

The Commission on Health Care Facilities in the 21st Century
Public Hearing for the New York City Region
Regional Advisory Committee
February 24, 2006

[Testimony submitted by Deputy Borough President Yvonne Graham on behalf of the Brooklyn Borough President's Task Force on Equity in State and Local Policy.]

The Commission on Health Care Facilities in the 21st Century is charged with aligning the supply of healthcare services with community needs in ways that allow the State to reduce Medicaid spending. The recommendations solicited by the Commission to accomplish this alignment, or “right-sizing” as the enabling legislation calls it, however, only allow for a narrow range of strategies, namely the downsizing and closure of hospitals and nursing homes. The Medicaid system certainly harbors inefficiencies, both in its design and the administrative application; however, based on historical evidence alone, the simple reduction of hospital and nursing home bed supply will be counterproductive, particularly in urban communities that are already lacking sufficient resources to address the medical needs of its residents.

We strongly urge the Regional Advisory Committee to keep in mind that **the Borough of Brooklyn is already one of the medically most underserved areas** of the State and even within the City of New York. According to the 2000 Census, 25.1% of Brooklyn residents fall under the poverty line (compared to 14.6% in New York State), 37.8% of the population are foreign-born (compared to 20% in New York) and 46.7% speak a language other than English at home (compared to 28% in New York). According to the Community Health Profiles released by the New York City Department of Health and Mental Hygiene, 6 out of 12 (50%) Brooklyn regions scored in the bottom 10% of New York City in at least 4 out of 6 criteria. Those criteria include such basic factors as general health, maternal and child health, infectious diseases, chronic diseases, prevention and access to medical care.

Because of the urban demographics of Brooklyn's 2.5 million residents, the Borough's health care delivery system faces financial pressures resulting from large Medicaid and uninsured patient communities. The recent closure of St. Mary's and the downsizing of Interfaith Hospital have exacerbated the health care delivery crisis in the medically most underserved communities of the region and increased the pressure on remaining safety-net providers and the HHC facilities. The closure of more hospital beds in this area will only fuel a vicious circle of increasing health disparities and a

lack of financial and institutional resources to invest in the long-term public health of our communities.

In July 2003, Borough President Marty Markowitz created the Task Force on Equity in State and Local Policy [the “Task Force”] chaired by Assemblyman James F. Brennan, with the mission to examine critical areas in which New York City and Brooklyn in particular have to contend with disadvantages as a result of statutory, regulatory, political and market forces. Among the areas targeted for review by the Task Force has been the financial crisis facing healthcare providers, especially safety-net hospitals and community clinics, and the large number of uninsured adults and children.

Our next speaker, Assemblyman Brennan will present the task force’s findings based on extensive research and interviews with Brooklyn’s hospitals.

As you will hear from that report, many Brooklyn hospitals are indeed facing financial challenges due in part to high rates of involuntary disenrollment and the failure to adjust reimbursement rates to reflect the urban patient population. Therefore, financial status is an integral part of a restructuring plan. However, a *successful* plan cannot rely merely on the basis of a health care

institution's financial status alone. Rather, a *progressive approach*, that is, **an approach that seeks to invest strategically in a healthcare delivery system that can provide high quality, affordable and accessible health care to increasing numbers of residents ultimately reaching all New Yorkers, must be applied and take into account the need for the services provided by the institution in question.**

It must be noted also, that the provision of certain services, for example charity care that includes follow-up care beyond initial emergency treatment or services tailored to specific immigrant or ethnic groups, may be tied to specific providers and will not be taken up by alternative facilities. Public hospitals are already under tremendous financial strain from absorbing a percentage of the patients transferred from the closures of voluntary institutions. While quality of care is a difficult measurement, institutions can certainly be evaluated regarding their capacity, willingness and past history of serving the under- and uninsured, their commitment to improving language and cultural competence to meet the needs of their patients and their provision of care for the elderly, disabled and mentally and developmentally ill patients.

In addition, a comprehensive review must take into account that hospitals are economic anchors in our communities beyond

their immediate provision of health care services. Hospitals are a major employer in Brooklyn. An analysis of nine Brooklyn hospitals showed the number of full time equivalent employees on the payroll range from 1,464 to 4,144 with a mean of 2,451 employees and a total wage paid ranging from \$88 to \$290 million per hospital. The health services industry has an average salary of \$35,249, significantly higher than the borough wide average salary of \$24,596 (in 1999). According to an analysis by Families USA, which compared the economic impact of Medicaid spending across states, New York State had the largest increase in business activity generated as a result of Medicaid spending (2001). For every dollar change in New York State generated Medicaid spending, the state generated \$2.10 in economic activity in 2001 due to a “multiplier effect”, which factors in business activity (increased output in goods and services), employment (number of jobs created) and employment earnings. New York State generated 300,352 jobs as a result of 2001 Medicaid spending, and wages attributed to Medicaid spending were \$11.7 billion.

Finally, the historical experience with the closure of facilities and the reduction of services, especially including ambulatory care, mental hygiene and substance abuse services in New York, should be a reminder that we need to have evaluation criteria in place

beyond hospital and nursing home bed occupancy to measure whether realignment of our resources actually improves the health care delivery within our communities.

Because of Brooklyn's urban demographics and the financial pressures on our local health care system, particularly community hospitals and safety-net providers, our borough has been and continues to be medically underserved and stands to be further and severely impacted negatively by the elimination or reduction of further facilities or services. Brooklyn would be far better served by a progressive agenda, including the adoption of the recommendations outlined above.