JOINT HEARING BEFORE THE NEW YORK STATE
SENATE STANDING COMMITTEE ON HEALTH
AND
SENATE STANDING COMMITTEE ON HIGHER EDUCATION

PUBLIC HEARING:

TO DISCUSS SUNY DOWNSTATE HOSPITAL AND
LONG ISLAND COLLEGE HOSPITAL IN REGARD TO
THE SUSTAINABILITY PLAN REQUIRED
BY THE 2013-2014 STATE BUDGET

Legislative Office Building
Van Buren Hearing Room A, 2nd Floor
181 State Street
Albany, New York 12247

June 4, 2013
10:00 a.m. to 12:00 p.m.

PRESIDING:

Senator Kemp Hannon
Chairman
NYS Senate Standing Committee on Health

Senator Kenneth P. LaValle
Chairman
NYS Senate Standing Committee on Higher Education

PRESENT:

Senator Toby Ann Stavisky (RM)
Standing Committee on Higher Education

Senator Eric Adams
Senator Simcha Felder
Senator Martin J. Golden
Senator William J. Larkin, Jr.
Senator Velmanette Montgomery
Senator Kevin S. Parker
Senator Gustavo Rivera

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SENATOR LAVALLE: Good morning, everyone.

This is a joint hearing of the Higher Education Committee and the Senate Health Committee.

We suspect that we should be able to get what we need, in terms of information, with this one hearing.

If not, we will conduct another hearing, or some format, to bring individuals in to -- so that we will have the information that we need.

Senator Hannon, would you like to --

SENATOR HANNON: No, there are so many things you could say, but I think the course of action that has been set in motion by the budget, by circumstances, leads to a very special type of hearing today.

It's not often that you get a chance to discuss a plan in public. And, obviously, there's complications, but, look forward to hearing from, not only the distinguished panel right here, but the rest of the people on our distinguished list.

Thank you.

SENATOR LAVALLE: Senator Stavisky?

SENATOR STAVISKY: Let me just add that, this hearing I think demonstrates the relationship

between the higher-education community and the health-care community, and it's a relationship that is extremely important, not just to downstate, but to the future of the health-care system in the city, and, eventually.

I believe, upstate as well.

So we thank everybody for coming, and we look forward to hearing what everyone has to say.

SENATOR LAVALLE: Senator Rivera?

SENATOR RIVERA: I want to thank Chairman LaValle and Chairman Hannon for bringing us here today. It is -- and I want to thank all of our guests.

It is, as we have said in the last couple of years, and certainly through the budget process, certainly many of my colleagues in the Democratic Conference from Brooklyn have repeated over and over again how crucial SUNY Downstate is as a health-care provider to millions of New Yorkers, and certainly in Brooklyn.

And, we want to do everything that we can, as a state, to make sure this institution continues to exist.

So, I am very glad that we're here to discuss that today, and I'm looking forward to the

conversation that we will be having.

Thank you.

SENATOR LAVALLE: Before I introduce the panel, one additional thing.

As we move forward, what we do at Brooklyn could have implications for the other SUNY hospitals, Upstate and Stony Brook, so we want to keep that in mind as we move forward.

I am very pleased that we have on our panel, the Chairman of the SUNY Board of Trustees, H. Carl McCall;

Our Chancellor, Nancy Zimpher;

The associate vice chancellor for health affairs, Lora Lefebvre;

And the president of SUNY Downstate Medical Center, Dr. John Williams.

I don't know who wants to start.

Chancellor?

NANCY L. ZIMPHER: I will start.

Good morning, everybody .

And thank you, Chairperson LaValle, Chairperson Hannon, Senator Stavisky, Senator Rivera, and others who may join us, and, the legislative staff, for the opportunity to testify today.

It is our privilege to come before you to discuss our sustainability plan for SUNY Downstate Medical Center.

First, however, it is important to step back and ask how it is that SUNY became involved with the training of health-care professionals and operating clinical-training sites, our hospitals, in the first place.

As we know, SUNY was created out of sheer need and demand after World War II, but also in response to racial and ethnic admission inequities from the well-developed private college system in New York State at the time.

SUNY acquired both Upstate and Downstate Medical Schools in the early infancy of SUNY in the 1950s, from private schools.

Our schools have long histories of providing access to those that might not otherwise have access to the dream of higher education.

And so today's SUNY's impact on health care extends, literally, across the state.

Our hospitals see more than 260,000 emergency room visits a year, and in excess of 80 percent of our medical students take what they learn and continue to care for New York's patients as they

stay here to practice.

Downstate Medical is the only academic medical center serving the borough's 2.5 million people.

1 in 3 physicians practicing in Brooklyn, and 1 in 9 in New York City, was trained at Downstate.

It is imperative that we protect this vital resource, not only for Brooklyn, but also for all of New York State.

In fact, we are taking a system-wide look at how each of our medical schools and hospitals are projected to perform. We are asking for assistance where we think it is justified, and making other choices if we need to, because we must remain focused on our core mission to support public education for the state.

We know that we cannot address the issues at Downstate in a vacuum.

That, what comes of this process must be at the forefront of how health care transforms itself in Brooklyn, and with big changes coming down the road, like the Affordable Care Act, across the nation, not only how health care is delivered in the future, but how SUNY's ability to continue to prepare medical professionals in clinical settings

where underserved populations seek care, but also how SUNY's ability to do so impacts all of SUNY and our capacity to educate New York.

And so to accomplish our goals at Downstate, and to lead the institution through the necessary restructuring, SUNY is fortunate to have a true leader in the health-care field, in Dr. John Williams as the president who is overseeing this crisis.

I have every confidence in the ability of Dr. Williams and his team to provide guidance, to make difficult decisions, and stabilize the operations at Downstate.

And as you know, over the past several months, Dr. Williams has led a team of senior administration at Downstate, in collaboration with the team from SUNY System Administration led by associate vice chancellor for health affairs, Lora Lefebvre, in developing this sustainability plan that was submitted to the Governor and the Legislature on May 31, 2013.

I might add, since you mentioned Upstate, that President David Smith is in the gallery as well for, what he says, is moral support.

So, we thank you for that.

Creating this plan was no easy task, and SUNY was very fortunate to have its board Chair, H. Carl McCall, to take the kind of leadership and the consultative process. And because of his visionary work, this is how we found ourselves at this important sustainability plan.

And, so, I would like to turn the discussion over to Chairman McCall to say a few words before we get into the plan itself.

Chairman McCall.

H. CARL McCALL: Thank you, Chancellor Zimpher.

Good morning, Senators.

I want to thank you for this opportunity that you have given us to testify today on the matter of Downstate Medical Center.

Leading up to this point, we've been concerned for some time with the financial status and sustainability of Downstate Medical Center.

Our concerns were confirmed when the state comptroller issued a report on January 17, 2013, in which he stated that the continued losses -- financial losses at Downstate and at the Long Island College Hospital were going to lead to a situation of insolvency for Downstate.

Of course, I pay a lot of attention to audits and reports from the state comptroller; and, so, we knew that we did have a serious problem, and we have attempted to address those issues in multiple ways.

The SUNY board has taken many actions to address the crisis, including:

We have authorized a $75 million loan to help the cash deficit for a year. SUNY Downstate has been operating on the loan that came from the SUNY Board.

We've requested State participation in funding in two different ways:

An immediate $35 million cash infusion, and submission of an application through the Vital Access Provider Medicaid program, for $64 million;

We submitted $150 million ask in the 2013-2014 budget request.

And, we have undertaken a wholesale replacement of the management team at Downstate, recruiting as CEO -- a CEO and a team familiar with crisis management.

In addition, there has been a rigorous consultative process with stakeholders, constituents, legislative leaders, and the Executive

branch.

We have met on a consistent basis with the Brooklyn delegation and the Executive leadership to ensure that the dialogue has continued throughout the development of the plan.

The budget language calling for the sustainability plan reinforced SUNY's desire to adequately engage interested parties throughout the development process.

In meeting these goals, SUNY system and Downstate developed a website to share information and accept feedback.

We hosted two formal briefings for the Brooklyn State Senate and the Assembly delegation.

We met often with individual legislators to address their concerns.

We sent an open letter to the community, explaining the process and inviting them to engage.

We held a town-hall meeting in Brooklyn, where the public and legislators submitted testimony.

We met with the SUNY Downstate Council to brief them on progress in the development of the plan.

And, we met with the following unions: PEF,

NYSUT, UUP, CSEA, SEIU 1199.

We received numerous comments from stakeholders via e-mail and websites covering myriad topics and points of view.

These are some of the things that we heard:

We heard that there's a need to keep LICH as a necessary and vital role in Brooklyn's health-care needs.

We heard that the need for labor-community stakeholders to have a seat at the table.

The desire to get rid of or change the current billing system and its financial difficulties.

As an academic medical center, all faculty should be teaching. The school and medical center should not operate as two entities.

We heard that we should review human-resource records to get the most out of employees.

We heard that there's a need to create primary-care offerings, and that the potential harm of not knowing the future of Downstate LICH and what could that could do to enrollment. Some future students could choose not to apply, or withdraw applications, because of the uncertainty.

We heard about the need for money to hire

more primary-care physicians, to see patients, and to refer to subspecialties those who refer -- needed to be referred to other clinical services.

Acquisition, that the closing of LICH is a land-sale opportunity for valuable real estate.

And we heard that the characterization of United Hospital of Brooklyn as being worse than Long Island College Hospital.

All of these concerns we heard; and, therefore, this helped us to develop the plan.

And this plan is intended to serve as a strong solution, to ensure the people of Brooklyn that they will have -- continue to have the medical care they deserve, while preserving Downstate's ability to provide quality medical education.

So without further delay, I would like to ask that Dr. Williams and Associate Vice Chancellor Lefebvre walk the hearing panel through the overarching structure of the plan; this plan that we have developed, with consultation.

And then we will certainly be willing, after we hear from them, to answer any questions that you might have.

Thank you.

SENATOR LAVALLE: Dr. Williams, before you

begin, we're joined by Senator Golden, who is not a member of the Committee, but, as everyone in this room knows, is -- has been a most interested member of our body interested in this issue.

Senator.

SENATOR GOLDEN: Thank you.

SENATOR LAVALLE: Dr. Williams.

DR. JOHN WILLIAMS: Thank you, Senator.

Welcome to Senator Golden, a good friend of SUNY Downstate.

SENATOR GOLDEN: Thank you.

DR. JOHN WILLIAMS: First of all, let me start off by saying that I considered it an honor and a privilege to be at Downstate Medical Center.

Intellectually, I always knew about Downstate Medical Center, but now, emotionally, I understand Downstate Medical Center.

We keep hearing the term "catastrophic," for Brooklyn, the city, and the state.

And what does that really mean?

Well, first of all, it's important to understand that SUNY Downstate is five schools, not just a medical school.

(Slide-show presentation begins.)

DR. JOHN WILLIAMS: We have well over a

thousand students.

We have a medical school, nursing school, public-health school, graduate school, and a college of health-related professions that trains physical therapists, nurse anesthetists, and all sorts of health professionals.

Simply put, SUNY Downstate educates more minority health-care professionals than almost anywhere else.

In terms of the medical school, we are right behind the historically black colleges and universities.

Thank you.

And what is so important right now, in New York City, and in Brooklyn in particular, is that we have an aging and a very chronically ill population, and it's an underserved population in Brooklyn.

As I said, we educate over a thousand students, and we train well over a thousand interns, residents, and fellows as well.

And the good news there, is almost all of them stay in the state of New York.

And as we know, right now, New York is experiencing a shortage of physicians and nurses,

and it's critically important for us, along with Stony Brook and Upstate, to continue to educate physicians and nurses for the state of New York.

In this current environment, it's even more important.

With the pressing financial difficulties of SUNY Downstate clinical enterprise at UHB, we've reached a point that could imperil the future viability of Downstate's academic enterprise, and SUNY's prescribed mission to provide the people of New York educational services to the highest quality.

This is critical because of, as I said, who we educate and who we train.

SUNY Downstate is the American dream realized.

The 40 percent of the first-year medical-school class at SUNY Downstate, English is not the spoken language at home. And, we have over 70 languages that are spoken in our hospital today.

And, again, these individuals go back to those neighborhoods that they came from and take care of people who look just like them.

The current state can no longer be maintained. The challenges are immense.

The complexity of the state system is overwhelming, and many of the solutions that can be utilized to protect the enterprise from insolvency and achieve a successful rescue of the enterprise, such as bankruptcy, are not options available for consideration, as UHB continues to be a state enterprise.

Again, we have a very high level of health disparities in the communities we serve, high rates of complex chronic disease, and our patients are, largely, publicly insured.

Now, the only thing I want to point out in this next slide, is that Brooklyn health care has been studied to death, and the conclusions have been the same for the past couple of decades.

I have read those stories.

And, we really have to create an integrated system of care that is aligned with community needs as a means of improving individual health and community health, while reducing unnecessary health-care spending.

And that came from the MRT report in 2011.

And I will turn it over to Lora Lefebvre.

LORA LEFEBVRE: Thank you very much, Dr. Williams.

And thank you very much, Senators, for this opportunity.

So, the 2013-14 budget asked us, SUNY, the Chancellor, to develop a sustainability plan to address all of these things that we've just been talking about.

There were many scenarios.

As we engaged in this activity, as the Chair points out, we've been talking with many stakeholder groups, but we also developed a core team of people that could look at what the options were.

So, there were many scenarios discussed.

But, the factors of time, or lack thereof, lack of time, the financial and cash position that Downstate finds itself in, and our very public nature, really compelled us to look at four, kind of, core options.

(Slide show continues.)

LORA LEFEBVRE: So, the first option was to look at UHB as a very elegantly efficient and effective health-care institution, with the benefit of the Part Q legislation.

Part Q was the piece of the budget that allowed for the sustainability plan, but it also allowed us to have some flexibility with regard to

contracting and procurement, for one year, attached to the sustainability plan.

So, when we looked at how to become more elegantly efficient, we certainly considered the benefits of using that piece of the legislation.

And, of course, when we looked at that, we knew we were going to need State support.

The second option was a little bit more outside of the box.

And we said: So, what happens if SUNY just exits the hospital operation altogether? We create a voluntary not-for-profit organization and, basically, allow for that entity, to run the hospital operations. Not the medical school operations; the hospital operations.

Another scenario that we looked at was to, basically, find another, bigger partner that had breadth and capacity to, basically, take us over -- merge, take us over.

So we actually engaged in some very serious conversations with a big provider in Brooklyn, to see whether or not there was the capacity or the willingness to get into that kind of discussion.

And we saw a lot of synergies there, but it really, for a lot of different reasons, was not

something that looked really possible, at least at this point in time.

The third option that we -- or, excuse me, the last option that we looked at, which is the third one on the slide, was kind of a combination of two of the options, which was, to restructure ourselves, using Part Q legislation, the flexibility legislation, but also creating a Brooklyn-based public-benefit corporation to assist us with, as Dr. Williams points out, the -- addressing the larger Brooklyn context of health-care delivery, and where we fit in it.

And, you know, our interest certainly starts with our academic interests, and our interest in serving the medical school, and all of the allied professions that we trust -- that we offer.

And so we felt, like, perhaps a public-benefit corporation could hold all of that, and also allow for, as Skip -- as Skip points out, the development of an integrated delivery system.

So each one of these options had pluses and minuses.

We were very concerned, as I mentioned, with making sure that we controlled the academic enterprise, and that includes medical school --

medical students, but also residency placements.

There were some very common elements in each one of these scenarios that we had to be mindful of.

We knew we needed to restructure the University Hospital at Brooklyn;

We knew we had to protect our academic programs;

We knew time was not our friend;

We knew we had to develop it in the context of Brooklyn health delivery as a whole;

And we also knew that we were going to need your support to do it.

So, Albert Einstein said, we had to apply new ways of thinking to solve the problems of the past.

And we did.

So, what is our plan?

We are proposing two distinct actionable components for our plan.

The first, is to continue to aggressively pursue reshaping UHB into a model of effective and efficient health care that serves our academic mission.

This will not be easy, nor without significant reductions.

It will require relearning how we do things,

all the way from patient care and documentation by our physicians, to how we purchase sutures.

A whole work-process relearning process.

This is hard work, and certainly will require a lot of strong partnership from the staff at Downstate, and certainly support from SUNY Central.

The second and critical piece of the proposal, or plan, is a creation of an organization, and we would call it the "Brooklyn Health Improvement Corporation."

And what we see this corporation being able to do, is take UHB out of its somewhat limited role in the borough and elevating it to become Brooklyn's homegrown medical school of choice, and provide a backbone for the coordination of care and services so needed for Brooklyn providers to achieve a good, stable health-care delivery system.

So, how do we fit into that?

Well, we can support Brooklyn health-care providers, and this organization, by producing, as Dr. Williams points out, all manner of health-care professionals, including desperately needed primary-care physicians and allied health professionals.

We would also provide all Brooklyn hospitals

and clinics with a diverse and quality workforce of medical students and residents to assist with delivery of health care.

These partnerships will also allow for UHB and others to begin the critical work of network formation that will allow Brooklyn to respond to the potential of the Affordable Care Act, and also changing reimbursement methodologies that come with it.

Okay, so we look -- sorry.

So, we see a phased approach for this sustainability plan.

We see that it needs to be phased, and that, first and foremost, we need to become a lean organization that offers great health care.

And to do this, it's going to take time, and it's also going to take continued State support.

At the same time, we recommend that the State pass legislation to establish the Brooklyn Health Improvement Public-Benefit Corporation, and work to begin building partnerships.

And you can see the three phases of the plan there.

So, why create a state public-benefit corporation to do this?

History has shown, at least from my perspective in Brooklyn, that this integration and this working together that is so desperately needed does not happen naturally, particularly in Brooklyn.

And, the consequences of natural selection that might be applied in this situation can leave really significant holes in health-care delivery in really critical parts of Brooklyn.

We believe that the public-benefit-corporation structure allows for a governance structure that can embody a public-private partnership, because we're not just talking about ourselves. We're talking about many standalone health-care providers in Brooklyn that are also struggling mightily.

We see that a public-benefit corporation could serve as a conduit for an allocation authority for limited State restructuring support.

And we also see that it would allow for an organizing principal for our academic planning and our placement.

So, there are many, many types of public-benefit corporations, as you know.

I'm not going lecture about that.

So some "run" things, like the MTA;

Some are created just to issue debt, like DASNY;

And then there are other public-benefit corporations that are really created to embody public and private, you know, partnerships.

And I see this as -- what we're suggesting, as being the latter.

The one thing that I want to note, is that this public-benefit corporation that we're suggesting will not run hospitals, it will not operate hospitals, but, it could be all of these things that we have listed here:

A catalyst for health-improvement initiatives;

A vehicle for public input;

You know, a sponsor of initiatives that address primary care;

A forum for providers to track changes;

Perhaps a vehicle for capital formation;

And, certainly, a vehicle for change.

This is a little bit more of a graphic on how we see the public-benefit corporation fitting into a network.

I won't go into great detail about it, the visual speaks for itself.

And -- but it -- also, I would highlight, that the benefit of a network isn't just necessarily working together. There are some very real financial potentialities associated with working together.

We know that joint managed-care contracting can be an amazing, powerful tool for struggling institutions. And that certainly is one of the potentials here.

The other potential, as we see it, is supporting in a much more meaningful way, the benefits of our academic mission for our medical school and our GME programs.

So what does it take to support this plan?

Significant support is required.

We've laid this out on the chart here.

We are committed to making UHB a more efficient operation.

But while -- and these -- these estimates that we've put up there are points in time.

And we know that Dr. Williams and his team, and certainly SUNY Central, will continue to press to find more savings.

Network development will assist in those operational gaps.

I will also note, on the "Long Island College Hospital" line, we have had some excellent responses to a request for an information process that we have started with Long Island College Hospital.

And we, I think, received about seven responses to an RFI that we issued, and they were due back on the 24th.

So we're reviewing them now, they look responsive, and we're really expectant that we will have a new operator, or operators, for LICH at some point in the future.

Regardless of all of that, SUNY has made a determination that the expenses for LICH are not something that we can continue to maintain, and these numbers represent what it takes for us to exit the operation.

So this is a summary -- it's a little busy, but this is a summary chart of, both, our needs, UHB's needs, that we feel we need to have the plan supported, but also estimates on what it might take to support a meaningful health-improvement corporation.

Notable among those network needs are things, like: Investment in infrastructure;

Linkages to electronic medical records;

Change management clinical staff for training folks to do things differently;

And, also, development of quality dashboards.

And while it's not -- it is a pretty significant investment, I think that there are -- there are a number of demonstrated networks, that when they form the backbone with their electronic medical records, around quality, and around clinical outcomes, the success has been demonstrated.

So as we -- as the Chancellor pointed out, we submitted our plan on 5/31, and we have continued our engagement and our dialogue with all of you, and certainly with the Executive and all stakeholders.

And we will continue to do so.

And, so, that concludes the overview of the plan.

(End of slide-show presentation.)

NANCY L. ZIMPHER: Questions?

SENATOR LAVALLE: Let me say, we've been joined by Senator Montgomery, who's part of the Brooklyn; and, Senator Parker, to the right.

Both senators from Brooklyn, as you all know.

One of the things during the budget, Senator Hannon talked about the budget, and we talked about the legislation, and we were talking

about the problem, several numbers were being used as to:

What is the bleeding of Downstate?

What is the bleeding at LICH?

What is the bleeding together?

Do we have that number?

DR. JOHN WILLIAMS: Yeah, the number right now is approximately $11 million a month.

SENATOR LAVALLE: 11 million a month.

Do you have a breakdown as to --

DR. JOHN WILLIAMS: Currently --

(Discussion among panelists.)

DR. JOHN WILLIAMS: Yeah, I know. It's not lighting up.

LORA LEFEBVRE: Here, use mine.

DR. JOHN WILLIAMS: Right now, it's about 4.5 to 5 million a month at LICH, and the rest being at UHB.

And the UHB number is continuing to come down.

And as I promised the Chairman and the Chancellor, that it would take about 18 to 24 months to really see significant savings, but we are collecting, we are billing, and our charges are getting in.

SENATOR LAVALLE: I remember, Doctor, you testifying at our budget hearing back in early February, that you had implemented those procedures that had not been implemented before.

So, okay, so it's 11 million a month.

And, I want to just talk about LICH a bit.

The planning stage leading up to LICH was, how extensive?

How extensive was the planning period to the acquisition of LICH?

NANCY L. ZIMPHER: At least, Senator, two years, but, I believe it predates my tenure in '09, so it probably has spanned almost three years.

SENATOR LAVALLE: Okay.

And do we have recollection, anyone, how that came to the SUNY table; who brought that?

Was it the president of the hospital at the time?

NANCY L. ZIMPHER: It was.

And Chairman McCall, we were both -- you were on the board, and I was in this role, but it came through the pres- -- then-president of Downstate Medical.

SENATOR LAVALLE: And that was Dr. LaRosa?

NANCY L. ZIMPHER: Dr. LaRosa.

H. CARL McCALL: Well, I would like to add, also, my recollection of it, was that it was really very strongly supported by the governor at that time, Governor Paterson, who supported it, and was prepared to pay for it.

SENATOR LAVALLE: I didn't hear the last?

H. CARL McCALL: Governor Paterson supported it, and indicated that he would pay for it.

SENATOR LAVALLE: He would pay for it.

And the acquisition cost was, what, that he was going to pay for it?

How much?

NANCY L. ZIMPHER: I can't recall the exact figure.

LORA LEFEBVRE: Well, I -- the -- the -- there was a HEAL grant of about $40 million that was granted to Downstate, to pay for part of it.

There was also another $22 million HEAL grant that was made to Continuum, the seller, to address medical-malpractice liability.

So, the total was significant.

SENATOR LAVALLE: 40 million?

LORA LEFEBVRE: Yep.

SENATOR LAVALLE: So...

Okay.

Dr. Williams, I was very touched by your comment, and I made a note here, that the Brooklyn, meaning "Downstate," story goes for a couple of decades.

So, things were happening there for a couple of decades?

DR. JOHN WILLIAMS: Correct.

SENATOR LAVALLE: That were telling us that we were losing money there?

DR. JOHN WILLIAMS: Yeah, we were beginning -- I would say, in the last decade, we were beginning to see losses.

Not significant losses at the time, but as the Chancellor has said, it was like the perfect storm.

That, the economy hit rock bottom; Medicaid and Medicare were cut significantly; pension costs went up significantly; and, so, it was the perfect storm.

The fact that there was no money for infrastructure over a number of years at Downstate also contributed.

When I got there, totally outmoded systems, systems that did not work.

And we, essentially, if you look at the

revenue cycle, we had to completely rebuild the revenue cycle.

It did not exist; and, so, we were unable to actually collect money that we billed for.

SENATOR LAVALLE: So we now have -- from top to bottom, we now have procedures and standards in place that will ensure that the hemorrhaging you're talking about, people paying bills, and --

DR. JOHN WILLIAMS: Those processes are being implemented now. In my 10 months, I think we have -- the team has done a remarkable job so far.

But, yes, there will be procedures being placed, there will be processes, and the right people will be doing the work.

SENATOR LAVALLE: You've seen -- can you quantify for us, the savings we're talking about?

11 million a month.

So, when you got there, what was the bleeding?

DR. JOHN WILLIAMS: The bleeding was about 13 million a month.

SENATOR LAVALLE: Okay.

DR. JOHN WILLIAMS: And we have had some projected improvements.

We know we've made some significant savings,

40 to 60 million dollars. And, we are projected -- we have projections for '14, '15, '16, all the way out to '17, where there will be additional savings.

SENATOR LAVALLE: I have that LICH was losing money prior to -- so, when we took on LICH, it was not -- it was losing money, and it was losing money for a significant period of time.

DR. JOHN WILLIAMS: Correct.

SENATOR LAVALLE: So we acquired -- we acquired an institution that was losing money for more than a decade, decade and a half.

Is that --

DR. JOHN WILLIAMS: Correct.

SENATOR LAVALLE: Is that -- correct.

And none of us -- and, the planning period; we have no recollection of what the planning period was, to say, we're acquiring something that is losing money for 17 years.

And, do we know what that amount was when we made that acquisition?

NANCY L. ZIMPHER: Senator, I think that we would best be served to give you a summary of how the LICH deal came about, the reports of the consultants.

There were a number of strategies that were

expected to be put in place.

There was the notion that patients would actually, easily, travel from University Hospital to LICH, that really didn't materialize.

That there would be a service zone around the LICH neighborhood, that would be highly advertised and promoted, and, that people would not cross the river to Manhattan. They would stay in the Brooklyn communities.

So a number of the assumptions around which the acquisition were based did not really come to fruition.

But I think what would be most helpful, probably, is to give put a document, to follow up on your inquiry, about exactly what the intentions of that consultation were.

As Lora can probably say, from the Department of Health, there was broad consultation.

We recall that the Executive was involved as well, as Chairman McCall has said.

But the assumptions made about how to recover LICH into a sustainable operation simply did not materialize.

And that's why, as soon as we began to analyze what didn't materialize, we shifted our

plan.

But we could certainly document the steps that were the taken over at least a three-year period.

H. CARL McCALL: I just would like to add, that the audit from the Comptroller's Office also, that I mentioned before, highlighted the fact that many of the assumptions that were put in place, in terms of the acquisition, simply did not add up, and that those assumptions were not very sound.

The report details that, and we can make that available to you.

SENATOR LAVALLE: Yes, so, the Committee will get that?

NANCY L. ZIMPHER: Absolutely.

Thank you, Senator.

SENATOR LAVALLE: Okay, I think Chairman McCall talked about a $75 million loan.

I just want to kind of jump a little bit.

H. CARL McCALL: Yes.

So one of the actions taken by the board, when we realized that we were facing this serious financial difficulty at Downstate and LICH, the board, upon the Chancellor's recommendation, provided a loan of $75 million.

That money came from our other campuses. We went into the reserves; money put aside for critical programs for our other 64 campuses.

But because we are a system, and we recognize that we all have to help other units that might not be doing as well, we extracted from our other campuses some $75 million, and made that available as a loan, and that has provided the operating expenses for Downstate and LICH over the last year.

SENATOR LAVALLE: The word "loan" means that it's going to be repaid?

H. CARL McCALL: That is certainly our hope.

SENATOR LAVALLE: If I were president of a campus, I couldn't live on a hope.

I would -- I mean --

H. CARL McCALL: Senator, you're right. And that is one of the reasons why it is so important for us to have a sustainability plan that makes sense, and to have support from the State, because all of our presidents are very concerned about the fact, that if these losses continue at Downstate and at LICH, that the only way we can pay for it, without support from the State, is to continue to extract money from our other campuses.

And we can't do that.

We can't say to parents, who are struggling to pay tuition for their students, that we're going to take that money and use it to sustain an operation in Brooklyn that's not functioning.

SENATOR LAVALLE: So the -- is the 75 million from capital reserves, or that's from operating, that they -- revenue --

NANCY L. ZIMPHER: Operating.

SENATOR LAVALLE: Operating?

H. CARL McCALL: Uh-huh.

SENATOR LAVALLE: Okay.

Do we have -- let's go back to hope, because I --

[Laughter.]

SENATOR LAVALLE: -- we all, in our hearts, have hope.

So, if I'm president of Campus X, when might I see what was taken from me, back?

H. CARL McCALL: Senator, all we can say is, we will have to hope to keep hope alive.

[Laughter.]

SENATOR LAVALLE: Okay.

Now, we're still losing money.

We -- do we have to go back and do another round from the campuses' contribution?

NANCY L. ZIMPHER: Senator, as you might imagine, there is a lot of concern across our campuses, just the very conversation we are having.

And we have made a pledge to our campuses that that will not be our intent.

We've been asked to present a sustainability plan.

That is exactly what we have done, with a high level of consultation.

We have made no bones about it, we understand the State's investment will be necessary. We've said this repeatedly.

We couldn't come up with an option or an alternative that didn't suggest the State's role in this partnership.

And so we have to say to our campuses: This plan is based on the assumption that the downsizing and the public-benefit corporation and the State's role are our sustainability plan.

SENATOR LAVALLE: Okay, so, we have 75 million from the campuses.

We passed legislation.

How much was in that legislation for --

NANCY L. ZIMPHER: Lora's going to sort of break it down.

LORA LEFEBVRE: Yeah.

So in the 2013-14 budget, we've got aid for all SUNY hospitals. We've got a baseline support --

SENATOR LAVALLE: No, no, no.

LORA LEFEBVRE: I'm sorry?

SENATOR LAVALLE: In the legislation that we passed --

LORA LEFEBVRE: Oh, I'm sorry.

SENATOR LAVALLE: -- well, we're going to get to --

LORA LEFEBVRE: Nothing.

SENATOR LAVALLE: -- what's in --

LORA LEFEBVRE: There wasn't any support attached to the sustainability plan.

SENATOR LAVALLE: There was no "loan" language that -- for 100 million?

UNKNOWN MALE PANELIST: No.

LORA LEFEBVRE: No, no.

At one point in time, during the discussion, there was the consideration of a loan. But that did not make it through the final bill in the process.

SENATOR HANNON: Let me just ask one other question, let me interrupt this line.

In your response to the audit report of the comptroller, I found it interesting, and I wondered

if this continued, where the amount of State support had decreased by about 57 percent, from 07-08 to the 11-12 budget. And that would be a drop of about 17.6 million.

And in addition, there had been other actions taken in 07-08, that increased the cost to Downstate by 92.2 million.

Now, those -- have any of those numbers -- and that's a net-change effect to Downstate, of $115 million on an annual basis.

Have any of those costs' impositions on Downstate been changed?

LORA LEFEBVRE: No, not that I'm aware.

SENATOR HANNON: So it still remains?

LORA LEFEBVRE: Yep.

SENATOR HANNON: Thank you.

Senator LaValle.

SENATOR LAVALLE: Let me, uhm -- you've put together this sustainability plan.

And, upon one of your charts here, you have UHB --

This is the chart I'm looking at.

LORA LEFEBVRE: Yes, yes. Thank you.

SENATOR LAVALLE: -- you have "UHB and other hospitals."

What are the "other hospitals" that we're --

DR. JOHN WILLIAMS: Well, we are in discussions with several other hospitals in Brooklyn right now.

Three, that are very interested in forming some sort of network like this.

And, we're going to be continuing to have conversations with other hospitals in Brooklyn as well.

The whole idea here, is that, if you look at other networks, if you look at the Manhattan hospitals, they form networks, where they have several hospitals.

We're all standalone hospitals.

As a result, when we go to negotiate a price, they look at us as a onesie, or a twosie, as opposed to eight or nine hospitals, that, if you don't give them the price that they're asking for, they'll go to somebody else.

And, so, we see strength in numbers there, but we realize that this network has to be put together.

The hospitals will continue to have their own separate boards, and so forth, but, when it goes to managed-care companies, when it goes to purchasing,

contracting, if we do all that together, and create a primary-care network on top of that, because the Affordable Care Act is going to demand that, we believe that there will be significant strength.

SENATOR LAVALLE: What are the hospitals?

DR. JOHN WILLIAMS: I'm sorry?

SENATOR LAVALLE: What other hospitals?

DR. JOHN WILLIAMS: Brooklyn Hospital, so far, Lutheran Hospital, and Kings Brook Jewish, are the ones that have been affirmative so far.

Others are thinking.

SENATOR LAVALLE: Okay.

And what is the process going to be to put those hospitals into a network?

DR. JOHN WILLIAMS: That's next steps. That's part of our -- once we get some transition money, to stabilize, then we'll begin to -- begin that process.

SENATOR LAVALLE: Do we know the viability of those hospitals?

DR. JOHN WILLIAMS: Yes.

Brooklyn is positive, cash-wise;

Lutheran is positive;

Kings Brook is positive.

SENATOR HANNON: What's the "transition

money"?

SENATOR LAVALLE: Go ahead.

SENATOR HANNON: What's the "transition money"?

DR. JOHN WILLIAMS: The "transition money" would be to continue the efforts that we have at UHB right now, in order to completely restructure, to make sure that we are doing things effectively and efficiently, and we're actually bringing in money instead of losing money.

The one caveat I would like to make, and this is critical, is that, if you look at the population in Brooklyn, we have a very high uninsured rate, and, we have a very high rate of public insurance.

As a safety-net hospital, we're lucky to break even.

Our mission is to take care of those who cannot afford to pay.

And as part of that mission, we were getting a significant amount of State support.

And as you pointed out, Senator Hannon, we no longer get that support.

If we were at that level, we wouldn't be in this situation.

SENATOR LAVALLE: How you can ensure the

financial viability of those hospitals?

What are you going to do?

Are we doing an audit of those hospitals, or, what are we doing?

DR. JOHN WILLIAMS: Again, we haven't gotten to that state yet. This was all part of the plan that we were putting together.

And as I said, right now, all of those hospitals are positive.

LORA LEFEBVRE: Yeah, and I guess I would just add to that, is that the part of the plan that asks for this organization, this Brooklyn Health Improvement Corp. -- Public-Benefit Corporation, is really the place where all of these institutions, and perhaps even more, could, basically, come and start pounding through some pretty granular, kind of clinical, service-line arrangements, network development, and physician kind of organization.

Because I think that the bottom line is, despite the fact that they -- these other institutions are doing well, or breaking even now, the whole thrust of health care is towards consolidation. And standing alone is not going to guarantee a sustainable future.

So I think the bet -- from our perspective,

or my perspective, the bet is for everybody, and I think people would agree with that, that they need to come together, so there's an incentive there.

SENATOR LAVALLE: Well, there's no doubt that the three hospitals that you mentioned would gain because of the -- what Dr. Williams indicated; once they go to managed care, they are going to get much better rates than they are getting now, so, their balance sheet will improve almost immediately.

But what about your balance sheet?

Are you going -- because of the three hospitals, or more, will managed care give you --

DR. JOHN WILLIAMS: Yes.

SENATOR LAVALLE: -- higher --

DR. JOHN WILLIAMS: Yes.

As a consortium of hospitals, yes.

Now, our potential to increase is there as well.

SENATOR LAVALLE: So, we're going to put these hospitals together, with Downstate.

How long will that take?

Because we're losing money now. Okay?

LORA LEFEBVRE: Right.

DR. JOHN WILLIAMS: Sure.

SENATOR LAVALLE: So I'm trying to figure

out, how long are we going to be losing money?

LORA LEFEBVRE: Well, so -- so what we've laid out here, is that we will continue to be more efficient.

But, I mean, our projections, at this point in time, have us continuing to lose money through '17. There's no question about that.

We can continue to work to become more efficient, and all of those other things.

At the same time, what we're asking for, day one, is legislation, to kind of hold this network-development organization, to invite in others, to hopefully influence that number at this point in time.

Since we don't know who our partners are, I mean, Skip's done a great job in talking with folks in Brooklyn, but, that might not be all of the potential there.

We didn't really allow the numbers to be influenced by that. We just know that there's potential there.

So, it takes a while.

SENATOR LAVALLE: Aren't you putting the cart before the horse?

I mean, you don't know what the hospitals

are; what their bottom line is.

You believe they are healthy. Could be three, could be five.

There are other health-care needs, or different types of health-care needs, in the borough.

And I'm sure that the other members will talk about that.

DR. JOHN WILLIAMS: Well, Senator, what we have looked at is a start.

Right now, we've been doing nothing, and all of the hospitals in Brooklyn are threatened.

It's a broken system -- there is no system in Brooklyn.

And, so, we -- given the short amount of time that we had, we had to look for: What would be the best solution that we could come up with for Brooklyn?

Now, the hospitals that I have spoken to all recognize that they could run into substantial difficulty as well.

And they, quite frankly, don't have another solution except to stand alone.

They've tried with some of the big hospitals in Manhattan, but they don't really get anything

from that.

SENATOR LAVALLE: No, I -- I don't want you to -- I think this is moving in the right direction, where we are in health care.

And I'm certainly sitting next to the expert in health care.

But, what I'm trying to get into is some of the detail.

So, Chairman McCall, the board is going to allow three hospitals without any due diligence?

H. CARL McCALL: No, Senator.

First of all, what the board is asking you to do, is to provide legislation to create this entity, with understanding, that if the entity is in place, then we have something to offer the other hospitals, then we can have the kind of detailed discussions with them about their finances, and make decisions about their participation.

But, right now, we can't get into details because we don't have the entity that we're asking for.

SENATOR LAVALLE: So that entity is the public-benefit corporation?

H. CARL McCALL: Public-benefit corporation, which will not operate hospitals, but would be a

coordinating body, to bring together hospitals into a network, to share services, to do joint planning, and to do joint procurement, and other activities.

SENATOR LAVALLE: So we're going to set up another layer of government. We don't know -- to not run the hospitals.

H. CARL McCALL: That's right.

SENATOR LAVALLE: To do procurement.

LORA LEFEBVRE: Planning.

SENATOR LAVALLE: Planning.

NANCY L. ZIMPHER: And the distribution, Senator, of health care.

I think one of the challenges of the University Hospital, is that it was doing everything; a little bit, or a lot.

This gives us an opportunity to be more planful across the borough, in the way we deliver health care, where we do ambulatory care, where we do primary care.

There's been no system in the borough for sorting out the delivery of health care.

SENATOR LAVALLE: So the public-benefit corporation's gonna do all that?

NANCY L. ZIMPHER: It is going create a network, to plan a better distribution process for

health-care delivery in the borough.

Something that I think we all agree, has been missing for decades.

SENATOR LAVALLE: Okay. That's --

NANCY L. ZIMPHER: So it is to be more planful, more strategic, more balanced, in the way we offer care to the citizens of this borough.

And it's a big idea in that respect.

It's a new idea. It's something that has not been generated by any of the critical stakeholders to date.

So, I would just say, as a complement to the Assembly and the Senate, because you called us, to give you a sustainability plan, we have broadened the base and the understanding of health-care delivery in Brooklyn, beyond what University Hospital or LICH can do, but to what we can do together.

And I think we've come to believe that is our best hope.

SENATOR LAVALLE: What happens to you and Chairman McCall?

We don't deal with you anymore? We deal with this --

H. CARL McCALL: No, we will be a part of

this network. You'll still deal with us.

We will be a participant in the network; however, the network will be a state agency, and you will deal with them as well.

But, believe me, our relationship will go on, we hope, because we are University Hospital, funded by the State.

SENATOR LAVALLE: Chairman, I have all to do to deal with both you and the Chancellor.

Now, you're asking to deal with you, the Chancellor, and another entity. And then, of course, Dr. Williams.

I --

SENATOR HANNON: Think of how it is to deal with 300 hospitals in New York State.

[Laughter.]

SENATOR LAVALLE: Well, let me ask you:

Could this not happen without a public-benefit corporation?

NANCY L. ZIMPHER: I think, Senator, we have a lot of evidence, that finding a vehicle for bringing these hospitals into some form of collaboration network has not, in and of itself, generated the kind of cooperation and collaboration that we think is necessary.

So I think the time has come for us to create a vehicle that will bring this kind of integration to bear.

And we've simply have not seen it in the past, so we're making a recommendation that we think will get us to a new place in Brooklyn.

SENATOR LAVALLE: Are you planning to do this at Upstate and Stony Brook?

NANCY L. ZIMPHER: Well, I think, Senator, what we're learning about our academic medical centers, is that, they're four very unique enterprises, and one size does not fit all.

So, we're listening very carefully to the recommendations of Stony Brook and of Upstate, as they attempt to resolve and create a better future for themselves.

So, we know that one size doesn't fit each of our campuses, but, we also think there is promise in working together around procurement, and other issues.

SENATOR HANNON: Let me just, for a second point.

SENATOR LAVALLE: Of course.

Yes, Senator Hannon.

SENATOR HANNON: There is some powers that

had been requested by the Administration, concerning how the Department of Health could oversee and be empowered in regard to hospitals, in regard to temporary operator, in regard to control over boards of directors, control over the documents of a hospital.

And, in this year's budget, each of those powers was given to the Commissioner of Health.

So, that, to the extent that prior efforts at trying to have a more integrated system, Brooklyn, or any other area, and they were not successful.

And these things had been urged by the original Berger Commission, by the Medicaid Redesign Team-Berger Report, so they're now there.

And the whole background for implementing consultation, I would hope would be in a better place than in the past.

SENATOR LAVALLE: The last part of my questioning, because I want to let my colleagues, I just want to go back to LICH.

So, I just want to understand what's happening there.

LORA LEFEBVRE: Sure, I can take you through, like, a quick timeline.

So, early in January, because of the

financial difficulties at LICH, SUNY submitted a closure plan to the Department of Health, because our intention was to exit.

We were restrained by the court, immediately, and were asked not to continue to execute the closure plan or talk with the Department of Health.

In the meantime, this legislation, valuable legislation, on developing a sustainability plan was enacted.

The sustainability-plan process asked us to consult with stakeholders.

We believe that the Department of Health is a very important stakeholder in this process.

So the board, and Chancellor, made the decision to, basically, withdraw the closure plan, in hopes of becoming free to talk with the Department of Health.

The petitioners did not withdraw their claims, and so we still find ourselves under a restraint by the court.

In the meantime, what we did was, Skip had done a very great job of reaching out to all of the health-care providers in the downstate community that had the breadth to perhaps consider running LICH.

And we didn't get any -- we didn't get any thumbs up.

So what we did, at that point in time, was step back and do a more formal process, which is this request-for-information process that we -- I talked about, and are engaged in, and, basically, threw the doors open, and said: Look, we would like somebody to come in and operate some type of health care at LICH. Are there any interested parties?

And, again, we've received about seven interested, you know, letters, and we are in the process of evaluating those.

And I expect, at some point, we will go through a formal procurement process, that we need to go through, to kind of follow through with the disposition of that.

But, regardless, given the nature of the fiscal difficulties over at LICH, we are still of the opinion that we need to exit the operation at LICH.

SENATOR LAVALLE: Yeah, let me -- we have a $4.5 million problem each month.

LORA LEFEBVRE: Yeah.

DR. JOHN WILLIAMS: Yes.

SENATOR HANNON: Have you looked at -- the Chancellor referenced the assumptions that had been put on paper for the acquisition of LICH, and that those plans were not really implemented.

Has anybody gone back and looked at those assumptions again, to see whether or not, if they were implemented, it would have a different situation in regard to your affiliation with LICH, or, were those assumptions simply not practical?

DR. JOHN WILLIAMS: Some were practical, and some weren't.

One of the big issues was the volume of patients that was not coming to the hospital.

It's already -- always had a steady set of patients, but not enough to pay the bills.

And, we still have a significant proportion of the population that gets their health care in Manhattan.

One of the things about that area is, you do have a lot of young people who don't go to hospitals. They get yearly physicals, but they don't go to hospitals.

And that's been a big part of the problem.

SENATOR HANNON: Thank you.

SENATOR LAVALLE: I just want to mention

we've been joined by Senator Adams and Senator Felder.

SENATOR STAVISKY: Let me just ask a number of questions.

As I was listening to you, Dr. Williams, you're limiting your choices to Brooklyn.

Have you thought of -- you know, I come from a borough of close to 2 million people, and we are seriously underbedded in Queens County. We've had a lot of closures.

But have you thought of some of the other networks besides hospitals in Brooklyn?

DR. JOHN WILLIAMS: We have not, to a large degree. We have talked to one hospital in Staten Island so far, that is very interested in being a part of this as well. And, it's a hospital that we already send residents to, medical students to. We're going to have a joint surgery program.

And, so, they would be a likely candidate, but I have not thought beyond that.

SENATOR STAVISKY: I will let others get into the restructuring aspects, but let me just focus on one issue, and that is, the projection of approximately 15 percent of the workforce being replaced.

DR. JOHN WILLIAMS: Well, again, I don't know if it's 15 percent. That sounds awful high to me.

SENATOR STAVISKY: Sounds high to me too.

That's why I'm asking.

DR. JOHN WILLIAMS: But, one of things that we believe that can happen with a corporation like this, is that we know, when the Affordable Care Act is fully implemented, you have to do much more primary care, so we have to build primary-care centers.

And, anybody that would potentially be let go from acute-care hospital could be moved into primary-care settings.

We are woefully, woefully understaffed in primary care in Brooklyn.

And we know that that's something that we absolutely have to do.

And that is a way that we can maintain jobs.

SENATOR STAVISKY: All right, let me focus on the public-benefit corporation, because I have some major concerns, particularly when you mentioned the MTA and DASNY, neither of which were -- well, particularly, the MTA is certainly not known for its transparency or accountability.

And I find that model to be somewhat

disturbing.

First of all, some of these agencies have bonding authority.

Would this public-benefit corporation be permitted to issue bonds?

LORA LEFEBVRE: I don't think that we -- just let me start with your comment on the MTA.

What I was trying to do with --

SENATOR STAVISKY: Was give an example.

There's hundreds --

LORA LEFEBVRE: -- illustrate that there are different kinds.

SENATOR STAVISKY: -- hundreds of public-benefit corporations.

LORA LEFEBVRE: And to your point about debt issuance, I think -- we're not going be developing this legislation.

Certainly, I think we have elements of the legislation that we think would be desirable.

And I would say that public-benefit corporations can certainly help in capital formation.

Let me stop there and say, every single physical plant of a hospital in Brooklyn is aged out beyond capacity.

The depreciation has not been going back into the physical plants, so you do not have a good new hospital there.

So, as a future look, allowing for this public-benefit corporation to have that debt capacity is a consideration.

I don't think we're recommending that. I'm pointing out that it could be a benefit.

And public -- and, I'm sorry.

And primary care.

Oh, my gosh!

You know, as Skip points out, the primary-care need in the borough is amazing. And it takes -- it takes capital to get those places up and running too.

SENATOR STAVISKY: And we can't do what they do in higher ed, which was call it "critical maintenance," instead.

The $75 million that you have borrowed from the SUNY reserves, would this be absorbed by the public-benefit corporation?

UNKNOWN MALE PANELIST: No.

LORA LEFEBVRE: Absolutely not.

SENATOR STAVISKY: They would not be operating the hospitals per se, so aren't -- in a

sense, they're doing the job that SUNY had been trying to do?

LORA LEFEBVRE: Sue -- what I would say is that, SUNY has been, I think, in large degree, operating on its own, just like every other, you know, hospital in Brooklyn has fundamentally been doing.

And I think that what we're suggesting is, there needs to be kind of an organizing principal, an organizing place, where these partnerships can begin to develop, because no one's been doing it well in Brooklyn up to this point in time.

So, we really -- all of us need to be doing it. All of us providers.

DR. JOHN WILLIAMS: And the last group we saw put together was the Long Island Health Network.

And, again, they're all independent. There's ten or eleven of them, but they get significant benefit when they contract; when they go to vendors, when they do procurement.

And that has actually saved a couple of those hospitals on Long Island, as a result.

SENATOR STAVISKY: That concept of procurement and -- is something that I know the Chancellor has been advocating for quite some time.

And I have been somewhat reluctant to support the idea of contracting outside of government service, to private.

And I assume that this is not the concept -- okay.

That's not my question.

That is not what you're talking.

You're talking about consolidation.

LORA LEFEBVRE: Right.

SENATOR STAVISKY: Purchasing.

Good. That's fine.

My last question: My concern is the question of accountability; the makeup of the public-benefit corporation.

How are you going to ensure that the public, that the Legislature, that the health-care professionals, have a voice in making sure that it is as transparent as it can be?

LORA LEFEBVRE: I would expect, again, that we would be one of many voices in the creation of the legislation for this public-benefit corporation.

And I'm sure that those are considerations that all people would bring to the table.

SENATOR STAVISKY: Thank you.

SENATOR LAVALLE: Before I recognize

Senator Golden, I have been going down a path, and then Senator Hannon asked a question, and I never let you finish your answer on the 60 million that was in the budget.

LORA LEFEBVRE: Oh, sure. Yeah, yeah, yeah.

So in 2013-14, SUNY received $60 million for what I would call "base-level support" for all three of our hospitals.

And, generally, we allocate based on -- in the past we have allocated that 60 million based on the size of the workforce, different measures.

SENATOR LAVALLE: Uh-huh?

LORA LEFEBVRE: So, generally, that works out to be about 20 million, you know, roughly. It cuts a little bit differently.

Additionally, what we have received this year was, 27.8 million, I think --

SENATOR LAVALLE: That's correct.

LORA LEFEBVRE: -- in addition, that was predicated on deficit-reduction leave savings, that was -- once the contract is signed, and approved --

SENATOR LAVALLE: That is correct.

LORA LEFEBVRE: -- will, ostensibly, accrue --

SENATOR LAVALLE: But just focus on the

60 million.

LORA LEFEBVRE: Okay.

SENATOR HANNON: You added the 27 million?

SENATOR LAVALLE: No.

LORA LEFEBVRE: So --

SENATOR LAVALLE: I'm just focused on, how is that going to be distributed?

LORA LEFEBVRE: Right.

So that determination, at this point in time, hasn't been made. We haven't made that decision yet.

I would have to say that I don't expect any dramatic departures from years in the past.

SENATOR LAVALLE: Okay.

Uhm, okay.

Dr. Williams, I just want to --

And I said to myself, not to do what I'm going to do.

-- but, I would chat with the people at Stony Brook, to see how they're putting together a network, and how they're allowing hospitals to specialize in certain areas, that -- so forth and so on, without any supersystem.

I hear, you know, every area is different.

We've gone through Berger. We've gone

through two decades of denial in Brooklyn.

So, you know, it's a deep hole to come out of, I understand that, but there are other methodologies that you might want to look at.

Senator Golden?

SENATOR GOLDEN: Thank you, Chairman.

Both Chairman, thank you.

This obviously is something that we've been asking for, and I want to commend my colleagues, the two Chairs, for putting this together and getting this done in a timely fashion before we get out of Albany here, so that we can take, hopefully, some proper actions that will give us a real health-care system in Brooklyn.

My colleagues know that the -- it's somewhere between 15 and 16 percent across to -- of health care to the economy.

And I just seen a number the other day, is about 18 percent. And that's growing.

And we know that Medicaid is about $56 billion here in the state of New York, and we've taken an awful lot of steps to try to reduce that, but, it's growing.

And we need to be able to get health care under control in Kings County, and the reason for

that is because of the size of Kings County, 2 1/2 million people -- 2.6 million people, and growing.

We have a need for physicians in many sections of the Brooklyn neighborhoods that have shortages of OG/BYN [sic].

Certain OG/BYNs [sic] won't go into certain communities because of the insurance.

We have serious problem in primary care.

And, of course, we got the gerontology, one of the oldest populations in the entire state, and probably in the country. We're probably in the top five when it comes to the number of seniors that we have in the community.

So the perspective, going forward, is we have some serious work to do, to be able to get health care under control.

And, of course, the high Medicaid, Medicare, rate in the county of Kings is also -- has a severe impact.

My colleagues also understand, and as everybody in this room does, that Brooklyn is ground zero when it comes to health care.

And that if we don't correct it, it impacts our SUNYs, it impacts health care across the state

of New York.

It impacts Medicaid and Medicare, and it impacts a whole host of entities that I don't want to go into at this point because it would take too long.

I do understand that the need for this private-public partnership.

Why would -- how does a hospital get in or out of this public-private partnership?

LORA LEFEBVRE: Well, I think that one would hope that their self-interest would, basically, inspire them to join up.

I don't know that we've thought through the granular details of, mechanically, you know, how the relationships would work. I think that those could and would evolve.

But I think that there -- again, there's a lot of self-interest that should be driving these decisions to opt in or opt out.

SENATOR LAVALLE: The hospitals that haven't opted in yet, obviously, are probably hospitals that are already significantly in the black, and are concerned about the balance sheet that you presented, and the plan, and being able to be get that plan under control within the period of time

that you've -- 2017; correct?

Would that be one of the issues?

LORA LEFEBVRE: I don't know the conversations have matured to a point where -- where there's like a opt-in/opt-out decision point.

I think that it's -- I think it's just -- it's in the formative stages.

DR. JOHN WILLIAMS: Senator, when I began the process, it was just presenting a concept to other hospitals in Brooklyn, because, like so many others, I could just see there was a huge hole. And I was just trying to think of how we could fill that hole.

And we believe that this is the mechanics for how to do that.

And if we do get the legislation, then it's time to really have substantive discussions.

SENATOR GOLDEN: You definitely put a smile on Chairman LaValle's face when you say "fill that hole," because that is, obviously, something that both the Chairs are very concerned about, and so are my colleagues here from Kings County, and from the rest of the state, because if you don't get that under control, you not only impact the health care in Kings County, but you help impact the health-care systems across the SUNYs and across the rest of the

state.

So, you're in the beginning stages.

When does the white paper, when is that created?

When is the actual thought process put to paper, and so that the hospitals can understand -- a better understanding of how this partnership is going to work, and when it can begin?

LORA LEFEBVRE: So the way that we've thought about it, is that we would need the structure first.

So, you know, I think that the white paper could evolve once the structure is created.

SENATOR GOLDEN: And do you have a timeline as to when you think that might take place?

LORA LEFEBVRE: We thought that the structure could be created now, with your consideration;

And then the planning process would take about a year to get, you know, folks involved;

And then another two years to really evolve the business relationships and the network.

So, we've got it going out into '17.

SENATOR GOLDEN: I pointed out how you got a smile out of the Chairman when you said you were going to fill that hole.

I hope he continues to smile when we ask him,

and how we're going to get that piece of legislation done within the next two weeks, and if that is a good possibility, I think is something I guess we have to talk to the -- Senator LaValle and Senator Hannon, as to how that would come about.

Senator LaValle, you have any idea that we can -- Chairman, that we can put this legislation together if we have some more ingredients from Dr. Williams and from Chancellor Zimpher?

SENATOR LAVALLE: I think we've begun a process.

I don't know how quickly, you know, we'll get through the process, but anything is possible in the land of Oz.

[Laughter.]

SENATOR GOLDEN: I'm not going to ask my question, but -- to my colleagues, but, after, I would like to have, obviously, a conversation on how this is going to be managed by the Health Committee, and by the -- your Committee. And we'll have that conversation later.

SENATOR LAVALLE: Senator Golden, we have a conversation every day.

SENATOR GOLDEN: Oh, believe me, I do.

Thank you.

SENATOR LAVALLE: Senator Parker?

SENATOR PARKER: Thank you.

First, let me just begin by thanking both Chairman LaValle and Chairman Hannon for pulling us together and for asking such great detailed questions.

I really appreciate the opportunity for us to discuss this.

As you know, I'm -- I represent the 21st District in Brooklyn, which is East Flatbush and Flatbush, Midwood, Ditmas Park, Windsor Terrace, Park Slope.

And I -- although the hospital and the University Center is not in my district per se, but it's certainly in the catchment area of both; the service catchment area, as well as many of the employees and people who work and are impacted by the Downstate community in my area.

I wanted to thank, particularly, Chairman McCall and Chancellor Zimpher for coming forward when this situation arose last year, about almost a year ago, and immediately stepping to the plate, not just with the alarm, but also with a partial solution in the lending of the $75 million.

And that has been important for us to get to

this point.

I am very open to, and I just wanted to thank both Laura and Dr. Williams for their work around, both stabilizing the hospital and trying to turn it around economically, as well as putting this plan together.

And I would definitely -- we definitely, I think, recognize how difficult this exercise has been. And I think your commitment to maintaining the hospital, I think, is critical.

But I wanted to ask a couple of questions, just to -- just have it on the record, and make sure that we're all clear and talking about the same thing.

And I'm not going be as technical as everybody else, so I just have some real basic questions.

So, first, I know you're proposing in your recommendation, a public-benefit corporation.

Real, real basic: Is University Hospital going to exist, going forward?

LORA LEFEBVRE: Yes.

SENATOR PARKER: Okay.

And we're talking about reducing -- how many people -- what's the current census at the hospital?

And we're just talking about University Hospital now. I'm not talking about LICH.

So just at University Hospital, what's the headcount?

DR. JOHN WILLIAMS: About 300.

SENATOR PARKER: About 300...?

LORA LEFEBVRE: Patients --

SENATOR PARKER: ...patients?

LORA LEFEBVRE: Patients.

DR. JOHN WILLIAMS: Uh-huh.

SENATOR PARKER: Patients.

And when you're done, how many beds for patients will you be able to -- actually, I'm asking two different -- that's apples and oranges.

I apologize, let me go back.

What's the current capacity, in terms of beds, do you have now at University Hospital?

DR. JOHN WILLIAMS: About 340.

SENATOR PARKER: All right. And I'm guessing that your recommendation is going to reduce both the beds and the staff census at the hospital?

DR. JOHN WILLIAMS: Correct.

SENATOR PARKER: So, right now, you have a capacity of about 340.

What do you expect that capacity to go down to?

DR. JOHN WILLIAMS: Not 100 percent sure.

We're still doing the service-line analysis right now, and that's why it's so important to work with these other hospitals, because everybody realizes you can't be all things to all people.

So, every hospital is not going to have cardiac surgeon --

SENATOR PARKER: Right.

DR. JOHN WILLIAMS: -- or a neurosurgeon.

Rough guestimate, 275, 280.

SENATOR PARKER: Okay.

And what's the staff census currently?

DR. JOHN WILLIAMS: About 3,000?

LORA LEFEBVRE: That sounds about right.

DR. JOHN WILLIAMS: 3,000.

SENATOR PARKER: About 3,000.

And you would rightsize down to about...?

DR. JOHN WILLIAMS: Probably, and, again, rough, rough guess, 2500.

SENATOR PARKER: Okay.

So you're talking about --

DR. JOHN WILLIAMS: Minimum.

SENATOR PARKER: -- about -- at least

500 people?

DR. JOHN WILLIAMS: Yes.

SENATOR PARKER: Do you know what bargaining units those people are going to be in?

DR. JOHN WILLIAMS: No.

SENATOR PARKER: Okay.

DR. JOHN WILLIAMS: I don't know off the top of my head.

SENATOR PARKER: Okay.

LORA LEFEBVRE: But I mean, technically, most of the employees at Brooklyn are represented by UUP.

SENATOR PARKER: Okay.

LORA LEFEBVRE: I mean, like, just proportionately.

SENATOR PARKER: Right, just -- okay.

So, proportionately -- so because the hospital is disproportionately members of UUP, proportionately, when you get rid of them, the vast majority of them are going to also be UUP employees, currently?

LORA LEFEBVRE: I don't know that --

SENATOR PARKER: Okay.

LORA LEFEBVRE: -- because we don't know how it's going to break down, but I just wanted to point out that a proportion was UUP. A large portion.

SENATOR PARKER: Thank you.

NANCY L. ZIMPHER: Senator?

SENATOR PARKER: Yes?

NANCY L. ZIMPHER: Just with my colleague here, we want to remind you that one of the benefits of the public-benefit corporation is the distribution of talent and professionals across a new plan for the delivery of health care.

So we hope, again, we're trying to be planful, that the migration of people who are affected by the downsize may migrate to other places where they can be of service.

That's a big part of our HR effort, to help people find their way.

DR. JOHN WILLIAMS: And the other part, I don't know if you were here when I mentioned this, Senator, is the fact that we have to create an efficient, strong, and large primary-care network, and that's going to require people to work at those sites.

SENATOR PARKER: Okay.

So as you changed, both, the beds, and reduced the number of staff that are assuring quality of care, how do you maintain quality of care in that environment?

DR. JOHN WILLIAMS: Well, again, I think every published report since I have gotten here has shown that our quality remains extremely high.

And, we continue to push quality.

We have hired a number of people back in critical areas that we thought that the previous administration had made a mistake.

And we're going to look at this very, very carefully, and "we will not" -- we will not harm quality of care in this hospital.

SENATOR PARKER: So you think that you can serve the same amount of patients with less beds and less people, and still maintain quality of care?

DR. JOHN WILLIAMS: Yes.

SENATOR PARKER: Okay, and how does that exactly happen?

DR. JOHN WILLIAMS: Because in some areas there are too many people that are currently doing the job.

SENATOR PARKER: So it sounds like you may have some idea, currently, about what areas you're going to be looking to downsize.

So, do you have any sense now about what areas you're looking to either change or eliminate in the hospital?

DR. JOHN WILLIAMS: Again, we're not talking about elimination.

What we're talking about is, looking at every service line. There are certain things that you -- that are required because you're a medical school as well, that you have, but we have certain specialties where we may only have, you know, 10 patients a week.

And we have to look at:

How do we consolidate those?

How do we make the clinics more efficient?

Otherwise, we continue to lose money.

SENATOR PARKER: So, by and large, you're saying all the functions that University Hospital Brooklyn has now, will continue to have under the new arrangement?

DR. JOHN WILLIAMS: No, I'm not saying that.

SENATOR PARKER: Okay, so that means that some things, they're not going to exist?

DR. JOHN WILLIAMS: Correct.

SENATOR PARKER: Right, and do we know which ones -- which --

DR. JOHN WILLIAMS: I do not, no.

We're in the middle of that analysis.

SENATOR PARKER: How soon do you expect that

we'll have an answer on that?

DR. JOHN WILLIAMS: I think the Pitts Management Group said probably another two months.

SENATOR PARKER: But we're going to need to vote on things and have a complete plan prior to that; correct?

So you want us to make a complete decision with incomplete information?

DR. JOHN WILLIAMS: No, no, no.

We will get you the most up-to-date information we can possibly get you.

SENATOR PARKER: Okay.

DR. JOHN WILLIAMS: I mean, we're in the process of it right now.

And, we'll just put more people on it and drill down.

SENATOR PARKER: My quick concern, is that we need -- the last day of the legislative session right now is scheduled for June 22nd.

And if this is not going to be decided for another two months, two weeks in, even if we did it on the last day, is a lot of time -- is a lot of time -- yeah, a lot of information to have in a very little bit amount of time.

So, I just want to just bring that to your attention.

DR. JOHN WILLIAMS: Sure, sure.

SENATOR PARKER: Just to ask you a couple other questions about quality of care -- well, let me --

$75 million, and I know a couple of my colleagues have talked about the loan, what's the plan, currently, to repay the loan?

DR. JOHN WILLIAMS: The plan right now is to get the hospital to at least a break-even position before we can even talk about repaying the loan.

Right now, I've been have been honest with the Chancellor and the Chairman.

There is no chance of repaying that loan right now.

And, again, I have been here 10 months.

We said that it would take 18 to 24 months before we would recognize some significant savings.

We're ahead of where we thought we would be, and we're trying to accelerate that much as we possibly can.

SENATOR PARKER: It sounded like, if somebody -- in one of your previous answers to Senator LaValle, that you thought that, because of

the structure of University Hospital, that, unlike a private hospital that's dependent on, you know, essentially, being sustainable within itself, that, because of the nature of the patients, and because of the reimbursement rate, that, in fact, it was almost impossible to run University Hospital without additional State support?

DR. JOHN WILLIAMS: Correct.

SENATOR PARKER: Okay. So --

DR. JOHN WILLIAMS: Yeah, if you look at private hospitals and you look at public hospitals, and you look at where the expense is, you see a marked difference there.

SENATOR PARKER: Right.

DR. JOHN WILLIAMS: And, I don't know of any state hospital in the country that doesn't get significant state support.

SENATOR PARKER: Okay, so during the budget negotiations, we had a number of "$150 million" that we needed. At the time, we were working off a three-year-transition number. Right?

We were talking about a three-year transition, and so we're saying, at least for two years, that we needed the State support at that level.

And then by year three, you know, it would be a -- it may be either gone or be significantly reduced.

We have, I guess, I don't know, are we still talking about another two years of transition, at least?

DR. JOHN WILLIAMS: Correct.

SENATOR PARKER: Okay. So how much -- how much --

DR. JOHN WILLIAMS: We're going out to '17.

SENATOR PARKER: So how many -- how much funding in State support do you think that University Hospital needs, even if we implement this public-benefit corporation and everything goes right?

How much State support are you going to need for the transition over the next two years?

And then, ongoing, it sounds like, even as an ongoing concern, that University Hospital is always going to depend on some level of State support?

And what do you, in fact, expect that State support, yearly, to be?

LORA LEFEBVRE: So, Senator, on one of the slides, it lays that out.

So what we expect, or what we need, is the

continued the level of State and SUNY support, just kind of baseline support, of 44 million.

In addition to that, we need 81 -- this is in this year, '14, another 81 million for closing our gap at UHB, plus another 35 million to wind down operations at LICH.

So it gets back up to that, you know, "150" number that we had been talking about before, for '14.

It starts coming down, you know, because the effects of the restructuring in future years.

SENATOR PARKER: Is the Governor aware of that?

LORA LEFEBVRE: Oh, my gosh, yes.

I mean, this has been like a total consultative, you know, stakeholder process.

SENATOR PARKER: And has the Governor indicated that he is committed to maintaining University Hospital in Brooklyn as an ongoing concern in that matter?

LORA LEFEBVRE: So as we've been talking to his staff, they have articulated a number of things.

They've said: We've given you -- collectively, given you the plan language. Please develop a plan. Show us what you are thinking

about, and what you need.

And they've also articulated any number of times, how they acknowledge the importance of the medical school, and the survival of the medical school in Brooklyn.

SENATOR PARKER: Yes, but not the hospital?

LORA LEFEBVRE: I've told you what they -- what they said, and their responses.

SENATOR PARKER: So do you have any sense of whether the Governor's Office thinks that they can, in fact, run a world-class medical school, which this is, without a dedicated hospital?

LORA LEFEBVRE: I think you'll have to ask them that.

SENATOR PARKER: Okay.

NANCY L. ZIMPHER: Senator, I think --

SENATOR PARKER: We have a candidate for the Senate.

Sorry. Go ahead.

NANCY L. ZIMPHER: Well, I was just going to say that, through this long and very difficult process, some weeks ago, we were able to create a table that I think really allowed us to be more creative about our planning process.

It certainly included representation from the

Executive; DOB, at that time, DOH; setting aside the LICH issue, and really to try to look at this entire situation in a more collaborative way.

So, we're banking on that collaboration being receptive to the plan we've put on the table.

And we know, that's why this hearing, that you are critical partners in that solution as well.

But, we don't know specifically what to expect.

We've just conveyed the plan, and here we are.

SENATOR PARKER: Okay, thank you.

As it relates to LICH, so, is -- it's still the determination of the SUNY board to continue with the closing of Long Island College Hospital?

H. CARL McCALL: The board's position is that, at the present time, we have issued the RFI.

We have some solid expressions of interest. We're going to pursue those vigorously, and expeditiously.

And if, in fact, an operator can be found who will take over that operation, then LICH will be operated by that entity, and SUNY will be -- will exit.

If, for some reason, that does not take

place, we still plan to exit, based on all of the discussion we've had so far today about the tremendous loss of revenue.

And the fact that, unless there is some solution to that problem, the only way the hospital can continue to function is if we were to draw money away from the rest of SUNY.

And I think everybody's very clear about the fact that we cannot do that.

SENATOR PARKER: What about Victory Hospital, and how does it stand in the context of solvency and this ongoing viability within the context of University Hospital?

DR. JOHN WILLIAMS: Now, remember, we rent that property, so we don't own it, but, we are running a first-class operation that is growing daily.

And we keep recruiting new physicians to actually work at -- you keep calling it "Victory." That's the old name.

SENATOR PARKER: I'm sorry.

The old -- I'm sorry. The former --

DR. JOHN WILLIAMS: It threw me for a second.

SENATOR PARKER: I'm sorry.

DR. JOHN WILLIAMS: Yeah.

SENATOR PARKER: I've lived in Brooklyn a long time.

DR. JOHN WILLIAMS: No, we continue to operate that.

SENATOR PARKER: At Bay Ridge?

DR. JOHN WILLIAMS: Uh-hmm.

SENATOR PARKER: I guess I do have some concerns about the numbers of people that we are talking about laying off.

Do we have any sense about, you know, if this plan goes forward at LICH, in addition to the 500 people at Brooklyn University Hospital, how many at LICH are we also talking about eliminating?

DR. JOHN WILLIAMS: 1900.

SENATOR PARKER: So it's, like, 2100 -- 20 -- yeah, 2400 people.

And -- but -- and I do -- I did hear Chancellor Zimpher indicate that, you know, she's hoping that the consortium, through -- and -- and the expansion of private primary-care facilities.

Do we have a specific plan about how these primary-care facilities are going to go about, and who's gonna be the operators of these primary-care facilities?

LORA LEFEBVRE: I don't know. Not within the

context of this plan.

But there has been -- you're gonna hear from Dr. Wong, Grace Wong, later today, a Downstate employee that has done extensive work on how people use health-care services in Brooklyn, and where we should be locating primary care.

And I know that every single one of the hospitals in Brooklyn have been thinking about this.

And the other thing is, is that we have -- you know, we have some really great FQHCs in Brooklyn, that can be --

SENATOR PARKER: I'm sorry, you --

LORA LEFEBVRE: I'm sorry.

Federally Qualified Health Centers.

They're wonderful full-scale, multi-service, federally qualified health centers that get special reimbursement, and do a really good job in Brooklyn.

Lutheran has a great network, also with FQHCs, that I think need to be brought to the table for the primary-care discussion.

SENATOR PARKER: So it sounds like, and what might be needed also, as we talk about this plan, and filling out a consortium to help deal with Brooklyn hospitals, is an epidemiological study of Brooklyn?

Has someone done that, to figure out what we're locating where?

DR. JOHN WILLIAMS: Yes.

The BHIP study, which you'll hear from Grace Wong and Dorothy Fife about.

And, Brooklyn just completed a big community study as well.

And, so, we're putting all of that together.

But, Grace and Dorothy are the experts, and I can tell you --

SENATOR PARKER: Is it possible for us to get copies of those --

DR. JOHN WILLIAMS: Certainly.

SENATOR PARKER: -- those studies, so we can look at them?

Okay. Excellent.

Thank you very much.

SENATOR HANNON: Senator Adams?

SENATOR ADAMS: Thank you.

Earlier, we spoke about, you know, how did we sort of got in this mess, you know, from the beginning.

Dr. LaRosa, is he still with the hospital?

DR. JOHN WILLIAMS: He is not with the hospital.

He's actually an emeritus professor now. He's a tenured professor.

SENATOR ADAMS: Okay, help me with that.

DR. JOHN WILLIAMS: Oh.

There are a couple of different tracks in academic medicine.

There's a tenured track and non-tenured track.

And a tenured track means that, after you've published a certain number of publications, you've done a certain amount of research, administrative and clinical, you are granted, essentially, a parachute, if you will. And -- which means that you have continuous employment.

And that's what he has.

H. CARL McCALL: Can I just ask: What happens is, when we elect -- select a president of an institution, that person serves under a contract for a certain amount of time.

But most -- in most cases, the president of an institution also has a tenured faculty position in that institution.

And usually that means, when their presidency ends, they can revert back to that tenured position.

And that is what has happened with

Dr. LaRosa, because that was part of his original contract when he was hired.

SENATOR ADAMS: I just wanted to just take a moment to talk about the public-benefit corporation that you were describing.

What is different from the public-benefit corporation of the three hospitals -- I think you mentioned three hospitals?

DR. JOHN WILLIAMS: So far, yes.

SENATOR ADAMS: Right.

And 'cause we now -- Downstate has three hospitals now that we're looking at -- that we're dealing with.

We're dealing with LICH.

What is Victory called now? I know there's a new name.

UNKNOWN MALE PANELIST: Bay Ridge.

SENATOR ADAMS: Bay Ridge.

What would be the difference between these three hospitals coming together, and the new public-benefit corporation that you're talking about?

LORA LEFEBVRE: So -- so, basically, the public-benefit corporation, again, won't run hospitals.

What it will do is serve as a place for private, not voluntary, hospitals, like those that Skip has talked to, and our full complement of clinical services at different sites, you know, Bay Ridge, UHB, to come together, to try to -- to start talking about:

What service lines they're all going to offer together;

What faculty they're going to share. Maybe use some of our faculty;

What medical students they'll take, to help us educate medical students;

And what residents will work there.

So it really is more of -- more of the convening place, for a business relationship to develop amongst all of these parties.

SENATOR ADAMS: So each hospital would maintain their independence status?

LORA LEFEBVRE: That is -- that is what we -- when we make this proposal, that's how we saw it.

SENATOR ADAMS: I'm sorry, were you're gonna add -- I'm sorry, I thought you added something.

The -- just to go back to what Senator Parker was asking: Do you believe we need a hospital, and to have the school?

What's the overall thought?

I'm just -- I'm sort of getting sort of mixed feeling on that.

DR. JOHN WILLIAMS: Sure.

"Ideally" -- ideally, you want a hospital for your trainees, that's yours; that you have complete control over.

Ideally.

There are models out there.

Is that my preference? Absolutely.

Absolutely my preference.

I came from an institution where we sold our hospital.

It worked, but, there are inherent difficulties that you work with, and that you go through. It's just another hoop that you have to jump through.

There are hospitals, like Buffalo, like Harvard, that have never owned a hospital.

It's a big difference than having a hospital already and try to unwind from that.

And that's my personal opinion.

SENATOR ADAMS: So your personal opinion, you believe that we do need the school with the hospital, or we don't?

DR. JOHN WILLIAMS: Yes, I do.

SENATOR ADAMS: You believe we do?

DR. JOHN WILLIAMS: I do.

SENATOR ADAMS: But, Chair, is that the position of SUNY?

Does, you know -- does SUNY believe we need the school and the hospital?

H. CARL McCALL: SUNY believes, the board believes, that we need the hospital to really fulfill the mission of the medical school.

However, we do believe that we should not have other hospital relationships that do not support that.

That -- I mean, basically, we're an educational institution. We're not a health-care institution. We don't run -- we shouldn't be running hospitals.

That's part of the discussion we've had about LICH.

We've had University Hospital. It has this integral relationship with the medical school, and we hope that will continue.

It's continuation will depend upon funding.

If, in fact, as you -- in the very beginning, we talked about options.

An option was, because of the financial situation, that we should operate the medical school and not have a hospital, and place medical students in other places.

That's an option.

It's an option we would not like to exercise.

We prefer the option that we have.

SENATOR ADAMS: Over at LICH, the billing system continues? Am I correct?

DR. JOHN WILLIAMS: Yes.

SENATOR ADAMS: It appears as though we're paying a large sum of money to continue to do the billing system.

Are we looking to somehow change that relationship?

LORA LEFEBVRE: Well, I think -- I think what we've been saying is, that we're looking to exit the operation of -- hospital operations at LICH.

SENATOR ADAMS: I'm sorry?

LORA LEFEBVRE: We are looking to exit the operation of a hospital at LICH.

So, I think that the billing issue resolves itself.

SENATOR ADAMS: So -- and because I wanted to -- I know, Chair, you stated about the -- looking

for someone to take over the operation at LICH.

Can you just sort of define that for me, when you say "take over"?

H. CARL McCALL: Sure.

What has happened, Senator, is, at the urging of many constituents and groups that we consulted with, we were told about the value of LICH to that community.

And there was suggestions that we should be very aggressive in trying to find some other operator, given the fact, I think there's been an acceptance that this isn't an appropriate operation for SUNY, because of the financial situation, and because it isn't central to our mission.

And, therefore, an alternative would be to find some other operator, who would come and become the operator of the hospital, and that allows us to exit.

And the building situation, and the other issues, become, then, the responsibility of the new operator.

So what we have is, maybe you weren't here in the beginning, Lora Lefebvre pointed out that we have from five to seven legitimate responses to our RFI, and we're evaluating those responses; trying to

find out if these are qualified operators who could do the job.

And if so, we will then go through a formal procurement process, to see if we can reach an agreement with that operator.

SENATOR ADAMS: So the goal is to have someone take over the hospital, not to come to the area and take over the land?

H. CARL McCALL: That would be part of a negotiation with the operator.

Whether they -- for instance, they could lease the property, and operate the hospital.

They could buy the property.

I mean, those are all possibilities that would go forth in the negotiations.

And you will be apprized of those negotiations; and, ultimately, we -- probably, we might even need legislation to make this happen.

So, it's in the very formative stage right now, but we're pursuing that as a goal.

SENATOR ADAMS: Because part of my -- part of my -- the reason I'm asking, is that, whoever is coming into the understanding that they're purchasing, or taking over the hospital, I just -- you know, I'm hoping that they're doing it with the

understanding that they've taken over a hospital. That we -- you know, we would like to see a hospital at LICH, and not condominiums at LICH.

H. CARL McCALL: No, no. This is not a real-estate transaction. It's not about real estate.

It's about operating a hospital. That is our goal.

NANCY L. ZIMPHER: And in the RFI, it specifies that there would be health-related activities.

LORA LEFEBVRE: Yeah.

SENATOR ADAMS: See -- now, see, that's interesting.

You know, I don't know if it's the cop in me, but the "health-related" activity could be a scaled-down version of a medical facility.

We're talking about a hospital.

[Applause.]

SENATOR ADAMS: I just -- you know, but is that -- are we -- is that our goal?

H. CARL McCALL: Our goal is a hospital.

However, we have to look at the responses and see if they make sense, and if we get what we want, which is a hospital.

If not, then we don't have a hospital, someone's not operating it, then as I said, we will exit and go back to the closure plan.

But we'd like to find an operator who will take over and provide hospital services.

SENATOR ADAMS: Just two final questions, Chair, if you would allow me?

The -- we have five potential organizations who are interested? Seven?

How many?

LORA LEFEBVRE: Yeah, we got seven responses.

SENATOR ADAMS: Seven.

And if you understand you correctly, we're hemorrhaging money.

How long can we go through this process of, you know, the seven -- finding, or narrowing it down, the seven?

How much time do we have to make this happen?

LORA LEFEBVRE: Well, we're going have to go through -- because we're, you know, a state entity, we're going to have to go through a level of a procurement process, and that does take some time.

We've got some flexibility to do that, but, we'll -- I can't give you a specific time frame, but it's not tomorrow.

SENATOR ADAMS: I'm sorry?

LORA LEFEBVRE: It's not tomorrow.

SENATOR ADAMS: Okay.

LORA LEFEBVRE: It takes a while.

And this is going be a complicated, you know, transaction if it should come to be.

So it does take some time.

In the meantime, I think what we've said is, we are losing a great deal of money there.

And what we need to do is, move as quickly as we possibly can, and also exit operations there.

SENATOR ADAMS: And so the lights will remain on as we go through this process?

And that includes -- we don't see any potential layoffs, or any potential downsizing of service, as we go through the process?

LORA LEFEBVRE: I think we're going through the process.

I'm not sure that we have a very clear response to -- you know, exact response to those exact questions, because, we -- it is a process.

SENATOR ADAMS: Because I justed to -- the reason I'm asking is, if this is going to take several months --

LORA LEFEBVRE: Yes.

SENATOR ADAMS: -- or a year, you know, I don't see why, in the meantime, since we are concerned about, you know, the revenue, why we don't want to reexamine the relationship we have with Continuum.

Because that's something I just continue to hear --

LORA LEFEBVRE: Yes.

SENATOR ADAMS: -- that Continuum is one of the reasons that we're hemorrhaging large amounts of money.

DR. JOHN WILLIAMS: We have been coming off of their systems, one by one.

Again, this was a contract that was put in place because the Continuum system could not talk to the Downstate system.

And so they continued to operate, front office and back office, but we have been peeling off, as we put systems in, one by one.

SENATOR ADAMS: You know, Doctor, I'm just really concerned about, you know, how we got in this mess, and if people were held accountable for how we got in this mess.

You know, I just -- you know, I think the Chair raised that, you know, we went through almost

12 months of this problem, and all those professionals we had there didn't realize that something was wrong?

There's just something that's just not sitting right with that, you know?

NANCY L. ZIMPHER: Senator, I think the severity of the problem did engender a major administrative-management turnover, that we got to as fast as we could get it to once we understood the hemorrhaging.

It was a difficult decision, but it was a top-to-bottom exodus, over our concerns about management.

So, we have plan, based on a set of assumptions that didn't come to fruition. And our actions as a result of that were pretty draconian.

But we agree; we didn't get to it as quickly as we might have wanted to, but, it is what it is, and we took the actions we did.

I think everybody at this table, and you as well, know what we had to do. It was difficult, but we did it.

So we're on a new trajectory now, and we're trying our best to deliver for you.

SENATOR ADAMS: Just one last question:

The public-benefit corporation, if you could just help me understand how it would interact with the Brooklyn health-care improvement project.

You know, what type of relationship will it have?

LORA LEFEBVRE: We would hope -- I mean, and, again, you know, this public-benefit corporation has yet to be developed or really detailed.

But, certainly, the PBC could definitely benefit from all of the work that BHIP has done on laying the groundwork for how people access health-care in northeast Brooklyn, and what is necessary.

So, I would expect that they would be major inputters to the knowledge base of this new public-benefit corporation.

SENATOR ADAMS: And, again, I want to, you know, thank you for your service.

You know, the hospital, you know, sits in a high-need community, I'm sure you all are aware.

And, you know, that brings a high level of passion for those of us who represent the communities who are impacted.

And, so, we want to be partners, to make sure that, not only do we continue the quality of care,

but to ensure that we maintain a stability of that -- that the hospitals provide, both LICH -- LICH and Downstate provide for those communities that they serve.

SENATOR MONTGOMERY: Thank you.

Good morning, Chairman, and Chancellor, and Dr. Williams, and Lora.

Thank you.

I just have a couple questions that I would like to ask.

You talk about the public-benefits corporation, and the -- that you're now looking at bringing in some of the other independent hospitals and entities.

And my question is: Does that not require a common language?

If this entity is going to be the thing that helps with joint purchasing, and assigning, you know, staffing, and so forth and so on, is it necessary for you to -- for all of those entities to develop a common language that perhaps does not now exist, and how long will that take?

DR. JOHN WILLIAMS: Yes, ideally, it would.

I can't give you -- because we haven't really talked about all of this with the other hospitals

yet.

But, ideally, systems would develop the same IT system, the same language, as you're suggesting.

SENATOR MONTGOMERY: Yes.

DR. JOHN WILLIAMS: And that we would strive to do that.

LORA LEFEBVRE: And, in fact, one of the things that we point out is, that this new public-benefit corporation would need exactly those types of grants and State support to develop all of those connections, because it is so very important.

SENATOR MONTGOMERY: So it would be the entity that would actually develop this commonality that would allow you to work --

LORA LEFEBVRE: Either -- you know, either develop or assist in development of. You know, at least assist in the conversation.

SENATOR MONTGOMERY: Okay.

LORA LEFEBVRE: Certainly.

SENATOR MONTGOMERY: Because I've heard of other attempts for this kind of collaboration, integration, and it doesn't work, because there's no common language.

So -- the other question I have: You indicate that you're not actually developing the

language for the legislation for the public-benefits corporation.

But, to what extent are you part of putting forward the framework within which, whatever the final legislation is, would reflect your needs?

LORA LEFEBVRE: So we hope that this plan lays out that framework for those that would become engaged in developing legislation.

I think -- we didn't get into a huge amount of detail, but we did provide what we think to be a constructive framework.

And we're certainly available to participate in discussions on what we think, and how it would work.

SENATOR MONTGOMERY: And does your, you know, request, within the framework that you are putting forward, include bonding?

Because you indicated that you thought it would be important for you to be able to do that, but, that's not something that necessarily will be part of the corporation?

LORA LEFEBVRE: So, yeah -- so one of the suggested roles that we -- we would have for Brooklyn Health Improvement Public-Benefit Corporation, is that it become a vehicle for capital

formation, and potentially issuance of debt.

SENATOR MONTGOMERY: Which would require -- would allow them to do bonding --

LORA LEFEBVRE: Yeah, that's it.

SENATOR MONTGOMERY: -- themselves.

But, yet, we don't know if that's going to be part of the final legislation?

LORA LEFEBVRE: No, because, you know, I think we're sensitive to -- I'm sensitive, or we're sensitive, to the fact that, you know, we're asking for government to create another governmental agency to do the work that hasn't been able to get done in Brooklyn.

And, I know that there's sensitivity to debt issuance also.

So -- but I also think that we do know one thing: We knew -- we know Brooklyn is undercapitalized. And we can see that the private credit markets aren't rushing in to provide capital, to rebuild health care in Brooklyn.

So, we're suggesting that this could be a potential vehicle, understanding that there may be sensitivities.

SENATOR MONTGOMERY: And would the public-benefit corporation be part of the billing

issue, or, does that still remain an independent function?

DR. JOHN WILLIAMS: It remains independent.

SENATOR MONTGOMERY: For each entity?

DR. JOHN WILLIAMS: Yes.

SENATOR MONTGOMERY: Now, the Brooklyn Hospital is now working with, well, at least Interfaith. I'm not sure what other hospital may be involved, but certainly Interfaith, which I believe has an MOU.

Does that mean then, that when you're talking at Brooklyn Hospital, you're looking also at Interfaith as part of that entity?

DR. JOHN WILLIAMS: If Interfaith and Brooklyn do merge and come together, yes, we will be talking to that entire entity.

SENATOR MONTGOMERY: So you're talking to two, as opposed to one.

Now, I see that part of the integrated network consortium includes community-based primary-care organizations.

And, obviously, there's a number of them that I represent, and that are extremely important in terms of the whole issue of primary care, especially for the populations that we're trying to look at.

The -- how do they -- how are they secured -- their participation secured within the context of this new network?

How do you anticipate?

Because they're not a hospital, so they can't compete in the same way.

So --

DR. JOHN WILLIAMS: No, uhm, actually, we would like to recruit as many as we possibly can. And, including, adding more.

So, they become pivotal to anything that we do, because as I said, with the Affordable Care Act, hospitals are going to be paid less and less, and you're going to see hospitals all over this country shrink as a result, because the emphasis is going to be on wellness, and it's going to be on outpatient services more than it is an inpatient.

And so they become a critical and vital part of anything that we do.

SENATOR MONTGOMERY: So that -- as they say, you know, in the neighborhood, "talk is cheap."

So my question is: What kind of relationships are you looking at, in terms of what you do that helps to sustain them and builds a partnership, as opposed to just an appendage --

DR. JOHN WILLIAMS: Sure, sure.

SENATOR MONTGOMERY: -- group of --

DR. JOHN WILLIAMS: Well, one of the biggest things is, we have residents and we have students.

SENATOR MONTGOMERY: Okay.

DR. JOHN WILLIAMS: And most health-care entities would love to have residents and students working in their facility.

And so we would have those kinds of relationships, affiliation agreements, just like we do with several right now --

SENATOR MONTGOMERY: Okay.

DR. JOHN WILLIAMS: -- where students would rotate through, residents would rotate through.

And the advantage of that is, now you can begin to expand your hours, and you begin to open up areas in the schedule that you couldn't open before.

SENATOR MONTGOMERY: Okay, okay.

And there's one circle that's missing on here, and, I'm not sure.

I see SUNY colleges and schools, but I don't see school-based health clinics.

So -- so I know that's -- you know, it's sort of like a nuanced issue.

It's not for me, but maybe it is.

And it always seems to drop off of the presentation.

So -- and that's how we can provide this primary care for hundreds and hundreds of young people who are going to be missed in the system.

No matter how wonderful it seems to be, it misses young people.

DR. JOHN WILLIAMS: Well, Downstate, through our Department of Family Medicine, as well as internal medicine, I think the number is eleven, but don't quote me, school-based programs that we participate in right now.

SENATOR MONTGOMERY: Okay.

DR. JOHN WILLIAMS: And as we bring on more primary-care staff, that, obviously, because you're correct, that's the way.

And it's not only the kids, because that's how you can capture mom and dad and grandma, as they bring the kids to school, and so forth, and advertise services as well.

So, no, it's a critical part.

SENATOR MONTGOMERY: Okay. Thank you.

And just, lastly: As you know, this -- obviously, Downstate is of tremendous significance to us. It's where we actually get our doctors.

And a large part of my district, there's just not health providers independent of the clinics or the hospitals.

So, we're looking forward to strengthening your capacity, building a larger capacity, to provide for us a larger number of health providers.

So, thank you.

DR. JOHN WILLIAMS: Thank you.

SENATOR LAVALLE: Senator Rivera?

SENATOR RIVERA: Thank you, Senator LaValle.

Hello, folks.

So, some of the questions, actually, I have a little bit more clarity, based on all of the back-and-forth with a couple of my colleagues, because I particularly want to focus on the public-benefit-corporation aspect of this thing.

First of all, you kind of answered my question when you said you -- there are other -- I should back up for a second.

Obviously, you have gone through a process of figuring out how to resolve the issue at hand; right?

So you said: What -- let's figure out, and let's throw some of the things on the wall and see what sticks.

And ultimately what you came up with is that, number one, you can't survive by yourself; right?

With the -- the LICH thing is completely, we'll leave that aside for the moment, but we said that you, as an entity, can't survived by yourself, so you have to enter into some sort of coalition with these other hospitals. And you made very good sense on what this would mean.

There's a lot of -- if all of you as a consortium, as you described it, you negotiate on behalf of this consortium, as opposed to one hospital, you get things keep cheaper, et cetera.

There's -- and you figure out the things that some hospitals provide that others cannot, or that do so at a lower level, so you can say, Well, let's just shift it to here, et cetera.

So, I can understand how that happens.

And -- but you did come to a conclusion that this is not something that could happen with the -- without the creation of a separate entity to be able to run it; right?

And so your suggestion is, that the public-benefit corporation be, for all intents and purposes, a smaller subagency, if you will, that then will run the administrative aspects of this

consortium.

Am I mistaken?

Because I saw the Chancellor --

NANCY L. ZIMPHER: Just to clarify how that's run: The conversation of the network, and how planning proceeds, would need to be administered, but the hospital would continue. All of the hospitals would manage themselves.

So "management" is only management of this integrated plan.

SENATOR RIVERA: Thank you for the clarification, ma'am.

And, Chancellor, and that's exactly what I wanted to clarify.

We're not talking about the administration of each hospital in their individual capacity, but we are talking about the administration of the consortium, the entity, that would kind of figure all these different things out.

So, there's a -- the menu here of -- on Slide Number 9, right, you say, like, the corporation will not operate hospitals, but it will be, or more likely could be; right?

Because what you're saying, your suggestion, this is the skeleton, if you will, you're saying,

this is what we think should be happening.

And there's a couple of things here.

So, "The vehicle for public input into health needs," quote/unquote.

How so?

And this is, in particular, referring to -- just echoing some of the concerns of my colleagues, and saying that, entities, like the MTA, or the -- or any of the other public authorities of whom I'll be speaking of, there is a -- there has been a lack of transparency in a lot of their operations.

So, how do you envision this public health -- this public-benefit corporation not having that problem?

LORA LEFEBVRE: Well -- and because they're not going be running anything, and they're, basically, going to be trying to plan what's best for that part of Brooklyn, I would imagine that they would be dragging people in, to talk to them about where they think the health-care needs are, and what would be the best way to address health, you know, disparities in Brooklyn.

There are certainly ways of achieving it through the governance of a public-benefit corporation.

That's not something we've recommended here.

That's one way of doing it.

It's also -- another way of achieving it, is to put it in the public-beneficiary -- public-benefit corporation's scope of -- you know, mandate.

A legislative mandate: You must consult, you know, with public -- you know, I don't know.

You can think of ways of, actually, really demanding that this organization seek public input.

SENATOR RIVERA: "A vehicle for capital formation (not contemplated at this time, but may be a goal in the future)."

So that is some of the -- what we referred to earlier as the capacity that the potential --

LORA LEFEBVRE: It's a potential.

SENATOR RIVERA: -- for them to be able to issue debt; and, therefore --

LORA LEFEBVRE: Sure.

SENATOR RIVERA: Okay.

So, it seems to me, obviously, that we're -- I mean, I have -- we have four different folks up here from four different -- from four different entities.

And we're -- I mean, this is a tax-and-spend

liberal here, right, so I don't necessarily think that government is a bad thing, obviously, but the -- we're creating another level of bureaucracy it seems.

LORA LEFEBVRE: Yes.

SENATOR RIVERA: And -- but, again, based on your study of the situation, it is necessary?

That's at least your contention?

UNKNOWN MALE PANELIST: Right.

SENATOR RIVERA: All right.

I am certainly concerned by the precedent that this would establish, because we're saying that there is a possibility, even though, as the Chancellor made clear earlier, that it is not a "one size fits all" type of formula, that each different institution and entity might, you know, need a different sort of thing, it does create a precedent, because this is not something that has existed before in the state of New York; correct?

Okay.

So I just want to make sure that we're on the record, that it could establish precedent, and some of the concerns that we have that have been expressed a lot by my colleagues, you know, are still concerning.

Pardon the oxymoron.

Lastly, this -- so this solution, this proposal, the skeleton, if you will, it is -- the folks that developed this --

Obviously, four of you are here because you are accountable for what your -- the staffs do, and you feel that this is the strongest thing that you could put forward.

-- but the folks that prepared this, are they the same folks, or do they -- are they among them, or are they the same folks that, a couple of years ago, told us that -- that getting LICH would actually rescue the organization?

I just -- I just want to make sure that --

[Applause.]

H. CARL McCALL: Good question.

SENATOR RIVERA: -- because I think it's -- you know, I'll just --

I think it's clear what I mean by this.

H. CARL McCALL: No.

SENATOR RIVERA: No?

H. CARL McCALL: These are not the same folks.

SENATOR RIVERA: Not the same folks?

DR. JOHN WILLIAMS: Not the same folks.

SENATOR RIVERA: So what was happening over there, as you admitted here on the record, they were wrong assumptions. They were, like -- there was big whoops, what have you.

This is -- the folks that put this together, and that suggested this is the way to go forward to make sure that we rescue the institution, both as a service provider and as an academic institution, not the same folks that messed up the last one?

DR. JOHN WILLIAMS: Absolutely not.

SENATOR RIVERA: All right.

Thank you so much, Mr. Chairman.

SENATOR LAVALLE: At this point, I want to thank you.

Thank you very --

I hear no other questions, so, thank you for your help.

Thank you for being here, and for your answers.

Thank you.

NANCY L. ZIMPHER: Well, thank you. It was a great opportunity.

Got a lot of things on the table.

SENATOR HANNON: It was a unique discussion, a unique presentation. Well worth it.

We'll be [inaudible].

NANCY L. ZIMPHER: Thank you, Senators.

H. CARL McCALL: Thank you very much.

SENATOR LAVALLE: The next, James Clancy, who's the assistant commissioner of the New York State Health Department.

I would also, just for housekeeping, we're going to go to about 1:00, and we're going to take half-an-hour break at 1:00.

That means at, 1:30, we will resume the hearing. We have lots of other people to hear from.

Mr. Clancy, I, first, want to thank you for your public service, things that you do. The help that you render to each and every one of us.

So I want to thank you before you testify.

JAMES CLANCY: Thank you, Senator.

SENATOR LAVALLE: Jim Clancy.

JAMES CLANCY: Thank you.

Well, good morning, Senators Hannon and LaValle, Senator Stavisky, Senator Adams, and the rest of the members that have been here, and will return or come back.

My name is Jim Clancy. I am the assistant commissioner for governmental affairs for --

SENATOR LAVALLE: Jim, you want to move the

microphone up.

JAMES CLANCY: Sure.

Better?

SENATOR HANNON: Yes.

SENATOR LAVALLE: Yeah. Thank you.

JAMES CLANCY: I'll start over.

Good morning, Senators Hannon and LaValle, Senator Stavisky, Senator Adams, members that were here, members that will come back.

My name is Jim Clancy, and I am the assistant commissioner for governmental and external affairs for the New York State Department of Health.

Let me begin by first passing along Dr. Shah's regrets for not being available to appear before you today.

Unfortunately, he had a previously scheduled meeting with the new director of the Centers for Medicaid -- sorry, Medicare and Medicaid Services in Washington, D.C.

He's there to advocate for the initiatives imperative to all New Yorkers; specifically, impressing upon our federal representatives the importance of reinvesting a significant amount of federal dollars back into New York's health-care system.

One of the major challenges Dr. Shah confronted was dealing with the complex problems facing the Brooklyn health-care delivery system.

Because of this, Governor Cuomo directed the Commissioner to create the Brooklyn MRT Health Redesign -- sorry, Health-Systems Redesign Workgroup.

While the focus and charge of the workgroup was to make recommendations that would lead to a high-quality, financially secure, and sustainable health-care system in Brooklyn, it was hoped that this would also be a template for responding to the needs of distressed health-care providers and unmet health-care needs throughout the state.

The workgroup, led by Stephen Berger, issued a report titled "At the Brink of Transformation: Restructuring the Healthcare Delivery System in Brooklyn."

That report identified specific challenges facing the Brooklyn health-care delivery system.

Some of them being:

Brooklyn's daunting population health challenges, particularly the high rates of chronic disease;

Brooklyn hospitals compete for market share

amongst themselves;

And a significant percentage of Brooklyn patients seek their medical services in Manhattan;

And Brooklyn residents are not using appropriate, effective, and less-costly primary care.

Again, these are just a few examples of the challenges facing the Brooklyn health-care delivery system.

The major recommendation made by the workgroup, was that Brooklyn health-care providers must create integrated systems of care and service-delivery models, including hospitals, physicians, FQHCs, nursing homes, behavioral health providers, and other such entities.

Bottom line, the Brooklyn health-care delivery system must look within itself.

Individual facilities must find relationships and collaborations that help fortify their existence and create sustainable a system for their communities.

In addition to the Brooklyn MRT Health-Systems Redesign Workgroup report, several others have assessed -- excuse me, several other reports have assessed the Brooklyn health-care

delivery system and identified its strength and weaknesses.

These other reports are:

The Community Health Care Association of New York State's report, "A Plan for Expanding Sustainable Community Health Centers in New York";

The Brooklyn Health Improvement Plan;

And the Navigant report, "The Brooklyn Hospital Center: Keeping Brooklyn Healthy."

All four reports agree that increased primary-care access is vital in reducing unnecessary emergency room visits and inappropriate hospital admissions, and ensuring that Brooklyn residents are using the most appropriate preventive and least costly care available.

High rates of non-emergency or preventable emergency room visits suggest that accessible primary and preventive care is lacking in Brooklyn.

Prevention-quality indicators, or, "PQIs," are measures the department uses to identify potentially avoidable hospitalizations for ambulatory-care sensitive conditions.

These indicators are intended to reflect issues of access to, and quality of, ambulatory care in given geographic areas.

High rates of non-emergency or preventable emergency room use, together with PQI hospitalizations, suggests a significant portion of hospital care in Brooklyn could more appropriately be delivered in the community if access to high-quality primary-care services were improved.

And, of course, this must all happen without an excessive reliance on State dollars.

As you know, the State is no longer in the position of having federally authorized investment dollars to help support failing, struggling, excuse me, facilities.

We must make strategic decisions about where to best spend limited funds in order to ensure financially stable and sustainable systems.

Previously, one of the best tools we have had to help struggling facilities was the HEAL New York program. But again, as you know, the federal matching State dollars in this program ends March 2014.

Governor Cuomo directed the department to reserve $150 million from HEAL New York 21 to support additional efforts to improve the health-care delivery system in Brooklyn.

We continue to work with several health

systems in Brooklyn to restructure and transform both inpatient- and outpatient-service delivery.

But let me be direct: This money is intended to be used in situations where it is clear that strong, viable, and sustainable health-care delivery systems will result from the investment.

We look forward to continuing discussions with you, our partners in the Legislature, to create new tools to assist in strengthening the health-care delivery system in Brooklyn, and other communities throughout the state.

One such tool was part of Governor Cuomo's Executive budget: "Capital Access," or, private-equity pilot program.

This initiative would have allow for two pilot programs, one in Brooklyn, and another elsewhere in the state, through which business corporations with access to investor capital and expanded debt-financing opportunities would have been formed to operate hospitals.

While we acknowledge the uniqueness of this initiative, please understand it was made with the intent of creating financial opportunities and potential investment where there currently is very little.

Reliance on State dollars is simply no longer a viable and lasting solution.

Another policy initiative put forward by the Governor in this previous budget would have provided the department with the authority to oversee retail, or, "convenience," clinics.

These entities are reality, and are actually already opening throughout the state.

Recently, in the retail industry's boldest push yet into an area long controlled by physicians, chain pharmacy announced plans to expand medical services at more than 300 clinics across the country.

This move puts the chain in a potentially lucrative business of treating customers with long-term medical problems: diabetes, asthma, high cholesterol.

Pharmacy officials have stated their intentions to have nurse practitioners and physician assistants at their clinics to do tests, make diagnoses, as well as write prescriptions, refer patients for additional tests, and help manage their conditions.

This is evidence that retail clinics are here to stay, and likely to be expanding.

We need to have the ability of controlling what services they provide, to whom they provide them, and hold them to the same standards of quality as other health-care facilities.

They can, and will, be another frontline defense in our efforts to bolster primary-care access.

On a personal note, I want to take the time to thank Senator Hannon for partnering with us, to support the Temporary Operator Initiative, which was enacted as part of this year's budget.

While this new authority will not help us or SUNY with the current situation at Downstate Medical Center, it is our belief this initiative will help us prevent, or at very least, mitigate, further hospital closures throughout New York.

As you are aware, the enacted budget contained language calling on Chancellor Zimpher to submit to the Governor and the Legislature a sustainability plan for the continuing viability of Downstate Medical Center.

The Commissioner and budget director have begun the process of reviewing the challenges, needs, and recommendations outlined in the plan.

We look forward to working with you, to find

the best solution for the residents of Brooklyn, and all New Yorkers.

Thank you.

SENATOR HANNON: Thank you.

Thank you very much, Mr. Clancy.

Appreciate your coming.

The wagon that [unintelligible], are you going to approve the plan the Commissioner -- the Chancellor just presented?

JAMES CLANCY: I'm sorry?

SENATOR HANNON: Will you approve the plan the Chancellor just presented?

JAMES CLANCY: Will I approve the plan?

Well, we plan on having an answer for that, I believe the deadline for that will be June 15th.

I just want to say on the onset of any questions that come my way, I think that, most, if not every question that was asked by this panel today, are certainly questions that the Commissioner and the budget director, as well as other members of the administration, are going to have for this -- for SUNY and the staff and the Chancellor.

SENATOR HANNON: I just think I want to note for the record, that the Brooklyn hospitals, while having been identified in any number of studies as

being in poor shape for delivery of good health care, are not the only hospitals in this state that are in financial distress.

We've seen a hospital close in Far Rockaway within the year. We've seen a couple of hospitals within the past month close upstate. There are others that are being taken over because they're financially insolvent.

So, the problem that confronts the state, in terms of health care for all of its citizens, is not just confined to one borough.

And the second point I want to make is, that the MRT report, in regard to Brooklyn, did not identify either LICH or Downstate Medical as hospitals that were in trouble.

There were other hospitals that were the total focus of that MRT report, so that there's still is in existence, lots of other problems in Brooklyn that need to be addressed.

And I presume, as you look through this proposal by the SUNY, you're gonna have those in mind also.

JAMES CLANCY: I think that's an excellent point to the first part of the question -- or, the statement that you made, Senator.

I sat in this very chair yesterday, with colleagues of yours that represent rural districts, to have a roundtable discussion on the challenges facing rural hospitals.

So, this is a -- each situation is a unique situation for that community, but it is not a unique situation for what we face here at the State, and of its hard decisions, and the consultations and conversations that have to have with these facilities, and the communities, because at the end of the day, what we need to do is, ensure that the communities have the access to the care that they need, they deserve, and that they'll use.

SENATOR HANNON: One other thing would be, would you just elaborate a little bit on Commissioner Shah's mission, and what really is behind that, in terms of the application for a waiver from the federal government.

And, as the Governor has recently put forward, how those monies would be used, especially in the situation we're discussing today.

JAMES CLANCY: Yes, so -- thank you for that question, Senator.

Again, not knowing the specific conversations that are happening right now, but I know the mission

was to get down, make a personal representation -- I don't want to use the word "plea" -- but certainly a personal representation of what the waiver dollars would mean to New York State.

I think also part of that, and we discussed earlier, I think was part of some of the questions that some of the Senators may have had, were the VAP applications.

I think that's also part of the conversation that's happening.

SENATOR HANNON: Explain what that is.

JAMES CLANCY: So "VAP" is "vital-access provider "money that was put aside from -- that -- that we had from one of the recent HEALs, to go to facilities that are considered vital-access providers.

Part of the process, though, for us getting the money out, because there was a federal match, we need the federal government to agree with our methodologies and our definitions.

We are currently, right now, waiting for that approval back from CMS.

So, again, part of the Commissioner's mission today, is to get down to D.C. and impress upon them the need for decisions -- swift decisions, and

reinvestments.

SENATOR HANNON: Let me go over just a couple of things that people are always asking, as to why the State just can't support the hospitals; and, that is, the basic revenue stream for any hospital.

You have money that comes from insurance: health-care plans, HMOs;

You have money that comes from Medicare;

You have money that comes from Medicaid.

And in each of those three instances, those are payment for services according to a rate fixed.

Sometimes it may be a global rate, so that you're taking care of the entire person for a given amount of money.

But, those are not discretionary.

They are -- at some point during the course of the fiscal year, they're established, by the federal government, by the state government, by the insurance company.

So they -- and that makes up, probably, 99 percent of the money that comes to any given hospital.

And then you had made mention of a couple of other things.

The HEAL grant, those were all financed

through a major bond issue of the state, and, there's 22 different series of grants. There may even be more.

JAMES CLANCY: I think 21 -- I think the last one we just had was HEAL New York 21.

SENATOR HANNON: "21"?

JAMES CLANCY: So, yes.

SENATOR HANNON: But those were a series for specific purposes: information-technology improvement, structural rebuilding.

JAMES CLANCY: Correct.

SENATOR HANNON: Sometimes they were for a specific project.

JAMES CLANCY: Nursing homes.

SENATOR HANNON: Nursing homes.

JAMES CLANCY: Sure.

SENATOR HANNON: And then you made mention of a couple of the other things.

We have the Vital Access Provider program, which is a way of getting some matching money from the federal government if we put money up. But that's limited, it has four corners to it, and is usually only for innovative projects, not necessarily for the general operation of a hospital.

JAMES CLANCY: Correct.

SENATOR HANNON: And after that, what all our hopes are based on, is whether or not the state will be given a grant, in a sense it's a grant, by the federal government. And it's called "a waiver," but we get money through a grant [unintelligible], through the application to CMS at the current time.

JAMES CLANCY: Correct.

SENATOR HANNON: Now, it's unprecedented, because Argon's received a $4 billion grant. California has regularly received a great deal of money in regard to its hospitals.

So, New York is asking for a portion of the savings we've been -- we've put into place. And what we save of a Medicaid dollar for New York State, we've saved that same dollar for the federal government, since, roughly, there's a matching amount of money, federal and state.

And we've also saved money if we saved the Medicare program.

So, we're asking for some of the money back that we put into place in savings.

JAMES CLANCY: And then, ideally, that reinvestment will create more savings, and then the ball will continue to roll down, that we will --

SENATOR HANNON: But taking the level -- the

different revenue streams have played out, there is no other revenue stream.

JAMES CLANCY: Currently, as I sit here before you, there is not, which is why we asked, in our conversations with other facilities, and as you said, the other challenges throughout the state, is we really need to take a look at the services that are being provided, that the services that the community is accessing, and make sure that they match.

SENATOR HANNON: Okay, well, I just wanted to put that on the record --

JAMES CLANCY: Great.

SENATOR HANNON: -- as we confront these problems.

JAMES CLANCY: Thank you, Senator.

SENATOR LAVALLE: Jim, if the Commissioner could, next week, spend some time with Senator Hannon and myself, to go through, in greater detail, we'll all have greater sight, given the testimony today, and the questions, and so forth.

JAMES CLANCY: We will make that happen.

SENATOR LAVALLE: But, my -- my question is, that the Berger Commission gave Brooklyn a road map.

And did Brooklyn implement recommendations

that Berger gave?

And if not, couldn't the Health Department weigh in?

JAMES CLANCY: So I think one of the important aspects about the Brooklyn MRT, was that, as opposed to the previous Berger recommendations that had been made several years earlier, this was not necessarily the plan of, you know, A needs to be with B, C needs to be with D.

This was an assessment of the needs of Brooklyn, and, the encouragement for the facilities to come together, see the needs of their communities, work to find out what services that they could meld in with the another facility.

So we didn't want to be very prescriptive.

I think we need to be very clear about that, because of the concerns that happened from the previous Berger.

I mean, I was personally part of the hearings, and the first hearing that we had for the Brooklyn MRT, the concern, the questions, and certainly understood the valid -- the validity of the questions, was, "Please, don't close my hospital."

And, that was not the intention of those

hearings, of the information gathering.

It was to really find out what was going on in Brooklyn, and what could be like collaborations.

SENATOR LAVALLE: Well, that might be so, but the other piece in this are the HEAL grants --

JAMES CLANCY: Yes.

SENATOR LAVALLE: -- and the investments that we have made.

Now, I have had, and I think you were in on a conversation I had with Dr. Shah, and dealing with the eastern Long Island --

JAMES CLANCY: Correct.

SENATOR LAVALLE: -- where, under Berger, we actually had a plan. We said, We're going to bring these hospitals together.

And then we said, Give us some HEAL grant money.

And you did.

JAMES CLANCY: Yep.

SENATOR LAVALLE: So the thing comes together.

What happened in Brooklyn?

JAMES CLANCY: Well, that's still out there.

I mean, as I said in my testimony, there's a hundred -- the Governor directed $150 million.

So, we are still having conversations.

But those are the questions, and those are the types of things we need to see, before that money is going to go out the door.

SENATOR LAVALLE: Okay.

JAMES CLANCY: So, decisions haven't been made yet.

We're still trying to make sure that, and it's the right decision, for not just today, but that it's going create a sustainable, viable network, or hospital, or entity, moving forward.

SENATOR LAVALLE: Yeah, because Senator Hannon's first question was in terms of, the Health Department's role, with SUNY, and how prescriptive, and how much involved will you be?

Because, you heard the testimony from Skip Williams about at least two decades, about Brooklyn, and things went by, and everybody said, "Oh, okay. Everything's okay." -- when it wasn't okay.

And then, with LICH, a period of time goes by, "Everything's okay." -- but it's not okay.

So I think we have an opportunity to get it right this time.

And I think the people in the borough of

Brooklyn expects us to get it right.

JAMES CLANCY: Well, I expect very similar, if not identical questions that were asked today of SUNY, are going to be continued to be asked, and we're going to need to dig down.

SENATOR STAVISKY: Let me just -- let me also thank you for your service.

JAMES CLANCY: Thank you, Senator.

SENATOR STAVISKY: It's illustrious, and it's appreciated.

JAMES CLANCY: Thank you.

SENATOR STAVISKY: Great to see you again.

SENATOR LAVALLE: Questions?

Yes.

Yes, Senator Montgomery.

JAMES CLANCY: Hi, Senator Montgomery. How are you?

SENATOR MONTGOMERY: Good, thank you. It's good to see you, Commissioner.

JAMES CLANCY: You too.

SENATOR MONTGOMERY: I just -- the whole issue of -- it was my understanding that we didn't receive -- there was 1 million in the HEAL grant that was allocated -- actually allocated for the purpose of Brooklyn Hospital, and that piece of the

restructuring.

JAMES CLANCY: Okay?

SENATOR MONTGOMERY: And you mentioned 150 million --

JAMES CLANCY: Correct.

SENATOR MONTGOMERY: -- that you still are holding on to.

JAMES CLANCY: Yes.

SENATOR MONTGOMERY: So how do you make -- what kinds of -- what goes into your making a decision to -- to actually allocate the funding that is needed in order for us to move to the next phase, both in terms of the SUNY situation, as well as the Brooklyn Hospital piece?

JAMES CLANCY: Sure.

And there's no one facility. There -- this is a Brooklyn-wide open discussion that we're having with the facilities.

And, again, what we're hoping to see happen here, is that relationships occur between facilities, or, there is a changing of the business model of a facility, to, again, meet and match the needs and the usage of the community, and what the community's needs are.

I say that, and I've kind of said that a few

times, because at the end of day, hospitals close, and facilities close, because people stop using them, and they stop going there.

So we need to ensure that any State investment is going to be into a facility that are going to provide the services, and are going to be there long term, so we're not having these reoccurring issues.

And, again, as Senator Hannon so aptly pointed out, this is not unique to Brooklyn. This is happening everywhere.

So, we need to be very diligent and judicious with the few State dollars that we have remaining.

SENATOR MONTGOMERY: Yes.

Now, the -- as I understand what Dr. Williams has, and SUNY has, been describing for us, is that they're looking to develop a new system, which does, in fact, replace the hospital, in terms of the brick and mortar, the buildings, with a system that actually does meet the needs.

Because the -- even though people don't go to the hospitals, you know, any longer, in the same -- to the same extent, the needs for health -- a health system and health care, are even more intense, because people still seem to be suffering very high

rates of all of the indicators of poor health.

So, then my question is: How do you look at what SUNY is trying to develop, in terms of a priority, if, in fact, we believe that what they are proposing will end up being a system of delivery of health care that moves away from the hospital more, and into primary care, which they have said, and suggested, that that's what's going to happen with their plan?

Does that mean then, that that $150 million, that you're going to be using more of that, to, in fact, support the development of this network which will accomplish what you say you want to see happen?

JAMES CLANCY: So, again, I -- I don't know the answer to that question about the specific network that SUNY has put in their sustainability plan.

I will say this, though: The money will be used to ensure that the residents of Brooklyn get the services they need.

Now, does that mean we will move towards less beds, and more preventive -- primary preventive care? Could very well be.

Needs assessments are done. As I said, we've had the reports.

Brooklyn, it's pretty understood, and pretty known, where the problems are, and why they exist.

So, we have the road map of making sure -- of knowing where we need to go.

What we need to do, though, is match that with the services the facilities provide, and/or going to provide, moving into the future.

So, kind of, I think the answer is "stay tuned," with respect to the SUNY plan.

I'm not here to say yes to the plan, as Senator Hannon asked; I'm certainly not here to say no to the plan either; but to say we have a lot of work to do in a very short period of time, to make sure that the right decision is made.

SENATOR MONTGOMERY: And I guess I'm not hearing, as you are speaking, you know, answering -- I understand, certainly, you're not prepared to say to this particular plan, that that's what, you know, you believe is going to happen.

But, I'm not hearing where you and Commissioner Shah and the department are looking to be more of a supportive partner in what it is they are trying to do, since -- especially, since it seems to meet the -- your goals, as it relates to the delivery of health services in Brooklyn.

They're struggling, we're struggling, to come up with a plan.

They have a plan.

But I'm not -- and I know that you say the department wants to change what we have now, which is not a plan, not a system that delivers health care that is needed.

But I don't see -- I don't hear the commitment that the department has to working with us, and I'm using "us" loosely, I really mean, working with SUNY, to help develop that.

I'm just -- there's something that is missing.

I'm hearing that, you know, you're going in different directions even though you have the same purpose and mission.

JAMES CLANCY: And I apologize for that if I've not been clearer.

I would state very clearly, that we are here to partner with SUNY --

SENATOR MONTGOMERY: Yes.

JAMES CLANCY: -- to ensure that we fully vet and understand their needs, their recommendations, and then we will take that all into account, to continue to work with them, to decide what the best

outcome will be.

We are fully committed to that.

SENATOR MONTGOMERY: And supporting it?

JAMES CLANCY: Correct.

SENATOR MONTGOMERY: I appreciate that.

That's what I wanted to hear.

JAMES CLANCY: You bet.

And I'm sorry if I wasn't clear.

SENATOR MONTGOMERY: Yes, thank you.

JAMES CLANCY: You bet.

SENATOR MONTGOMERY: Thank you, Mr. Chairman.

SENATOR HANNON: And that may well be the premise -- that --

That well may be the premise that we're actually operating on, because, even reading the 2011 report of the Brooklyn hospitals, and that's what the Commissioner asked for, in terms of a viable system, going forward, to take care of patients.

I think there's something else that just need -- people need to understand, when you talk about consolidating or downsizing, some of that is going on now in all of the hospitals, and it's not necessarily for poorer care; rather, it's for better

care.

JAMES CLANCY: Correct.

SENATOR HANNON: There has been a significant shift from inpatient care, which might be 85 percent of the care given in a hospital, to almost 50 percent being on an outpatient basis.

So that -- because you can do ambulatory care, you can do outpatient care, you can do primary care; you don't have to be an inpatient.

And so that shift has a different emphasis as to, where the work is being done, and how well it's being done.

So, just change alone in medicine is dictating some of the things that we need to address, and that's why there needs to be some significant work done in Brooklyn, and in the rest of the state.

Can I just jump in, and -- I don't know, are you finished, Senator?

SENATOR MONTGOMERY: Yes, I'm through.

SENATOR HANNON: Sorry to interrupt.

SENATOR MONTGOMERY: Thank you. It's quite all right.

SENATOR HANNON: It occurs to me that we need to review what we've done with our HEAL money, not

in terms of a microscopic look, but really the bigger picture: where it's gone, what may happen.

Because one of the inquiries, as you go forward with a system that needs capital development, is to say, Should we go back and do another HEAL?

Now, circumstances dictate.

We've had the discussion in budget, that that's not going to happen.

But I do think it needs to be brought forward so people can realize, what has been done, where it has worked, where it may not have worked.

And then, especially, as we're looking for trying to continue the waiver with the federal government, and getting money through there.

JAMES CLANCY: I think that's very valid.

SENATOR LAVALLE: Okay.

JAMES CLANCY: Thank you, Senators.

SENATOR LAVALLE: Hearing no other questions, thank you very much.

Okay, we will come back, 1:30, sharp.

(A recess was taken.)

(The proceeding resumed, as follows:)

SENATOR LAVALLE: Okay, we're going to reconvene.

The next group, I have Susan Kent, president, New York State PEF;

Fran Turner, director of legislation and political action, CSEA;

Steve Allinger, director of legislation, NYSUT;

Fred Kowal, president -- and newly elected president -- of UUP;

Rowena Blackman-Stroud, treasurer, UUP, and the president of SUNY Downstate Chapter.

STEVE ALLINGER: Senator LaValle, we have --

SENATOR LAVALLE: We'll wait until all of your members --

SENATOR HANNON: And playing the role of Fran Turner is...?

JOHN BELMONT: Johnny Belmont.

DON MORGANSTERN: Don Morganstern, from PEF.

Susan Kent, unfortunately, had to go to Washington today, so I will be here, for her.

SENATOR LAVALLE: Better her than us.

DR. FRED HYDE: I'm Fred Hyde. I'm a consultant working with all these groups.

FRED KOWAL: I'm Fred Kowal. I'm from UUP.

ROWENA BLACKMAN-STROUD: I'm Rowena Blackman-Stroud, from UUP.

SENATOR LAVALLE: Okay, I think we're all set up.

Steve, are you the --

STEVE ALLINGER: I'm the leadoff.

SENATOR LAVALLE: -- leadoff, or who -- I don't know who was --

STEVE ALLINGER: I'm here in an unusual role.

We had formed our own consortium, the unions --

SENATOR LAVALLE: Okay, just speak up, though, because I don't --

SENATOR HANNON: Yeah, pull the mic closer to you. And it may be taped down.

STEVE ALLINGER: Bolted?

It's taped.

How's that?

SENATOR STAVISKY: It's fine.

STEVE ALLINGER: Okay, I'll speak louder.

I'm going to give a joint statement that represents the views of all the unions that represent the staff, employees, at the University Hospital Downstate.

We're -- share a similar fate.

We represent the large majority of the 8100 employees in SUNY Downstate Medical Center.

We share a common commitment to the public health-sciences education mission, and the public safety-net health-services mission of the hospital.

Together, we retained the services of an accomplished health-care consultant, and finance consultant, Fred Hyde, who has run distressed hospitals, consulted with other unions, and teaches health finance at Columbia and business at Fordham.

And, in the interest of time, I reduced my comments to what we believe are the required elements in a SUNY Downstate sustainability plan.

First of all, we believe that you must retain a strong academic medical center which controls its own, and its affiliated clinical facilities, as a central organizing principal of urban health care in Brooklyn.

You cannot retain the quality, the breadth of the medical education, without having a fully integrated clinical services and hospital.

And loss of that control, loss of that fidelity to the education mission, would degrade the quality, and threaten the -- would threaten the mission of all the five schools at Downstate.

We are cognizant that we must move towards more ambulatory care in these underserved

neighborhoods.

As you heard, one-third of the residents in this area lack access to primary health care.

And that's why we propose, that as part of a sustainability plan, that over the next three years, SUNY Downstate should develop up to four decentralized, freestanding primary- and ambulatory-care satellites.

Each of these satellites should have academic service and community components, all tied to the full-time emergency departments at the University hospitals of Brooklyn, and staffed by as many as 600 or more health professionals currently employed in the UHB in patient hospital settings, all with medical-school control and appointment authority.

These employees should remain as public employees and retain their current collective-bargaining representation.

We also believe the sustainability plan should fund these satellites by monetizing the net-asset value of real estate acquired with the Long Island College Hospital, while still operating LICH as part of the health-care facilities.

Two-thirds of that net-asset value of the

LICH real estate could be devoted to the subsidy of UHB operations during a three-year transition and development period.

These satellite emergency and urgent-care centers would help SUNY Downstate recover some of the lost inpatient volume from UHB, including losses experienced by the former LICH.

If inpatient census had declined at LICH and at UHB only at the Brooklyn-wide average rate, there would be 6,000 additional discharges per year in these hospitals.

We also believe that it was evident, looking at the research, that between 2010-2011, the bad debt and uncollected revenue doubled.

It went, essentially, from 1X to 2X; from about 37 million to about 77 million dollars.

So, obviously, we're recommending:

That there should be a chief operations officer added to Downstate management, that can help Dr. Williams, who's done a great job in terms of the strategizing, that can handle the operational hurdles that remain to be dealt with;

That there should be metrics and transparency, including publication of revenue-cycle goals and measurement of progress toward their

achievement;

Declining personnel expense in UHB inpatient services as new jobs with new sources of revenue are developed in decentralized emergency centers.

What we're saying is, in a nutshell:

That you have this tremendous unmet health-care need in Brooklyn, with very high incidence of poor-health outcomes, so, let's kill two birds with one stone.

Let's confront the financial-stability problems at Downstate by also addressing those health-care needs.

We believe that these freestanding emergency-department, full-service centers could break even, some make money in other settings, and that you could, therefore, save 600 employees who are badly needed, to be redeployed, and some extent, retrained, to meet those health-care needs, rather than causing mass layoffs, loss of employment, in a high-unemployment community, and then, kill off the human capital you need to meet the health-care challenges in Brooklyn.

We believe, also, that you can't just solve the problem by creating a convening body, but that you must first solve the business-sustainability

problem. You have to fix the business model at Downstate, shore-up the loss of the traditional market share.

So, I'm going to conclude my opening remarks.

And, we've submitted testimony that I will not read or summarize for Andy Pallotta, our executive vice president.

SENATOR LAVALLE: Great.

Does anyone on the panel have -- we should have asked SUNY -- the -- what the real estate is worth at LICH?

Does anyone have that number?

DR. FRED HYDE: Mr. Chairman, there have been -- this is Fred Hyde.

Thank you for the opportunity to respond to your question, and look forward to more.

There have been -- there's been a wide variety of speculation on that question.

For all of these unions, we created a website, and the address is: twoproblemsonesolution.org, just the way it sounds.

And the password is "public employees."

And you'll find what's called a "sensitivity analysis," and an amortization schedule, so that your staff can play with that and make their own

assumptions: If this, then that.

In other words, if the real-estate value is such-and-such, with regard to monetizing it, to support both the continued operations of LICH, which we support, and the continued operations of UHB, both of them needing transformation into more outpatient-focused, but still legitimately educational activities.

Your staff can make assumptions along with us.

We chose 250 million, which we think is very conservative, but, anybody can name a price, and until it actually brings that value, by way of a sale lease-back, not a change of the operation, not a selling of the hospital, but trying to monetize the real-estate value which otherwise is not going to be realized.

So, your staff is more than welcome, even though it has a so-called password on it of "public employees," all smaller case, at "twoproblemsonesolution.org."

And, your guess is as good as ours at this point, but at least we can see changed assumptions.

SENATOR HANNON: How about -- first of all, thank you, because your somewhat of a unique

approach to this, which is, you have a concrete plan.

I don't know if the concrete plan's going to be concrete, or, whatever, but, at least you have a plan.

It seems to me that this is a plan directed solely at the mission of keeping Downstate LICH operating viable entities.

So it does -- and it does not attempt to go beyond that which was, frankly, what we had asked for in the hearing notice.

DR. FRED HYDE: Mr. Chairman, you are absolutely correct. 100 percent correct.

And our plan aims at something that you actually articulated earlier in this hearing, and that is the achievement.

A well-run hospital today is about 50 percent net revenue from inpatient, about 50 percent from outpatient, roughly.

We're looking, as Steve and the rest of his colleagues will tell you, at a three-year process, not to lay people off, but to create meaningful jobs for them in the ambulatory setting.

The model for this, even though it's a little grander than we think, is that of the smartest, we

think, at least I think, group you currently have on Long Island, and, in fact, anywhere in New York State; and that is a freestanding emergency satellite about to open in April of 2014, sponsored by North Shore-LIJ.

It needs an educational curriculum. It means meaningful jobs. This is not giving a laptop to a laid-off auto worker.

SENATOR HANNON: Which freestanding groups of all the things they're doing?

DR. FRED HYDE: For us?

SENATOR HANNON: No, North Shore.

DR. FRED HYDE: North Shore-LIJ in the West Village.

SENATOR HANNON: Which one -- West Village? Okay.

DR. FRED HYDE: Yes, correct.

SENATOR HANNON: This is to take the place of --

DR. FRED HYDE: Taking the place of St. Vincent's.

Now, we're not taking the place of anything. We're adding to the reservoir of jobs that are meaningful jobs in the health-care field, for people who have been nurses on the inpatient side, to

become nurses on the outpatient side.

But not to pretend that's going to happen without an orderly plan.

SENATOR HANNON: I presume your website has the further assumptions, calculations, and spreadsheets that are necessary to take a look at all of this?

DR. FRED HYDE: That's correct, Mr. Chairman.

And in addition, just so you can walk in our shoes, you will find 10 years' audited financial statements for LICH, for University hospitals.

You'll find everything that you would want if you were in my shoes, courtesy of all of the work that these folks have done to obtain that information.

SENATOR STAVISKY: Could I just follow up?

SENATOR LAVALLE: Yes, go ahead.

SENATOR STAVISKY: Quickly, North Shore-LIJ health-care systems was what I had in mind when I asked Dr. Williams earlier today if they've contacted any other hospitals.

Because they have an extensive network in Manhattan, as well as Queens County and Nassau County.

I know they have an affiliation with Hofstra that's about to take off with a medical school.

But at any rate, I find that very interesting.

DR. FRED HYDE: Senator, as an extremely poignant question for me:

Yesterday, at the behest of my colleagues here, I met with a similarly situated person, a staffer, academic, well respected in the private-sector unions.

And I said to him what had happened with regard to the selling of LICH.

He specifically related a conversation with leaders at North Shore, and said, "that it had been remarkably casual."

Okay?

So if you, from the point of view of where you are, think that the State can do better, now looking forward -- not throwing bricks backward, but looking forward -- either monetizing the asset value, or, disposing of the hospital to someone who wants to run LICH, because we want LICH to stay open, UHB is a basketball player; LICH is a Kardashian.

We want them both to be in business here.

[Laughter.]

DR. FRED HYDE: If you want that to happen, you're going to have to articulate a process, at least as well known to you, as to me, through which we get the financial professionals in this state on that particular case.

It can't be casual.

This hospital had booked $167 million loss in 2011, because of the acquisition.

So, it's not -- it's not trivial what the outcome is, with that value.

SENATOR HANNON: What are the immediate financial needs to your plan?

DR. FRED HYDE: I missed a word.

SENATOR HANNON: What are the immediate financial needs in order to implement your plan?

What would be the monies needed to make this go forward?

DR. FRED HYDE: The first stage is remarkably inexpensive, and that would be, we estimate something less than $15 million to set up a training program that has a budget, that has leadership --

Dr. Williams is perfectly capable.

And by the way, we think very highly of him.

-- and that has a reporting schedule, so

that, as we go through a process of diminished inpatient activity, and expanded outpatient activity, we don't lose track of the human beings who have the former jobs and we want to have the latter jobs.

That's remarkably inexpensive.

Secondly, the monetizing of LICH doesn't take money. It produces money.

In other words, if you're with me, all over the country, we have hospitals that are saying: Do we really need to have real estate on our books, or, can we do something to help in this transformative process, to go from here to there, by raising some equity?

And there are plenty of people in an era of less than 2 percent 10-year treasury bonds, who are willing to invest at 3, 4, 5 percent in a sale lease-back or in a retyping investment.

Plenty of people willing to do that, we just need to set up the opportunities.

So, the amount of money is on, actually, Appendix B in my report, by year, in terms of the expectations for diminished employment in the hospital, expanded employment outside.

And you will see that, at three years, we get

down to the number that you asked about at the beginning of the hearing, which is: What should be the State subsidy? What should be the baked-in state subsidy?

You know, what? It's actually an easy question.

It's about the bad debt.

It's about what the facility does, that is unreimbursed, because, at the end of all of the Patient Protection Act, and after the exchanges, we're still going to have, CBO says, 31 million uninsured people.

A lot of them are going to be your responsibility as public servants, and the responsibility of these employees as public servants.

The question is: What else do you need?

The answer is: In a well-run hospital, frankly, not much more.

SENATOR LAVALLE: I just want to follow up on a basic question, and this is something that we will ask SUNY.

But, have there been discussions, in terms of, with SUNY, "This is our plan?" and, did they say, "Gee, looks good. Get lost!"?

Anything?

STEVE ALLINGER: No.

We've had two meetings with SUNY.

SENATOR LAVALLE: Who, in -- who, specifically? Lora?

STEVE ALLINGER: With Lora Lefebvre, Stacy Hengsterman, and Chairman McCall, about a week ago. And, at the end of last week, we had another meeting that included Chancellor Zimpher.

And, frankly, I think that they were open to the presentation. They were respectful.

It was not -- they didn't commit, but they felt that their plan, in what we were -- elements of our plan were not incompatible, that they could coexist.

That's not the same as saying we've gotten to yes, but I felt that we were given an open reception.

And also, you know, we have praise for, Lora and Dr. Williams were very open in terms of furnishing us the background material we needed to do proper analysis.

So, we do want to thank them for that.

SENATOR LAVALLE: Well, you know, I'm hopeful, because the dialogue has been established.

And I think -- from my own perspective, I think there has to be a number of discussions that go on contemporaneously, and then, at the end, we have to weave together and create something that will work.

And you heard earlier, in terms of Commissioner Shah, expects to make an evaluation of the plan, and there's a stake there, you know.

So I think, as I have had said, this is the beginning of a process.

A beginning.

So this gives me some good hope.

FRED KOWAL: Senator LaValle, if I might add something to Steve's comment on that.

The difference that I see is that, with SUNY, there isn't the appreciation for what I see as a necessity for an enhanced Downstate Medical Center really being at the core of health care within Brooklyn.

From what I have seen, and what I have heard from SUNY, is they see a downsized, perhaps they use "rightsized," but, regardless, we are talking about retrenchments, layoffs.

The number that they have used is upwards of 600 people retrenched at Downstate alone.

They have talked about exiting from LICH. Just in terms of UUP, that means 400 of our people there.

They seem to see that Downstate Medical Center will have a role within a network of health-care providers under the auspices of a not very clearly defined public-benefit corporation.

For us, the focus is much clearer, and that is, that the challenge is to enhance Downstate Medical Center, so that they can continue to provide what is a world-class series of health care, or health care in general, to the population in Brooklyn, and, build around that, as Fred Hyde was talking about, the idea of feeder health-care systems.

SENATOR LAVALLE: Senator Rivera wants to ask a follow-up question?

SENATOR RIVERA: Yes, because I think -- I'll be, actually, very direct.

So, do you disagree with the contention of the folks that were here earlier from SUNY, that the only way for SUNY Downstate to survive, is to form this coalition or consortium type of situation?

FRED KOWAL: From my perspective, first of all, we need a lot more details as to what the

consortium would involve.

My own initial read of it is, I'm very concerned about a discussion about, literally, parceling out health-care services amongst different hospitals.

The fact of the matter is, as you did hear, Dr. Williams did state this eloquently, that Downstate Medical Center is the sole source of medical care for thousands of people in Brooklyn.

And some of the services that are provided there are the only place where they're going to be able to get them.

And, in fact, there are some services that public hospitals provide because they simply are not profitable for private hospitals to provide.

And that's a question that I would love SUNY to be able to answer.

But beyond that, I think Dr. Hyde may --

DR. FRED HYDE: Just one note, I want to underline, I have known Ms. Lefebvre for years; a high-class, high-quality public servant.

We think very highly of Dr. Williams. I've found we've had people in common.

Mr. Morganstern at the other end of the table has been my guide, and we're getting to know

the individual chairman in the hospital, and the hospital director.

So anything we say is not a reflection, frankly, on any of the people.

I have been four decades in this field.

And for better or worse, have 3 graduate degrees, and have taught 13 years, and I've run a couple of hospitals.

I have never heard of this model anywhere in the American health-care system.

It would be novel.

DON MORGANSTERN: If I could -- I'm sorry.

SENATOR RIVERA: But I would like to -- obviously, you're going to follow up in a second, but just, since you said, it is -- so it is very novel, but, in your estimation, and you just stated your credentials, 3 -- 30 years, or 40 years, you said, 3 different --

DR. FRED HYDE: Unfortunately, forty.

SENATOR RIVERA: 40, and 3. But there was a "3" in there; there was 3 different graduate degrees, obviously.

DR. FRED HYDE: You got it. Correct.

SENATOR RIVERA: And I'm actually looking at the website that you pointed us to right now, and

I'm looking at -- there's a lot of information here.

DR. FRED HYDE: You bet.

SENATOR RIVERA: Including a bunch -- I guess the Excel files are there, so that we can plug different numbers in, and have it --

DR. FRED HYDE: That's exactly why they're there, sir.

SENATOR RIVERA: So I'm going to be doing that at my computer upstairs in a second.

But, in your estimation, then this novel approach of -- is not -- is certainly not the only approach, because I figured that this -- that this is at least an outline here of how you can have that -- this particular institution.

Maybe what you're saying, is that it -- it's not that you should -- that we should not look at trying to get it together with a consortium with other institutions, but that there are ways to have the institution itself, to enhance what it does, to be able to have it survive on its own?

DR. FRED HYDE: Everything you've said I would agree with.

There's a business problem that has to be solved.

If you don't fix that business problem,

you'll be doing this again.

If you do fix that business problem, you may or may not need a compulsory coordination, if you will, for lack of a better phrase.

If you come to that compulsory coordination, weakened, you will lose, and the physicians will lose, and the state of New York will lose.

You won't have the powerhouse that you need.

If you come to that compulsory coordination, if it takes place, strong, with a balanced inpatient-outpatient program, with --

And this hasn't been mentioned, but Dr. Williams is acutely aware of it.

-- an outpatient program the residents actually want to go to.

That's not what we have today anywhere in this country.

Four years, the accreditation bodies have hammering the schools of medicine to come up with meaningful curriculum.

And the residents don't like what they find.

SENATOR STAVISKY: What -- you're talking about the doctor residents?

Not the local residents, but the doctor residents?

DR. FRED HYDE: The physician residents, that's correct. Exactly.

Thank you for clarifying.

What happens is, you've got some time, go out to this clinic.

We'll get a bus out there.

All the talks are back here.

All the education is back here.

All the big faculty are back here.

When you go there, you end up doing scut work. You're not really doing anything which is educational for you.

And that's what you're trying to do; you're trying to prepare, as a physician, or a nurse, or an allied health professional, so that the rest of your career, you can be trusted to have a license to take care of people.

You've got to maximize your educational activity.

You can't do that without structure and thought and an entire process.

And the centralization of this is what we're trying to get, trying to move SUNY to putting that in the center: Fix the business problem by fixing what also is an educational problem. And then,

perhaps, you may be in a much stronger position to do whatever you want.

SENATOR RIVERA: And I know that the gentleman wanted to add something.

DON MORGANSTERN: Don Morganstern.

What I just wanted to add is, is Dr. Williams testified, he -- Downstate has agreements with other hospitals, to send our residents there, to send our interns there.

In the same way he has that ability, he already has the ability, if he wants to get together with Brooklyn Hospital, with Interfaith Medical Center, and sign agreements that say: Look, let's negotiate together, with Blue Cross/Blue Shield, with this health-care system, to set rates.

They do not need to set up a public-benefit corporation to do this. They already have that ability.

And Senator LaValle, obviously, is not going to remember me, but, 5 years ago, 10 years ago, I met with him and the heads of the SUNY Stony Brook Campus, in his offices, discussing this, because this is already the second or third or fourth time over the past 10, 15, 20 years, that SUNY has come up with: Let's set up a public-benefit corporation.

The only thing this time is, you know, they're saying it will not operate the hospitals.

But if SUNY is given the inch, if there is a loophole in the law, they will find a way to use that public-benefit corporation to privatize the hospitals.

SENATOR LAVALLE: So what's happened over the last 10 or 20 years with the --

DON MORGANSTERN: Fortunately, and with your assistance, and the Senate's and the Assembly's assistance, they were not given the approval to set up their public-benefit corporation.

SENATOR STAVISKY: Can I just add one other thing?

I was somewhat critical of the concept of the public-benefit corporation.

And as I listened to the SUNY testimony, I came to the conclusion that what they really want, the reason they want the public-benefit corporation, is to issue bonds; to borrow money.

And it seemed to me, and I asked the Chancellor the question: Isn't this -- isn't everything else really the role of SUNY and the -- and Downstate?

"Do we need the public-benefit corporation?"

is my question.

STEVE ALLINGER: Senator, we probed this pretty thoroughly last week, and -- on two occasions, and you heard the Chancellor today, that there -- that is not a motivation right now, according to them, the issuance of bonds, or using a PBC as a debt -- for debt instruments.

And I think, in a question here, they said they would not recommended it at this time, I think when they were queried about what should -- what should be in the PBC legislation.

DR. FRED HYDE: Senator, let me add one thing, because this is something you know, but you may not know how it compares to the 49 other states.

New York State hospitals are the most heavily indebted in the world.

I tell my students that debt is not always good.

Debt accounts for more than 85 percent of our capital formation in the hospital field anyway, but it increases the risk profile of organizations, such that, when revenue falls below expectations, they have to do wacky things, like throwing people overboard.

So, debt is not, in and of itself,

necessarily a good for a New York State hospital.

What you'll find in our plan, is equity.

We're trying to monetize something which is sitting there in Cobble Hill, which is the net-asset value of some very nice property right off the BQE, "leaving a hospital in place" -- leaving a hospital in place, but taking advantage of the fact that the land is doing nobody any good right now.

And it won't do anybody any good until, down the road, if that ever happens, somebody shuts the hospital.

We want to do some good with that land value while the hospital is there.

SENATOR LAVALLE: You want to do a lease-back?

DR. FRED HYDE: That would be a model, yes, sir.

SENATOR LAVALLE: 250 million, or thereabouts?

DR. FRED HYDE: If you play with the alternatives --

SENATOR LAVALLE: Let's assume.

DR. FRED HYDE: You can get -- you can guarantee a 4 or 5 percent return.

And I've put the rental -- in other words, if

the State were to say, "We want to lease this property to the ABC Hospital Corporation, to run LICH," that income is sufficient to run the transformation process.

If you did the opposite, and you said you wanted to sell, and then lease back, and have the State of New York guarantee the lease, we've put the lease expense into our proforma.

Either way, you managed to get either a large amount of equity, or support for a transition.

SENATOR LAVALLE: I'm assuming that before we get to that, you've said you got to -- you have to fix the business problem.

DR. FRED HYDE: Correct.

SENATOR LAVALLE: So, doesn't that need to be -- I mean, you can't go out --

DR. FRED HYDE: This is -- no, no.

This is part of fixing the business problem.

If you think that all business problems are people, space, money, and equipment, you have to start with people.

And, the people; the way you start with the people: They get 600 human beings off the payroll at UHB, and whatever number after an appropriate examination takes place at LICH, and on to the

payroll of a satellite outfit, with a job that is meaningful.

Okay?

Before you can do that, you need to say: How are we going to create the facilities and the equipment in order to do that?

So, it's a simultaneous equation, but unless you begin with the people, you'll layoff 600 here and you'll hire 600 there. And they won't be the same people.

And, rather than losing that institutional memory, that clinical expertise, our point of view is:

All right, we'll play with, we'll go along with, we'll lead the way for, a transformation. Just make sure it's a real transformation, and not just shutting things down in hopes that they'll spring up.

SENATOR LAVALLE: I assume you have been at the meetings that Steve talked about?

DR. FRED HYDE: Yes, sir.

SENATOR LAVALLE: And, you're now a professional, you've done this lots of times, sitting down with people, looking at plans?

DR. FRED HYDE: Yes.

SENATOR LAVALLE: Was there receptivity --

DR. FRED HYDE: Yes.

SENATOR LAVALLE: -- to what you were saying, or was it going in one ear and out the other?

DR. FRED HYDE: It's halfway in between.

And the point that was made, which is, that we would like SUNY to make central, fixing the interrelated aspects of this business problem, and not necessarily concentrate on a solution which is perhaps in search of a problem.

We'd like to move it onto the center page, recognizing that there may, in the very near future, be terrific reasons to do something like this.

But, you don't want to walk in with 48 cards in your hand. You're not going to do well.

Somebody is going to say: Why do you need orthopedics? We'll take the orthopedic residents.

And next thing you know, the orthopedic resident are someplace else.

So that's -- that's our point of view, which is, I understand your question, and I'm --

SENATOR LAVALLE: Yeah, I get --

DR. FRED HYDE: -- honestly, it's halfway in -- more or less, in between.

But making central that mechanical set of

things --

Setting up a center for this kind of transformational activity;

Having a realistic budget;

Space;

Where are we going to develop these things?

Are we best off going in this direction, or that direction?

-- let's look at the hot spots.

This Brooklyn Health Improvement project is fabulous resource. They know where these things should be.

STEVE ALLINGER: Senator, I think we would be remiss if we also didn't point out that, although there were -- you know, there were miscalculations, obviously, and it's water over the dam on which acquisition, there were Medicaid cuts, the State appropriations to the hospitals has also played a role.

I think, in 2007, we were at $42 million for Downstate. We're down -- and then, in 2011, it was 17.

That it is a significant, you know, part of the operating gap.

And the reason I'm raising this, is there's

last always going to be a -- there is a public mission in this hospital that deserves public appropriations.

You have a 2400 physician shortage in primary care, and it's growing, while you're having a large increase in insured people who, theoretically, are going to, therefore, access health care more than you have today, with a growing shortage.

We feel that deserves a State appropriation.

Moreover, the teaching research hospitals get the highest federal reimbursement. And they were a driver and an engine for economic growth and development in the state.

And that's a comparative advantage the state has, and we think it would be penny-wise, pound-foolish, not to have a properly sized appropriation for that public mission, including the safety-net mission.

As Dr. Hyde said, we're gonna have residual population that will be uninsured.

And it's estimated at, I believe, anywhere around a million, New York State, and it will be disproportionate in this part of Brooklyn.

And, therefore, we're not saying the State doesn't have a role in appropriating funds. It

has -- this is a proper role for the State, and it has a profound public mission in supporting this school.

SENATOR LAVALLE: I just want to state for the record that, and Senator Hannon can weigh in, any of the conversations that we've had, when we spent time this morning talking about the past, because the past is important, and that you're not going to go down the same road and make the same mistakes.

But we are focused on the future; fixing the problem: What will work to make this work?

So, I don't want anyone to think that because we were looking at what brought us here, our Committees are focused on, we ought to get to where we need to get, to give the people of the borough of Brooklyn good health care, save Downstate.

And you can't have -- realistically, you can't have a medical school without its laboratory and its clinic, which is its hospital.

STEVE ALLINGER: Senator, if I could beg your indulgence.

We have people here who were ready to summarize some of their statements at this time.

SENATOR LAVALLE: Let them go.

FRED KOWAL: Okay.

Senator Hannon, Senator LaValle, I just -- I'm just going to summarize. You have my written testimony.

And, this is actually a distinct honor for me, because I just became president two days ago -- well, three days ago, June 1st.

So, this is my first hearing, and, it's incredibly important for our 35,000 members of UUP.

What happens at Downstate, we are fearful, of course, that plans of downsizing, privatizing, though we are confident that will not occur at Downstate, we are always concerned that that could be a template, certainly, for the other hospitals, and perhaps even some of the non-hospital campuses that we have.

I would hope that, as you examine the plan that SUNY has proposed, well, perhaps you'll pay attention to some of the specifics that has led me to ask some questions.

For instance:

As Downstate is downsized, how many people would lose their jobs?

And when there is discussion about the exiting of LICH --

Which, the wording that sometimes is used is, on the one hand, amusing; on the other hand, terrifying.

-- will that also mean a severe impact on the staff there, including, as I said earlier, the 400 UUP members?

Also, those job cuts will mean a reduction in health-care services.

Specifically, which of those services will be reduced?

And how will these planned cuts impact the teaching aspect of the hospital?

The reality is, that, from our perspective, from UUP's perspective, and it's one that is shared amongst all of the bargaining units, any sustainability plan for the delivery of medical services in Brooklyn must be centered on an enhanced Downstate Medical Center.

This will serve to move Brooklyn and New York in a direction of the present national trend of academic centers becoming the centerpieces of urban health care in the United States, particularly with the full implementation of the Affordable Care Act.

Let's remember too, that despite recent financial difficulties, Downstate Medical Center

remains the preeminent health-care institution in Brooklyn.

The hospital provides many unique and nationally recognized medical-care treatments, including kidney transplants, dialysis care, and Alzheimer's-disease treatment.

Which of those services will be lost through the plan that SUNY has proposed?

SUNY Downstate is also the only safety-net hospital in Brooklyn that satisfies the enormous demand for health-care services for the indigent and chronically ill.

Downstate Medical is also a pipeline for doctors and medical providers. One out of every three doctors in Brooklyn is a Downstate graduate, and more New York City doctors graduate from Downstate than from any other medical school.

This is especially crucial when one considers that the state of New York is facing a growing shortage, as Steve alluded to, of over 2400 primary-care physicians.

I need to be convinced, Senator, that the plan that SUNY has put forward will, first, continue to provide the health care that Brooklyn needs; and, second, protect the jobs and income of our members

who have served the state, and the population of Brooklyn for so very long.

In conclusion: The solution to the crisis facing health-care delivery in Brooklyn and the financial difficulties at DMC, is to properly fund the hospital, restructure it to bring about an increased emphasis on primary care, as called for in the Affordable Care Act, and ensure that the training of physician at Downstate Medical Center's medical school continues to be a hallmark component of the educational mission of SUNY.

Thank you.

SENATOR LAVALLE: Okay, you're on.

JOHN BELMONT: Just two quick points from CSEA.

I mean, CSEA feels that SUNY is missing an opportunity to provide primary care in the communities now, rather than one to three years from now, which it will take for a PBC to get up and running, according to their plan.

It's been talked about today, that there is a need to provide primary care.

And through these satellite offices that are talked about, they're also avoiding layoffs.

So this is the time for a transformation

rather than just a simple downsizing.

These employees can transition into these community satellite centers, and still provide economic activity into the community as well.

So, just something to keep -- to be reminded of.

DON MORGANSTERN: Okay, and Don Morganstern.

Again, Susan Kent apologizes for not being able to be here today.

I'm an executive board member of PEF, and the council leader at SUNY Downstate Medical Center, where we represent about 650 employees, the vast majority being nurses in the hospital.

I've been there since 1974, as a research scientist in the department of cell biology.

My research, I'm a molecular biologist, and my research interests have been in muscle and cardiac cells.

And, I am proud of the fact that, directly, thousands of researchers around the world are using things that I've discovered; and, indirectly, thousands of patients are being treated by work that I've done.

If Downstate's plan goes through, I will be one of those laid off.

Dr. Desingarao Jothianandan is also a research scientist at PEF -- at SUNY Downstate, a PEF member. He's been there 40 years.

He is a co-author on most of the papers that were done by Robert -- Dr. Robert Furchgott, who is our Nobel Prize winner.

If this goes through, he will be laid off.

And the reason why I brought up these two things, other than putting a face to some of the layoffs, is the fact that what SUNY is not telling you, is that they are also downsizing the medical school and the colleges.

So there have been significant numbers of people who are being laid off, or have been targeted for layoffs, on lines that are fully funded in the budget.

So when you pass the budget for the medical school, there are these lines that are funded, not dependent upon the hospital for reimbursements, but, these people are being laid off.

I want to next, and again I'm summarizing because you have the written testimony, in terms of Downstate and some of the problems which we have:

Where did the deficit come from?

How did it get to grow so badly?

One of the things I wanted to mention was the bad debts.

$77 million of uncollected debts in 2011, which is the last year we have. That's 14 percent of revenue, the funds were not collected.

Most hospitals --

That's 14 percent.

Most hospitals, their bad debt is somewhere in the range of 3 to 5 percent.

So if you can reduce the bad debt by even 50 percent, get it to a range of 7 percent, which is still a little bit high, you're closing out a significant amount of Downstate's problems.

In the three years, including 2011, and just prior to that, the bad debt totaled $150 million.

So there is a problem with billing, or the collection of billing.

At the same point in time, at the other end of the spectrum, with the DRGs, that's the coding done by CMS for Medicaid and Medicare of what a hospital can charge for services.

When you compare the three SUNY hospitals, Downstate is the lowest in its billings, but, yet, is in the highest cost area.

So what they should be billing should be more

than the other SUNY hospitals, and other similar hospitals; and, yet, they are billing less.

So you have at both ends of the billing spectrum.

And if these problems were solved, a significant portion of Downstate's debt would be taken away, right then and there.

SUNY also mentions about the employee problems.

I mean, it's highlighted in Dr. Williams', and I do respect him greatly, he mentions how the fringe-benefit costs were listed as increasing 43.6 percent over a 5-year period.

That's well within the normal range, but it's an attempt to blame employee costs on some of Downstate problems.

He mentions the employee retirement system increased, the payments to it, by 100 percent over 5-year periods, to 19.6 million.

Well, if it increased over 5 years by 100 percent, to 19.6 million, that's a $10 million increase over 5 years; hardly the cause of Downstate's financial problems.

And, in fact, as we know, with the economy doing better, with Tier 6, with increased revenues,

any employee-retirement system, what Downstate is going to be required to pay for retirement payments, and also for fringe-benefit payments, because, with the new union contract, those are going to be decreased greatly.

In terms of, we've already spoken about the public-benefit corporation.

And the fears that I have, that once SUNY -- that something SUNY has wanted, to privatize, and that they will, again, take any foothold to do that.

I'm also concerned by a question which Senator Rivera asked, which was about the consulting firms that they have.

Dr. Williams answered his questions and said, and he was technically right, in that, it is not the same people.

However, it is the same firm.

And it's our belief that, it's Pitts was in -- the Pitts Consulting Firm was involved with the LICH takeover, and the planning for that, and now it is LICH -- it is Pitts Consulting Firm that's at the opposite end, trying to straighten up after the takeover occurred.

Maybe different people, but it is the same company.

And that worries us.

Thank you.

SENATOR LAVALLE: Anyone else?

Okay, thank you very much.

Really, thank you.

STEVE ALLINGER: Thanks.

SENATOR LAVALLE: Next person is Helen Schaub, vice president, New York director, 1199 SEIU.

Who is your assistant?

HELEN SCHAUB: This is one of our members, who's a respiratory therapist at LICH. She's just going to be joining for a portion of the testimony.

SENATOR LAVALLE: Okay.

JEANNIE SIEGEL: Hi, my name is Jeannie Siegel [ph.].

How do you do?

SENATOR LAVALLE: Thank you for telling us your name.

Okay, Helen.

HELEN SCHAUB: Am I supposed to see a light?

SENATOR LAVALLE: Yes, there should be.

HELEN SCHAUB: Can you hear me all right, or --

SENATOR LAVALLE: Just tap it.

HELEN SCHAUB: So we'll share this one.

So thank you very much, Chairman -- Chairman Hannon, Chairman LaValle, and Senator Stavisky, for having us here this afternoon, and for sticking it out for a long hearing, but, obviously, a lot of useful information, I think, for all of us.

We're here representing the 230,000 members of 1199 SEIU United Health-Care Workers East in New York State, including 30,000 hospital-worker members in Brooklyn.

SENATOR LAVALLE: Helen, speak into the microphone.

HELEN SCHAUB: Sorry. Is that better?

SENATOR LAVALLE: Well, I can hear you, but I think for the people in the back.

HELEN SCHAUB: Great. Okay, thank you.

So I'll be brief.

You have our written talking points, and I know a lot of the points we're making here, other people have made.

I guess I wanted to make two separate points.

One is, I think an earlier speaker had referred to the public-consulting process over this plan as "rigorous."

And I'm not sure many of us would characterize it that way.

You know, the requirement for the sustainability plan was obviously passed in the budget at the end of March.

And, the first public indication of what SUNY was going to put on the table was 10 days ago in the public hearings.

We have one conversation, and I know that's true of a number of other community organizations and labor organizations.

So, I'm not sure that that process was particularly rigorous.

And, frankly, it's been difficult to review everything that was posted on a website last night and be prepared to respond to it today.

I will point out one thing that is particularly frustrating, which is that, in the plan that was proposed, in the analysis, SUNY repeats an error, or a mischaracterization, that has been repeated a number of times, about the bed capacity at LICH and about the occupancy rate at LICH, which is, that they're are claiming that there's a 50 percent occupancy rate, I believe in 2009.

The only way you get to that number is if you

use the number of licensed beds in the facility, not the number of staffed beds in the facility.

So, it really perpetuates a misconception, you know, about LICH specifically.

That, it's just unfortunate that, at this point in the process, and after this much dialogue, we're still in a position where those sorts of things are being repeated.

But, LICH is very close to its staffed-bed capacity, and -- which was voluntarily reduced from the licensed-bed capacity at the -- with the permission, and at the behest of, the Department of Health a number of years ago.

So, again, we need, I think, through this process, as much transparency as possible, and as much consultation as possible with all stakeholders of the process.

And there are ways in which I believe that has not been true up to this point.

That said, I think, you know, the diagnosis of the problem, which many people have put on the table today from all sides, we know is true about the difficulties in Brooklyn health care, about the needs of the population in Brooklyn, the delivery system not being able to provide the quality care

that people need, you know, for a number of reasons: from budget cuts, from changes in the reimbursement structure, from, frankly, you know, mismanagement and profiteering at a number of institutions.

We're in the crisis. I think everybody knows what the crisis is.

And that we do need, as has been said, a planning process that asks institutions to think outside of their kind of narrow, selfish interests, and towards a transformed health-care system that can actually provide the care that Brooklyn needs.

Whether or not this public-benefit corporation can be that planning process, I think is a real open question, for all of the reasons that people have raised today.

So we would say, the diagnosis is correct of the problem in Brooklyn, and the prescription that institutions need to behave differently, is correct.

Whether this PBC can drive that conversation, I think is a real open question.

I wanted to, before I turn it over to Jeannie, just say quickly, in terms of LICH, you know, we represent 2,000 employees at LICH.

We're very pleased, after all this process, that the closure plan was withdrawn.

We think it should be a recognition of the financial viability of the hospital, which does have the second-highest rate of commercial-payer discharges in Brooklyn, has a lot of unique services, which Jeannie will mention, but, we're not out of the woods yet.

And that's something that brings all of us, I think, here today, to express our concern.

JEANNIE SIEGEL: Senator Hannon, Senator LaValle, Senator Stavisky, thank you for allowing me to speak.

I'm not good with facts, and I get flummoxed, but, I feel very passionate about the hospital I work at.

I'm a respiratory therapist at LICH. I've worked there for 23 years, and I work with wonderful people, wonderful clinicians, people who care about their patients.

We've had patients come from other hospitals, and say, "Thank God I'm here."

We really do the job, and go the extra mile to the greatest -- to the greatest percentage, I'd say, of the workers there.

And while we were very relieved to see that the closure plan was withdrawn, there have been so

many other indications of undermining happening, that at this particular juncture, we're looking at the house staffing withdrawn in a very short time, and no clear way of how we're going to proceed without that basic structure that allows our 150 years-plus teaching hospital to be the hospital it has been.

There is some -- there's many rumors, actually, and we've been living with rumors for the last six months, in addition to all the lobbying and fighting and petitioning and raffle-raising, and coming to work every day to take care of our patients.

We're a hospital under siege.

And we have just been working and working and fighting to keep ourselves and our patients going.

And our patients are frightened, and we're frustrated.

And we will continue to fight this fight, but we need you to know that, as much as there's a professed indication on SUNY's part that they're allowing an exit strategy, and that there is no more closure plan, I don't know that there's really a truly viable continuance plan going on.

I never -- none of us ever wish to see

Downstate do badly, but we want all hospitals and all patients to do well.

And I would hope that the State would be as interested in seeing a hospital that serves seven neighborhoods where there is no other hospital close by, as well as seeing the jewel of Downstate's academia, do well.

That patients in Red Hook are not served by any other hospital except ours. And we serve the court system.

We serve all of these new colleges that are popping up, all of these new yuppy buildings; there's more overbuilding in our neighborhood.

I've lived in Brooklyn for 60 years. I'm a second-generation Brooklynite. I never thought I'd see so much overbuilding of a borough.

I don't even recognize it anymore.

But, we serve the old Italians. We serve the Red Hook residents. We serve the new yuppies.

We serve so many populations.

We've got 90-year-olds coming to us.

We've got the youngest people.

We've got all these amazing saves, that Denis Hamill writes about in his columns.

I mean, we do amazing work.

And, we're happy and proud to do it, but we can't be cut off at the knees and still do it.

And, we need more than a cursory glance and "Yes, we won't close you, but, on the other hand, over the shoulder, but we'll take away your residents, and we'll make little stop gaps here and there, and, we'll see if you can still get on, but without this, and without this, and without this, and without this."

Existing in an atmosphere of rumor and fear is very difficult.

And, we'll see what happens at the end of this month.

I know that, in February, the board that licenses the residency program was told that the residents would no longer be coming here.

So this was planned before we ever fought the closure.

And I don't think of it so much, but, I'm thinking of it now.

And I'm hoping that we can go forward, in some fashion.

I love teaching the residents, I love working with them. I love taking care of my patients.

And I hope the hospital can rebuild, because

we have been a great, great hospital, and I want to see us come back from where we have gotten to, and go back up to where I came from when I started working there.

Thank you very much.

SENATOR LAVALLE: Good.

Thank you, Jeannie.

Good cheerleading.

[Applause.]

SENATOR LAVALLE: Thank you very much.

JEANNIE SIEGEL: Thank you.

SENATOR LAVALLE: Michelle Green, New York State Nurses Association;

And Julie Semente, nurse, Long Island College Hospital.

JULIE SEMENTE, R.N.: Can I start?

SENATOR LAVALLE: Okay, thank you for being here and testifying before the Committee.

JULIE SEMENTE, R.N.: Thank you, Senators.

I've been a registered nurse at Long island College Hospital since 1983, caring for patients in the intensive-care unit and the critical-care division.

I'm also an elected leader of the New York State Nurses Association, which I know you're all

familiar with.

Today I'm speaking on behalf of my colleagues, the NYSNA nurses at LICH, and my patients, and thank you for affording me this opportunity today.

Senator LaValle, you may remember me from our fight to save the SUNY Stony Brook Southampton Campus in 2010, and my daughter Tara who was one of the six petitioners.

SENATOR LAVALLE: Yes, yes.

JULIE SEMENTE, R.N.: Well, just as we were successful in preserving Southampton Campus for that community, it is imperative that we succeed in preserving Long Island College Hospital as the full-service teaching hospital that has been so important to the Brooklyn community for the past 155 years.

LICH nurses have been fighting for many months to save our hospital, and we will keep doing whatever we have to do to keep LICH open for care as a full-service primary- and acute-care facility, because we know that every day that we keep LICH open, we are saving lives.

When SUNY withdrew its closure plan, we were optimistic for LICH's future, but we also knew that

we had to keep working to transition to a new operator because SUNY is no longer interested in operating this hospital.

To keep LICH open as a full-service hospital, we are ready to work with any new operator that will put quality care for Brooklyn patients first and foremost.

We're encouraged that SUNY's sustainability plan included $129 million for the transfer of LICH to a new operator, and that several operators have expressed interest in running the hospital.

However, we haven't been informed of who they are, or any intentions that there may be.

SUNY Downstate also still has not fully disclosed their financial statements for LICH, and they have continued to behave in a way that is not transparent or democratic, including holding a so-called "town-hall meeting" instead of participating in meaningful consultation with NYSNA and the our LICH stakeholders, to give us a voice in the process as they have allowed for the University Hospital stakeholders.

Downstate has also, in the midst of withdrawing the closure plan, they withdrew our residency program.

So, very nice that we are not going of have the hospital closed, but I don't know how we'll keep it open without doctors in the hospital.

And those physicians are UUP members.

As a LICH nurse, I can tell you that our hospital is viable, and it's primary, acute, and emergency services are very much needed in our community.

As you heard, Brooklyn is the fastest-growing borough in New York City, and most of the new real-estate development is concentrated in the downtown-area neighborhoods that specifically are served by LICH.

In addition to all the new housing and commercial development, the 18,000 seat Barclay Center is nearby, and one-third of the people needing emergency care at the stadium are already being treated at LICH.

The revitalized and expanded Brooklyn Bridge Park is just steps from our front door. Even before the expansion, the park received more than 60,000 visitors on any average weekend.

And LICH is the only full-service hospital in this entire area serving a wide swath of Brooklyn, with tens of thousands of residents, workers, and

visitors.

We should be investing in quality care for our expanding population, instead of cutting services.

In times of crisis, LICH has always been essential to the Brooklyn community, and beyond.

From the time of the World Trade Center attacks, the recent ferry crash in the docks at lower Manhattan, LICH is the closest hospital outside of Manhattan.

And, we cared for many evacuees from "Hurricane Sandy," and, were able to accept many patients that were in hospitals that were in harm's way.

This past winter, from December to January, over 1,000 patients were cared for at LICH as the city suffered from the worst flu epidemic in recent history.

It should be clear that in cities such ours, we need more hospitals like LICH that are prepared to handle large-scale catastrophes, not fewer of them.

And as someone testified earlier today, that hospital closures are based on whether the hospital is utilized?

Well, our hospital is highly utilized, and has a reputation for providing exceptional quality care.

In the "2012-2013 U.S. News and World Report," 69 LICH physicians were ranked as being among the best in the nation.

The same report ranks LICH as the second-safest hospital in Brooklyn.

Our pulmonary, neurology, nephrology, and neurosurgery departments were ranked close to the top and are nationally known.

LICH is consistently averaging an occupancy rate of 90 percent capacity of its staffed beds, and we serve patients, not only from the surrounding neighborhoods, but from throughout all of Brooklyn; also Staten Island and Queens.

Last year LICH's emergency room treated 58,710 patients, and 15,812 patients with discharged from its inpatient units, many of them children.

Other Brooklyn emergency rooms are already overcrowded and understaffed.

If LICH closes, or, ceases to be a full-service hospital, this system in Brooklyn will be stretched beyond capacity, and that borough's patients will not receive the care that they need.

Hospital closures impact everyone, but they do the most harm to low-income communities and communities of color that are already medically underserved.

Red Hook, Brooklyn, is a federally designated health-care professional-shortage area, and it's residents depend on LICH for all of their primary, acute, and emergency health care.

Fifteen New York City hospitals have closed in the past four years, and now four Brooklyn hospitals are at risk, including LICH and SUNY Downstate.

Hospitals across the city have faced financial distress, and services have been cut without regard to community needs like those of the Red Hook residents.

We must keep LICH, Downstate University Hospital, and our Brooklyn hospitals open for care.

We're encouraged that Governor Cuomo is seeking federal assistance for financially distressed hospitals in Brooklyn, and we will continue to work with state and federal elected leaders on solutions to secure funding to keep our hospitals open.

We know that LICH is a good hospital, and

that it will continue to provide quality care to Brooklyn patients as a full-service hospital for another 150 years if it's marketed and managed properly.

So let's work together to ensure that a new operator can come in, and will be committed to doing just that.

Any sustainability plan implemented by SUNY and approved by the State must guarantee that our full hospital at LICH, not just pieces of it, stays open for care.

Our community needs its full-service primary- and acute-care facility.

We cannot allow our hospital to be sold off for its real-estate value. Our patients' lives are more important than any real estate.

As a nurse, my job is to care for the patients at their bedside, and it is also to advocate for them in every way that I can.

And this year, I have done that through blizzards and marching across Brooklyn, early morning interviews with TV reporters, bus rides to a hearing in Purchase, and a couple of times, coming up to Albany to testify.

Brooklynites deserve access to quality

hospital services, and they should not have to go to another borough to obtain that.

So, I'm here today for my patients.

I'm asking you to work with, my union, the New York State Nurses Association, myself, and every other advocate for Brooklyn patients, to preserve LICH as a full-service primary-, acute-care, hospital, and to keep LICH, SUNY Downstate, and our Brooklyn hospitals open for the care of Brooklyn.

Thank you.

[Applause.]

SENATOR LAVALLE: Thank you.

Ms. Green.

MICHELLE GREEN: We'd be happy to answer any of your questions.

SENATOR LAVALLE: No, I think we're -- I think Julie nailed it.

JULIE SEMENTE, R.N.: Thank you, Senator LaValle. It's a pleasure to see you again.

SENATOR LAVALLE: Whoa, whoa, wait. Wait, wait.

SENATOR HANNON: Could I just ask a question?

JULIE SEMENTE, R.N.: Oh, yes, sir.

SENATOR HANNON: You're the first one to come before us today who has actually been there for a

while.

JULIE SEMENTE, R.N.: Yes, sir.

SENATOR HANNON: And I'm just wondering if there were any perceptions by those of you who were there, and while you're working hard, as to what they could have done better so they weren't supposedly losing money.

JULIE SEMENTE, R.N.: They could have billed. They could have collected the payments.

For the first -- for instance, for the first 18 months, since -- when SUNY took over in 2011, for the first 18 months -- I mean, they announced not too long after the first 18 months that they want to close it.

But for the first 18 months, no patient in our emergency room fast-track was charged for -- was billed for a service.

They -- apparently, the administrative things that had to be done to get our physicians on a panel, so that insurance companies could recognize them, and Medicare and Medicaid could recognize them, and submit the payment, that didn't happen.

So none of our doctors were recognized by Medicaid, Medicare, insurance companies.

And for 18 months, the emergency room was

providing free service.

SENATOR STAVISKY: Why?

JULIE SEMENTE, R.N.: That is not the only issue, but that's the first one that comes to my mind.

SENATOR STAVISKY: Why is that?

MICHELLE GREEN: They weren't credentialed.

SENATOR HANNON: There's a whole --

MICHELLE GREEN: There wasn't credentialed.

There's also -- there is another billing problem, which is, that there's contract with Continuum to bill.

And for the last year that we have any accurate records, that would be 2011, the accounts receivable was 104 days.

In the business, it should be, 20s, 30s.

SENATOR HANNON: 30s.

MICHELLE GREEN: Yeah, and so we're talking about a lot of money being left on the table.

I just want to add one other thing.

Julie and I attended a meeting with the state comptroller, I believe it was in February?

JULIE SEMENTE, R.N.: February 6th.

MICHELLE GREEN: February 6th.

Thank you, Julie.

JULIE SEMENTE, R.N.: State comptroller's associates.

MICHELLE GREEN: Yes, the staff of the state comptroller's who prepared the report.

And one of things we learned, was that the state comptroller was asking Downstate for -- since last summer, for a business plan.

"What is your business plan?"

It was never produced.

If there was a business plan, it was never provided to the state comptroller when they did their inspection.

If there wasn't a business plan, it explains a lot.

We saw no indication that there was a clear business plan to run this hospital, to collect money, to plan services. To change services, for that matter.

There was nothing. Nothing out there.

SENATOR STAVISKY: And Continuum was aware of this?

MICHELLE GREEN: It was SUNY who -- SUNY Downstate, would have -- was running the hospital.

University Hospital and LICH are one

hospital, in a sense, with two campuses.

It's actually a third campus, with the old Victory Memorial in Bay Ridge.

So, yeah.

SENATOR STAVISKY: So SUNY was aware of this?

MICHELLE GREEN: They were doing, or not doing it.

It was them.

SENATOR LAVALLE: Yeah, it was.

MICHELLE GREEN: Yes.

So our feeling was, before the closure plan, we knew there were financial problems. They were pretty obvious.

We felt that those financial problems were not insurmountable. That a good business plan, a smart business plan; there's some real assets in this hospital.

One is the payer mix.

We have one-third -- the highest private patient-payer mix in the borough of Brooklyn.

So there are some definite assets that could have been played upon to improve the business prospects of the hospital -- performance of the hospital, rather.

SENATOR HANNON: That's been very useful and

insightful.

Now let me make it even more difficult, though.

What before the acquisition of LICH by Downstate, what was going on there that caused that to be in financial trouble?

JULIE SEMENTE, R.N.: That -- well --

SENATOR HANNON: And you -- by the way, this is only observational, anecdotal.

JULIE SEMENTE, R.N.: Observational.

SENATOR HANNON: This is not part of your job description all, I understand that.

[Laughter.]

JULIE SEMENTE, R.N.: Okay.

Well, the scuttlebutt was, what seemed to be happening, was that, we were working, we were bringing in patients, we were providing services --

You're talking about when we were under Continuum; right?

-- and we were seeing nothing for it.

It seemed that outpatients were being redirected from our hospital, to Beth Israel, to other Continuum facilities, and, it seemed like that's where our money was going.

So what we feel, and I don't want to -- I

probably shouldn't say it, but I'm going to say it anyway, we felt we were -- Continuum was raping, pilfering, and plundering LICH.

And that -- I will not be the only one who can tell you -- who would tell you that.

So that -- LICH was allowed to just lie fallow --

I stole your words.

-- lie fallow, and nothing was done with it.

And whatever we were bringing in, seemed to be going to the flagship hospital in Brooklyn -- in Manhattan.

So -- and then, just before the SUNY merge, Continuum wanted to close down our maternity -- our women's and children's and dentistry services.

And they were denied by the Department of Health, who said that the -- those services could not be adequately provided in the area by anybody else, so, they would not allow those service to close.

So then the second plan came about, to give the hospital to SUNY.

SENATOR HANNON: Thank you.

MICHELLE GREEN: Thank you.

JULIE SEMENTE, R.N.: Thank you.

SENATOR HANNON: Very insightful.

SENATOR LAVALLE: Julie, I just wanted you to know, since Senator Hannon opened the door, that I'm well aware of Long Island College Hospital. I lived in the shadow there, on Henry Street, so I'm well aware.

And have stitches to prove it.

[Laughter.]

JULIE SEMENTE, R.N.: Assemblyman Thiele just had his first grandson there.

SENATOR LAVALLE: That's right.

JULIE SEMENTE, R.N.: And had a wonderful experience, and sent me a note.

SENATOR STAVISKY: And they both paid.

[Laughter.]

SENATOR LAVALLE: Okay, thank you.

SENATOR STAVISKY: Thank you, Michelle.

SENATOR HANNON: I'm sorry, I'm really going to drive you crazy.

The question keeps coming up: Is Continuum still there doing the billing?

JULIE SEMENTE, R.N.: Yes.

(Many gallery members say "Yes.")

JULIE SEMENTE, R.N.: That's a big part of the problem.

SENATOR HANNON: You know, when you get all these --

(Many gallery members shouting out comments.)

SENATOR HANNON: When you get all these studies, and even when you get what the consultant, Mr. Hicks [sic], did, and I've been looking through his website, it's a fascinating amount of statistics, you don't get the same feel that we've just gotten to this testimony.

So I just wanted to ask that question.

Thank you.

[Applause.]

JULIE SEMENTE, R.N.: Well, thank you very much.

Oh, yeah.

Dr. Williams mentioned that we were -- LICH was in the hole for 4.5 million a month.

We're paying Continuum approximately 3 million a month to provide those criminally negligent services.

SENATOR LAVALLE: Well, maybe that's something, and I have some inside information.

So, your scuttlebutt, or however you want to characterize it, is not far off the mark.

And maybe we have to drill down, as a Committee, to find what's going on there.

MICHELLE GREEN: Well, thank you.

We would appreciate that.

SENATOR LAVALLE: Elizabeth Swain, who's president, the Community Health Care Association of New York State.

SENATOR HANNON: And let me add, Elizabeth Swain, who was also part of the Medicaid Redesign Team, and who is part of the Brooklyn Medicaid Redesign Team.

So, thank you very much for taking the time, and being so patient.

SENATOR LAVALLE: So which hat are you here?

Under your Community Health Care Association, that's the hat you're wearing today?

ELIZABETH SWAIN: Yes.

SENATOR LAVALLE: Okay.

ELIZABETH SWAIN: I will -- I will clarify that.

But, I appreciate the acknowledgment that I did serve on the MRT, as well as the Brooklyn -- as we call it, the "Brooklyn MRT."

We also hope that you all have a copy of the planning document that we just released in April.

SENATOR LAVALLE: Yes, yes.

SENATOR HANNON: Yes, but I just saw it today.

ELIZABETH SWAIN: Okay. We're trying to -- we're, literally, launching it right now.

I'm going to talk about it today.

So, good morning -- oh, actually, sorry, good afternoon.

My name is Elizabeth Swain. I am the president and CEO of Community Health Care Association of New York State.

Thank you so much, Senator LaValle, Senator Hannon, and Senator Montgomery for being here, to hear my remarks.

SENATOR HANNON: Elizabeth, let me tell you, we're going to get nervous, because we're supposed to have session in 15 minutes.

ELIZABETH SWAIN: Okay. So I'm going to go through my remarks very quickly.

SENATOR HANNON: If you can give us the highlights, as if you would be having a conversation with us at the end of the day, telling us, "These are the points I want you to remember."

ELIZABETH SWAIN: Yes.

SENATOR HANNON: It would be enormously

beneficial, and I promise to read the whole report and all your remarks.

ELIZABETH SWAIN: Okay, wonderful. Thank you.

So, I was going to wow with you the accomplishments of the association, and the fact that we are -- our primary-care network in New York State provides care to 1 1/2 million people across the state. And, we're also providing services to Brooklyn residents, obviously.

We have --

SENATOR HANNON: Can we just have one conversation going on, because we want to listen to Elizabeth.

Thank you very much.

ELIZABETH SWAIN: Thanks.

I didn't know whether I was --

SENATOR HANNON: No, no. You were good.

You're good.

ELIZABETH SWAIN: So bottom line is, that we don't talk about primary care enough.

And though the hospitals are now recommending lots of primary-care initiatives, [unintelligible], of course, that we're in the process of transforming the system, and primary care has become the darling

now, when we were -- we never really discussed before.

Community-based primary care that's not based out of an ambulatory-care hospital setting is a very different kind of model of care.

And we think that we need more of our community-based, as well as hospital-based. I mean, that's sort of getting to the nugget of what we want you to understand.

Strengthening and expanding primary care is in a [unintelligible] health-care-system restructuring.

And we were concerned that we didn't see a more detailed plan presented in the sustainability plan that was presented by SUNY Downstate, that would really link -- take up some of the recommendations that the Brooklyn -- that the Berger-Brooklyn folks made, and that we're also making.

These things don't happen at the end of the day. They really need be happening at the beginning of the day.

And if they don't get built in at the front end, then they simply get left out, because the hospital-based services are so much more expensive,

and high volumes of ED utilization are not something that I would brag about.

We know, through the Brooklyn report -- through the Berger view of Brooklyn hospitals, that half of the ED visits in Brooklyn are ambulatory-care sensitive visits; i.e., they didn't need to happen in an ED.

And that's continuing to get worse, not better.

We're not doing anything to really get to the heart of driving restructuring by incentivizing high-quality primary care.

We're leaving it to the end of the discussion.

You know, we thought we would have, 1115 Waiver dollars. There was one and a quarter billion dollars to transform our primary-care system in the state. We knew a lot of that would go to the highest-need areas; i.e., Brooklyn.

That -- who knows what's gonna happen with that, but we simply cannot not do this, 'cause we continue to reinvent the problem, and -- rather than the solution.

The good news is, that in the past several years, since the feds started investing more in

primary care in New York, through the -- first through the Stimulus Bill, and then through the rollout of the Affordable Care Act, we've seen, in 2011, about 218,000 Brooklyn residents receive care in -- at an FQHC, at our "federally qualified health centers," which represent a 39 percent increase from 2006.

So we're seeing growth in our Brooklyn FQHCs.

FQHC expansion was greater in the six United Hospital Fund neighborhoods that comprised the 21 ZIP codes in north and central Brooklyn, which saw a 49 percent increase in FQHC caseloads over those five years, compared to a 25 percent increase elsewhere in Brooklyn.

So we're actually seeing growth in the areas where we need to see the growth; where the numbers of the inappropriate ED and hospital admission and re-admission rates are so high.

And by comparison, FQHC patient volume grew by 36 percent citywide, and 31 percent statewide.

So, the good news is, it's growing -- we're growing the FQHC volume all over the state.

The model of care at an FQHC is very different than it is in an ambulatory-care setting

or a resident clinic in a hospital, because we're providing a comprehensive set of services in an FQHC, working -- so we're doing medical, dental, behavioral health, substance abuse. We coordinate care, and we manage chronic disease, with very high-need, expensive, and very sick populations.

We're serving the hardest-to-serve, most expensive people in the system at a fraction of what it costs in another setting, and we're coordinating that care with specialty in-hospital programs.

So when you incentivize a hospital, or freestanding medical practice, to work with an FQHC, you're buying that relationship, and all of that -- all of those connections that have been established, that provide the high -- the high -- you know, the results that we're talking about.

SENATOR HANNON: So hard is to it determine where you need new FQHCs?

You got to -- now, someone just took the map down, but we had a map of Brooklyn.

ELIZABETH SWAIN: Well, it's -- if we had -- we've have done that. This report does that.

SENATOR HANNON: You're familiar --

ELIZABETH SWAIN: Yeah, yeah.

SENATOR HANNON: -- with the whole map of the

hospitals, knowing their discharge, knowing the ERs, and then, where we have existing FQHCs?

ELIZABETH SWAIN: Yeah.

SENATOR HANNON: Is there a way of saying: "Okay, the population that's going to an ER someplace is coming from this neighborhood. We should have an FQHC at that place"?

ELIZABETH SWAIN: Yes, we have -- we've now established a data and analytics tool through this work, that was funded by the New York State Health Foundation, and through a partnership with the State of New York. We can now do that.

So, we will go into a community in Brooklyn, or in Buffalo, or in the Adirondacks, and we'll be able to work with the community organizations, or, provide them with the data that we've already collected.

It's a lot of different data sets.

So we looked at, not just where we need new services, but we've also looked at where there are existing services that are underutilized; or, understaffed, because we have a shortage of primary-care providers.

So, you might have a health center that has three vacancies out of four or five positions, so

you've got to look at staffing up. We've got to put much more into focusing on getting the right health-care providers into those settings.

We need to do new -- we found some primary-care deserts across the state. We know where they are, and we've outlined where those completely unserved areas are.

But, in Brooklyn, you -- Brooklyn has a -- is underdeveloped in primary care, but, we have to do it in certain ZIP code areas where the folks are going to go for care.

So, it's not just going to help to put a whole lot of new resources in a part of Brooklyn where folks don't -- aren't typically going to go.

So, we've looked at growth and sustainability.

Sustainability factors include: What does it take to get a health center stable, so that you're not constantly losing -- you know, losing money and struggling to keep your business open.

So we really -- sort of, we've done the capacity and the sustainability factors, which is --

So we plan to roll this effort out.

We're very interested in working with the rest of the health system and the community in

Brooklyn to do that.

We're already doing that, so, we'll continue to do that.

That's the reason we did the work.

Now is -- you know, we really believe now is the time.

Waiver dollars or no waiver dollars, we have federal dollars that are coming into the system, and we have an exchange that's about to be implemented and opened. And we've got a lot of newly insured people who are going to be needing access to primary care.

SENATOR HANNON: Is the way to establish an FQHC too difficult because of the requirements; who has to be on the board, and the plan, and all of that?

ELIZABETH SWAIN: You know, we don't think that there's a need to start a lot of new FQHCs.

An existing FQHC can build new satellites, or, expand its service area.

There are few places in the state where that's not true, like, you know, Long Island.

SENATOR HANNON: We have Hudson taking over the Suffolk County clinics.

ELIZABETH SWAIN: Right, so Hudson is a great

example of an existing FQHC that's able to do -- to take their license, if you will, and put it somewhere else.

We don't think that we need to start a lot of new FQHCs, and particularly in the city, in well-populated areas.

We do have the Southern Tier, and some other parts of the state, that are underserved, and we need new organizations.

There's -- the only really brand new FQHC -- and we got $25 million in new FQHC dollars last year from the feds. That's an annual figure.

The only brand new one was out in western New York. Brand new.

But, we want -- but we need to expand them, and we need to create reasons why it would be a good idea for some of these programs to consolidate resources.

We don't want a lot of new, little, or big, expensive administrative structures.

We have plenty of that.

And that's definitely the same issue we have with hospitals.

We need to consolidate resources; come together, do things in shared ways; integrate

services; get larger organizations, you know, to take some risk; so that we're prepare for the new model of care, which is really going to be evaluating.

We're going to be providing services based on what we can produce, what the outcomes of our work are. Not how many services we're providing, but, whether our population is healthier than it was last year, or whether we're keeping people out of the hospital.

And we have the same pressures at the primary-care side that the hospitals have at their side, so we're certainly in this together.

Let's -- you know, let's design systems that are hard-wired together.

So, we, in response to the SUNY Downstate sustainability plan, again, to restate what I said at the beginning:

We would like to see a delivered effort to build federally qualified health centers, with the quality model that they represent, into any solution in Brooklyn.

SENATOR MONTGOMERY: Could I just ask a quick [inaudible], just to follow up with Senator Hannon's question?

SENATOR LAVALLE: Senator, would you use your microphone.

SENATOR MONTGOMERY: Thank you, Mr. Chairman.

To follow up on Senator Hannon's question:

Is there also a question of appropriate reimbursement rates, related to the sustainability of the FQHC facilities?

ELIZABETH SWAIN: FQHCs have a unique Medicaid reimbursement rate, a cost-based reimbursement rate, that's based on a federal law that was established in 1988.

So, it's one the reasons -- one of the other reasons why everybody is interested in creating FQHCs, so that the reimbursement rate is there.

But remember what I said earlier: We provide a whole set of services to folks, a comprehensive set of services. We also care for 25 to 50 percent uninsured people, depending on, you know, what you -- where you're located.

So, the reimbursement rate that FQHCs have, that's shared by the State and the feds, is something that everybody wants, but it comes with an expectation that you provide high quality.

And there are clinical benchmarks that you have to establish. You can't -- and you have to

have relationships with hospitals in speciality programs, so that your patients, particularly your uninsured patients, are protected from -- you know, from losing access to care as soon as they walk out of your door.

So it's really a great set of services with a lot of expectation.

And the feds and the State work together to, keep it -- to monitor it, and keep it at a high -- it's a 40-year-old model that started in the late '60s.

SENATOR MONTGOMERY: Okay. Thank you.

Thank you, Mr. Chairman.

SENATOR LAVALLE: Thank you, Elizabeth.

For every hearing, there's a beginning, and there is an end.

And the last person always gets the deepest respect and admiration for being the last person.

This hearing has gone on for, what is it, five hours?

Five hours.

So, Elizabeth Wong --

GRACE WONG: Grace.

SENATOR LAVALLE: Pardon me?

GRACE WONG: Grace.

SENATOR HANNON: "Grace."

SENATOR LAVALLE: Grace. I'm sorry.

I'm sorry, I'm sorry.

Grace Wong, who's the vice president of managed care and clinical business at SUNY Downstate.

I'm sorry, Grace.

GRACE WONG: That's okay.

DOROTHY FIFE: And I am Dorothy Fife. I'm associate vice president for policy and planning at Downstate, and part of the BHIP study.

SENATOR HANNON: And, which school are you part of there?

DOROTHY FIFE: SUNY Downstate Medical Center.

SENATOR HANNON: No, no. But, medical -- you're medical? Not public health school, not --

DOROTHY FIFE: No.

The central administration.

SENATOR HANNON: Central administration. Okay.

SENATOR LAVALLE: Okay, Grace.

GRACE WONG: Okay, so, good afternoon.

I'm Grace Wong, the principal investigator of the Brooklyn Health Care Improvement Project; and also the vice president of clinical business and

managed care for SUNY Downstate Medical Center.

Prior to Downstate, I actually spent two decades in hospital administration, public finance, consulting, and I was a vice president of managed care for a large hospital system in New York City.

So I'm here to support and advocate the SUNY Sustainability Plan.

So, you know, for those of you not familiar with the Brooklyn Health Care Improvement Project, I just want to give you a little bit of brief background.

I will summarize it for you, okay, so I'm glad that you have that copy. I'm really happy about this.

So BHIP was fund by HEAL NY -- by New York State Department of Health -- back in 2009.

So the goal is to develop a comprehensive community-planning process, and, to articulate the health-care vision for central and northern Brooklyn, and, also recommends how that vision is going to be implemented.

So our final report, making the connection to care in central and northern Brooklyn, was introduced in August last year.

Now, central and northern Brooklyn, most of

you know, is covered for 15 ZIP code area, of 22.2 square miles.

Okay, these are the neighborhoods of east New York, Crown Heights, Bushwick, East Flatbush, [unintelligible], and, you know, among others.

The area had a population, a million, which translate into 5.2 percent of New York State population.

81 percent of the population are minorities.

Now, a substantial portion of which came from lower socioeconomic status, and more than 35 language were spoken there.

Now, BHIP partners are composed of more than 30 organizations, including:

Six area hospitals;

Nine major insurance carriers;

You have the community-based organizations;

You have the federal qualified health centers;

Brooklyn Chamber of Commerce;

Brooklyn Borough President's Office.

New York City Health and Mental Hygiene;

Primary Care development Corp.;

SUNY Downstate School of Public Health;

As well as, Brooklyn Health Disparities

Center;

And the pharmaceutical company, Novartis.

So, it's a multi-stakeholder.

Now, through our three years' concerted efforts of coalition building, intense research, and monthly meetings, we actually obtained approval from all six hospital institutional review board;

We hire and train more than 100 surveyors;

We actually conducted a 15- to 20-minute interviews, for 11,600 patients, and 400 providers, in the ED at Kings County University Hospital Brooklyn, Kings Brook Jewish, Interfaith, Brookdale, and [unintelligible].

Additionally, we conducted a block-by-block survey of all of the health-care providers in the study areas, and analyzed millions of records, from the [unintelligible] dataset, and actually claims data from our insurance-company partners.

What we found, is that more than 43 percent of the patients surveying, they actually stated that, they didn't come here for emergency care -- non-emergent care.

The main reason, were that the prevalence for one-stop shopping, and the difficulty in assessing primary care.

ED utilization for this population was almost double than the non-studied Brooklyn neighborhoods, and the admission rate was 47 percent higher, and, potentially avoidable hospital admissions is actually even higher, at 65 percent.

It -- you know, although the health-care dollars spent on this population is extremely high, but, however, it has some of the worst health status in the state.

It has the highest incidence of high blood pressure, heart disease, diabetes, HIV/AIDS, and infant-mortality rates.

17 percent of the ED patients who enroll in the Medicaid Managed-Care Plan, has -- they didn't know that they have a PCP.

We all know, by New York State law, if you are enrolled in a Medicaid Managed Care Plan, you have a PCP.

If you don't want to choose a PCP, the State is going to auto assigned you one.

But, however, the law did not require you to see a PCP when you qualify for Medicaid.

So, from our block-by-block survey, we find out 22 percent of the provider they list in the provider directory from the insurers, were

inaccurate.

So, why the patient are crying out loud for a accessible quality care, our providers are also crying out loud for more patients.

So we know the Brooklyn health care is indeed broken, and urgently needs a game-changing solution.

The vision of BHIP is to ensure access to affordable, quality, and timely care for all residents of northern and central Brooklyn, effectively eliminating disparities in health-care outcome through a coordinated health-care-system planning process, and engages and fosters collaboration among multi-stakeholders.

Now, the SUNY plan offers real solutions to implement our vision and transform the health-care landscape in Brooklyn.

The provider system in central and northern Brooklyn is in dire need to be restructured, rightsized, streamlined, simplified, connected, and coordinated, to meet patient health-care needs and become financially stable.

While the insurance market is consolidating to achieve economy of scale and mass clout to deal with large provider network, Brooklyn hospitals and locations with better pay [unintelligible] aligned

with the rich resourced hospitals in Manhattan or the Bronx.

Safety-net hospitals in our study area, however, elect to struggle individually on their own.

Without the bargaining power of network, safety-net facilities not only suffer lower reimbursement rates, the costs are actually higher because the patient had more needs.

They may not have transportation [unintelligible] charged, money for prescription, and -- you know, or anyone to care for them when they get home, which complicates discharge planning, and actually leading to increased length for stay, unnecessary admissions/re-admissions, and lots of placement issues, which are not fully reimbursed.

Why the [unintelligible] did not squarely address poverty, it is the [unintelligible] health-care-system transformation.

Through the creation of a Brooklyn-based provider network, that expands primary care, joints contracting, IT linkages, and [unintelligible] integration, we can start managing our population, form the ACOs. and actually share the gain with the insurers, by reducing admissions and utilization,

and for better health and better care.

The system cannot self-correct. It needs new, fresh, resources and intervention.

New York State --

SENATOR LAVALLE: Resources, like money? Yes?

GRACE WONG: Yes.

SENATOR LAVALLE: Okay.

GRACE WONG: New York State can play a major role, money and legislation, to do things.

New York State can play a major role, and anchor entities, such as Brooklyn Health Care Improvement Public-Benefit Corp., backed by the in-depth research engine of SUNY, and leadership in coalition building can lead this effort, and trap performance and monitor progress.

Now, health-care transformation will not succeed with active patient engagement, empowerment, and education.

The Brooklyn Healthy [sic] Improvement Public-Benefit Corp. can mobilize grassroots' involvement, amount churches, schools, community-based organizations, hair salons, and the like.

SUNY Downstate will continue to train members

of this community to be health-care providers, who most likely will stay and serve the community.

Health educators and patient navigators will be trained to help our community in negotiating the fast-changing health-care landscape and ever confusing terms, such as, "Medicaid Health Home"; "Hospital Medical Home"; "Patient-Centered Medical Home."

Now, for our patient, as far as our patient concerned, home is where you go to sleep.

And, registrars in the ED and admitting office for the safety-net facilities, they all know, for the homeless population, their home address are the hospitals where they land.

Prior to SUNY Downstate, I was the vice president of managed care of New York Presbyterian Hospital and its affiliate institution.

Also, the CFO of the New York Hospital Community Help Plan, where I actually consolidate all the managed-care departments of this multi-hospital system into a single contract entity.

I know firsthand the difference between a powerful network and standalone facility, and how insurers treat them.

We can provide the same service, but require more resources for our high-need population where we get paid less.

It is a [unintelligible], the rich get richer, the poor get poorer.

The SUNY plan is sound and well thought out.

As health providers and policymakers, we need determination and conviction to execute the SUNY plan, which will ensure the continuation of medical- and health-professions education, and the creation of a better health-care system, for one of the most underserved community in the state.

Thank you for this opportunity to testify.

I trust, as public officials, this also your passion to be in public service, to right the wrong, to strike a balance between public interest, and fight for equity, and justice for all.

It is our hope that you will endorse the SUNY plan.

And the action -- the time for action is now.

Thank you.

SENATOR HANNON: One quick question.

GRACE WONG: Yes.

SENATOR HANNON: Did you tell the Health Department about 22 percent of the provider

plans have listed the wrong people?

GRACE WONG: They know.

Yes, they are aware of that.

As a matter of fact, August last year, we spent two hours on our BHIP report; actually went through that with the Department of Health, you know, to show them what can that happen.

Why this -- you know, when we go through the neighborhood, we actually went through block-by-block survey, with all of providers.

And we actually find out there's a location they de-certed. There are no doctors there, but it's listed in the directory.

So we actually communicated that with our insurance partners, and saying, that: Look, guys, you better start changing your directory, update them.

We also informed the Health Department that something is important. You know, you have a provider directory, you look at it, you think that you have a doctor, but when you call, there's no one there.

And, of course, there is many, many insight that we see when we go through the study.

I mean, you know, after you interview

11,600 people, and spend 15 to 20 minutes each, this is real.

I mean, this is -- this is a study actually for the people, from the ground up, because they cry out loud for services.

It's not that you don't have enough FQHCs, or anything else. It's because, FQHCs, they talk to [unintelligible]. They say, We're open up 49 hours.

But there's 160 hours a week.

All right?

In neighborhoods, it's very hard to open up certain clinic hours because, the neighborhood, the security issue.

You all know our report, the "shooting" map that we have. And we know that, in those areas, you can pay the doctors 200 percent Medicare fee schedule. They say, "My life is more valuable to practice over there."

So, in a way, our costs are very high, because in order to attract people to certain places, and if you open up certain hours in the off-hours, you actually have to pay the security, and all of that, the staff to opened up there, to see them.

So I think that when we going through the

process, is that, we built this coalition. And we actually can work together. And when we work together, we share a lot of best practices.

And that's why we're thinking about this Brooklyn Health Care Improvement Corp., because we talk to all this facilities. We talked to FQHCs.

And, you know, after we actually talk together, our organizations, they were so gung-ho about this thing, even though we [unintelligible] money, they said: We must meet. We have to keep the process going.

Because they learned so much from this experience. They now have the connection of the insurers.

The insurers actually meet with us, and we actually try to figure out, how we going to say how to work on Hot Spot 1?

Because we have Hot Spot 1, 2, 3, were identified.

How are we going to do that without any funding?

Because our grant is, really, like a little bit short of a million dollars.

You know, we try to do that.

SENATOR HANNON: You heard Ms. Swain talk

about using the statistics, and being able to identify places where you might have a productive use of another FQHC?

GRACE WONG: Yes.

SENATOR HANNON: Do you concur with that?

GRACE WONG: We have data. We can actually identify where we can use.

But, however, FQHC, is that, I think that, according to what she said, is that you have enough FQHC. They can expand.

And, actually, some of the FQHCs --

SENATOR HANNON: Or an expansion of one.

But I'm talking a site providing the service.

GRACE WONG: I'm not sure that you need more sites right now at this point, based on our study, because assisting FQHCs, they want more patients.

And, you know, dealing with patients is really interesting, because our existing FQHCs, some of them, they don't -- you know, they can use a lot more patients.

So what I am saying, is that, based on our study, it's very insightful, in a sense, is that, patients want certain things. They may not go into the FQHC right next to their neighborhood. They may go elsewhere, because, the confidentiality.

We have focus-group studies.

We have patients saying here in Bronxville, Van Dike Housing, we were there.

Bronxville FQHC is right here.

They said: We don't use that because, they have the employees, they live in my neighborhood. If I have some DCs, I may not want to go there. I might want to go farther.

So there's a lot of education about HIPAA, they didn't know better, or whatever.

So what we saying is that, education is critical.

There's -- we cannot change the system from the high up. We actually have to engage the population.

SENATOR MONTGOMERY: Just one quick comment to something that you said, [inaudible] Mr. Chairman [inaudible].

You mentioned that the doctors don't want to stay at the facilities late because it's so dangerous, and --

GRACE WONG: Certain areas.

SENATOR MONTGOMERY: There are a couple of those FQHCs in my district, that are located in the same area where I live.

So -- and I have to be there 24/7.

So, I don't buy that, in other words, as an excuse.

And I also want to say, that it's very disappointing -- and, of course, I support primary community-based facilities, absolutely, of 5,000 or so percent, but, I do want to say that it's disappointing to note that many of them close down the same hours. They act as if it's an office building.

So that, if you have a job, or if you get sick on the weekend, on a Sunday at night, late at night, they are not there for you.

So that is a huge barrier to utilizing those facilities.

And I don't know if that came out in your survey --

GRACE WONG: Yes, it did.

SENATOR MONTGOMERY: -- but, certainly, that is a huge problem that, if we fix that, they could increase the patient load, I believe, exponentially, overnight.

DOROTHY FIFE: And that's where you get the problem of patients going to the ED --

SENATOR MONTGOMERY: Exactly.

DOROTHY FIFE: -- for a problem they recognize as not emergency, but, where else can they go?

SENATOR MONTGOMERY: Absolutely. You have no other choice, if it's a certain day, certain hour.

SENATOR HANNON: It's convenient.

24/7? It's open.

DOROTHY FIFE: Has everything in it.

SENATOR HANNON: People are rational.

DOROTHY FIFE: One of the interesting things are people, you know, are -- have some discernment.

They want to go to a hospital because there's real doctors there.

So, there's is some education that needs to be --

SENATOR HANNON: We've also heard of the security nature of it too.

SENATOR LAVALLE: Yeah.

DOROTHY FIFE: Yeah.

So there needs to be --

SENATOR LAVALLE: I hate to --

SENATOR HANNON: We have session.

SENATOR LAVALLE: And we have to vote.

SENATOR HANNON: And we've already started a while back.

DOROTHY FIFE: Okay.

SENATOR LAVALLE: Thank you.

SENATOR HANNON: And I thank you very much for your patience, and your great information.

GRACE WONG: Thank you.

SENATOR LAVALLE: One closing comment:

We're going to ask people, on an individual basis, to come in, present certain information.

And, we may at the end, before any legislation is finalized, ask SUNY to come back again for additional questions.

DOROTHY FIFE: Gladly.

SENATOR LAVALLE: So -- but I think we're -- you know, we're a bit away from that.

Thank you.

GRACE WONG: Thank you.

(Whereupon, at approximately 2:43 p.m., the joint public hearing held before the New York State Senate Standing Committee on Health and the New York State Senate Standing Committee on Higher Education concluded, and adjourned.)

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