

Commission on Health Care Facilities in the 21st Century



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Executive Director

Overview of the Commission

- Broad based, non-partisan panel
- Established by Governor and Legislature
- Stems from Health Care Reform Working Group, which examined:
 1. Changes in health care delivery
 2. Rising cost of health care, NY Medicaid, and broader ROI concerns
 3. Health care quality

Composition of the Commission

- 18 statewide Commission members
 - Voting power for all matters
 - 12 appointed by Governor
 - 6 appointed by Legislature
- 36 regional members
 - Vote on matters pertinent to their region
 - Appointed equally by Governor and Legislature
- 72 regional advisory committee members
- **126** appointees in total

Commission on Health Care Facilities in the 21st Century

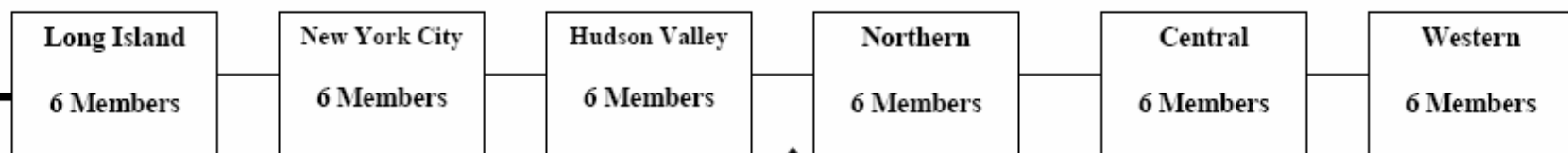
18 Statewide Commission Members

Statewide Commission members will vote on all issues before the Commission



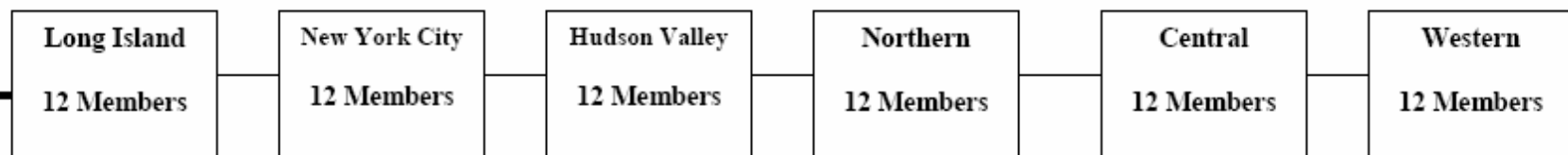
36 Regional Commission Members

There are six regional members of the Commission for each of the six regions. Regional members shall vote and be counted for quorum purposes only when the Commission is acting on recommendations relating solely to the regional members' respective region.



72 Regional Advisory Committee (RAC) Members

Each region's RAC shall develop non-binding recommendations for reconfiguring its region's hospital and nursing home bed supply to align bed supply with regional and local needs.

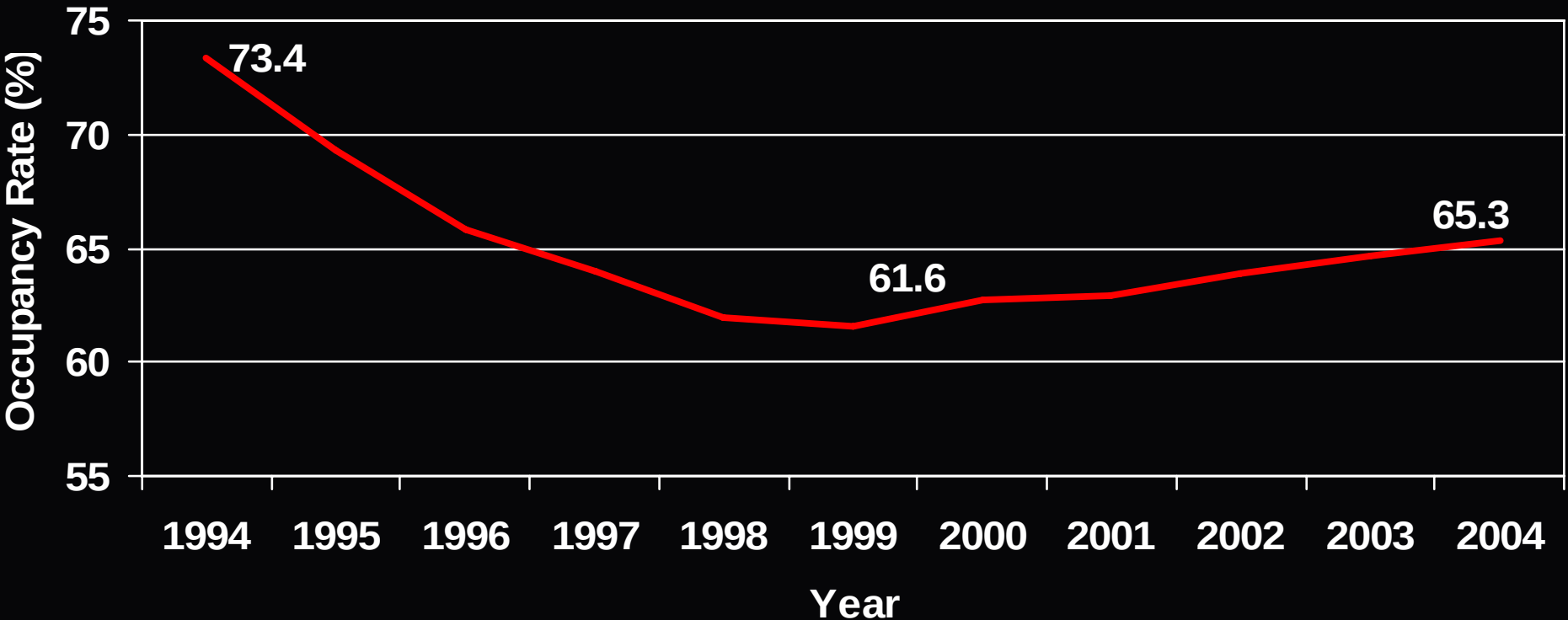


New York State Hospital Snapshot: 2004

- Total number of acute care hospitals (by PFI) (2004): 233
- Total certified hospital beds: 62,158
- Total hospital discharges: 2,676,861
 - Medicare: 909,733
 - Medicaid: 743,855
 - Other (inc. private & self-pay): 1,023,273
- Total hospital employment: 407,676
 - % change 2000-04: +1.3%

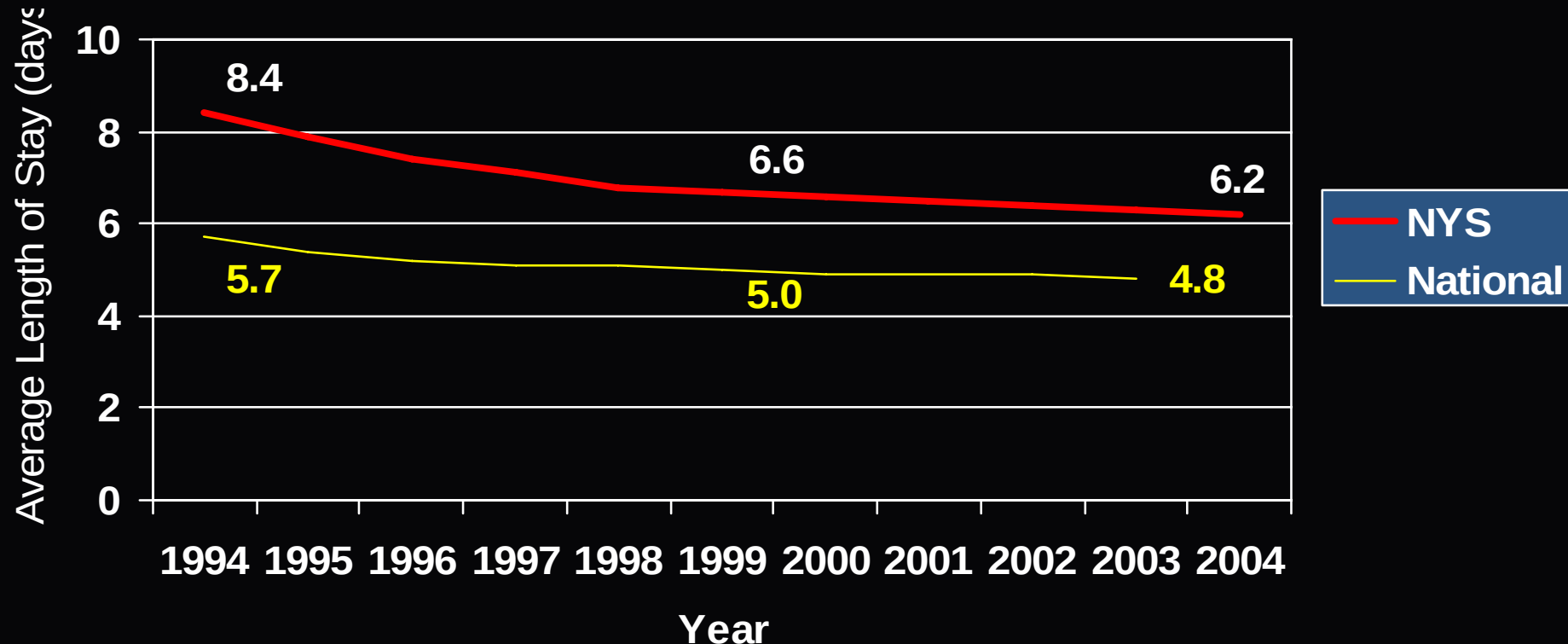


NYS Hospital Occupancy Rates



Source: SPARCS

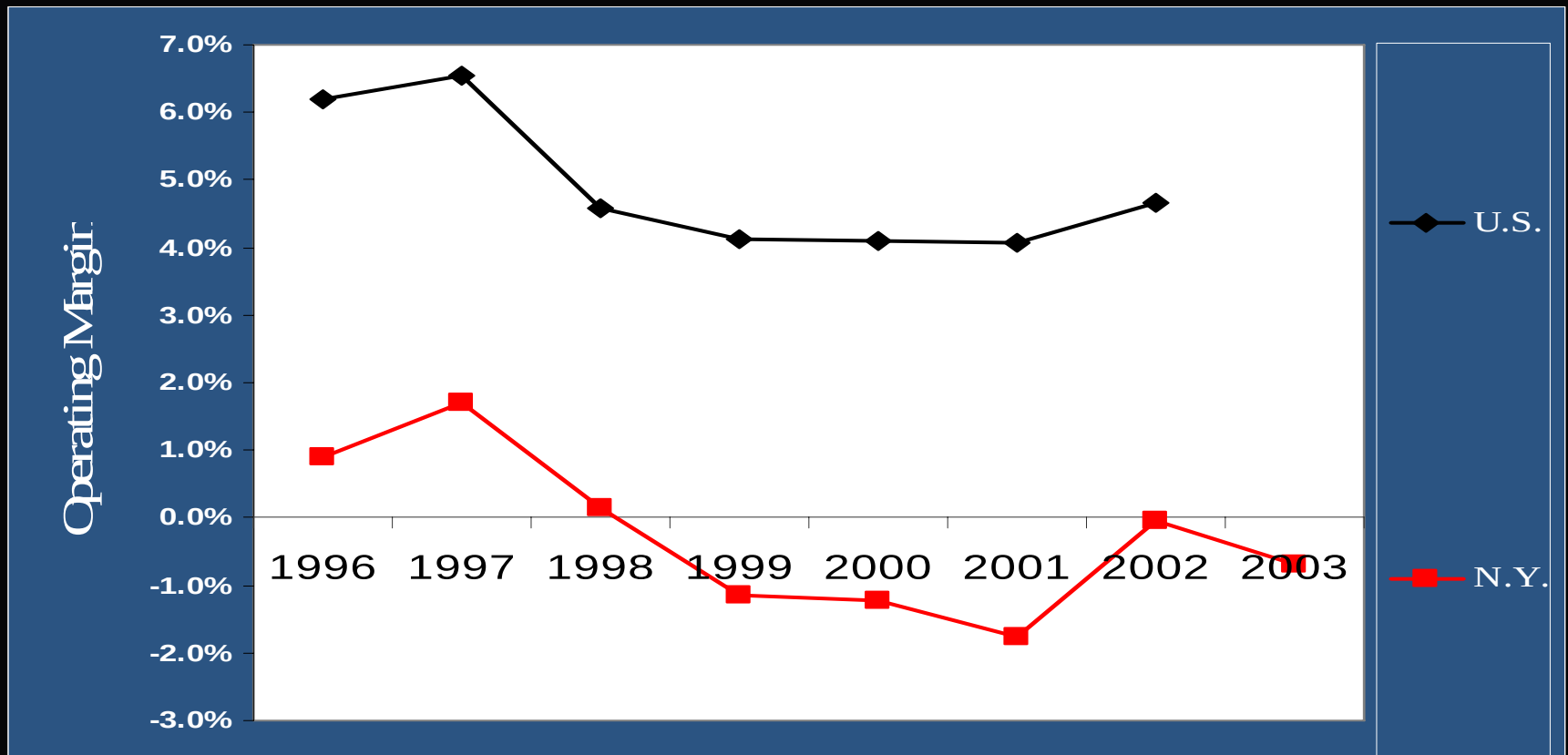
NYS Hospital Length of Stay



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

Longstanding Financial Distress Undermines Hospital System

NY Hospitals Have Lost Money for 8 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

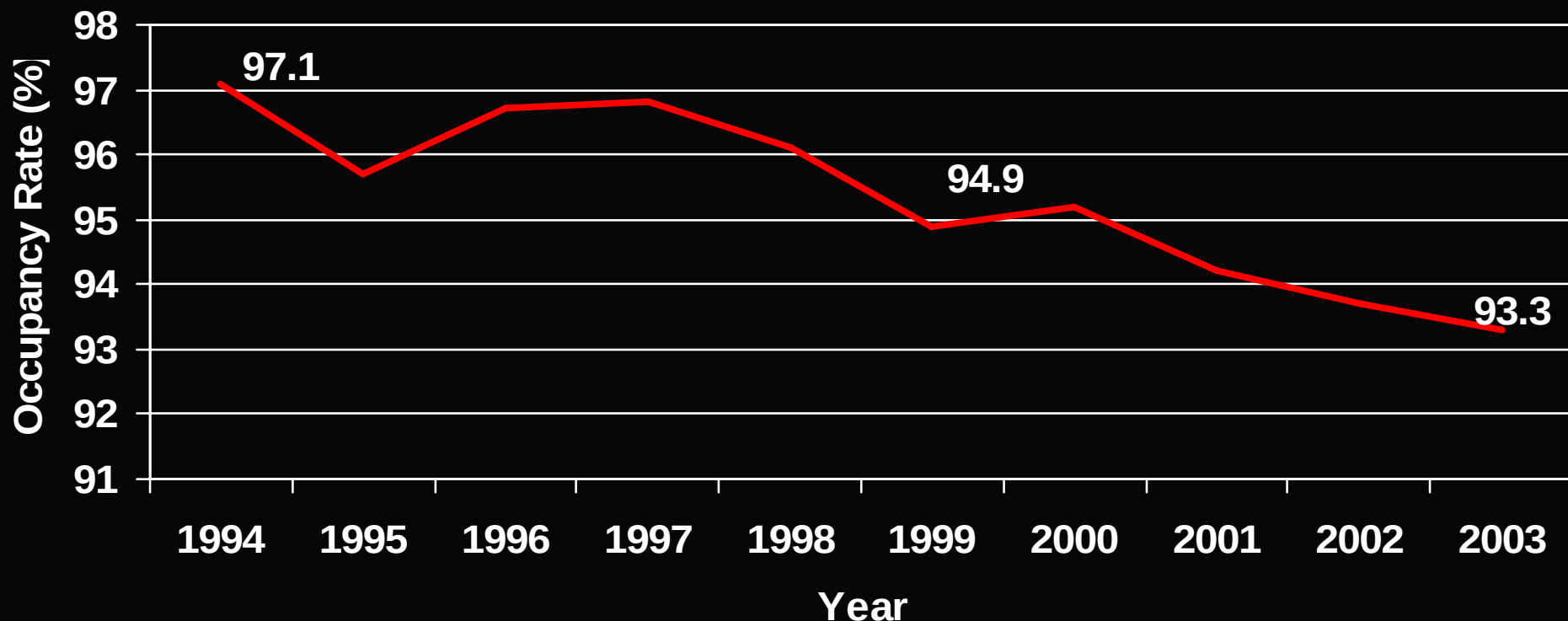
Hospitals are Closing

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

NYS Nursing Home Snapshot

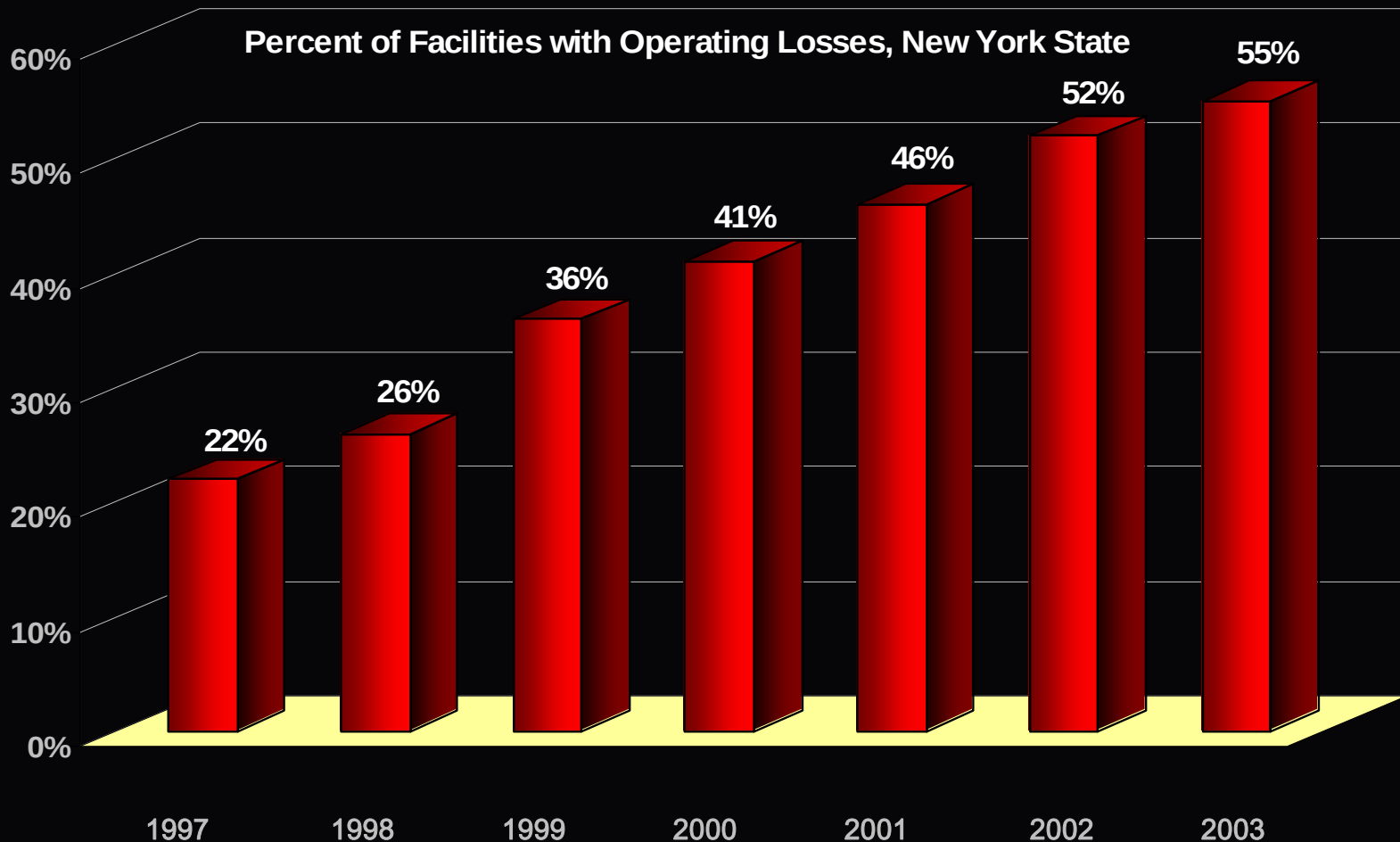
- Number of nursing homes (2003): 665
- Total certified beds: 121,977
- Total spending on LTC in NYS (2003): \$15.7B
- Total employment (2004): 179,968
 - % change 2000-04: +6.7%

NYS Nursing Home Occupancy Rates



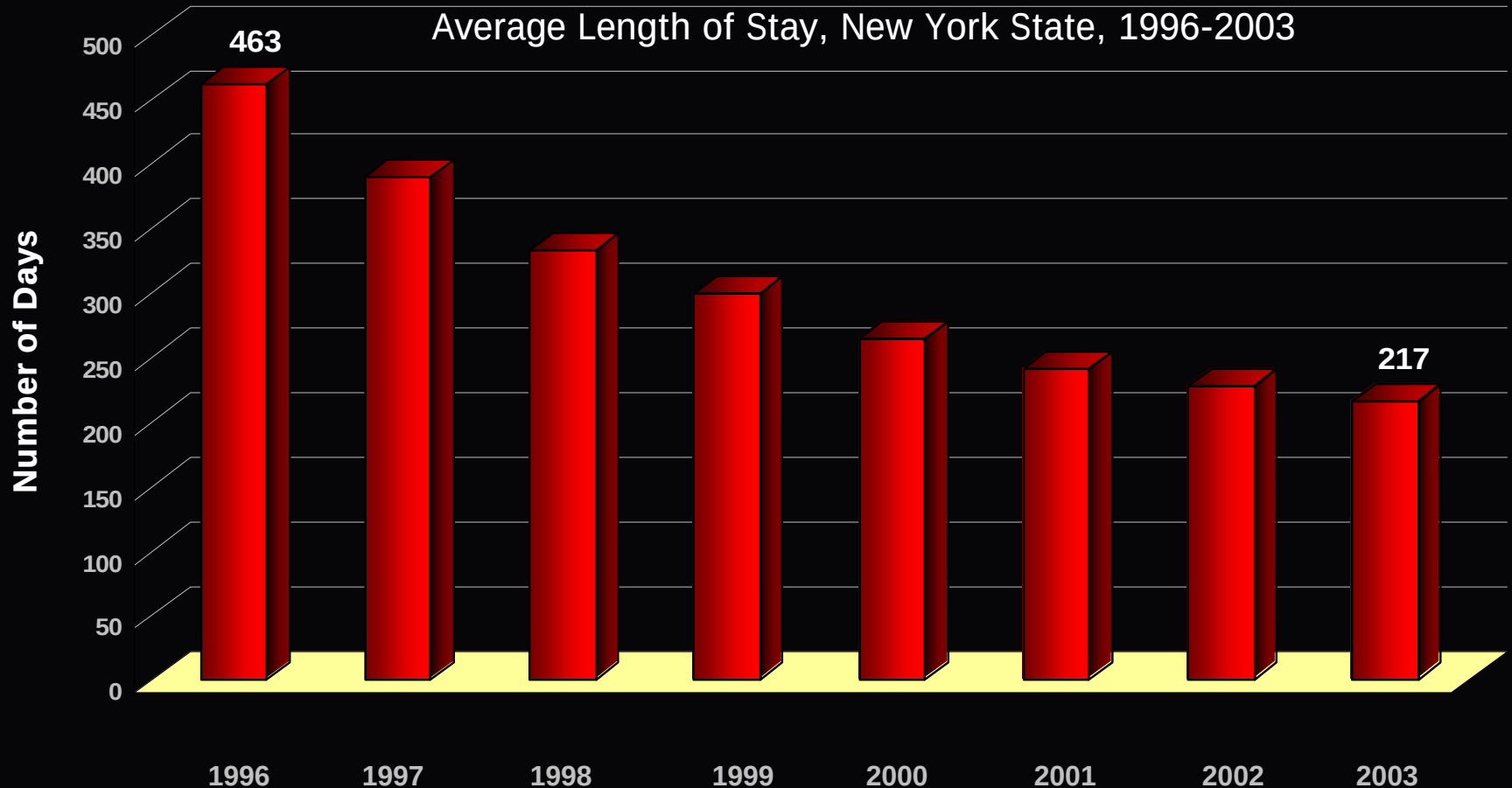
Source: RHCF Cost Reports

New York's Nursing Homes are Losing Money



Source: Residential Health Care Facility-4 (RHCF-4) Cost Reports, 1997-2003

Nursing Home Length of Stay



Source: Residential Health Care Facility-4 (RHC4) Cost Reports, 1996-2003

Pressures on Nursing Homes

- Shorter Lengths of Stay
- Alternative Care Delivery Options
- Increased Patient Churning
- Demographic Shifts
- Medical Technology
- Epidemiologic Changes
- Consumer Preferences

Building a Framework: A Delicate Balance

- Sufficiently comprehensive to account for real world complexities...and
- Understandable, explainable, and actionable
- Evidence based and objective...and
- Allows for professional and practical judgment
- Standardized and formulaic...and
- Sensitive to regional differences and local needs
- Works for hospitals...and
- Nursing Homes
- Considers specific statutory requirements...and
- Identifies and considers additional factors of importance

Core Criteria

- Service to Vulnerable Populations
- Availability of Services
- Quality of Care
- Utilization
- Viability
- Economic Impact

The Framework:

6 Criteria, 40 Metrics

Vulnerable Populations	Availability of Services	Quality of Care	Utilization	Viability	Economic Impact
■ % Uninsured Discharges ■ % Medicaid Discharges ■ % Medicare Discharges ■ ER payor mix ■ % Medicaid Admissions (nursing homes) ■ % High acuity ■ DSH Hospital ■ MUA ■ Race/ethnicity	■ Provision of Comprehensive Services ■ Provision of Essential Services/Sole Community Provider ■ Distance/ Commute Time to Other Providers ■ Rural provider	■ JCAHO accreditation ■ Special Designations ■ CMS Hospital Compare Data ■ CMS Nursing Home Compare Data	■ Inpatient Occupancy Rates ■ Volume of Outpatient Visits ■ Volume of ED Visits	■ Profitability ■ Days of Cash on Hand ■ Capital Debt ■ Bonding and Credit Enhancements ■ Linkages and Affiliations	■ 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 are encouraged
- Commission has state action immunity
- New policy extends umbrella of 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 – $\frac{1}{4}$ 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

Policy Recommendations

- Reimbursement reform
- Uninsured
- Primary care infrastructure
- Hybrid delivery models
- SUNY hospitals – privatization?
- Workforce development
- Health information technology
- Future role of County nursing homes
- Niche providers
- Future planning

Commission Timeline

- **Dec. 1, 2006:** Recommendations to Governor
- **Dec. 5, 2006:** Governor approves and transmits Commission report to Legislature
- **Dec. 31, 2006:** Legislature must adopt concurrent resolution rejecting recommendations; otherwise, recommendations are accepted

Ingredients for Success

- Agreement that crisis exists
- Timing
 - Lame duck administration
 - Intense pace for the size of the task
- Strange bedfellows/Support of key constituencies
- 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