

## Letter in online Daily News 1/28/2013



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The LICH merger was not necessarily an unsound acquisition. It is a full service community hospital in one of the most attractive zip codes in Brooklyn. Most of the residents in Cobble Hill and Brooklyn Heights, which neighbor the hospital, are well insured. If these potential customers of LICH have gone to Manhattan rather than to their own community hospital, it is not for lack of quality. LICH is a comprehensive stroke center, cardiac catheterization center, is affiliated with SUNY Downstate which offers top quality specialty services, has some of the highest ranked residency programs in the country and is currently the only university affiliated medical center in Brooklyn.

SUNY Downstate cannot blame LICH for their losses, they were already losing money. But LICH represented a real opportunity to grow a high quality hospital business in a neighborhood that NY Presbyterian or NYU would kill for.

SUNY Downstate management originally had a vision of creating a “counterweight” in Brooklyn that matched the quality of the medical centers in Manhattan. They provided the services, but they grossly mismanaged the finances and failed to market the institution.

The merger, while well-conceived, could not have been more poorly executed. It should go down as one of most poorly executed health-care mergers in history and would make a fascinating Harvard Business School case study.

Instead of capitalizing on cost savings available from scale economies and from taking over “back office” functions such as lab services and invoicing, SUNY Downstate entered into agreements to leave these functions in the hands of the seller, Continuum Health, who no longer had any incentive to maximize revenues or minimize expenses. In fact, the amount of money that LICH loses every month is almost exactly equal to the outsourcing payments made to Continuum to provide these services. In exchange for these payments, Continuum has provided almost criminally negligent services. During the first year, none of the “Fast Track/Urgent Care” patients seen at LICH were even billed for their visits. For almost two years, the billing department failed to register many of the physicians providing care at LICH with Medicare or Medicaid and none of their services were billed to patients. Not long after SUNY Downstate noticed the problem, about a year after the acquisition, they fired the individuals who were trying to fix the problem as part of a wave of “cost saving” layoffs.

SUNY Downstate has failed to market itself to the primary care doctors and potential customers surrounding LICH. There is no marquis on the side of the hospital or its adjacent garage – which would be highly visible from the BQE. Instead it has been preserved as a non-descript brown building. No ads are seen in the media, on billboards, at bus-stops. It is unclear if any outreach is being made to the community or the primary care doctors who might admit their patients to LICH.

Despite the lack of investment in LICH, the hospital is extremely busy. Its emergency room saw 58,710 patients last year and admitted 11,243 patients. The hospital's operational beds are at 110% of full capacity and patients are regularly boarded in the emergency room or hallways for 10-40 hours waiting for a bed to become available. This is somewhat shocking considering that LICH is only utilizing half of its licensed beds – half are closed due to lack of nursing and other staff to man them. This is part of SUNY's strategy of down-sizing the institution to achieve profitability. They continue to cut back services and withhold investment in spite of the clear

market opportunities to expand and draw in a richer payor mix from the surrounding communities.

Closing the institution will not solve SUNY Downstate's problem. They were already losing money before the merger and will continue to lose money after closing LICH. A closure of LICH will only worsen the healthcare crisis in Brooklyn. Over 2,000 people will lose their jobs. Over 50,000 hard-working Brooklyn patients will be left to compete for the few remaining hospitals in Brooklyn, many of which are not high quality institutions like LICH is, and which are crowded, with long wait times and are on the verge of failure themselves – Interfaith, Woodhull, Brookdale, etc...

Anyone with a stake in the future of quality healthcare in Brooklyn, in the welfare of Brooklynites in general, not to mention their own political career needs to examine the LICH situation much more carefully. Shutting down a high quality healthcare institution, when there are so few available and they are in such high demand, just because SUNY Downstate management lacks clarity of vision and business acumen, is not the answer.