



HOSPITAL AND HEALTH SYSTEMS

# Hotline

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



With several of our hospital CEOs, I traveled to Washington D.C. last week to send our federal legislators an urgent message about Vermont's need for increased Medicare and Medicaid payments. Now back in Montpelier, we're in the midst of a heated debate on Medicaid – primarily Medicaid funding. The question of raising Vermont's cigarette tax forms the core of this debate.

The Association strongly supports increasing the cigarette tax to at least 67 cents for four compelling reasons.

- 1. Cigarette tax revenues are needed to prevent proposed Medicaid cuts and beneficiary payment increases.** Cigarette tax revenues should be used to close the existing \$15 million gap in Vermont's Medicaid program. Without these funds, beneficiary costs will increase and provider payments will decrease.
- 2. Cigarette tax revenues should be used to strengthen the Medicaid program and decrease the cost-shift to private payers.** The failure of the Medicaid program to pay for the costs of care provided to health care beneficiaries increases health premiums for all Vermonters. In the aggregate, the Medicaid program pays just 70 cents for every dollar of hospital care provided. For physicians, it's far worse. They are reimbursed approximately 30 cents for every dollar of care provided to patients. Just last year, legislators passed a bill codifying their intention to narrow the gap by increasing Medicaid payments to Medicare levels. Taking steps to close this gap would encourage more physicians to participate in the Medicaid program. Hospitals would also be able to reduce the cost-shift of unreimbursed care to commercial payers, which could in turn slow premium inflation for individuals and businesses in Vermont. Using these revenues to achieve payment parity with Medicare makes good health policy and economic sense for all Vermonters.
- 3. Cigarette smoking causes substantial health-related economic costs to society.** The Centers for Disease Control (CDC), reports that for each of the 22 billion packs of cigarettes sold in the U.S. in 1999, \$3.00 was spent on medical care attributable to smoking, and \$3.73 in productivity losses were incurred - for a total cost of

\$7.18 per pack. During 1995-1999, the average annual mortality-related productivity losses attributable to smoking for adults were \$81.9 billion. In 1998, smoking-attributable personal health-care medical expenditures were \$75.5 billion. For each of the 46.5 million adult U.S. smokers in 1999, these costs represent \$1,760 in lost productivity and \$1,623 in excess medical expenditures. (Emphasis added).

- 4. Raising the tax will reduce the number of smokers which will decrease overall health care costs.** Study after study has shown that if you increase the cost of cigarettes, you decrease the number of smokers. Fewer smokers translates into a healthier society and savings for business and all health care consumers.

While they are a vital short-term solution, cigarette tax revenues will not be a cure-all for Vermont's Medicaid program. Medicaid has now grown to become the federal government's largest health care provider for acute and long-term care services for low-income people, covering nearly 44 million beneficiaries as compared to the 39 million beneficiaries now covered by Medicare.

Even with significant federal assistance, most state governments have begun to realize they can no longer afford their Medicaid programs. In Vermont, even with 63% federal matching funds, state Medicaid expenditures tripled from 1990 to 2000. Looking to the future, the Medicaid program is expected to grow by 8% annually, with Medicaid shortfalls anticipated in excess of \$100 million by FY 2006. Looking to the future, states

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including Vermont will have six policy options that will help them contain net state expenditures. They include:

- Maximizing Federal Funds
- Increasing program revenues (such as increasing premiums, co-pays and deductibles)
- Managing utilization (ensuring patients get the right care in the right setting)
- Limiting Benefits
- Reducing Provider Fees, and
- Limiting Eligibility.

None of these options present easy choices. The federal government has begun to allow states enhanced Medicaid flexibility through the use of Section 1115 waivers. Section 1115 of the Social Security Act (SSA), authorizes the federal government to waive statutory and regulatory provisions of major health and welfare programs under the SSA, such as Medicaid. While Section 1115 pre-dates the Medicaid program, more and more states are turning to Section 1115 waiver to help solve their Medicaid problems. Under the Bush Administration, a new breed of Section 1115 waivers known as "HIFA" waivers (Health Insurance Flexibility and Accountability), have offered states broader flexibility.

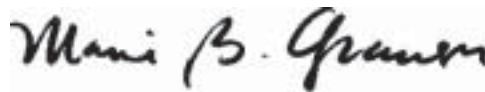
Under the HIFA waiver, states can reduce benefits, impose additional cost sharing, and cap enrollment in ways not currently permitted by federal law. The flexibility is offered to encourage budget-neutral Medicaid expansions. Just a few months ago, the state of Utah began implementing HIFA-permitted changes to their Medicaid program that could have far-reaching implications for other state programs.

Utah will be offering adults between the ages of 19 and 64 whose annual income is less than 150% of the federal poverty level and whose employer pays less than 50% of their health care benefits limited health care coverage. This coverage will only include primary care, emergency care and limited pharmacy coverage. Utah anticipates that almost 18,000 Utahans will qualify. Innovative? Yes. Controversial? Absolutely. While the

results of this new "experiment" remain to be seen, it raises new questions such as:

- How will these new Medicaid changes affect coverage and access to care?
- What are the essential elements of "insurance"?
- Who will bear the cost of uncovered services?
- Will premiums and enrollment fees keep healthier people out of the program?
- How will co-pays and deductibles affect access to services?

As we wrap up this year's Medicaid debate and before we begin another legislative session, the Association believes health care stakeholders should begin to proactively address the far-reaching challenges facing health care coverage for low-income people and their families. To begin this process, the Association will host a Medicaid Leadership Conference for the VAHHS Board, hospital trustees and invited stake-holders on June 17<sup>th</sup> at the Woodstock Inn. Invited speakers from the Kaiser Commission on Medicaid and the Uninsured, the American Hospital Association and the Center for Budget and Policy Priorities will address a wide variety of federal and state Medicaid challenges. Invitations are forthcoming, but please contact Lucie (223-3461 or Lucie@vahhs.org) for more information.



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## CMS OPEN DOOR CONFERENCE CALLS

The Center for Medicare and Medicaid Services (CMS) has scheduled a series of open door conference calls, often with CMS Administrator Tom Scully. The Dial-In number is: 800-837-1935. Recordings of the calls are available for 72 hours after the call at: 800-642-1687 (access code: ID number of the meeting). All calls are Eastern standard time:

### **Hospital**

ID 2813695 Wednesday, 5/8/02 at 10:00 AM

### **Home Health**

ID 2813796 Tuesday, 5/7/02 at 10:00 AM

### **Rural Health**

ID 2813447 Tuesday, 5/28/02 at 2:00 PM

### **Long-Term Care**

ID 2813540 Tuesday, 4/30/02 at 6:00 PM

### **Pharmacy**

ID 2813938 Wednesday, 5/1/02 at 2:00 PM

### **Nurses and Allied Health**

ID 2813953 Thursday, 5/9/02 at 10:00 AM

### **End Stage Renal Disease**

ID 2815667 Friday, 5/17/02 at 1:00 PM

### **Physician**

ID 1639820 Monday, 5/20/02 at 2:00 PM

For further information, contact Peter Holman at VAHHS or Bill MacKenzie of the CMS Boston office at 617-565-1696. VAHHS will continue to update these listings throughout 2002.

### **VERMONT ASSOCIATION OF HOSPITALS AND HEALTH SYSTEMS**

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### DEAN HELPS SVMC CELEBRATE DESIGNATION AS “MAGNET” HOSPITAL FOR NURSING EXCELLENCE

On Friday, April 5, Vermont Governor Howard Dean joined staff at Southwestern Vermont Medical Center (SVMC) to celebrate the hospital's designation as a recipient of Magnet Recognition for Excellence in Nursing Service. This designation, from the American Nurses Credentialing Center (ANCC), is awarded for exemplary nursing leadership and quality patient care. The ANCC is the nation's leading nursing credentialing center, and is a subsidiary of the American Nurses Association (ANA).

Magnet designation places SVMC alongside just 46 other acute-care hospitals in the nation that have achieved the award, including places like Robert Wood Johnson University Hospital, Cedars-Sinai Medical Center, and Mayo-Rochester Hospitals. According to the ANCC, "...It is the highest level of recognition that the American Nurses Credentialing Center can accord to organized nursing services in health care organizations."

The ANCC created Magnet status "...to acknowledge those institutions committed to the delivery of quality nursing services...to identify excellence in the provision of nursing services and to recognize those institutions that act as a 'magnet' by creating a work environment that recognizes and rewards professional nursing." Magnet status is conferred through a strictly voluntary, peer-reviewed process. A team of professionals with experience in quality indicators, nursing administration, and nursing care appraises a hospital's nursing services, clinical outcomes, and patient care delivery.

At a ceremony honoring the hospital's Leadership Council — made up of nurses and other clinicians from diverse hospital departments — Governor Dean issued a Proclamation honoring SVMC nurses, their co-workers and the culture that supports and enables them to provide the outstanding care recognized in the award. Bill Hurley, Chair of the Southwestern Vermont Health Care Board of Directors, joined him at the podium.

"To anyone who's been a patient here, this recognition is no surprise," said Hurley. "But it is really nice to have the quality of our nursing care independently recognized by the American Nurses Association. Being one of fewer than 50 hospitals in the whole country to receive this standing is truly phenomenal for SVMC. To put it in perspective, it is like a local manufacturer being featured as one of America's best companies, or the local newspaper winning a Pulitzer Prize. On behalf of the Trustees and the Board of Directors, I offer our great appreciation and congratulations."

CEO Harvey Yorke praised the nursing staff and emphasized that this award recognizes the entire organization. "This level of achievement is only made possible through a pervasive culture and adherence to our QuEST values — quality, empathy, stewardship, and teamwork — which put the patient at the center of care."

In a prepared statement, president of SVMC's medical staff, John Hearst, MD, wrote: "One of the reasons I enjoy my work in this community as much as I do is the collegial support I get from nursing. I have always felt that this hospital has had top-notch nursing staff, both in clinical excellence and actual caring and compassion for their patients. Thus, the Magnet designation is a well-deserved recognition for what the physicians here already knew."

"Consistently, nurses here troubleshoot for their patients, attempting to maximize their treatment to achieve best responses."

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### FAHC RECEIVES NATIONAL AWARD FOR COMMUNITY HEALTH PROGRAMS

Fletcher Allen's community health programs and partnerships -- which include efforts to lower medication costs for consumers, counsel and support smokers who want to quit and help low-income residents get the health care they need -- have received national recognition.

The VHA -- a nationwide network of community-owned health care systems and physicians with more than 2,200 members -- notified Fletcher Allen it has received the VHA 2002 National Leadership Award in Community Health. Fletcher Allen competed with health care delivery systems throughout the country for the award.

A total of 156 hospitals and health care delivery systems applied for the VHA Leadership Awards, given out annually in four categories: community health, operational performance and service, supply chain management and clinical effectiveness. The applicants are judged by their peers and experts at the VHA.

"We are thrilled to receive this recognition," said Lisa Schilling, director of Community Health Improvement at Fletcher Allen. "The VHA Award is the highest honor in this field. Not only is this a testament to Fletcher Allen's strong vision and leadership but also to the tremendous skill of the staff in this department and the sophisticated level of collaboration that our community partners demonstrate," she said. "This all translates into a community that is working together and supporting the needs of people who live here."

Fletcher Allen will receive the award at the VHA Leadership Conference on April 22nd in Chicago. The VHA comprises some of the nation's leading health care institutions, including the Mayo Foundation in Rochester, Minn; Baylor Health Care System in Dallas; and many others. Its members are community-owned, non-profit health care organizations. Finalists for the Community Health award included Spectrum Health of Grand Rapids, Mich., a health care system with seven hospitals and more than 10,000 employees, and Crozer-Keystone Health System, located near Philadelphia, Pennsylvania, a network encompassing five hospitals, 6,000 employees and more than 1,100 physicians.

#### Community Medications Program

In its application, Fletcher Allen cited many successful community partnerships and programs as examples of its community health leadership. One example is its community medications program. This program educates health care providers on how to

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#### VERMONT RECRUITMENT CENTER NEWS

The Vermont Recruitment Center has placed its first Pharmacist, who will join Grace Cottage Hospital in June. Pharmacists, along with Urologists and Otolaryngologists, constitute a national shortage and sites are waiting up to three years to fill needs.

We have begun to see yields from our newest recruitment tool, our web site ([www.vrc.org](http://www.vrc.org)). Through it, candidates can submit detailed information. This streamlines communication, considering that there can be as many as 50 conversations with a candidate between the first call and the first day on the job.

The VRC is currently working on 25 Primary Care and 33 Specialist openings. To date the Center has placed 217 medical providers in Vermont.

*For more information contact Dee Rollins.*

FAHC Community Programs, continued from page 3

lower the cost of prescription drugs for patients; educates consumers on buying generic prescription and over-the-counter drugs; and helps pay for medications for low-income and uninsured patients.

**Community Partnerships**


Many other community health programs and collaborations helped Fletcher Allen win the award. They include:

- The Champlain Initiative -- a coalition of organizations focused on improving the health of the community. The Initiative, based at the United Way of Chittenden County, has addressed issues such as affordable housing, sustainable growth and children's health.
- Dental health programs and school-based health centers in collaboration with the school district, Community Health Center and community members.
- Statewide tobacco cessation programs -- an initiative involving all Vermont hospitals, the Department of Health, the American Cancer Society and the Area Health Education Centers.
- The Hearing Outreach Project, in partnership with the Vermont Association of Hospitals and Health Systems and the Department of Health. This program screens children for hearing loss and has dramatically reduced the age at which hearing loss is identified.
- Universal Newborn Hearing Screening -- a statewide effort to screen all babies born in Vermont for hearing loss. Newborn hearing screening is now in place at 10 Vermont hospitals.

For information about participating in any of these programs, call Community Health Improvement at FAHC at (802) 847-2278. 

SVMC Magnet Award, continued from page 3

Many times, nurses have offered suggestions to improve patient care that were critical to recovery, and I think a patient generally feels that their nurse is a personal advocate. I'm glad that a group of people who work so hard, and perform so well, can bask in the praise that is rightfully theirs. May we all continue this good work, and continue to find ways to improve what we do."

SVMC is a 99-bed community hospital that is part of Southwestern Vermont Health Care, an integrated health care system that includes the Centers for Living and Rehabilitation, Bennington Area Home Health, the Northshire Medical Center, and the Deerfield Valley Health Center. 



**HIPAA Alert**

**REMINDER:** VAHHS urges all hospitals to submit comments to CMS regarding changes to HIPAA. AHA's model letter is available on-line at: [http://www.aha.org/hipaa/hipaa\\_home.asp](http://www.aha.org/hipaa/hipaa_home.asp) Simply add your name to the letter, then go to: <http://www.hhs.gov/ocr/hipaa/> and click on "Submit a Comment on the Proposed Modifications" and paste the text of your letter into the appropriate box. The deadline to submit comments is April 26th.

**CALENDAR**

May 6-12      **National Nurses Week**  
May 8              National RN Recognition Day

September 5-6      **VAHHS Annual Meeting**  
Burlington, VT      *Innovations in Health Care Quality*