

Despite Budget Boost, Public Hospitals Face Cuts

by Ari Paul

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Jim Henderson Harlem Hospital is one of 11 hospitals run by the city's Health and Hospitals Corp.

With almost every city agency, the key word this spring has been "cut." Mayor Michael Bloomberg's [executive budget](#) calls for operational cuts and layoffs across the board to deal with the yawning budget gap, and the reductions could get worse depending on what kind of budget the [state adopts](#) .

One of the very few to see a substantial increase is the [Health and Hospitals Corp](#) . In announcing the massive cuts throughout the city on May 5, Bloomberg said he would [give the HHC \\$350 million](#) in order to help it close its \$1 billion shortfall. The budget also includes \$310 million in capital spending for the agency.

Yet , despite this increase for next fiscal year, the HHC has instituted \$300-million budget containment plan for the next four years. Explaining the seeming paradox in a [briefing](#) on May 11, HHC President Alan D. Aviles said, "The protracted economic downturn, a substantial loss

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of federal funding, increasing numbers of uninsured patients, sky-rocketing fringe benefit costs and \$240 million in cuts to our Medicaid reimbursements, have created a perfect storm that has saddled HHC with a projected \$1.2 billion budget shortfall."

Aviles promised that the four-year downsizing plan was intended to cause the least pain possible. No hospital would be closed, and job cuts would focus on people with administrative titles rather than on caregivers. Some 3,700 jobs will be cut through a mixture of layoffs and attrition.

But Judy Wessler, the director of the [Commission on the Public's Health](#) system, a labor-community health advocacy group, said that there will be pain for the public, especially under a plan to close five child health clinics and one dental clinic.

"We are adamantly opposed to that," she said, even though HHC said it selected facilities that are under-utilized. "Any community-based primary care or dental care service are needed and should not be cut."

Shuttering these sites, the HHC said, would save \$39 million over four years.

The HHC has a total budget of about \$6.7 billion and operates a number of health facilities, including 11 hospitals and more than 80 community clinics.

Path to Privatization

The reorganization, Wessler noted, calls for contracting out some of the agency's management operations to private, which some might say makes more sense for a quasi-government operation like HHC than a mayoral agency.

But Wessler said that many city plans for privatization have been costly and ineffective. IN particular, she cites the [CityTime](#) palm scan time-keeping system for city workers, where consultants have [charged the city](#) hundreds of thousands of dollars each, helping to send costs to 10 times the original projections.

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"Number one, there's not a cost savings and number two, it doesn't do what it's supposed to do," she said. "I think that as a rule privatization does not work."

The HHC, however, said it would save \$141 million over four years.

More to Come?

The realignment plan may not mean the end of the HHC cuts. Should the state adopt a budget incorporating many of the [cuts proposed by Gov. David Paterson](#) , "it could still be very bad," Wessler said.

And then there's the federal government's commitments, such as the medical assistance payments many low-income people may receive through Supplemental Security Income.

"If, for any reason, these additional supplemental federal Medicaid funds do not materialize, we would be left with a deficit amounting to several hundred million dollars and that would lead to further, deeper and much more devastating cuts," Aviles said.

He recalled that the last time the system was in such straits 15 years ago public hospitals were up for sale. The courts blocked that action but it served as the impetus for an overall revamp of the system, which Aviles said has been largely positive.

Enter ObamaCare

Unlike the operational reductions on tap for other city agencies, the hospitals corporation's cost-containment plan is set for four years. Outside factors could improve the situation by then.

Part of what is draining HHC resources is the cost of uninsured patients entering and receiving care in the system. According to the agency, it serves 450,000 uninsured New Yorkers a year. The [overhaul of the health-care system](#) that President Barack Obama signed this year, which will provide millions of uninsured Americans health coverage, could very well ease that burden.

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Others see possible hope in Paterson's [proposed tax on soda](#) and other sugary beverages. Wessler and Barry Liebowitz, president of the [Doctors Council](#), which represents HHC doctors, think such a tax would not only push New Yorkers toward healthier eating and drinking habits but also would provide another revenue stream for public health.

The proposal though, has run into [stiff opposition](#) from the beverage industry, from The [The Teamsters](#), which represents workers in the beverage industry, and from [United Food and Commercial Workers Local 1500](#), which charges it would place a burden on poorer, urban consumers.

Picking Up the Slack

The proposed cuts come at a particularly critical times for the city's public hospitals and clinics. The backdrop for all of this is the [closing](#) of St. Vincent's Hospital. "With the closure of St. Vincent's Hospital, the last vestige of a formerly vast Catholic healthcare system in the city, the viability of our public system, as the primary healthcare safety net for the most vulnerable among us, is all the more critical," Aviles said.

As a Catholic hospital, St. Vincent's turned away no one, making it more like public facility. Because of that, the HHC will have to pick up more of the slack in lower Manhattan than private hospitals. "The private sector has been less than good about taking care of people who are uninsured," Wessler said. "The public hospitals are going to have to continue their very important role."

Further, she noted, [plans](#) for [Lenox Hill](#) to operate a facility in lower Manhattan offered little consolation. "Lenox Hill has their own financial problems," she said.

Wessler said she heard reports that emergency rooms at [Beth Israel](#) and [Bellevue](#) have begun to overflow as a result of the closing, which many people in lower Manhattan feared would happen. But Patrick Bahnken, who as president of [District Council 37 Local 2507](#) represents city paramedics and emergency medical technicians, said that the 13 Fire

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Department ambulance tours that replaced the St. Vincent's tours, have not been overburdened yet.

"They're doing a hell of a job," he said of his members.