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Health Care By The Numbers

By Claude Solnik

Christmas came a little early to Long Island's health care industry on Nov. 24, with nearly \$40 million slated for six Long Island hospitals and nursing homes.

On Nov. 24, the state announced the Long Island money as part of a package for 29 hospitals and 24 nursing homes to receive a total of \$268 million in Healthcare Efficiency and Affordability Law for New Yorkers grants.

The biggest winner on Long Island was East Meadow-based Nassau Health Care Corp., parent of Nassau University Medical Center, which won \$24 million in capital funds.

NHCC Chief Arthur Gianelli said the funds would be used to consolidate inpatient units, build a new emergency room and improve ambulatory services and create a clinic in Hempstead.

Money also would fund an Institute for Minority Health Disparities and upgrade the hospital's computers.

Good Samaritan Hospital Medical Center was awarded about \$4.9 million; Winthrop-University Medical Center, \$500,000; and Long Beach Medical Center, about \$426,000.

Cold Spring Hills Center for Nursing and Rehabilitation is slated for about \$8.6 million and San Simeon by the Sound Center for Nursing and Rehabilitation Inc., \$3.1 million.

The federal government also recently agreed to pour \$1.5 billion over five years to implement the recommendations of the state commission to close and restructure health care and fight Medicaid fraud.

Blood red

All this money arrives as many hospitals are stuck in the red. A study by the Healthcare Association of New York State found that hospitals in New York overall lost \$95.4 million in 2005 and collectively

lost \$2.4 billion since 1998.

HANYS said New York was one of only four states - along with Nevada, Mississippi and Alaska - where hospitals overall lost money in 2005. A little more than half of the state's hospitals are losing money, HANYS said.

"Hospitals continue to see difficult issues involving rates of reimbursements from governmental and commercial payers," said Robert Wild, chairman of Garfunkel, Wild & Travis, a law firm in Great Neck with a large health care practice. "The rates of payment simply aren't keeping up with costs."

Wild said hospitals also are being hurt by increased competition from other providers. "A lot of things that used to be done in hospitals are now done in doctor's offices," he said. "There are ambulatory surgery centers all over the place."

"What's happening to a large extent is only the sickest people are ending up in hospitals," Wild added. "They require the most intensive types of care, which means the most expensive types of care."

Leslie Berkoff, a partner at Moritt Hock Hamroff & Horowitz, in Garden City, said some Long Island hospitals still suffer from "horrendous degrees of problems with credit quality."

Hospitals on Long Island have about \$529 million debt, according to figures released by Merrill Lynch in February.

Hospitals' thin margins come at a time when health insurers are raking in healthy profits and consolidating, growing their clout.

'An unbalanced field'

"You have a very unbalanced playing field right now," said South Nassau Communities Hospital CEO Joseph Quagliata. "Clearly, there is a movement toward a greater concentration of insurers,

which makes them extraordinarily powerful. And they're killing us."

Quagliata said hospitals could be given more power if government loosens anti-trust regulations and gives them more authority to "come together to leverage their clout against the insurance companies."

But he worried that things could get worse. Government budget deficits due to war and rising Medicare costs related to Part D plan could lead to cuts in hospital funding.

"The only way the federal government is going to be able to cope with this is to continue to cut the money hospitals are getting paid," Quagliata said.

Despite the talk of a turbulent, tough year in health care, there have been bright spots. The area's biggest network, 15-hospital North Shore-Long Island Jewish Health System, ended the year in the black.

"Financially, we had an okay year. We had a relatively good year," said CEO Michael Dowling. "We made more than \$40 million in '06 from operations."

Still, Dowling said that for a system with about \$4 billion in 2006 revenue, it's a razor-thin margin.

Franklin, Southside and Forest Hills hospitals all lost money, but Dowling said "the gain on the others was larger." "The fact that you lost money doesn't mean you didn't do good work," Dowling said. "You do great work." Dowling added that "our goal is to do better in '07."