



The State University
of New York

Office of the Chancellor

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M E M O R A N D U M

March 19, 2013

TO: **Members of the Board of Trustees**

FROM: **Nancy L. Zimpher, Chancellor**

SUBJECT: **University Hospital of Brooklyn at Long Island College Hospital**

Action Requested

The proposed resolution expresses the Board's approval and support for the President of SUNY Downstate Medical Center having submitted a plan to seek approval from the Commissioner of the Department of Health to cease operation of University Hospital of Brooklyn at Long Island College Hospital as a full-service inpatient hospital facility, in light of certain financial conditions and expectations.

Resolution

I recommend that the Board of Trustees adopt the following resolution:

Whereas, in 2009, the SUNY Board authorized the purchase of University Hospital of Brooklyn at Long Island College Hospital ("LICH"), which took place on May 29, 2011, and since that date, LICH has been operated as a second location and with a separate operating certificate under University Hospital at Brooklyn's license from the Department of Health; and

Whereas, substantial changes in an operating certificate of a hospital, such as cessation of services, falls under the regulatory oversight of the Department of Health, and those regulations specify a process for submission of a closure plan and the elements needed to fulfill and carry out an orderly closure; and

Whereas, pursuant to prior Board resolutions, the governance authority for each of the SUNY hospitals rests with the President of each such campus, who serves as the 'governing body of that entity for Department of Health licensure purposes with ultimate authority and responsibility for directing the operation of the hospital in accordance with its mission; and

Whereas, on February 20, 2013, in accordance with prior action of this Board, President Williams submitted such a draft closure plan for LICH to the Department of Health; and

Whereas, the Board wishes to reaffirm its support and express its approval for the closure of LICH as a full-service inpatient hospital facility operated by SUNY Downstate Medical Center; and

Whereas, the Board wishes to express its appreciation for the quality of care provided by the hard working professionals and other staff at LICH, and to state that the decision to close LICH is not related to quality but to finances, and to encourage all officials of SUNY, State and local governments, and other public and private hospitals in New York City, and the affected labor unions, to take all measures reasonably possible to assist any individuals employed at LICH to find other gainful employment as promptly as possible; and

Whereas, the Board also wishes to express its support for the President of Downstate Medical Center, the Chancellor and other System Administration officials, to work with the Department of Health pursuant to its regulations and processes, to consult with the community and other stakeholders to develop appropriate and fiscally responsible plans for a variety of entities to provide general and specialty health care services at or near the site of the University Hospital of Brooklyn at Long Island College Hospital; now, therefore, be it,

Resolved that the Board expresses its approval and support for the President of SUNY Downstate Medical Center having submitted a plan to seek approval from the Commissioner of the Department of Health to cease operation of University

Hospital of Brooklyn at Long Island College Hospital as a full-service inpatient health care facility, and encourages all SUNY and State and local officials to move ahead with that plan as expeditiously, lawfully, safely and reasonably as possible.

Background

The State University Board of Trustees has requested that the newly appointed leadership team at Downstate provide recommendations for immediate action to mitigate financial losses. One of these recommendations is the closure of LICH as an inpatient hospital. Leadership is committed to consulting with stakeholders about continued health care services for the community, but the exact nature and configuration of those remains to be developed and must be fiscally viable.

LICH continues to struggle with a negative margin, low occupancy and low market share. More than half of its beds are vacant on an average day and it is projected to end 2013/14 fiscal year with a significant negative cash balance. This deficit contributes to a larger cumulative deficit projected for Downstate Medical Center at the end of April 2013.

The recent State Comptroller's Report provides a thorough description of the current financial and operational issues facing Downstate. The tremendous financial hardships are well-documented.

There are many reasons for the fiscal crisis facing Downstate including but not limited to:

- An extremely competitive Brooklyn healthcare market vying for insured patients and an increasing presence of Manhattan based medical centers providing ambulatory care and inpatient services for Brooklyn residents,
- Reductions in reimbursement rate and new payment methodologies by public and private insurers for hospital based care with concurrent growth of uninsured patients,
- The complexities of the State system that limits expeditious decision making and action by SUNY hospitals, including procurement, contracts, capital projects, and state employment rules,
- The high levels of health disparities in the communities which Downstate serves and the high rates of complex chronic disease, largely publicly insured,

- Lack of adequate support from the State to operate a SUNY hospital within the complex regulatory and financial environment of the State system.

The Board supports Dr. Williams' efforts to collaborate with the Department of Health and the Brooklyn community to identify solutions to improve the health care delivery and outcomes for Brooklyn. For example, the Medicaid Redesign Team's report issued on November of 2011, "At the Brink of Transformation: Restructuring the Healthcare Delivery System in Brooklyn" outlines recommended tools for change in Brooklyn including the convening and funding of a multi-stakeholder planning collaborative for Brooklyn. This collaborative would provide input in the development of health systems for Brooklyn and curb unnecessary spending. The Board supports Dr. Williams' participation in such an effort.