITALS INVITED TO TAKE ADVANTAGE OF CMS OPEN DOOR CONFERENCE CALLS

As part of the "open door" policy of Health and Human Services Secretary Thompson, the Center for Medicare and Medicaid Services (CMS) has scheduled a series of open door conference calls on various health topics. CMS Administrator Tom Scully quite often participates on these calls. The Dial-In number for all of these calls is: 800-837-1935. If you are unable to participate, recordings of the calls are available for 72 hours after the call at: 800-642-1687. The access code for this Encore Feature is the call ID number of the meeting. Over the next few weeks, the following calls are scheduled. All calls are Eastern standard time:

Hospital

ID 2813696 Wednesday, 6/5/02 at 10:00 AM
ID 2813697 Monday, 7/1/02 at 10:00 AM

Home Health

ID 2813801 Tuesday, 6/4/02 at 10:00 AM
ID 2813814 Tuesday, 6/2/02 at 10:00 AM

Rural Health

ID 2813448 Tuesday, 6/25/02 at 2:00 PM

Long-Term Care

ID 2813541 Tuesday, 5/28/02 at 6:00 PM
ID 2813542 Tuesday, 6/25/02 at 6:00 PM

Pharmacy

ID 2813939 Wednesday, 6/5/02 at 2:00 PM
ID 2813940 Wednesday, 7/10/02 at 2:00 PM

Nurses and Allied Health

ID 2813954 Thursday, 6/6/02 at 10:00 AM
ID 2813955 Thursday, 7/11/02 at 10:00 AM

Physician

ID 1639821 Monday, 6/17/02 at 2:00 PM

For further information about these meetings, contact Peter Holman at VAHHS, or Bill MacKenzie of the CMS Boston office at 617-565-1696. Meetings on each topic are scheduled through the end of 2002, and VAHHS will continue to update these listings in future editions of this newsletter.

MEDICAID LEADERSHIP CONFERENCE JUNE 17, WOODSTOCK, VT

All of Vermont's health care stakeholders realize our Medicaid program is in crisis. Even assuming an influx of new revenue from an increase in the cigarette tax, the growth in Vermont's Medicaid expenditures will continue to exceed the rate of growth in the General Fund. Unless policymakers take steps to slow the growth – a.k.a. “reform” Medicaid – the program's unchecked growth will destabilize Vermont's health care system and erode available funding for other state priorities.

Vermont is not alone. Other states are facing 20% annual Medicaid growth amidst declining state revenues, spurring some of them to creatively “re-design” their Medicaid programs. On the federal front, Medicaid costs now exceed Medicare's – causing legislators to consider new federal Medicaid solutions.

Our conference speakers are all seasoned Medicaid experts. They will provide attendees the latest on new Medicaid proposals, policies and politics. For the afternoon session, our presenters will join Scott Young, M.D., a Robert Wood Johnson fellow from the office of Senator Jeff Bingaman, on a panel to discuss ideas for reforming Vermont's Medicaid program. Conference attendees will include state legislators, hospital executives and trustees, physicians, nurses, state administration and other health care stakeholders.

For more information call Lucie Garand or Martha Buck at VAHHS (802) 223-3461 or download a form from our web site at:

<http://www.vahhs.org/download/MedicaidLeadershipConf.pdf>.

CHANGES TO THE MEDICARE INPATIENT PPS AND FY 2003 RATES

Proposed Rule Published May 9, 2002

In the May 9, 2002, Federal Register, the Centers for Medicare & Medicaid Services (CMS) published a proposed rule for fiscal year 2003. While there are some positive changes proposed for the Emergency Medical Treatment and Labor Act and for Provider Based Facilities, a number of changes are of serious concern to VAHHS.

The rule includes a 2.75 percent increase in payment rates to hospitals for Medicare inpatient services beginning October 1, 2002. The 2.75 percent increase reflects the estimated market basket rate of 3.3 percent for FY2003, minus 0.55 percentage points as mandated by Congress. VAHHS, in conjunction with the AHA, continues work to remove the proposed reduction from the market basket. Medicare payments to Vermont hospitals are already below cost. This underpayment results in a cost shift to other non-government payers. Any annual market basket increase subject to mandatory reduction will only exacerbate the cost shift.

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VERMONT RECRUITMENT CENTER NEWS

The Vermont Recruitment Center continues to bring primary care and specialty physicians to Vermont. In March and April four new physicians signed on to make Vermont their home. The Center is continuing to recruit statewide for 25 primary care and 35 specialty physicians. The biggest need is for Internal Medicine, Urology, General Surgery and Orthopedic Surgeons. There is also a growing statewide need for CRNAs and Radiological Technicians. The Center's new electronic application via our web site is the latest tool that continues to yield placements.

The Center will be exhibiting at the Family Practice Convention in Kansas City in August as well as the *Women in Medicine* Conference in Burlington in July. The Center's placements since its inception in 1995 total 219 medical providers: 152 physicians; 45 Nurse Practitioners and Physician's Assistants; and 7 Allied Health Practitioners. The Center participated in the Freeman Medical Scholar event held at UVM College of Medicine in May. The Scholars heard physicians speak regarding practicing in Vermont and forecast workforce trends and needs. Many hospital CEOs attended. We had a chance to meet and speak with Freeman Scholars who will be returning to Vermont after residencies to practice in their specialty. This program is a tremendous asset to Vermont by helping to keep doctors here who may not have been able to stay without the financial assistance.

For more information contact Dee Rollins.

FEDERAL NURSING EDUCATION LOAN REPAYMENT PROGRAM ANNOUNCED

The Bureau of Health Professionals of HRSA recently announced it is accepting applications from eligible nurses for education loan repayment. While any nurse with education loans can apply, priority will be given to nurses working in certain designated hospitals, and living in counties identified as having a nurse shortage. Eligible hospitals in Vermont are: Brattleboro Memorial; The Brattleboro Retreat; Central Vermont; Copley; Gifford; Grace Cottage; Mt. Ascutney; and Porter. Counties in Vermont with nurse shortages include: Addison; Lamoille; Orange; Washington; and Windham.

The application deadline is June 14, 2002. Complete information on the program is available on the web at: <http://bhrp.hrsa.gov/nursing/loanrepay.htm>, or by calling the program toll-free at: 866-813-3753.

CALENDAR OF EVENTS

June 17, 2002
Woodstock, Vt

Medicaid Leadership Conference
Please see page 3 for details

September 4-6, 2002
Burlington, Vt

VAHHS Annual Meeting
Innovations in Health Care Quality
Please visit www.vahhs.org for details

November 7, 2002
Killington, Vt

VAHHS-VONL Nursing Summit

December 14, 2002
Montpelier, Vt

Health Policy Day for Legislators

Changes to Medicare PPS, continued from page 3

CMS has also proposed expanding the post acute care transfer policy to additional DRGs, significantly reducing payments to hospitals. The transfer policy currently applies to 10 DRGs and reduces payments to a hospital if it transfers a patient for post acute care after a less-than-average length of stay. CMS proposed two options: One option would extend the policy to another 10-13 DRGs resulting in an annual reduction of \$900 million in payments to hospitals across the country. The second option would extend to all DRGs, an annual hospital payment reduction of \$1.9 billion.

Other concerns that will be tracked by VAHHS

and AHA include changes to the wage index and to the graduate medical education payments.

On a positive note, CMS has proposed eliminating the requirement for Critical Access Hospitals (CAHs) to complete a lengthy patient assessment form for skilled nursing facility patients, reducing an administratively burdensome requirement to collect information that was not used by CMS. This initiative was strongly pushed by AHA, and announced earlier this year.

The rule is available online at www.gpo.gov/su_docs/aces/aces140.html. Comments will be accepted until July 8, 2002 and a final rule will be published later this year.

For more information contact Erica McNamara.