HHC: Navigating an Essential Healthcare Asset Through Tumultuous Times

Citizens Budget Commission

October 17, 2012
HHC’s Essential Role in NYC’s Healthcare Infrastructure

- Emergency services
- Psychiatric services
- Maternity services
- Ambulatory care capacity
- Unparalleled safety net role
### HHC’s Citywide Share of Safety Net Services

<table>
<thead>
<tr>
<th>Service</th>
<th>All Payers</th>
<th>Medicaid</th>
<th>Self-Pay</th>
<th>Clinic Visits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admissions</td>
<td>18%</td>
<td>30%</td>
<td>32%</td>
<td>30%</td>
</tr>
<tr>
<td>Emergency Department Visits</td>
<td>28%</td>
<td>32%</td>
<td>45%</td>
<td>42%</td>
</tr>
<tr>
<td>Clinic Visits</td>
<td>32%</td>
<td>32%</td>
<td>42%</td>
<td>74%</td>
</tr>
</tbody>
</table>

Source: 2009 Hospital Institutional Cost Report
Excludes specialty hospitals.
Clinic visits are hospital based only. Excludes hospital owned or controlled community health centers.
HHC’s Essential Role in NYC’s Healthcare Infrastructure

• Emergency services
• Psychiatric services
• Maternity services
• Ambulatory care capacity
• Unparalleled safety net role
• Expansive teaching environment
• Forensic health, SART, burn centers
A Leap Forward for Healthcare Equity

• The crisis of the early Giuliani years
  – Challenges of inefficiency, inconsistent quality, balkanized federation
  – Failure to leverage EMR and Health Plan

• Closing the gap with the voluntary sector

• Widely acknowledged gains
  – Prominent awards and recognitions
  – Publicly reported quality/patient satisfaction data
  – MetroPlus rankings
Confronting Intensifying Challenges

• Escalating cost-containment pressures
  – Medicaid cuts, rising tide of uninsured, skyrocketing fringe benefit costs
  – Little ability to cost shift

• Healthcare reform: ACA and NYS Medicaid
  – Medicare cuts, supplemental Medicaid cuts, move toward “value-based” purchasing and reimbursement models

• Emergence of Triple Aim imperative: better care, better health, and lower costs

• Central challenge of simultaneously reducing costs as we transition to different service delivery model aligned with trajectory of reimbursement reform
Cost-containment and Increased Efficiency

• Cost-containment and gap-closing plan
  – $440m of $600m target achieved

• Targeted outsourcing, restructuring, optimized revenue collection (39 initiatives)
  – Laundry, housekeeping, plant maintenance, dialysis
  – Reduction in SNF/LTACH bed capacity; lab consolidation
  – OTPS reductions: standardization, e-commerce

• Target of 9% reduction in workforce (3700 FTEs)
  – Reduction of 3211 FTEs through 9/30/12
  – Minimal impact on overall service capacity
FTE Decreases from Feb 09 thru Sept 12 (cumulative)
Cost-containment and Increased Efficiency

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  – Reduction in SNF and LTACH bed capacity
  – OTPS reductions: standardization, volume discounts

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• Systematic implementation of “Lean” process improvement methodology
  – >1100 rapid improvement events; $270m in savings/revenue
Strategic Positioning for Healthcare Reform

• Emphasis on primary care and care coordination
  – PCMH, effective CDM (asthma, diabetes, hypertension, CHF), stratified care management/care coordination for complex patients (“Health Home”)

• Contracted MD workforce; affiliation consolidation and incentives shifted from volume to value

• MetroPlus: an even greater strategic asset
  – Expertise in managing financial and utilization risk
  – Focus on Medicare dual eligibles
  – Recently licensed as Long-Term Care plan
  – Will seek certification as Behavioral Health SNP

• ACO application submitted to CMS under Medicare Shared Savings Program for January 2013 start
Significant Factors Affecting HHC’s Longer Term Financial Plan

• Outcome of NY’s 1115 waiver application
  – $1.5b targeted for “public hospital innovation”
• Implementation of ACA
  – DSH cuts: timing, State impact, intra-state distribution
  – Increased coverage; extent of “woodwork effect”
• Leveraging “shared savings” opportunities at federal and state level (community partners)
• Success in capturing dual eligibles and SPMIs in managed or coordinated care model
• Pace of economic recovery
• Outcome of national elections: entitlement reform