



STATE UPDATE: 2016 – 2017 State Budget Approved; Staffing Ratio Legislation under Consideration

The budget approved April 1, 2016 included several favorable health provisions. These are new capital funding, rejection of the excess medical malpractice redistribution, and an adjustment of the Medicaid global spending cap to account for the impact of the rejection of the increased Medicaid share for New York City.

There was no money in the budget to address the more than \$200 million in provider losses from the collapse of Health Republic last fall and no language to establish a guaranty fund to guard against future health plan insolvencies. However, the state did commit to establishing a special fund to compensate providers for unpaid claims. The account will be seeded with the proceeds from various legal settlements that come to the state as well as any remaining Health Republic assets. It's not clear what percentage of compensation providers will receive or when funds will be made available. Statewide, hospitals are owed \$200 million in unpaid claims. Hospitals in the Suburban Hospital Alliance regions of Long Island and the Hudson Valley were disproportionately affected by the Health Republic demise, as nearly 70 percent of the health insurer's beneficiaries resided in these two regions.

Staffing Ratio Mandate Threatens Balance

Proposed legislation (A.8580/S.782) seeks to create specific staffing ratios for nurses and other direct-care staff in hospitals and nursing homes. Suburban Hospital Alliance member hospitals strongly oppose such a mandate, as its value is not proven and, in fact, disrupts staffing levels by not accounting for patient acuity and surge needs. Peer-reviewed studies in California – the only state with mandated ratios – found no direct link between clinical outcomes and statewide staffing ratios. Research shows that the factors that do make a difference are the use of evidence-based protocols, team-based approach to care, and communication.

FEDERAL UPDATE: Star Rating System Questionable

Star ratings of hospital quality due to be unveiled April 21, 2016 on the federal government's Hospital Compare website do not portray an accurate picture of care rendered at many hospitals, say hospital leaders. This is because the methodology used in the five-star rating system does not account for varying degrees of patient complexity and the many socioeconomic factors that affect health outcomes. These include such influences as poverty, education, race, ethnicity, and geography among others. These factors, also known as the social determinants of health, have been shown in numerous research studies to significantly affect patient outcomes and health status. Hundreds of members of Congress have signed a letter urging the Centers for Medicare and Medicaid Services (CMS) to delay the release of the star ratings until the methodology is verified to determine its accuracy.

**Permission to reprint articles granted. Attribution to this publication required.*