



Federal officials block New York's SCHIP expansion plans

In a decision that has implications for several states seeking to broaden coverage under the State Children's Health Insurance Program, CMS on Friday rejected New York's bid to extend program eligibility to children in families earning up to four times the federal poverty level. The announcement marks the first application of a three-week-old policy under which states seeking to cover or already covering children in families with incomes at or above 250% of the federal poverty level must demonstrate that they already cover at least 95% of eligible children below 200% of the federal poverty level.

See story #1

THIS DAY IN BRIEF

Calif. health reform proposal stalls as legislative session nears end

With the state Legislature set to adjourn this week, California lawmakers have yet to reach an agreement with Gov. Arnold Schwarzenegger (R) over his roughly \$12 billion universal health care plan, a stalemate that some experts say could "arrest the national momentum" toward comprehensive health reform.

See story #2

Blood shortages forcing some hospitals to cancel elective procedures

American blood banks this year experienced "one of their driest summers in history," driving some hospitals to postpone or cancel elective procedures and compromising the nation's preparedness for public health emergencies.

See story #3

Medicare fee cuts may spur physicians to restrict access, survey finds

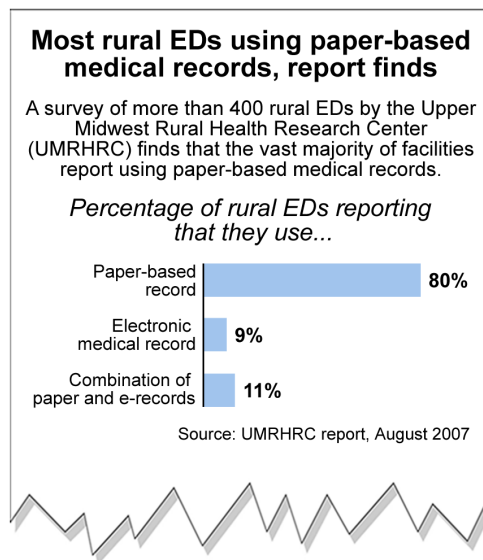
If Congress fails to intervene to prevent a roughly 10% reduction in Physician Fee Schedule payments slated to take effect on Jan. 1, 2008, more than 41% of physicians may limit the number of Medicare beneficiaries they accept into their practices, according to a new survey.

See story #4

Advisory Board Physician Leadership Academy to host preview session

In response to ongoing requests to see its curriculum first-hand, the Advisory Board Physician Leadership Academy will host a special one-day session in Scottsdale, Ariz., at the Westin Kierland Resort on Tuesday, Oct. 9.

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NAMES IN THE NEWS

Rensselaer Polytechnic Institute (N.Y.) (#8) ■ University of Minnesota (#3)



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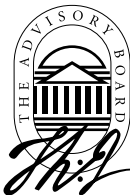
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Heidi Atlas, Editor in Chief
Devin Zatorski, Associate Editor
Rebecca Wexler and **Rachel Zavala**, Staff Writers

Editorial

E-mail: ZatorskD@advisory.com
Phone: 202-266-5600
Fax: 202-266-5700



Subscription

E-mail: webhelp@advisory.com
Phone: 202-266-5300

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► Today's Headlines

1 Federal officials block New York's SCHIP expansion plans

In a decision that has implications for several states seeking to broaden coverage under the State Children's Health Insurance Program (SCHIP), CMS on Friday rejected New York's bid to extend program eligibility to children in families earning up to four times the federal poverty level, the *New York Times* reports. The announcement marks the first application of a three-week-old policy under which states seeking to cover or already covering children in families with incomes at or above 250% of the federal poverty level must demonstrate that they already cover at least 95% of eligible children below 200% of the federal poverty level (see related story in the Aug. 21 [Daily Briefing](#)). New York's request represented the largest proposed SCHIP expansion to date and would have extended coverage to an additional 70,000 uninsured children. In a letter to New York's Department of Health, Acting CMS Administrator Kerry Weems said the state "has not demonstrated that its program operates in an effective and efficient manner with respect to the core population of targeted low-income children"; the state's program, for instance, covers only 88% of children in families with incomes of less than 200% of the federal poverty line. New York had also proposed a six-month waiting period before middle-income children who were previously covered by a private plan could enroll in the program—a departure from the new CMS guidelines mandating a one-year waiting period to ensure that public coverage does not unnecessarily replace private insurance.

Saying that he could not justify making uninsured children wait one year for coverage, New York Gov. Eliot Spitzer (D) called the federal government's decision "a cruel blow to New York's uninsured children and to uninsured families across the country," adding that he is planning to file a lawsuit challenging the new rules. While a CMS spokesman said the agency acted within the bounds of its legal authority, Rep. Charles Rangel (D-N.Y.)—chairman of the House Ways and Means Committee—said it is "unconscionable that the president would stand between children and one of the most basic human rights, health care." New York has 60 days to ask CMS to reconsider the request (Pear, *Times*, 9/8; Freking, *AP/Pittsburgh Post Gazette*, 9/7; Wayne, *CQ HealthBeat*, 9/7).

2 Calif. health reform proposal stalls as legislative session nears end

With the state Legislature set to adjourn this week, California lawmakers have yet to reach an agreement with Gov. Arnold Schwarzenegger (R) over his roughly \$12 billion universal health care plan, a stalemate that some experts say could "arrest the national momentum" toward comprehensive health reform, the *New York Times* reports. First announced in January (see related story in the Jan. 9 [Daily Briefing](#)), the governor's plan aims to extend coverage to California's estimated 6.7 million uninsured residents by implementing an individual coverage mandate, requiring insurers to offer coverage regardless of applicants' preexisting conditions, and compelling most businesses to provide health plans to their workers or contribute to a state pool. While Schwarzenegger's proposal last week garnered the support of the California Hospital Association—which estimates that most hospitals would gain more from the plan's proposed increase in Medi-Cal reimbursements than they would lose from new 4% assessments on net patient revenues—the measure was sidelined during the state's recent budget impasse. The proposal also faces pressure from a competing bill in the Democrat-controlled state Legislature that would not make coverage mandatory but would require employers to spend at least 7.5% of their payroll on health care. A spokesperson for Assembly Speaker Fabian Núñez (D) says that Democrats plan to pass the competing bill in both chambers early this week with the expectation that Schwarzenegger will veto it and call a special legislative session to continue health reform negotiations.

Adding a “late wrinkle” to the debate, Schwarzenegger has suggested that state lawmakers enact the “outlines of a plan” but allow voters to determine the financing through a ballot initiative. Such a move would enable lawmakers to remove tax increase stipulations, circumventing the Legislature’s requirement that any bill involving tax hikes pass with a two-thirds majority. While recognizing that many Californians may be reluctant to vote for substantial tax increases to achieve universal coverage, Schwarzenegger asserts that “if you go out and explain it to the people [and] market it the right way, I think we have a shot.” The president of the California Endowment, a not-for-profit health policy group, asserts that failing to “get something done here will have the effect of throwing a wet blanket on the national debate” about health care reform. Noting that “California has always had the attitude that anything is possible,” Schwarzenegger adds that the state should take the lead in achieving universal coverage and “inspire the rest of the nation to follow us” (Sack, 9/9).

3 Blood shortages forcing some hospitals to cancel elective procedures

American blood banks this year experienced “one of their driest summers in history,” driving some hospitals to postpone or cancel elective procedures and compromising the nation’s preparedness for public health emergencies, Reuters reports. Dr. Harvey Klein, the **NIH**’s chief of transfusion medicine, estimates that blood shortages in recent years have affected nonemergency procedures at one-fourth of U.S. hospitals, attributing the shortfall in part to donation criteria that “clearly are more stringent than they need to be.” According to researchers at the **University of Minnesota**, the growing list of safety criteria currently excludes 66 million Americans—more than one-third of the nation’s potential adult donor pool—from giving blood. With data indicating that just 5% of eligible donors give blood and three-quarters of rejected first-time donors never attempt to donate again, some experts are questioning the safety of such a restrictive approach. While **FDA** officials say donor screening is essential to safeguard the nation’s blood supply against diseases not easily detected in blood tests, Klein asserts that some restrictions—including criteria pertaining to travel in so-called malarial areas and those barring individuals who have visited Britain for more than three months since 1986 from donating blood for life—“are really not safety measures as much as they are feel-good measures.” The donor restrictions and growing blood shortage—which have left a number of **American Red Cross** facilities with less than a day’s supply of blood, rather than the three- to five-day stockpile needed for emergency response—also have sparked concern within the disaster preparedness community, with one spokesperson for the **American Association of Blood Banks** noting that in an emergency, “it’s the blood on the shelves that saves lives” (Ganguli, 9/9).

4 Medicare fee cuts may spur physicians to restrict access, survey finds

If Congress fails to intervene to prevent a roughly 10% reduction in Physician Fee Schedule (PFS) payments slated to take effect on Jan. 1, 2008, more than 41% of physicians may limit the number of Medicare beneficiaries they accept into their practices, according to a new **Medical Group Management Association** (MGMA) survey. While a State Children’s Health Insurance Program (SCHIP) reauthorization bill passed in the House would block the implementation of the 2008 cut and increase PFS payments across the next two years, the Senate version of the SCHIP bill does not address PFS reimbursement issues. Based on the responses of 631 MGMA members in July, the survey finds that 19% of respondents said they would not accept new Medicare patients if the scheduled cuts are enacted. Fifty-seven percent, meanwhile, said the cuts would prompt them to reduce staff members’ health care benefits, while 44% said they would cut administrative staffing levels, and one-third said they would cut clinical staffing levels. Indicating that the PFS cuts may have even broader implications, nearly 63% of respondents said the private insurers with which they contract changed their payment rates last year based on PFS payment levels. Of the practices reporting

shifts in commercial payments, roughly half said they experienced reimbursement reductions of up to 5%, and 22% said they experienced cuts of up to 10%. The MGMA's president says the "domino effect" that Medicare cuts have on private payers means that "even practices that have already restricted their Medicare patient volume will feel the pinch" (Carey, *CQ HealthBeat*, 9/7).

► From the Advisory Board

5 Advisory Board Physician Leadership Academy to host preview session

The **Joint Commission's** emphasis on physician engagement in performance measurement and safety improvement poses new challenges for hospitals and medical staff leaders, raising the bar for what constitutes effective physician leadership. Recognizing the need for physicians to be prepared to navigate these new challenges, the Advisory Board Physician Leadership Academy—an onsite physician leadership development program—aims to serve health systems in their growing need to cultivate and hone the management talent of medical staff leaders. In response to ongoing requests to see the curriculum first-hand, the Advisory Board Physician Leadership Academy will host a special one-day session in Scottsdale, Ariz., at the Westin Kierland Resort on Tuesday, Oct. 9. Participants will see selected workshops and learn how the program's curriculum works to effect real change in leadership capability among physician leaders.

For more information

To learn more about the Advisory Board Physician Leadership Academy, chief executives, chief medical officers, and other senior physician leaders are encouraged to contact Leigh Dance at 202-266-6055 or dancel@advisory.com. Please note that while there is no cost to attend this session, space is limited; those interested in attending are asked to contact the Advisory Board Physician Leadership Academy at their earliest convenience.

6 OptiLink to present teleconference on best-practice acuity measurement

Amid growing mandates regarding minimum nurse staffing levels in Illinois and elsewhere, the Advisory Board's OptiLink division—which offers nursing workforce management technology—is pleased to announce a teleconference titled "A Better Measure of Nursing Workload" on Thursday, Sept. 20 from 11 a.m. to 12:30 p.m. ET. Illinois Gov. Rod Blagojevich (D) recently signed legislation requiring all Illinois hospitals to implement comprehensive, acuity-based nurse staffing plans. Adding to the state's Hospital Report Card Act—which takes effect January 1, 2008—Illinois is increasingly regulating how hospitals manage staffing based on the specific needs of their patients. The Advisory Board's OptiLink system is equipped to help hospitals meet Illinois regulations while simplifying reporting processes and improving hospitals' ability to manage labor costs.

This interactive teleconference will review the value and power of acuity systems, compare task-based systems with professional judgment systems, and present statistical results of professional judgment systems. The session will also include a brief demonstration of OptiLink's best-in-class patient classification system, which measures true nursing workload and accounts for patient volume, patient turnover, and patient acuity. OptiLink is pleased to have Steven H. Shaha, Ph.D., D.B.A.—a nationally renowned acuity measurement expert—as a featured speaker. Shaha has lectured around the world on patient classification and acuity measurement systems and has personally worked with a range of nursing organizations to help them implement methodologies for balancing patient needs with staffing requirements.

For more information

While the teleconference should be of particular interest to Illinois hospitals given current regulatory mandates, the session is open to anyone interested in this topic. To learn more about the teleconference or OptiLink in general, please contact Katy Shipley at 202-266-5919 or shipleyk@advisory.com.

► Regional Round-up

7 Around the nation: Bite-sized hospital and health industry news



- **Florida:** Miami-based **Baptist Hospital** is providing two months of free housing to newly hired employees who relocate from outside the South Florida region. After that initial period, the facility will offer participating workers permanent apartments in a recently purchased 100-unit complex in Kendall for rates “slightly below market value.” The units will be fully furnished, and tenants will not need to pay a security deposit. The facility’s COO says the program aims to prevent prospective employees from being deterred from joining the hospital because of South Florida’s high housing costs (Local10.com, 9/7).
- **Indiana:** **St. Vincent Children’s Hospital** last week announced that it has been renamed **Peyton Manning Children’s Hospital at St. Vincent**. The hospital’s CEO says renaming the 78-bed facility in honor of Manning—the Indianapolis Colts’ quarterback—will aid in fund-raising efforts and help expand the hospital’s statewide presence (Lee, *Indianapolis Star*, 9/6).
- **Massachusetts:** Researchers at **Boston University** and **Children’s Hospital Boston** have been awarded a five-year, \$5 million grant from the NIH’s Bioengineering Research Partnership to develop robotic instruments that could enable surgeons to perform complex cardiac procedures without open-heart surgery. One of the researchers says that while the minimally invasive instruments will primarily be designed for use in adults, the tools could also have applications in children (Cooney, *Boston Globe*, 9/6).
- **New Jersey:** A report released last week by the **Rutgers Center for State Health Policy** finds that hospitals statewide are diverting one ambulance per hour because of a shortage of staffed beds. The report reveals that the number of ED visits across New Jersey in 2005 rose to 3.36 million, up 4.5% since 2004 and more than 25% since 1998. The report also finds that there were 47 days in 2005 when more than 95% of staffed hospital beds statewide were occupied, up from 29 days in 2004 and 11 days in 2003. Noting that “it’s not always as simple as saying hospitals have fewer staffed beds,” the state health commissioner says ambulance diversions tend to occur when critical care units are full (Stewart, *Newark Star-Ledger*, 9/5).
- **Washington:** Marking the largest grant in its 100-year history, **Seattle Children’s Hospital** has received nearly \$24 million from the NIH to pursue genetic research. The grant will benefit the Northwest Genome Engineering Consortium, an interdisciplinary research effort composed of Children’s, the **University of Washington** School of Medicine, and the **Fred Hutchinson Cancer Research Center**. Children’s chief academic officer says the project—which may yield strategies for removing patients’ stem cells and repairing defective genes—offers “new hope” for treating genetic conditions (Ostrom, *Seattle Times*, 9/7).

► Endnotes

8 Et cetera

Juiced up: Researchers develop nano-battery powered by sweat, blood

In a discovery that could pave the way for new approaches to charging implantable medical devices, researchers from **Rensselaer Polytechnic Institute** in New York have developed a bendable battery that is roughly the size of a postage stamp and is powered by blood and sweat, National Public Radio reports. The nano-battery consists of 90% cellulose—the “same plant cells” used in paper—and is infused with aligned carbon nanotubes that serve as electrodes, allowing the device to store electricity. Functional in temperatures up to 300 degrees Fahrenheit, the device can be “rolled, twisted, folded, or cut” into shapes and is capable of providing steady streams of power or a “quick burst” of high energy. The researchers say the malleable device—which was the subject of an article in the Aug. 13 *Proceedings of the National Academy of Sciences*—can be easily implanted beneath the skin and may offer a way to “power a small device such as a pacemaker without introducing any harsh chemicals...into the body.” However, the researchers expect that it will take years to perfect the paper battery and bring it to market.

— NPR, 8/28; *Science Daily*, 8/15