



STAT News

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STATE UPDATE: Primary Results May Change State Politics

The results of New York State's primary election, held September 13, re-affirm that all politics is local. Six of the eight senators who comprised the now disbanded Independent Democratic Conference (IDC) lost to their challengers. The IDC members, up until this spring, caucused with the state's Senate Republicans and shared a balance of power with them. The victorious Democratic challengers lean progressive and, should they win the November elections, Albany's agenda will surely reflect their ideology. The Republican Senate has long maintained a cautious approach when it comes to hospital and healthcare policy, weighing the regulatory and economic burdens on providers, as well as the financial pressures facing patients and payers, when deliberating and implementing healthcare legislation. Led by Senate Health Committee Chair, Senator Kemp Hannon, legislators have worked with hospitals and other providers to ensure fair and reasonable legislation that strikes a balance between the concerns of providers, patients, and payers. Governor Cuomo also won the Democratic primary election, as did current Lieutenant Governor Kathy Hochul. New York City Public Advocate Letitia James won the Democratic primary for New York State Attorney General.

FEDERAL UPDATE: Government Stays Open; Lawmakers Busy

Government Open. There will be no government shutdown come September 30, 2018 because Washington lawmakers settled on a long-term funding package (\$178.1 billion) that offers stability for some government departments until next September 30th – when the 2019 federal fiscal year ends. The departments include Defense, Education, and Health and Human Services. A short-term measure will keep the remaining agencies funded until December 7, 2018. In the meantime, negotiators will continue working toward a long-term funding solution. The funding package includes \$90.5 billion for Health and Human Services, which is \$2.3 billion more than last year. House and Senate members are expected to approve the conferenced legislation and President Trump is expected to sign it.

Opioid Legislation. The Senate approved its Opioid Crisis Response Act of 2018. It is comprehensive legislation designed to stop the flow of illegal drugs into the United States and expand access to treatment and prevention programs. The legislation differs slightly from the package passed by the House in June (Overdose Prevention and Patient Safety Act). The House bill more specifically outlines changes in privacy regulations that would aid the sharing of substance abuse disorder patient records between qualified medical personnel. Treatment experts say this is necessary to facilitate treatment, payment, and healthcare operations while enhancing protections that currently exist for substance use disorder patient records. The Senate bill also does not include the Institute of Mental Disease (IMD) exclusion. Hospitals are pushing for modification of the IMD exclusion, which prohibits federal Medicaid payments to states for services for adult Medicaid beneficiaries between the ages of 21 and 64 who are treated at facilities that have more than 16 beds, and that provide inpatient or residential behavioral treatment. As a result, acute care hospitals, classified as Article 28 under New York State Health law often run at or over capacity without an option to refer patients to these specialized centers, classified as Article 31 facilities under state law. The IMD exclusion regulation is seen as a barrier to care. House and Senate members are now working to reconcile the two bills with the hopes of voting on final legislation by the end of September. The measure would then go to the president.

Payment Neutrality. A recently proposed federal rule would further reduce payments made to off-campus, hospital-based clinics. Known as a "site-neutral" payment, it would reduce reimbursement by about 40 percent to all providers of basic clinical services. Off-campus, provider-based clinics that were billing prior to November 2, 2015, when the regulation went into effect, were "excepted" from the payment reduction rule. The new proposed rule eliminates that exception. The hospital field says it strongly opposes equalizing payment rates between hospital-owned clinics and others because nonprofit hospitals have substantial overhead requirements that physician offices do not and have an obligation to meet the needs of communities, including treating uninsured patients. *Permission to reprint articles granted. Attribution required.*