The Human Cost of Efficiency: HHC in the Era of Budget Reductions

April 1998

Commission on the Public's Health System

110 West 97th Street
New York, New York 10025
(212)749-1227 Fax: (212)749-1189
E-mail: Ladyhealth@cphsnyc.org

EXECUTIVE SUMMARY

The Health and Hospitals Corporation (HHC) is the only full-service health care provider legally mandated to take care of all New Yorkers, regardless of ability to pay. Because of this, it is also legally guaranteed a subsidy from the City of New York, which is intended to cover all costs not paid for by another source. Under the current Mayoral Administration, this subsidy has been drastically reduced. HHC has been required to lower its spending to match the funds it can count on from sources other than the City subsidy.

Each HHC facility has a Community Advisory Board (CAB), mandated by state law to represent the community served by its facility. The CABs have been concerned about the spending reductions carried out by their facilities, and the effect that these changes may be having on patient care. In July 1997, the Commission on the Public's Health System, together with the Council of CABs, developed a questionnaire that each CAB submitted to the facility it represents, concerning issues that included staffing, beds, patient revenues, expenses, consolidation of services, and special services and capacities offered by the facilities.

This report has been written by the Commission for the CAB's and the general public, combining information provided by the responses to the CAB survey with data from other sources, particularly public documents from HHC's Central Office.

The findings suggest that the Corporation's cost-cutting tactics are reducing patient access to care and quality of care, and may be having unintended consequences that will actually hurt HHC's financial position, as well as its mission.

The tactics which had negative results were consolidation of services often for common community illnesses, which forces patients to travel further and wait longer for services; reductions in hospital beds, which do not seem to have been planned to provide a consistent level of occupancy across institutions; staff reductions, which were carried out randomly, leaving many services understaffed; other budget reductions, which left some institutions without sufficient funds for supplies; and competition between and within networks, which has resulted in a less than optimal distribution of services. Service reductions were planned, but not carried out, which would have closed some clinics and hit mental health services particularly hard.

Among the negative results of cost-cutting tactics were:

- Patients at Queens Hospital can no longer get a broken bone treated, as all orthopedic services have been moved to Elmhurst.
- Projected occupancy rates for maternity services vary from **117%** at North Central Bronx Hospital to **44%** at Metropolitan Hospital, after decertification of beds.

- Projected occupancy for Queens Hospital's drug detoxification beds is **214%,** after 19 of its 26 drug detoxification beds were decertified.

- Opthomology services at Harlem have been cut back over 10%, forcing doctors to choose between caring for diabetic and neonatal patients.

- Gouverneur has over 1,000 adults and 800 children on its waiting list for dental care.

- The number of visits to Belvis and Morrisania Diagnostic & Treatment Centers dropped 23.5% and 27.4% respectively during calendar year 1997, during which they each lost over 20% of their staff.

- Morrisania's adolescent family planning program could not hire a social worker, a very important service for this population, because of the corporate-wide hiring freeze.

- Kings County Hospital was unable to offer night hours in its psychiatric clinics, for lack of security and social workers.

- Jacobi Hospital's Emergency Room was understaffed during its busiest night and weekend hours.

- Bellevue Hospital lost so many pharmacists during fiscal 1996 that its clinic patients had to wait for as much as three hours to fill a prescription.

- At the time of its survey response, Woodhull Hospital's patients waited an average of 65 to 72 minutes for walk-in visits.

- During Fiscal 1998, Bellevue patients waited 10 weeks for appointments at the gynecology, arthritis, and spine clinics.

- During Fiscal 1997, Seaview and Bellevue Hospital had to submit weekly supply requests to the Central Office, due to a shortage of funds.

- Morrisania's electrical system was overloaded by increased computer usage, resulting in blackouts which, among other effects, prevented them from completing Medicaid applications.

In Fiscal 1997, without City Council intervention:

- HHC would have closed the Judson Health Center on the Lower East Side, which provided 21,000 visits in Fiscal 1996.

- Hundreds of patients would have been unable to enroll in Bellevue's Hispanic Bilingual/Bicultural Clinic, Alcoholism Treatment Program, Drug-Free Recovery Clinic, and Forensic Mental Health Evaluation Service.

- HHC would have closed the Geriatric Outpatient Mental Health Clinics at Coney Island Hospital..

It appears that some of HHC's actions may result in unintended counterproductive conditions. Consolidation of services is leading to centralization of specialty services in hospital clinics, stripping them from Diagnostic and Treatment Centers. This bars patients from receiving coordinated preventive care in a single setting. HHC's reductions in capacity may leave it without the flexibility to meet peak needs, in a system where usage varies widely over time. The Corporation's efforts to increase revenues by charging co-payments for prescriptions, raising clinic fees, and increasing use of collection agencies may drive away uninsured patients in exchange for meager amounts of revenue, leaving them to come back when they are very sick and need hospitalization.

The report found considerable potential in the system, despite these problems. Survey responses documented the Corporation's remarkable linguistic competence, evidenced by the dozens of languages spoken by staff who volunteer as translators. Respondents also listed a variety of innovative programs well-suited to the facilities' patients, and not readily available in adequate supply elsewhere. Rising revenues from grants show that state, federal, and private funders value HHC and continue to assist it.

The Commission draws three major conclusions from its research:

1. Quality of care and access to care must be monitored more carefully, **because** of budget cuts, and the resulting data must be distributed to the public.

2. HHC needs autonomy to reorganize itself to meet the new needs of managed care, and this can best be achieved by changing the state law that created the Corporation, so that it is no longer dominated by the Mayoralty.

3. The city needs to meet the funding mandates of the law setting up the HHC as a Public Benefit Corporation. The city is required to reimburse HHC for the provision of services for which there are no other sources of reimbursement. Currently an agreement between the city and HHC provides funding only for prisoners, the mortuaries, and uniformed officers for emergency treatment. This agreement does not extend to uncompensated care nor to covering labor agreements.