



Commission on Health Care Facilities in the 21st Century

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Stephen Berger, Chairman • David Sandman, Ph.D., Executive Director

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Commission on Health Care Facilities in the 21st Century Issues Recommendations to Reform Hospitals and Nursing Homes

New York, NY, November 28, 2006 - The Commission on Health Care Facilities in the 21st Century issued a set of sweeping recommendations to restructure the hospital and nursing home systems in New York State and reduce excess capacity that plagues these industries. The recommendations address one-quarter of all hospitals in the state and will reduce approximately 4,200 hospital beds statewide, representing around 7% of current supply. Nearly fifty hospitals will be restructured and nine will be closed. In addition, the nursing home recommendations will make highly-targeted reductions of approximately 3,000 beds, almost 3% of the state's supply, while creating home and community-based alternatives to nursing home placements. In many cases, facilities closed or downsized will be replaced with facilities or services better suited to the needs of the local community. Approximately one-third of the recommendations reflect voluntary initiatives developed by providers with the Commission's active encouragement and assistance.

Financing is available to implement these recommendations. The Health Care Efficiency and Affordability Law for New Yorkers (HEAL-NY) allocates \$1 billion to fund system restructuring and facility closing costs. The federal government has also promised New York State an additional \$1.5 billion for similar purposes through the Federal-State Health Reform Partnership (F-SHRP). To receive the F-SHRP funds, the Commission's recommendations must be accepted by the legislature and implemented.

The Commission on Health Care Facilities in the 21st Century, chaired by Stephen Berger, former New York State Social Services Commissioner, is a broad-based, non-partisan panel created by Governor Pataki and the New York State Legislature to undertake an independent review of health care capacity and resources in New York State. In developing its recommendations, the Commission reviewed extensive data concerning each hospital and nursing home within the State, conducted nearly 20 public hearings statewide, and held innumerable meetings with stakeholders representing all sectors of the health care industry. The Commission also benefited from the reports of six Regional Advisory Committees that provided an invaluable perspective on regional and local needs.

The Commission's recommendations will produce an estimated total benefit to payors and providers of over \$1.5 billion annually, or \$15 billion over ten years. Included in this figure is an estimated \$806 million annually in savings to Medicaid and other payors. The



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benefits to providers in the form of reinvestment opportunities are estimated to be \$721 million annually.

“Today’s recommendations are the first step in what must be an ongoing process to create a stronger and more vibrant health care delivery system that meet the needs of patients, communities, and the health care workforce,” said Stephen Berger. “Once implemented, remaining providers will emerge stronger and quality of care will be enhanced. An orderly transition that respects health care workers combined with a reinvestment strategy will allow facilities to become centers of excellence and access the latest technologies.”

Chronic instability characterizes New York State’s health care providers. Since 1983, 70 hospitals and over 63 nursing homes have closed. For the past eight years, the state’s hospitals as a group have lost money. Some hospitals are in bankruptcy, while the majority of the states’ nursing homes operate at a loss. The Commission’s recommendations are the most comprehensive response to date to the precarious position and expense of the current institutional care system.

“Our health care system is broken and needs repair. It is not too late to restructure the care delivery system. Unless we act decisively, further facility closures and bankruptcies are almost certain to occur. Moreover, the hospitals that close due to market forces alone may be the ones most critical to preserving access,” said Dr. David Sandman, executive director of the Commission. “These recommendations will help to avoid future calamities that would further destabilize the system and compromise patient care.”

The Commission’s report also includes recommendations for broad policy reform in the areas of reimbursement, the uninsured, primary care infrastructure, workforce development, the SUNY hospitals, county-owned nursing homes, and information technology. Such recommendations provide a blueprint for further efforts to fully reconfigure the health care system.

“The Commission’s recommendations are fair, responsible, and distributed equitably across the state. They are bold when possible and cautious when necessary. Affected facilities may complain but pointing a finger and saying excess capacity is someone else’s problem is inadequate.” said Stephen Berger. “The opportunity for change is real and the money needed to achieve it is available. We cannot afford to squander either.”

The complete final report and additional information on the Commission on Health Care Facilities in the 21st Century can be found at www.nyhealthcarecommission.org.

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