



The State University  
of New York

# Advocacy Strategy for SUNY Hospitals

**Academic Medical Centers Committee  
SUNY Board of Trustees  
March 18, 2013**

- Who we've met with
- What we've told them
- How we've made progress
- Where we go next



## February

- SUNY Day
- Senator Lavelle
- Senator Stavisky
- Senator Klein
- Senator Skelos
- Senator Golden
- Senator Flanagan
- Senate Brooklyn Delegation
- Assembly Brooklyn Delegation
- Assemblymember Morelle
- Assemblymember Brennan

## March

- Legislative Staff Workshop
- Alumni Legislators Breakfast
- Senator Hannon
- Senator DeFrancisco
- Senator Lavelle
- Senator Stavisky
- Senator Andrew Stewart-Cousins
- Assemblymember Glick

## Ongoing

- Governor's Office
- Senate Finance Staff
- Assembly Ways & Means Staff
- Division of the Budget
- Department of Health





## SUNY Hospitals and a Healthier New York

### How Our Hospitals Work for New York Citizens

The three State University of New York Hospitals in Syracuse, Brooklyn, and Stony Brook were established as clinical classrooms for the growing State University and three of its four medical schools. At the core, their status as elite teaching hospitals dictate an overall mission to educate the next generation of health care providers, care for the sickest and most financially vulnerable New Yorkers, provide the highest level of care with advanced technology, and offer safety net services to the communities they serve. Overall, New York's private medical schools show but 40 percent of their entering class coming from New York State. SUNY's four medical schools are in the 85th percentile of the nation.

withdrawn when these hospitals are needed most. Institutions have managed the shortfall by borrowing from each other, reducing capital expenditures, deferring maintenance and debt payments, and creating contingency plans to reduce safety net services. Since 2001, SUNY Hospitals have operated mostly as self-sufficient IFRs - expected to generate enough patient revenue to support operations, fringe and debt service. This has become ever more difficult, and in some cases, impossible to maintain.

### And, We Have a Solution

To ensure that our hospitals can continue to meet New York's needs, SUNY is requesting:

• Generation of the \$27.8 million allocated to the SUNY... for total of \$86.7 million in State... maintenance of effort\*

### How Our Hospitals Work with Ne

While public, the three SUNY hospitals are not specific municipalities or the State University. They are a Department of Health facility, subject to state oversight, but neither the state nor the hospitals support them through a prescribed program. They are supported by general State funding through the Income Fund Reimbursable (IFR) program. The three institutions won a high degree of operational autonomy and operating flexibility in 2003-04, when an independent PriceWaterhouseCoopers (PwC) audit institutions that showed the three institutions were the most efficient deliverers of care. Accompanying the audit was a recommended requirement that the state supplement each year to a level of support comparable to these unique institutions. SUNY hospitals have to compete with peer institutions do not.

### We Have a Problem

University Hospitals are competing with community hospitals. Civil service is the Executive branch passes them to hospitals. Salaries increased, and the pension costs are expected to increase in 2013-14. Acknowledged by the State, committed to providing care with these "Public PriceWaterhouseCoopers"



## Transitioning SUNY Downstate Medical Center towards a Comprehensive Brooklyn Healthcare Solution

Brooklyn needs a comprehensive solution to its medical care crisis. Downstate Medical, with its unparalleled community presence as a world-class teaching hospital, can and should be part of that solution.

There are many reasons for the fiscal crisis facing Downstate:

- An extremely competitive Brooklyn healthcare market with a growing number of insured patients and an increasing presence of Manhattan medical centers providing care and services for Brooklyn residents. The Brooklyn MRT Report cited over 20% of Brooklyn residents - largely those with commercial insurance - leave Brooklyn for care; Reductions in reimbursement rates and new payment methodologies by public and private insurers for hospital-based care with concurrent growth of uninsured patients. Brooklyn hospitals are more sensitive to this downward pressure as many commercially insured patients leave the borough for care;
- The complexities of the State system that limit expeditious decision making and action by SUNY hospitals, including procurement, contracts, capital projects, and state employment rules;

- Authorized a \$75 million loan from SUNY to help with the cash deficit for a 12-month period;
- Moved forward with a closure plan for inpatient services at Long Island College Hospital and work with the community to evaluate potential opportunities for some level of primary care and/or urgent care services; and
- Requested State funding assistance through both a cash infusion (\$35M) and an application through the Vital Access Provider Medicaid program (\$64M); and

However, based on our newly appointed management team's assessment, SUNY Downstate needs a year one cash infusion of \$150M to support its transition towards a comprehensive Brooklyn healthcare delivery system. If support is not received, the continued viability of Downstate is at risk.

There are a number of funding options to achieve that level of support. A direct State appropriation of \$150M could be made or a number of options can be combined to achieve the \$150 M. Those options include:



# How We've Made Progress

We are using the Assembly's hospital proposal as a basis for our request regarding hospitals with the Senate and Governor.

- The Assembly's hospitals proposal provides for development and submission of a sustainability plan by the Chancellor for distressed health science centers.
- The proposal also provides a clear outline of potential sources of funding for the plan SUNY can apply for and receive federal, state, or local funds, including sources such as HEAL, DSH, Vital Access Medicaid, and temporary deferral of fringe and other State payments, like debt service.
- In addition, the Assembly authorizes the Chancellor to apply for a loan up to \$100 million.

We support this proposal as a good starting point toward working together to fix the crisis.



- Awaiting Judge's decision
- Trustees are helping us with outreach to decision-makers
- Our message is clear:

***We need help,***

***we need to close,***

***or we will need to hurt our campuses.***