

Critics of privatizing N.Y. hospital miss its promise.(Coney Island Hospital, New York, NY).Maria K. Mitchell. *Modern Healthcare* 26.n49 (Dec 2, 1996): pp49(1). (807 words)

Abstract:

Non-profit Coney Island Hospital (New York, NY)'s contract to be managed by for-profit system Primary Health Systems-New York is a savvy adaptation to the exigencies of the medical marketplace, despite protests by special interest groups. Under the deal, Primary will assume the hospital's debt of \$48 million, contribute \$25 million towards capital improvements, maintain existing facilities and, most importantly, finance care for the uninsured and poor.

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Last month New York City concluded a historic agreement for a public-private partnership that significantly strengthens and modernizes the city's public health safety net, improves quality of care for the poor and promises to save taxpayers hundreds of millions of dollars. It's one of the most innovative new approaches to caring for the poor New York City has undertaken since the founding of the public health movement a century ago.

The agreement privatizes one of the city's public hospitals, Coney Island Hospital in South Brooklyn, by offering a long-term sublease to Primary Health Systems-New York, a for-profit company that specializes in running community-based hospitals in diverse urban settings. In return for control of the hospital, Primary has agreed to pay off the hospital's \$48 million debt; invest \$25 million in capital improvements; pay all maintenance costs; and, most importantly, finance care of the poor and uninsured at a level unprecedented for any private company in the United States.

In all, the proposed sublease would save HHC and the city an estimated \$100 million in its first five years alone, allowing taxpayers to avoid costs associated with the hospital including the continuing operating deficit and payments for indigent care provided at the hospital. Some of the avoided costs can be reinvested in the rest of the public hospital system, further advancing opportunities for quality and access.

Coney Island Hospital will be modernized, and Primary plans to seek new affiliations with local physicians to make it easier for residents to get care in the community. At the same time, the hospital will continue to offer the full range of services typically provided by community hospitals and will become the first hospital in the state to issue public report cards on quality.

The hospital's central mission will remain the same: provide healthcare for all, regardless of ability to pay. Primary is required to provide, free of charge to taxpayers, up to 15% more indigent care than the hospital now offers above and beyond the care that bad-debt and charity-care pools will reimburse. This is an enormous amount of charity care by all standards, amounting to far more than \$20 million each year in today's dollars.

Predictably, interest groups unhappy with other reforms to the public hospital system over the years have been outspoken in opposing this privatization. Indeed, they have opposed nearly every action taken by HHC to address dramatic, market-driven changes like the 21% decline in patient

admissions in the past two years and the 7% decline in emergency room visits. By taking swift action to address these developments, HHC has ensured that the people who depend on the public hospital system will continue to have access to care.

Yet opponents asserted such restructuring would hurt the quality of care for patients, and today they grumble that privatization might do the same, although they have offered no evidence or alternative solution.

In fact, the evidence suggests the opposite. Since 1993, all HHC facilities in the system have undergone review by the Joint Commission on Accreditation of Healthcare Organizations and received full accreditation, a significant accomplishment compared with the three years before 1993 when six of the facilities, including Coney Island Hospital, either failed to earn or earned only conditional accreditation. These improvements in quality occurred with a budget trimmed by \$300 million and a staff reduced by 20%.

The city is fortunate and foresighted with the Coney Island agreement to preserve care of the indigent while changes in healthcare have such dramatic influence on the public hospital system in New York as well as nationally. Other localities have not been so lucky in coping with these changes. Los Angeles County nearly closed 34 of its 45 community health clinics and four of its six public hospitals last year; plans were slowed by an infusion of federal money. Philadelphia closed its only public hospital several years ago. Memphis, Tenn., restricted indigent-care access to residents of certain communities. And other cities have considered draconian options to curtail services available to the poor.

Since New York City is among the last places in the country to experience the managed-care revolution, and at the same time supports the largest public hospital system in the nation, we must expect to face increasingly difficult choices in the months and years ahead. The Coney Island privatization is one step toward preventing the need to take harsh actions.

Ultimately, no amount of political opposition will stop the marketplace from undergoing dramatic change. In today's competitive healthcare marketplace, the sublease of Coney Island Hospital is particularly promising because it aligns the changes in the marketplace with the public's interest in caring for the poor. By working in partnership with the private sector, the city intends to reduce public costs, provide care for the indigent and inject needed capital improvements in the healthcare infrastructure of one South Brooklyn community.

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