

[NY REGION](#)

Winning Bid Sees a Future for Long Island College Hospital

Brooklyn Health Partners Said It Would Operate a 300- to 400-Bed Hospital on the Site

By
[LAURA KUSISTO](#)

[CONNECT](#)

April 3, 2014 10:11 p.m. ET

A California developer of courthouses and medical offices has been picked to take over and redevelop Long Island College Hospital, a Brooklyn institution that has been losing millions of dollars a week.

Brooklyn Health Partners, a New York company recently formed by Californian Merrell Schexnydre to bid for the hospital, said it would operate a 300- to 400-bed hospital on the site, in what shaped up as a tentative victory for unions and community groups who fought to keep LICH open.

The decision was announced Thursday at a meeting of the State University of New York board of trustees. University officials are set to begin negotiating with Brooklyn Health Partners as early as Friday and hope to have a deal for the sale of the property by May 22.

Union members "are cautiously optimistic about this proposal for a full-service hospital, which the community and patients have been fighting for throughout the process," said Kevin Finnegan, 1199 SEIU's director of politics and legislation.

Mayor [Bill de Blasio](#) also tentatively embraced the news. As a candidate for mayor, he was arrested in July at a protest over its closure.

"This is encouraging news for families from Red Hook to Downtown Brooklyn. Now that the process has spoken, it's time to deliver the long-term, sustainable health-care facility this community needs," a City Hall spokesman said.

Brooklyn has faced what has been widely called a health-care crisis. Some of the borough's hospitals have been teetering on the brink of closure, and too few outpatient clinics exist to replace them. The state recently agreed to stave off the immediate closure of a Bedford-Stuyvesant hospital, Interfaith Medical Center, by providing it money to keep it open through at least March 2015.

LICH's current patient population has dwindled to about 35.

Health Plan

The winning bidder to redevelop Long Island College Hospital in Brooklyn envisions a "Brooklyn Medical District" that would include:

300-to-400 bed not-for profit full-service hospital, with surgical and intensive care and a 24-hour emergency department.

Keeping LICH open as a 150-bed health center, with an emergency room, as the new hospital is built.

1,000 new homes, 30% of them deemed affordable, along with retail and commercial spaces. Some offices would be fashioned from buildings owned by LICH.

--Source: Brooklyn Health Partners

If the LICH deal closes, Brooklyn Health Partners proposes to continue to operate with at least 150 beds in an existing building while it is constructing the new hospital. Ultimately, the development also is expected to include 1,000 units of housing, of which 30% will be "affordable."

The new hospital would employ 2,000 people, under the proposal. Brooklyn Health Partners said it planned to bring in existing and former LICH staff members when a new facility opens in about three years.

Experts widely agree that operating a full-service hospital at the site poses significant challenges. Studies have shown a surplus of beds in Brooklyn and that more affluent patients tend to travel to Manhattan for much of their care.

State officials said Long Island College Hospital recently had been losing about \$13 million a month and has about \$500 million of liabilities that will have to be settled when the property is transferred to a new operator.

Four of the nine bidders for the site were offering to operate full-service hospitals, but no large New York-based operators stepped up to do so.

Mr. Schexnydre, president and chief executive of California Community Collaboratives Inc., a developer of properties catering to California social-services agencies, has little experience in New York. He said he has heard about the hospital's challenges but was unfazed.

"We believe that many of the folks in Brooklyn are going across to Manhattan to get their care," he said. "We hope to provide a good quality place for them to receive care right there in Brooklyn."

A representative for Brooklyn Health Partners said Mr. Schexnydre was originally from Louisiana, had been living in California and was now living in a hotel with his wife while they looked for somewhere to live in Brooklyn.

"I will be working on-site at LICH every single day; after that I will be going there for my health care," Mr. Schexnydre said.

Quorum Health Resources, a Tennessee consulting firm that has helped manage hospitals in a number of states, will be tasked with running the hospital.

One of the early challenges would be obtaining a new license from the state to operate the hospital, which requires proving expertise, financial wherewithal and that there is a need for the facility. Experts said that may be difficult because, among other reasons, a 2011 report showed the borough had a surplus of 1,235 beds.

Mr. Schexnydre disputed that analysis, saying one of the problems was that patients were traveling to Manhattan for care.

If the deal doesn't close, state officials said they would drop down to lower-ranked bidders.

Brooklyn Health Partners agreed to pay \$250 million for the LICH property, near the higher end of bidders.

The second-ranked bidder, a group that includes the Peebles Corp. and Witkoff Group, agreed to pay the highest price—\$260 million—and planned to operate an emergency room and urgent-care center.

The third-ranked bid, led by Fortis Property Group, includes NYU Langone Medical Center, where First Deputy Mayor Anthony Shorris served as chief of staff until recently.