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CRAIN'S HEALTH pulse

A daily newsletter on the business of health care

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TODAY'S NEWS

MEDICAID SAVINGS

New York counties saved more than \$200 million from an imposed cap on Medicaid costs during the first full year of the implementation, the state Department of Health announced yesterday. The cap will provide New York City with savings of about \$92.7 million, or 2%, on its \$4.4 billion Medicaid bill. DOH's analysis showed that 53 of 57 counties outside New York City had aggregate savings of 5%. The savings are for the fiscal year that ended March 31.

HEAL PRIORITIES

The state's first priority in deciding which facilities received HEAL IV grants appears to have been retiring DASNY debt owed by hospitals, according to two Berger commission sources. The grant requests for implementing the commission's recommendations for the state's health care system totaled \$2.5 billion for only \$550 million in available funding, so it was clear not everyone would get money. The Healthcare Association of New York State believes the size of the awards announced last week may not increase in the next round.

PULSE EXTRA: This week's issue is the last in a series listing the highest-paid executives at area pharmaceutical and biotech firms. To read *Pulse Extra*, scroll down to Page 2.

Health centers underpaid by insurers

While Medicaid and Medicare pay community health centers somewhat close to the actual cost of care, commercial insurers pay far less than patient treatment costs, says a new study by Manatt Health Solutions.

The report, supported by the Community Health Care Association of New York State and the RCHN Community Health Foundation, recommends the inclusion of community health centers in commercial insurance provider networks and compensation that covers federally mandated health services.

New York's Federally Qualified Health Centers, known as FQHCs or community health centers, receive reimbursement rates from private insurers that are significantly lower than public payers' rates.

Commercial payment rates per visit

average \$38 less than Medicaid fee-for-service rates and \$17 less than Medicare rates, says the study. Reimbursement from commercial insurers is lower than the cost of delivering care.

Without co-insurance or co-payments, community health centers lose an average of \$41 on each medical visit they provide to a commercially insured patient.

Together, six of New York state's CHC networks with a high percentage of commercially insured patients lost more than \$5.8 million dollars in 2006. Statewide, 500,000 visits a year to community health centers are by commercially insured patients, a volume that makes under-reimbursement a serious issue for the centers. The study is online at <http://chcanys.org>.

NHCC HEAL GRANT

The breakdown for Nassau Health Care Corp.'s \$37 million HEAL NY IV grant is \$23 million for Nassau University Medical Center—\$20 million for debt payment—and \$14 million for the A. Holly Patterson Extended Care Facility for debt relief. The HEAL grants will save the corporation \$1.4 million in annual interest payments. The final \$3 million is slated to cover the cost of pouring a concrete foundation for three

empty-shell floors at NUMC.

AT A GLANCE

BIOTECH CONFERENCE: The New York Biotech Association is holding a free conference on New York's bioscience community on Oct. 10 at the NYU Medical Center's Pfizer Foundation Hall. For information, visit www.nybizbio.org.

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