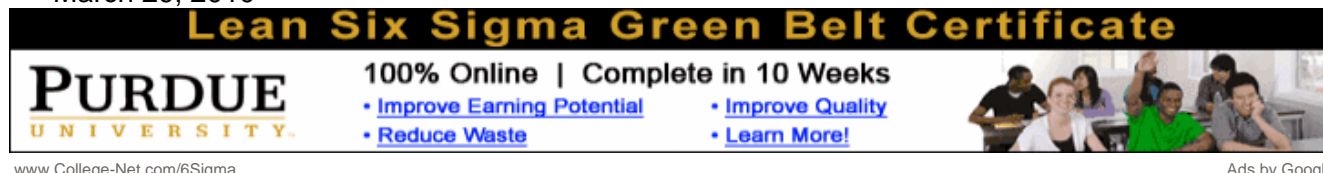


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President and Chief Executive Officer of the New York State Health Foundation

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Health Reform Passed! What's Next for New York?

President Obama signed health care reform into law on Tuesday. What happens now?

The ultimate success of the legislation will depend on its implementation at the State level. There are some big-picture issues that loom large: How will New York State set up the Insurance Exchange and administer subsidies for individuals and small businesses? How does the State prepare for large growth in Medicaid enrollment? How do we take advantage of new benefits for long-term care?

Now that reform has passed, the responsibility is on all of us active in the New York system to implement it well for our State. We will need to do so while we continue to operate with constrained State finances.

How do we make reform work for New York? I asked some of the State's thought leaders in health care to provide their perspectives about the path forward. You will find comments below from: Alan Aviles, Deborah Bachrach, Courtney Burke, Neil Calman, Arthur Gianelli, Paloma Hernandez, Anthony Kovner, Thomas Rosenthal, John Rugge, Mark Scherzer, David Skorton, William Streck, and Bruce Vladeck.

Alan Aviles, President and CEO, NYC Health and Hospitals Corporation

Expanded coverage and insurance reform will undoubtedly make our health care system more equitable, and that is cause for celebration. But the final health care reform legislation will divert significant amounts of federal disproportionate share hospital (DSH) funding away from states to help underwrite the cost of coverage expansion.

DSH funding supports the safety net mission of HHC and other public hospitals across the nation. Especially in diverse urban communities like New York City, where large numbers of undocumented immigrants and other factors make it likely that a substantial residual uninsured

population will remain post-reform, we must ensure that sufficient funding (federal, state and city) remains in place to keep the safety net viable.

And as much as those New Yorkers who may remain uninsured, we all have a stake in the continued stability of a public health care system that runs six of our city's trauma centers, two of its highly specialized regional perinatal centers, and one burn center, and that delivers nearly 25% of our city's babies, provides 40% of all hospital-based psychiatric care, and renders 5 million outpatient visits annually.

Deborah Bachrach, Visiting Fellow, NYSHealth

With the enactment of comprehensive national health reform this week, Medicaid's transformation from welfare program to health insurer is complete. Today, over four million New Yorkers rely on Medicaid, making it the State's largest insurer. Under reform, that number could grow to over five million.

Even for a state like New York where significant reforms have already been enacted, the implementation challenges are daunting and the stakes large. Medicaid must harness its increased market power and drive changes in how public and private payers alike pay for care. Over the past three years, New York has taken important steps to redesign Medicaid payment policies. The federal legislation provides opportunities to go further by supporting medical homes, bundled payments, integration of Medicaid and Medicare financing for dual eligibles and other payment innovations designed to reward results, not volume.

To build an effective payment system - one that improves quality and controls costs - Medicaid must work with all its partners: with other payers to harmonize payment policies; with providers to restructure their operations; and with consumers to change the way they engage the health care system. With fiscal pressures mounting, it will not be easy, but I am confident that New York State working with its private sector partners is up to challenge. Failure is not an option.

Courtney Burke, Rockefeller Institute

Enactment of national reforms in areas such as Temporary Assistance for Needy Families, the Workforce Investment Act, and now health care, rely heavily on states for effective implementation. In New York State implementation of the new federal health-care legislation will require major choices about who does what, and even the goals of key public programs. Specific examples of the necessary ingredients in effective implementation at the State level include these:

1. Clear delineation of regulatory and program responsibilities: This may include, for example, whether an insurance exchange is operated or overseen by the Department of Health, a private entity under state contract, or the Department of Insurance. It may also require the development of new memoranda of understanding about the exchange of data on insurance program enrollees between state agencies or government contractors.

2. Systematic re-examination of the goals of existing programs such as Healthy NY or Family Health Plus: These programs will have to change as a result of health reform, yet each has important and different constituencies and outcomes.

3. Working closely with local entities: County governments and regional health planning groups will be the first to learn of problems or successes with implementation. Their feedback and input should be sought throughout the implementation process.

Through all of this, there must be strong and consistent communication among various stakeholders, such as small businesses, health providers, state officials, self-insured entities, county governments, and others. Also required is strong communication among different state

agencies with jurisdiction over public and private health care, such as the Office of Temporary and Disability Assistance, Department of Health, and Department of Insurance.

Neil Calman, M.D., President and CEO, Institute for Family Health

I am thrilled with the passage of health reform legislation. Covering tens of millions of previously uninsured Americans with health insurance will move them the first step toward access to good medical care.

There is much work to be done now by those of us in the health care sector to improve the delivery system. Much of what we need to do will require additional legislation, either at the State or Federal level. Incentives have proven inadequate to supply the country with the types of doctors it needs, in the places where they are needed.

The public funds physician education through billions in overhead paid to medical schools through their Federal research grants and through billions more paid to hospitals for graduate medical education. If we pay for the education, schools need to be held accountable for who they accept and how they train them, and hospitals for the types of programs they are paid to operate in different geographic areas. A mandatory service requirement should be put in place for all graduating physicians for service in an underserved area or to an underserved population.

In addition, we need to find a new way to focus on the cost and overuse of health care, lest we drive tens of millions more into a system that often does not serve them well. Patients must be taught and encouraged to do more to manage their health care risks and their chronic illnesses to make sure they get all the preventive care they need and to question the need for costly care they do not. The ball is now in our hands - those of us who lead health care organizations - to help bring health reform to its full potential.

Arthur Gianelli, President and CEO, The NuHealth System

On Tuesday, the President signed into law the Patient Protection and Affordable Health Care Act. How can New Yorkers best position themselves to thrive in the wake of the passage of health reform? As the President and CEO of a public health care system, I have three recommendations.

First, the State must work with safety net hospitals to address the impact of reductions in disproportionate share payments that were required to pay for expanding coverage to the uninsured. There will be large swings in the distribution of resources among these hospitals, so transitioning through the introduction of the insurance exchange and the initial cuts to these payments will be critical to protecting our health care delivery system.

Second, as the ranks of the insured grow, so too will the demand for care. The State must work with the provider community to ensure that there are sufficient primary care physicians to handle the influx of new patients. Encouraging people to obtain such care is an important goal of health reform, but our delivery system must be able to offer this care responsibly, efficiently, and in a timely fashion.

Third, the State must introduce delivery system reforms to the Medicaid program. Such reforms, including bundled payments, Accountable Care Organizations and Collaborative Care Networks, are keys to improving outcomes and reducing costs. With the passage of health reform, income levels should no longer determine the quality of coverage in this State. Medicaid simply must be on par with all other payers.

Paloma Hernandez, President and CEO, Urban Health Plan, Inc.

The passage of federal health care reform is truly historic. Community health centers have once again been recognized as an effective model for providing cost effective, affordable, and high

quality care. While we will have the opportunity to open new sites and expand our current service capacity, it is critically important to note that many health centers are servicing a growing number of uninsured patients. As such, many operate on very slim margins. Being recognized for our work is well deserved and well appreciated, but we need to ensure that City, State, and private dollars are available to support our current operations so that we can continue to expand and meet the existing needs of our communities.

Anthony Kovner, Ph.D., Professor, NYU/Wagner

Priority should be given to containing increases in costs of the Medicaid program, which will grow in numbers of eligibles under health reform. There are three components to this: (1) increase accountability and transparency of those who manage and regulate health plans, (2) contain reimbursement to managed care plans, and (3) reduce benefits so that these approach those of the median of other states. Managed care plans should set measureable objectives reviewed quarterly by regulators and be held accountable for performance both with respect to quality and cost. Financial incentives should actually be expanded to reward effective performance. Regulators should focus on performance rather than process, and a fund should be established for demonstration programs and for evaluation of demonstrations.

Thomas Rosenthal, M.D., Chair, Department of Family Medicine, SUNY Buffalo

Passage of the health care reform bill is the beginning of a process of change that promises to raise the quality and accessibility of America's health care to the level of the rest of the developed world takes for granted. We can begin to invest in research that not only finds new treatments but helps us know when they are most effective. As a family doctor, I will know that my patient can get proven effective treatments because the ability to pay will be removed as a barrier. As an educator, I will have more success recruiting medical students into primary care because primary care is central to providing all Americans with the right care, at the right time and in the right place. The next year will be the most exciting of my 30 years in practice.

John Rugge, M.D., Founder and CEO, Hudson Headwaters Health Network

Now, for the first time in my years of practice, we're positioned to address the issues that drive up the cost of care. Why? Because the reform bill includes important pilot programs that will enable innovation from the grass roots. Hudson Headwaters is engaged in one such program already, the Adirondack Region Medical Home Pilot - a five-year effort to show that more robust primary care will translate into better health and lower costs. Government support for this type of innovation is critical and not to be confused with government control. Thanks to reform efforts, the health care playing field will no longer tilt away from primary care, the most cost-effective and clinically successful setting for people to receive care.

Mark Scherzer, Legislative Counsel, New Yorkers For Accessible Health Coverage

Unlike most states where national reform will change the rules dramatically, New York has long guaranteed its residents the right to buy comprehensive coverage regardless of their health status. Our individual insurance market became a refuge for seriously ill or disabled people who could not work or were ineligible for employer group coverage. Unfortunately, high premiums caused many healthier consumers to drop coverage, with one-person businesses and freelancers using the political system to establish separate submarkets for themselves. The individual market has shrunk to under 40,000 people, a disproportionate number of them with high medical needs.

National reform will not, by itself, save our individual market. Requiring all individuals to buy coverage, so that premiums from the healthy fund care for the sick, will certainly help. But federal subsidies may encourage enrollment in new lower-value products created under the reform law. If sicker consumers remain isolated in the current policies that provide the more generous

benefits they need, the cross-subsidy from the healthy may not materialize. State government's future willingness and ability to use public funds for that cross-subsidy is also in doubt.

The solution? The premise of national reform is "everybody into the pool," the largest pool possible. New York should honor that premise by merging its anachronistic segmented markets into a single pool where sicker individuals buy the same products and share risks with healthier working people, be they sole proprietors, freelancers, or small group members. Federal law will permit the merger. Justice demands it.

David Skorton, M.D., President, Cornell University

Not only does the health care law expand Medicaid - the nation's signature safety net health program - to cover more of the lowest income and most vulnerable citizens, it does so in a way that addresses the current shortcomings of the program. By emphasizing prevention and wellness, the reforms aim to get people into the health care system before they get sick and need more costly treatment. And by paying doctors on par with Medicare for these services, the law aims to expand the pool of doctors who accept Medicaid patients. The law also recognizes the tremendous costs that an expanded Medicaid will have on States - particularly generous states like New York - and increases the federal share of coverage for new patients.

As an educator, I'm especially pleased to see that the new law provides incentives, like Public Health Service scholarships and loan repayment programs similar to our own Doctors Across New York program, to encourage new doctors to set up primary care practices in underserved areas.

William F. Streck, M.D., President and CEO, Bassett Healthcare

The health reform bill, freed from its opponents' caricature by congressional approval, proves to be a complex, interlocking and reasonable approach to health reform. The questions for New York are not philosophical ones; the need for reform is well recognized. The financial consequences of the bill are the dominant issues in this State. The hospital reimbursement reductions are quite significant; the timing of new insurance payment mechanisms is uncertain. These practicalities will dominate our work and the search for solutions will redefine our health care system.

Bruce C. Vladeck, Ph.D., Nexera Inc.

While less comprehensive and more convoluted than some of us wished, the Health Reform legislation signed by President Obama will finally bring the United States into full membership in the ranks of civilized nations. The scandal of millions of uninsured Americans, and millions more woefully underinsured, will soon be history. Tens of thousands of lives will be saved as a result, and countless others significantly improved.

With provisions in the Reconciliation Bill expected to pass this week, New York State will also benefit, being rewarded at last for its pioneering role in expanding Medicaid coverage to single adults.

But it's harder to be confident that, when uninsured New Yorkers obtain coverage by 2014, they will have access to the kind of health care system they need and deserve. The long-overdue and desperately needed recapitalization and rationalization of our health care system is nowhere in sight.

The Berger Commission and simple market forces have been reasonably effective at eliminating excess capacity, but as both the current crisis at St. Vincent's Hospital and the worsening financial condition of other storied hospitals in New York reveal, we need a plan that

effectively reinvests in health care institutions and community-based providers. We also need strong civic and governmental leadership to get the job done.

In a time of fiscal crisis, it's hard to get anyone to focus on reinvestment. But if the promise of Health Reform is to be realized in New York, we'd better get right to work.