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Late-breaking news for
California's health leaders

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California Healthcare Association • Healthcare Association of Southern California

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Budget Subcommittees Vote on Medi-Cal Issues

Senate and Assembly budget subcommittees on health voted April 16 on a few of the Medi-Cal issues waiting to be addressed, including several CHA had requested for the subcommittee agendas.

The subcommittees voted for the elimination of the \$29.7 million disproportionate-share hospital administrative fee, and for a \$2 million supplemental outpatient rate increase for small and rural hospitals. The affirmative votes send these measures to the respective subcommittee's suspense file, a sign that the subcommittees would like to fund these proposals. However, final decisions will not be made until after the May budget revise is released.

In addition, the Senate Budget Subcommittee on Health approved, as bud-

geted, the governor's proposal regarding the hospital outpatient services settlement.

The Senate Budget Subcommittee also discussed the transitional inpatient care (TC) program and directed the Department of Health Services to report back to the budget subcommittee regarding options. The governor's proposed budget would make this program permanent. However the subcommittee is requesting more information from DHS and will probably, at a minimum, extend the program for one more year, so this issue will be reviewed again next year.

Similar action has been taken by the Assembly Budget Subcommittee on Health regarding the TC program. **Contact:** Barbara Glaser, (916) 552-7559, bglaser@calhealth.org.

Federal UPDATE

MedPAC Recommends Increased Payments for Rural Hospitals; Rejects AHA's Proposal for Further Relief

The Medicare Payment Advisory Commission (MedPAC) recommended changes in Medicare policy April 12. The changes would increase program reimbursement to rural hospitals by more than \$200 million annually, and could transfer as much as \$2 billion over five years from urban facilities to rural ones.

In making its recommendations, MedPAC rejected two proposals by the American Hospital Association to increase funding for rural hospitals. The

rejection led the association to question whether MedPAC has done enough to help these facilities, many of which are struggling financially.

The recommendations will be included in a June report to Congress on the state of the rural health care system, and lawmakers are expected to use them as guidelines to craft solutions for rural Medicare providers. **Contact:** Sharon Avery, (916) 552-7579, savery@calhealth.org.

2001 Membership Directory Released

The *2001 Membership Directory*, containing the most comprehensive listing of California hospitals, health systems, physician organizations and their executive management staffs, is now available.

Complimentary copies of the directory are being sent to member hospital CEOs and media spokespeople, key health care system executives, physician organization executives, and affiliate and associate members.

More than 7,500 top management staff members are listed with their titles, addresses and telephone numbers. The *2001 Membership Directory* also includes important data such as number of beds, ownership and license category for each member facility.

The directory is a collaborative effort of CHA, the Hospital Council of Northern and Central California, Healthcare Asso-

ciation of Southern California, Healthcare Association of San Diego and Imperial Counties, and California Association of Physician Organizations. Advertisers that support members helped fund the printing of this comprehensive resource.

The *2001 Membership Directory* is \$45 for members and \$175 for nonmembers. To order, call (800) 494-2001 or go to www.calhealth.org and click on Resources, then Other Publications. **Contact:** Sandi Russi, (916) 552-7522, srussi@calhealth.org; Patricia Wall, (213) 538-0715, pwall@hasc.org.

Make Your Summer Summit Room Reservations Today

Plan to attend the Hospital Council of Northern and Central California's *2001 Summer Health Care Summit*, Aug. 15-17 at The Resort at Squaw Creek.

Situated in the heart of Squaw Valley,

The Resort at Squaw Creek is a four-diamond luxury resort with 403 guestrooms that offer breathtaking views ranging from forest to meadow terrain, all against a backdrop of beautiful mountain peaks.

Visitors can indulge in rugged mountain sports or leisurely appreciate the area's spectacular scenery. The resort offers a wide range of activities, most within walking distance. Play the Robert Trent Jones Jr. Championship golf course, bike on paved or dirt trails, hit the tennis courts, or simply relax in one of the pools or Jacuzzis.

Call The Resort at Squaw Creek now at (800) 327-3353 to reserve a room. Refer to the Hospital Council to receive a special guest rate of \$232 per night.

For more information or to register for the *2001 Summer Health Care Summit*, contact the CHA Education Department at (916) 552-7637 or rmorrow@calhealth.org. **Contact:** John Allard II, (916) 552-7534, jallard@hcncc.com.

CHPAC UPDATE

CHPAC Welcomes New Presidents' Club Members

The California Healthcare Association Political Action Committee (CHPAC) Presidents' Club is for health care leaders who want to engage in political action at a higher level through a contribution of \$750 or more.

Presidents' Club members participate in quarterly "for-members-only" events. They also receive a specially designed 2001 Presidents' Club lapel pin, invitations to legislative briefings and receptions, recognition throughout the year at events and in publications, and are offered CHPAC-purchased tickets to fund-raisers for federal, state and local representatives.

In addition, Presidents' Club members who make their contributions to CHPAC-FED are enrolled in the American Hospital Association (AHA) Chairman's Circle, which entitles them to additional benefits offered by AHAPAC.

CHPAC recognizes the following individuals who have recently joined the 2001 CHPAC Presidents' Club, bringing the current membership to 111:

- J. Kendall Anderson, Mt. Diablo Medical Center
- John Boyle, Catholic Healthcare West, Southern California
- Peter Bryan, Kern Medical Center
- Jim Bullough-Latsch, Axiom Internet Commerce

- Richard Cordova, Kaiser Foundation Hospitals-Los Angeles
- Daniel Doore, Community Hospital of Los Gatos
- J. Michael Gallagher, Saint Agnes Medical Center
- Celeste Gurulé, California Fringe Benefit
- Janice L. Head, Kaiser Permanente HealthPlan/Hospitals
- Richard Jacobs, Cedars-Sinai Medical Center
- Cyndi Kettman, Sutter Health
- George Kuykendall, San Antonio Community Hospital
- Mark Laret, UCSF Medical Center
- John Lauri, Valley Healthcare Management Service, LLC
- Dennis Lee, Methodist Hospital of Southern California
- Raymond Marks, Seneca Healthcare District
- Frederick Meyer, The Camden Group
- Mike Murphy, Sharp Cabrillo Hospital
- Frank Puglisi, Contra Costa Regional Medical Center
- Stephen Ralph, Huntington Memorial Hospital
- Tim Smith, Fountain Valley Regional Hospital & Medical Center
- Anthony Wagner, Community Health Network of San Francisco
- Scott Wing, Ratcliff Architects
- Thomas Zenty III, Cedars-Sinai Medical Center

For more information on joining the 2001 Presidents' Club, call the CHPAC office. **Contact:** Sonya Knecht, (916) 552-7533, sknecht@calhealth.org.



L.A. Healthcare Committee Sets Safety Net Objectives

Funding, nursing shortage and cost of seismic requirements top the list of concerns.

The Los Angeles Healthcare Committee (LAHC) met with outgoing Los Angeles County Department of Health Services (DHS) Director Mark Finucane to discuss the safety net challenge of public and private hospitals. Los Angeles is arguably the largest safety net community in the country and all of its hospitals are impacted by this reality.

Los Angeles County has the largest number of families living in poverty in the nation as well as the largest number of uninsured in the nation. The safety net

numbers run in excess of 4 million individuals, including Medi-Cal and the 2.5 million uninsured.

Los Angeles County's healthcare system, with its hospitals and ambulatory programs, faces serious underfunding over the next four years. Plans are in process for health service reductions, facility consolidations and program outsourcing. It is projected that DHS will be \$800 million in the red by 2005.

At some level, every hospital in Los Angeles is a LAC-DHS partner in meeting the health care needs of the almost 4 million safety net residents. As the county works out its financial problems, everyone's role is going to change.

Following the discussion, LAHC, chaired by Arnie Schaffer, CEO, Glendale Memorial, approved several policy and program objectives for HASC's Los Angeles Regional Office, including:

- HASC-LA is to provide leadership on a collaborative blue-ribbon level analysis of the healthcare safety net needs and the factors complicating the development of an effective safety net services system. Among the complicating factors are funding, the nursing shortage, cost of seismic requirements and governance processes. A series of alternatives are to be drafted for action.

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So. Cal. Overall Annual Turnover Rate Slightly Up in 2000

Registered Nurses Up 21.8%

The Southern California edition of the 2000 Turnover and Vacancy Trend Report, sponsored by the California Healthcare Association, reported an annual turnover rate of 23.4 percent for all positions, up slightly from the previous year's rate of 22.6 percent. The annual turnover rate for registered nurses is 21.8 percent.

The annual accession rate (the rate at which employees join or rejoin an organization), collected for the first time in 2000, showed a rate of 25.9 percent for all positions and 26.8 percent for registered nurses.

The annual vacancy rate reported is 9.2 percent for all positions and 12.8 percent for registered nurses (see charts below).

The Turnover and Vacancy Trend Report is a statewide quarterly report that provides members with insight on turnover and vacancy trends in the California healthcare industry.

The report contains data from more than 70 member facilities.

Contact: Terri Merkson
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Southern California: All Positions

	Turnover Rate	Accession Rate	Vacancy Rate
1st Qtr.	6.4%	6.7%	
2nd Qtr.	5.4%	7.0%	8.8%
3rd Qtr.	5.9%	6.6%	9.5%
4th Qtr.	5.7%	5.7%	9.2%
Totals	23.4%	25.9%	
* Average			9.2%

Southern California: Registered Nurses

	Turnover Rate	Accession Rate	Vacancy Rate
1st Qtr.	6.7%	10.2%	10.6%
2nd Qtr.	3.9%	5.2%	12.9%
3rd Qtr.	4.8%	6.0%	14.9%
4th Qtr.	6.5%	4.6%	12.9%
Totals	21.8%	26.0%	
Average			12.8%

* Average is based on 2nd through 4th qtr. averages and an average estimate of 1st qtr.

WIIP Savings, Gains Estimated at \$31.4 Million for FY 2001-2002

HASC's Wage Index Improvement Program (WIIP) is projecting a total of \$31.4 million in savings and gains over the original filings of the new wage index (WI) data submitted for FY 1998-1999. Projections for the wage index for FY 2001-2002 reflect all of the revisions that were made as member hospitals and the R-C management staff worked together to see that the fiscal intermediary accepted the requested changes.

The final WI depends upon the final national Average Hourly Wage (AHW).

The estimated improvements per metropolitan statistical area (MSA) for FY 2001-2002 are:

MSA	Change	Impact
L.A.-Long Beach	2.2%	\$30.1 million
Orange County	.14%	\$300, 000
Riverside, San Bernardino	.33%	\$1 million

When the Health Care Financing Administration (HCFA) releases the next public use data file in May, HASC will see how other providers' and intermediaries' accepted changes influenced the

AHW, subsequently HASC members' wage index.

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LAHC

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- Continuation of a flexible paramedic-ambulance diversion program, including responsible processes to direct patients to facilities that can meet emergency and specialized clinical needs of severely ill and injured patients in a timely manner.
- Related to this objective is the appropriate transfer of patients to other facilities, including county medical centers, when in the best interest of the patient and consistent with state and federal guidelines.
- Continue to support Los Angeles County+USC Medical Center replacement.

Medi-Cal rates and payment practices contribute strongly to medical services access problems in Los Angeles County. Provider rates paid by Medi-Cal HMOs are inadequate and payment practices revolve around denying, delaying and down-coding legitimate claims.

The following Medi-Cal rates and payment practices objectives were set during the meeting:

- L.A. Care and HealthNet are to adopt formal provider compensation standards mandating adequate and equitable distribution of premium dollars to patient services as well as establish sanctions for failure to meet standards.
- Provider rates paid by the Medi-Cal program in Los Angeles must be adequate to attract providers at all levels needed for care, including emergency department specialists. Continue aggressive advocacy at state and local health plan levels.
- Focus on advocacy efforts to ensure that provider rates are increased as state funding is increased.

A number of other objectives also were approved.

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News Briefs

News Briefs is published weekly by the California Healthcare Association and HASC, and is distributed by HASC, 515 South Figueroa Street, Suite 1300, Los Angeles 90071-3322.

Area Meetings

2001 Second Round of Area Meetings

If you are unable to join the executive forum scheduled for your area, feel free to attend the session that is most convenient for you.

ORANGE COUNTY

Tuesday, May 22, 8 - 10 a.m.
Chapman Medical Center
Board Room

Contact: Laura Scotti, (714) 667-7155

COAST/HARBOR AREA

Thursday, May 24, 8 - 10 a.m.
Little Company of Mary Hospital
Center for Health Education

Contact: Margaret O'Donnell, (213) 538-0721

SAN GABRIEL AREA

Tuesday, June 12, 8 - 10 a.m.
St. Luke Medical Center
Board Room

Contact: Margaret O'Donnell, (213) 538-0721

SANTA BARBARA

Wednesday, June 13, 9 - 11 a.m.
Santa Barbara Cottage Hospital
Administrative Conference Room

Contact: Sara Alviani, (805) 650-1243

VENTURA

Wednesday, June 13, 1:30 - 3:30 p.m.
HASC Ventura Office
Contact: Sara Alviani, (805) 650-1243

LA CENTRAL/NORTHWEST AREA

Wednesday, June 27, 8 - 10 a.m.
Glendale Memorial Hospital & Health Center
Board Room

Contact: Margaret O'Donnell, (213) 538-0721

Health Advocacy Update

CHA is actively advocating its positions on the following health care-related bills. For a complete list of tracked bills, visit CHA Interactive at www.calhealth.org and click on State Advocacy.

Bill No.	Author	Summary/Title	Location/Action	CHA Position	Staff Contact
AB 87	Jackson (D-Santa Barbara)	Would provide community college nurse training programs.	Passed Assembly Committee on Higher Education April 17.	Support	Dorel Harms/ Connie Delgado Alvarez
AB 334	Steinberg (D-Sacramento)	Would provide for additional state funding for the expansion of the community-based mental health services funded by AB 34 (1999) and AB 2034 (2000).	Passed Assembly Health Committee April 17.	Support	Patricia Ryan
AB 832	Corbett (D-San Leandro)	Would enact technical amendments to the hospital seismic-safety mandate.	To be heard in Assembly Health Committee April 24.	CHA-Sponsored	Roger Richter/ Matt Moretti
AB 1421	Thomson (D-Davis)	Would create an assisted outpatient treatment program under the Lanterman-Petris-Short Act for certain adults suffering from psychotic disorders or other mental illness that puts them at high risk of involuntary hospitalization or incarceration.	Passed Assembly Health Committee April 17.	Watch	Patricia Ryan
SB 15	Figueroa (D-Fremont)	Would permit only an arbitrator or a presiding officer to agree to a hearing continuance during a peer-review hearing.	Now a two-year bill.	Oppose	Dorel Harms/ Connie Delgado Alvarez
SB 16	Figueroa (D-Fremont)	Would require that an 805 report be filed if a physician withdraws or abandons an initial or renewal application for staff privileges after notice of an impending investigation or denial of the application for a medical disciplinary cause or reason; would increase the fine to not more than \$50,000 for failure to file a report and up to \$100,000 if the failure is intentional; would state that the failure of a licensed healing arts practitioner to file a required report constitutes unprofessional conduct.	To be heard in Senate Business and Professions Committee April 23	Oppose	Dorel Harms/ Connie Delgado Alvarez
SB 149	Figueroa (D-Fremont)	Would hold a health facility, service plan or professional society that fails to file an 805 report liable for all injuries and damages caused to a patient by a physician who should have been the subject of such a report; applies only if the injuries were caused by conduct substantially similar to conduct that should have been the subject of the report.	To be heard in Senate Judiciary Committee April 24	Oppose	Dorel Harms/ Connie Delgado Alvarez
SB 150	Figueroa (D-Fremont)	Would create additional, major exceptions to the immunities relating to discovery of documents and testimony of a peer-review body.	Now a two-year bill.	Oppose	Dorel Harms/ Connie Delgado Alvarez
SB 254	Dunn (D-Santa Ana)	Would appropriate \$100 million to the existing Maddy Emergency Medical Services Fund for physicians caring for uninsured patients, and \$200 million to support designated hospitals.	To be heard in Senate Appropriations April 23.	Support, If Amended	Dorel Harms/ Connie Delgado Alvarez
SB 443	Perata (D-Alameda)	Would expand coverage of substance-abuse services under the Medi-Cal program.	Passed the Senate Health and Human Services Committee April 18.	Support	Patricia Ryan
SB 599	Chesbro (D-Arcata)	Would require all California insurers and health plans to provide coverage for the treatment of alcohol and drug addiction disorders.	Passed the Senate Insurance Committee April 18.	Support	Patricia Ryan
SB 842	Speier (D-Hillsborough)	Would amend existing law to allow a five-year extension, from 2008 to 2013, to comply with seismic-compliance mandates for all buildings of a general acute-care hospital, when at least one building provides, as the primary source, one or more of the hospital's eight basic services as specified in subdivision (a) of Section 1250, and the same building is at potential risk of collapse or significant loss of life.	To be heard in Senate Health and Human Services Committee April 25.	Neutral	Roger Richter/ Matt Moretti
SB 928	Dunn (D-Santa Ana)	States the intent of the Legislature to provide financial assistance to hospitals for a portion of the costs hospitals incur in meeting the requirements of the hospital seismic-safety mandate.	Sent to Senate Rules Committee.	CHA-Sponsored	Roger Richter/ Matt Moretti
SB 1027	Romero (D-Los Angeles)	Would significantly restrict the ability of hospitals to require nurses to work overtime.	To be heard in Senate Labor and Industrial Relations April 25	Oppose	Art Sponseller/ Matt Moretti

Education Calendar

APR.	27	Patient Safety & Medical Error Reduction Standards	Downey	(213) 538-0715
	29-May 1	California Congressional Action Program	Washington, D.C.	(916) 552-7659
MAY	2	Rx for the New Volunteer Director Workshop	Berkeley	(916) 552-7544
JUN.	1-3	HASC 78th Annual Leadership Summit	La Quinta	(213) 538-0715
	22	EMTALA Seminar	Sacramento	(916) 552-7637
	29	EMTALA Seminar	Pasadena	(916) 552-7637
AUG.	15-17	Hospital Council Summer Health Care Summit	Squaw Creek	(916) 552-7637
	29-31	CAHHS Gift Show & Symposium	Las Vegas	(916) 552-7544
OCT.	18	HASD&IC Annual Meeting	San Diego	(619) 685-6456
	29	Joint Commission Standards for Volunteer Departments	Pasadena	(916) 552-7544
	30	CAHHS Annual Thrift Shop Workshop	Pasadena	(916) 552-7544
NOV.	8-9	Hospital Services for Continuing Care Annual Meeting	Anaheim	(916) 552-7637
	14	Minors and Health Care Law	So. California	(916) 552-7637
	15	Minors and Health Care Law	So. California	(916) 552-7637
	29	Minors and Health Care Law	No. California	(916) 552-7637

Education services provided by the California Healthcare Association, Hospital Council of Northern and Central California, Healthcare Association of Southern California, and Healthcare Association of San Diego and Imperial Counties.

