

## Paterson to talk health

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Wednesday, January 7, 2009 9:11 AM EST

Gov. David Paterson will deliver his first State of the State address this afternoon from Albany.

One item in his speech will likely reference how he wants to use the Adirondack Park to demonstrate a new model for health care.

The governor's 2009-10 state budget proposal includes \$9.5 million in funding for a "multi-stakeholder pilot project" that would emphasize preventative care and cooperation between health care providers and insurance companies, said Dr. John Rugge, chief executive officer of Hudson Headwaters Health Network.



Providers in the region would receive increased reimbursement in exchange for taking on added responsibility for coordinating care, providing preventative care and managing chronic conditions.

The expectation is that the program will demonstrate that medical costs are lower over time with an increased emphasis on preventative care, Rugge said.

"Every heart attack or stroke that people don't have represents a huge savings both in suffering and dollars," he said.

The proposal is part of Paterson's strategy to reduce overall health care costs by placing more emphasis on preventative care.

His plan has drawn criticism from hospital and nursing home trade groups, who say proposed Medicaid funding cuts go too deep.

Statewide, hospitals stand to lose about \$715 million from direct Medicaid cuts and another approximately \$321 million from changes in the payment methodology, for a total of more than \$1 billion in reduced revenues, under Paterson's proposal, according to the Health Care Association of New York State, a hospital trade organization.

But Paterson's plan would direct more money to health centers and outpatient programs.

The changes in payment methodology are intended to place more emphasis on preventative care and shift treatment for minor conditions from hospital emergency rooms to less costly doctor's offices.

Local hospitals fare better than some of their counterparts around the state under Paterson's proposal.

That's because local hospitals already have established health centers and outpatient programs that some urban hospitals may not have, said David Kruczlnicki, president and chief executive officer of Glens Falls Hospital.

Glens Falls Hospital faces a net loss of nearly \$1.3 million in Medicaid funding annually, under Paterson's proposal, according to HANYS estimates.

This includes approximately \$2.4 million in direct cuts which would be partially offset by about \$1.1 million in new payments, based on the changed methodology.

Saratoga Hospital would receive a slight increase of about \$46,000 annually, based on HANYS estimates.

About \$1.2 million in cuts would be offset by a slightly higher amount of new payments.

Hospitals in Glens Falls and Saratoga Springs would not be included in the proposed Adirondack Park demonstration project.

With a finite amount of funding, it was determined the project would be limited to health care organizations that have facilities actually located inside the park, Ruge said.

Proposed participants are as follows: Hudson Headwaters Health Network, which operates health centers in Warren, Saratoga, Essex and Hamilton counties; Adirondack Medical Center and Trudeau Health Systems in Saranac Lake; Champlain Valley Physicians Hospital and affiliated doctors in the Plattsburgh area; Elizabethtown Community Hospital; Interlakes Health in Ticonderoga and Smith House Health Care Center in Willsboro.

"We've had a number of meetings and an agreement in principal to work together," Ruge said.

Several health insurance plans also would participate.

The demonstration project would need approval of the state Legislature on two aspects.

The Legislature would have to approve a law that makes the state Department of Health a "convener and leader" of the demonstration project.

This makes it possible for participating health insurance companies to collaborate without violating anti-trust laws, Ruge said.

The Legislature must approve the \$9.5 million in annual funding, which would be paid through supplemental Medicaid payments to participating providers.

Providers would use some of the money to hire additional nurses, and possibly to establish shared computerized medical records systems, Ruge said.

Health care providers would take over some of the duties of coordinating care now handled by health maintenance organizations, he said.

It is expected that the Medical Society of the State of New York and participating health insurance companies also would contribute to the demonstration project, Ruge said.

U.S. Sen. Charles Schumer, D-N.Y., and U.S. Reps. Kirsten Gillibrand, D-Greenport, and John McHugh, R-Watertown, are pushing for the federal government to designate the same group of Adirondack providers for a demonstration project under the Medicare program, which would bring more funding, Ruge said.

*This article was corrected: The attribution in the second paragraph has been corrected.*

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