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 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

<table>
<thead>
<tr>
<th>Vulnerable Populations</th>
<th>Availability of Services</th>
<th>Quality of Care</th>
<th>Utilization</th>
<th>Viability</th>
<th>Economic Impact</th>
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<tbody>
<tr>
<td>% Uninsured Discharges</td>
<td>Provision of Comprehensive Services</td>
<td>JCAHO accreditation</td>
<td>Inpatient Occupancy Rates</td>
<td>Profitability</td>
<td>FTEs/County Population</td>
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<tr>
<td>% Medicaid Discharges</td>
<td>Provision of Essential Services/Sole Community Provider</td>
<td>Special Designations</td>
<td>Volume of Outpatient Visits</td>
<td>Days of Cash on Hand</td>
<td>Local Unemployment Rate</td>
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<tr>
<td>% Medicare Discharges</td>
<td>Distance/Commute Time to Other Providers</td>
<td>CMS Hospital Compare Data</td>
<td>Volume of ED Visits</td>
<td>Capital Debt</td>
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<td>ER payer mix</td>
<td>Rural provider</td>
<td>CMS Nursing Home Compare Data</td>
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<td>Bonding and Credit Enhancements</td>
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<tr>
<td>% Medicaid Admissions (nursing homes)</td>
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<td>Linkages and Affiliations</td>
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<td>% High acuity</td>
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<td>DSH Hospital</td>
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<td>MUA</td>
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<td>Race/ethnicity</td>
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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-SHARP**
  - 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