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**MEMBER HOSPITALS**

**Brookhaven Memorial  
Hospital Medical Center**  
East Patchogue

**Catholic Health Services  
of Long Island**

- **Good Samaritan  
Hospital Medical Center**  
West Islip
- **St. Catherine of Siena  
Medical Center**  
Smithtown
- **St. Charles Hospital**  
Port Jefferson
- **St. Francis Hospital**  
Roslyn
- **St. Joseph Hospital**  
Bethpage
- **Mercy Medical Center**  
Rockville Centre

**East End Health Alliance**

- **Eastern Long Island  
Hospital**  
Greenport
- **Peconic Bay  
Medical Center**  
Riverhead
- **Southampton Hospital**  
Southampton

**Long Beach Medical Center**  
Long Beach

**John T. Mather  
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Port Jefferson

**Nassau University  
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**North Shore-Long Island**

- Jewish Health System**
- **Glen Cove Hospital**
- **North Shore  
University Hospital**
- **Plainview Hospital**
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- **Franklin Hospital**
- **Huntington Hospital**
- **Southside Hospital**

**Stony Brook  
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Stony Brook

**Veterans Affairs  
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**Winthrop South Nassau  
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- **South Nassau  
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Oceanside
- **Winthrop-University  
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**Nassau-Suffolk  
Hospital Council, Inc.**

**A PUBLICATION ADDRESSING HEALTH  
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## *Federal and State Actions Address New York's Budget Delay*

New York's state legislature passed the revenue portion of the 2010 - 2011 budget the first week in August, the last component needed to keep the state government operational. This action was followed a week later by the House's passage of a Medicaid and education assistance bill that extends to states an enhanced Federal Medical Assistance Percentage (FMAP) for six months beyond December 31, 2010. Passage of some level of FMAP funding was critical for New York, because the state legislature had also passed an FMAP contingency plan in the event the federal government did not complete work on FMAP by September 16, 2010.

Although health providers will see some reductions in Medicaid funding due to the reduced FMAP package, the cuts will not be as severe as originally projected. The value of the percentage increase nationally is \$16 billion, with about \$1.4 billion of that going to New York State for the remainder of this fiscal year and for the first six months of fiscal year 2011 - 2012. Funding for school districts will come from this \$1.4 billion.

The state's FMAP contingency plan called for \$450 million in Medicaid cuts to hospitals, nursing homes, home care, physicians, other providers, and Medicaid managed care. The reductions will now total approximately \$125 million, including the federal match dollars.

As we enter 2011 the enhanced FMAP percentage will be 3.2 percent for the first quarter (January 2011 through March 2011) and 1.2 percent for the second quarter (April 2011 through June 2011). States with high unemployment will receive an additional offset for this six-month period. The U.S. Department of Labor determines the threshold unemployment rate. New York should qualify.

"We're thankful to Senators Charles Schumer and Kirsten Gillibrand for their diligence in this effort," said Kevin Dahill, president/CEO of the Nassau-Suffolk Hospital Council, the association that represents Long Island's hospitals. "This funding will save some hospital jobs in our local communities and keep some hospital programs and services running that were previously vulnerable to closure."

## *Coding Reduction Will Cost LI Hospitals Dollars Impact of \$44.7 million in fiscal year 2011*

The Centers for Medicare and Medicaid Services (CMS), the regulatory body overseeing the Medicare and Medicaid programs, is moving ahead with its 2.9 percent coding adjustment for 2011 and 2012 inpatient Medicare payments. CMS is basing this reduction on the increases it has noted in hospital payments and its assumption that these increases are due simply to changes in coding, or classification of patients. Hospital providers say as outpatient care has become more commonplace those admitted to inpatient facilities are the sicker patients and present with more complications and severity.

Long Island has a widespread aging population that will only increase in size, as baby boomers age and their complex medical needs grow with them. Payment reductions, like the coding offset,

chip away at hospitals' ability to care for patients, say hospital administrators.

Hospitals were scheduled to receive an increase of 2.35 percent in inpatient payments for 2011. The adjustment leaves them in a negative state. In subsequent years, the coding reduction will increase to 3.9 percent.

A little more than a year ago, the hospital industry agreed to \$150 billion in Medicare cuts over the next 10 years, as a way to fund the now enacted Patient Protection and Affordable Care Act. Many hospital leaders see this coding reduction as an affront to this agreement. This coding adjustment will reduce Medicare payments to hospitals in New York State by about \$3.2 billion over ten years.