The Berger Commission: 10 Years On

November 29, 2016
Created in April 2005 to “review and strengthen New York State’s acute and long term delivery systems”

Empowered to make two types of recommendations:

1. Facility level recommendations using the “Base Closing Model”
2. Non-binding policy recommendations
Base Closing Recommendations

- Final report delivered on November 28, 2006 contained 57 facility recommendations for New York State, 36 of which pertained to acute care facilities, including 12 for New York City.

- Implementation to be carried out by the New York State Department of Health by end of 2009.
### Implementation of NYC Hospital Recommendations

<table>
<thead>
<tr>
<th>Facility/Facilities</th>
<th>Recommendation</th>
<th>Impact on Certified Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Recommended</td>
</tr>
<tr>
<td>Victory Memorial</td>
<td>Close</td>
<td>(243)</td>
</tr>
<tr>
<td>Parkway Hospital</td>
<td>Close</td>
<td>(251)</td>
</tr>
<tr>
<td>Westchester Sq.</td>
<td>Close</td>
<td>(205)</td>
</tr>
<tr>
<td>Cabrini Med.</td>
<td>Close</td>
<td>(474)</td>
</tr>
<tr>
<td>St. Vincent’s Midtown and Manhattan</td>
<td>Close Midtown; Manhattan add 12 beds</td>
<td>(238)</td>
</tr>
<tr>
<td>NY Methodist and BK Comm. Hospitals</td>
<td>Full asset merger and downsize</td>
<td>(100)</td>
</tr>
<tr>
<td>Peninsula and St. John’s Episcopal</td>
<td>Merge and downsize</td>
<td>(180)</td>
</tr>
<tr>
<td>NY Downtown</td>
<td>Downsize</td>
<td>(74)</td>
</tr>
<tr>
<td>Manhattan E, E, T</td>
<td>Downsize</td>
<td>(150)</td>
</tr>
<tr>
<td>North General</td>
<td>Merge w/ Mt. Sinai</td>
<td>0</td>
</tr>
<tr>
<td>Queens Hospital</td>
<td>Add 40 Med/Surg</td>
<td>40</td>
</tr>
<tr>
<td>Beth Israel Petrie</td>
<td>Convert beds</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Reduction in Beds</strong></td>
<td></td>
<td>(1,875)</td>
</tr>
<tr>
<td><strong>Percent Decline</strong></td>
<td></td>
<td>-6.4%</td>
</tr>
</tbody>
</table>
Changes in the Hospital System Have Been More Dramatic than Commission Anticipated

- Acute inpatient capacity has shrunk beyond commission recommendations
- Acute inpatient demand has dropped rapidly, meaning excess capacity remains despite downsizing
- Acute inpatient capacity has been consolidated into large coordinated systems
## Acute Inpatient Capacity Shrunk Beyond Commission Recommendations

<table>
<thead>
<tr>
<th></th>
<th>2004 (actual)</th>
<th>Commission Recs</th>
<th>2009 (actual)</th>
<th>2014 (actual)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Certified Bed Capacity</td>
<td>29,230</td>
<td>27,355</td>
<td>26,226</td>
<td>23,467</td>
</tr>
<tr>
<td>Certified Beds per 1,000 Residents</td>
<td>3.7</td>
<td>3.3</td>
<td>3.2</td>
<td>2.8</td>
</tr>
<tr>
<td>Percent Decline from 2004</td>
<td>NA</td>
<td>-6.4%</td>
<td>-10.3%</td>
<td>-19.7%</td>
</tr>
</tbody>
</table>

Source: NYS Health Profiles, Institutional Cost Reports; CBC communication with facilities
Acute Inpatient Demand Has Also Declined Rapidly — Leaving Occupancy Rates Unchanged

Patient Days, Average Length of Stay and Discharges NYC, 2004-2014
(Indexed to 2004)

Remaining Capacity Has Been Increasingly Consolidated into Coordinated Systems

Inpatient Beds by Hospital System, 2004 and 2014
(in thousands)

<table>
<thead>
<tr>
<th>Hospital System</th>
<th>2004</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent</td>
<td>11.5</td>
<td>7.0</td>
</tr>
<tr>
<td>Health + Hospitals</td>
<td>5.6</td>
<td>5.2</td>
</tr>
<tr>
<td>Mount Sinai</td>
<td>1.4</td>
<td>3.3</td>
</tr>
<tr>
<td>NY-Presbyterian</td>
<td>1.9</td>
<td>2.2</td>
</tr>
<tr>
<td>Northwell Health</td>
<td>1.8</td>
<td>2.2</td>
</tr>
<tr>
<td>NYU</td>
<td>0.8</td>
<td>1.1</td>
</tr>
<tr>
<td>Bronx Lebanon</td>
<td>0.6</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Hospital Beds In Independent Facilities

2004 - 39%
2014 - 30%

Source: CBC Analysis of CMS Institutional Cost Reports 2004-2013
Beyond Beds: Re-Routing Resources from ‘Sick Care’ to ‘Health Care’

Non-Binding Policy Recommendations

- Expand access to health care through **insuring the uninsured**
- **Invest in primary care** workforce and infrastructure and develop new delivery models
- **Align patient, payer and provider incentives**
  - Medicaid reimbursement reform
  - New payment models
- Invest in **Health Information Technology** infrastructure
The ACA and Medicaid Expansion Have Reduced NYC’s Uninsured Adult Population

Notes: Includes New York City population age 19 years and older
Source: New York City Community Health Survey, NYC Department of Health and Mental Hygiene, 2004-2014
NYC Ambulatory Care Services Are Expanding

Growth in Outpatient Facilities - 2004 vs 2016

- **D&TCs**
  - 2004: 137
  - 2016: 217

- **D&TC - Extension Clinic**
  - 2004: 152
  - 2016: 278

- **School Based D&TC**
  - 2004: 42
  - 2016: 88

- **Hospital Extension Clinic**
  - 2004: 154
  - 2016: 268

- **School Based Hospital Extension Clinic**
  - 2004: 54
  - 2016: 95

Source: NYSDOH Health Facilities Information System
Growth in Retail Clinics and Urgent Care Centers

Source: United Hospital Fund, Convenient Care: Retail Clinics and Urgent Care Centers in New York State, February 2015
Developing New Delivery Models

Accountable Care Organizations
NYC: 9
NYS: 38

‘Health Home’ Primary Care Providers
NYC: 11
NYS: 32

Performing Provider Systems
NYC: 11
NYS: 25
Employment in Ambulatory Care Settings Has Overtaken Hospital Based Employment

Annual Average Employment - Ambulatory and Hospital Settings, New York City, 2004-2015

There is Mixed Evidence That People are Accessing These New Resources

Source: New York City Community Health Survey, NYC Department of Health and Mental Hygiene, 2004-2014
Increasing Emergency Department Use Suggests Inadequate Outpatient Provision/Utilization

NYC ED Encounters per 1,000 Residents
(Indexed to 2005)

Source: NYSDOH SPARCS, Emergency Department Audit Reports, 2005-2014
Progress is Being Made in Aligning Provider and Payer Financial Incentives

Moving Medicaid from Fee-for-Service to Managed Care – New York City

Source: NYSDOH Medicaid Eligibility and Expenditure Statistics Reports
The State Aims to Go Further Through Expanding Use of Value-Based Payments

Minimum Goals for Value-Based Payments as a Share of Total Payments from MCOs to Providers, Levels 1 and 2

- **Level 1 = Upside Risk Only**
- **Level 2 = Upside and Downside**

<table>
<thead>
<tr>
<th></th>
<th>SFY2018</th>
<th>SFY2019</th>
<th>SFY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>10%</td>
<td>35%</td>
<td>45%</td>
</tr>
<tr>
<td>Level 2</td>
<td></td>
<td>15%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Infrastructure Buy-In Is Robust, But Issues Remain

Statewide Health Information Network for New York Stakeholder Adoption by Provider Type

- Hospitals: 92%
- Public Health Departments: 79%
- FQHCs: 97%
- Home Care Agencies: 81%
- Long Term Care Facilities: 47%
- Clinical Practices: 23%

Source: SHIN-NY Dashboard Reports, April 2015 and September 2016
Takeaways

- The Commission got the direction of change right, but it underestimated the pace of change;
- The policy responses proposed were the right ones, but have yet to be fully implemented; and
- More work needs to be done ensuring that outpatient care is replacing inpatient and emergency department care, not adding to it.
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