

Commission on Health Care Facilities in the 21st Century

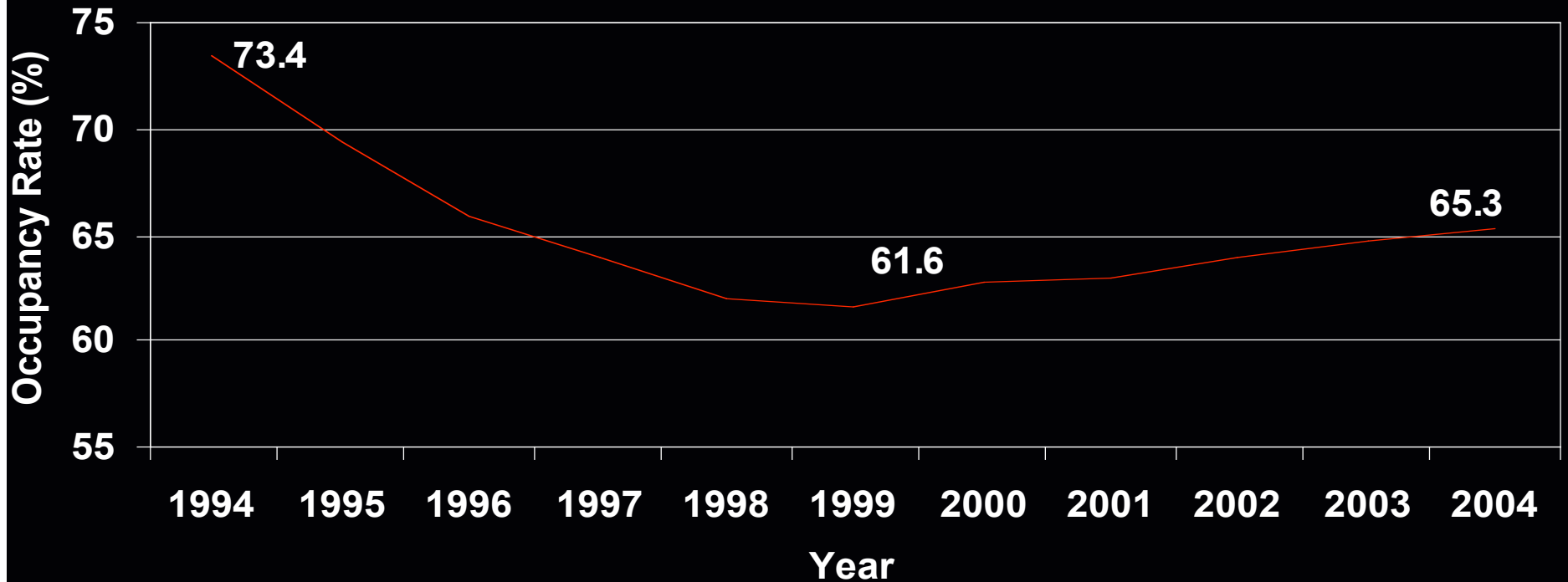


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Overview of the Commission

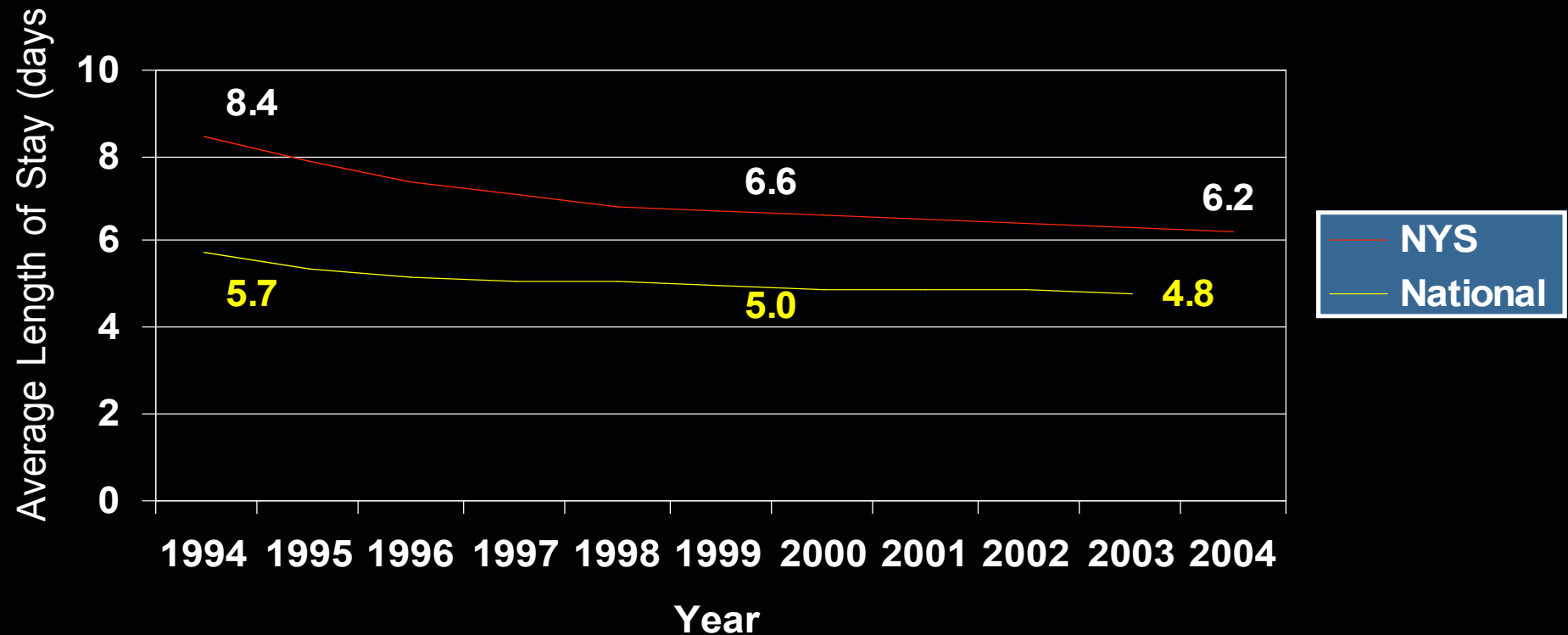
- Broad based, non-partisan panel
- Established by Governor and Legislature
- Mandated to examine capacity issues for hospital and nursing home sectors
- Mandated to make facility specific recommendations
- 126 appointees

NYS Hospital Occupancy Rates



Source: SPARCS

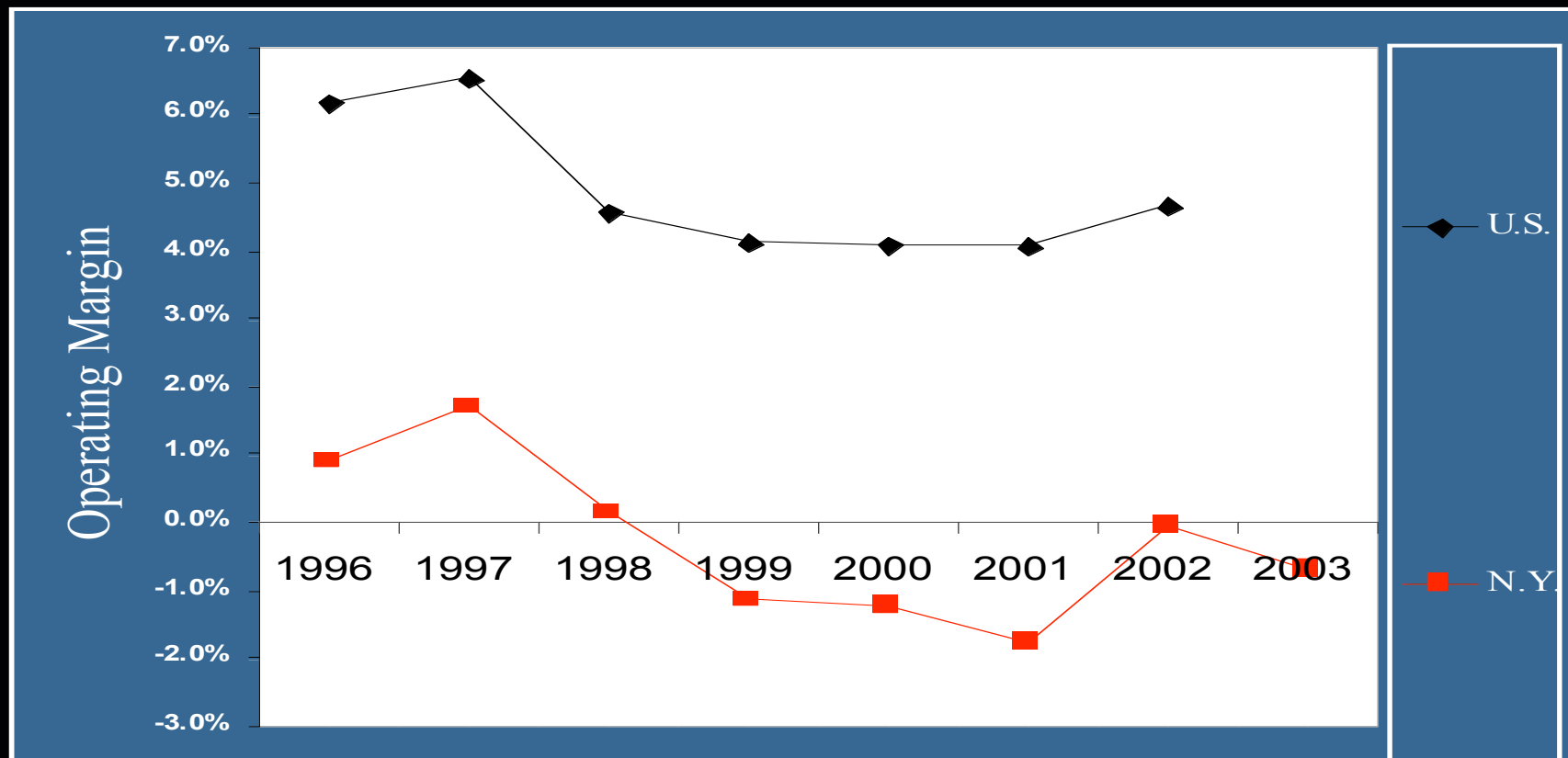
NYS Hospital Length of Stay



Source: SPARCS and the National Center for Health Statistics (CDC)

Longstanding Financial Distress Undermines Hospital System

NY Hospitals Have Lost Money for Years



Source: GNYHA analysis of Medicare cost reports

Additional Pressures on Hospitals

- Out-migration of services from inpatient to outpatient care
- High debt levels and uneven access to capital
- Rising uninsured population
- Vigorous commercial rate negotiation between payers and institutional providers
- Rate paradigm
- Medical arms race
- Excess capacity

Hospitals are Closing

- Since 1994, due to market forces alone, 28 hospitals in NY have closed
- 3,694 certified beds have been eliminated
- If further hospital closures are necessary, Commission would ensure rational, orderly closings

The Framework:

6 Criteria, 40 Metrics

Vulnerable Populations	Availability of Services	Quality of Care	Utilization	Viability	Economic Impact
<ul style="list-style-type: none"> ■ % Uninsured Discharges ■ % Medicaid Discharges ■ % Medicare Discharges ■ ER payor mix ■ % Medicaid Admissions (nursing homes) ■ % High acuity ■ DSH Hospital ■ MUA ■ Race/ethnicity 	<ul style="list-style-type: none"> ■ Provision of Comprehensive Services ■ Provision of Essential Services/Sole Community Provider ■ Distance/ Commute Time to Other Providers ■ Rural provider 	<ul style="list-style-type: none"> ■ JCAHO accreditation ■ Special Designations ■ CMS Hospital Compare Data ■ CMS Nursing Home Compare Data 	<ul style="list-style-type: none"> ■ Inpatient Occupancy Rates ■ Volume of Outpatient Visits ■ Volume of ED Visits 	<ul style="list-style-type: none"> ■ Profitability ■ Days of Cash on Hand ■ Capital Debt ■ Bonding and Credit Enhancements ■ Linkages and Affiliations 	<ul style="list-style-type: none"> ■ FTEs/County Population ■ Local Unemployment Rate

Absorption and Access Analysis: AAA

- Model simulates closure
- Determines whether neighboring hospitals can absorb patients within travel limits
- Database of every discharge in state
- Patient cohorts – by DRG and zip code
- Coverage partners
- ADC and PDC
- Computes drive times
- Conservative model

Promoting Voluntary Solutions

- Local, voluntary solutions were encouraged
- Commission had state action immunity
- Extended antitrust protection to facilities
- Active supervision of voluntary talks
- Supported by DOH, AG, DOJ, FTC



Financial Resources for Change

■ HEAL-NY

- Healthcare Efficiency and Affordability Law for New Yorkers
- \$1 B in capital grant funding over 4 years
- Supports facility improvements, including reconfiguration and consolidation, and IT enhancements

■ F-SHRP

- Federal-State Health Reform Partnership
- Agreement with the Federal Government to reinvest \$1.5 B of savings back into NYS through the Medicaid Managed Care 1115 waiver

Facility Recommendations

- Hospitals
 - 57 affected facilities – ¼ of all in state
 - 9 closures
 - 48 restructurings: merger, conversion, downsizing
 - Reduces 4,200 hospital beds – 7% of supply
- Nursing Homes:
 - 14 restructurings
 - 7 closures
 - Reduces 2.5% of state's NH bed supply
 - Creates home and community based options

Ingredients for Success

- Agreement that crisis exists/Strange bedfellows
- Timing
 - Lame duck administration
 - Intense pace for the size of the task
- Clear mandate with significant powers
- Independent of existing agencies
- Financial resources to support change
- Carrot and Stick
- Inoculated, somewhat, to politics

Contact Information

Commission Web site:
www.nyhealthcarecommission.org