



**Request for Information C002521
Downstate Medical Center
Long Island College Hospital Campus
Summary of Responses Received**

In response to its Request for Information C002521, State University of New York received 7 responses. The following summaries are based on the responses submitted without comment by State University of New York or the Department of Health.

1. A for profit entity and its related public charity that operate acute care hospitals in several other states, proposed purchasing or acquiring the LICH facility from SUNY and continuing to operate the facility to deliver healthcare services and community benefits to the LICH community and neighborhood. The proposed transaction would be for an asset purchase to acquire any and all assets required to operate the LICH hospital. It would require granting a certificate of need and the approval of the State Attorney General and potentially the New York Healthcare Facilities Financing Authority or its equivalent, because the proposed transaction involves the sale of a hospital facility and its conversion from tax-exempt to for-profit status. Consents may be required from unsecured creditors, Medicare and other regulatory agencies. There is potential for improving the performance of and transforming the distressed hospital into a high quality and profitable operation. The proposed transaction would not be subject to a financing contingency. A real estate investment trust would purchase the real estate and lease it to the hospital operator. The LICH facility would be maintained as an acute care hospital with an open and accessible emergency department. Community benefit and charity care would be maintained at the levels that are currently being provided at LICH but maintenance of such levels would be subject to occurrences, facts, or circumstances resulting from or attributable to changes in law or implementation of health care reform or intervening reimbursement coverage changes.
2. A real estate investor and developer proposed the divestment and/or development of the Non-Core Properties to raise a substantial amount of capital and create a valuable and ongoing stable income stream. The respondent proposed divesting the smaller Non-Core Properties for cash and redeveloping the rest of these properties into residential apartment buildings with an initial payment of 50% of the property values. The balance would represent a joint venture interest yielding a substantial annual return on investment. The proposal requires that the property be delivered vacant, requiring demolition of existing improvements prior to sale. Finally, the proposal anticipates that SUNY would continue to operate the health care services in the Core Properties.
3. A director of certain outpatient services proposed two options. The **first option** would be to convert LICH into a select-function hospital care delivery system with a medical home visitation service. The system would provide high-quality, affordable primary and specialty care as a core component of a complete set of essential outpatient services including primary and specialty care, emergency department and ambulance services, ambulatory surgery, rehabilitation therapy, mental health services and prenatal and family planning. Through its emphasis on preventive care, also a key mandate of the Patient Protection and Affordable Care Act, the local availability of an accessible, effective select function hospital care delivery system would minimize the need for more costly local onsite full inpatient services. These in-hospital services could be provided by one of the other local full hospital facilities. An increased focus on outpatient services is a benefit for all, but could be especially valuable to those who opt to sign on for inexpensive health plans that include minimal or no inpatient coverage. Should maintaining full inpatient services at the LICH site be required, the **second option** would be for this medical home visitation service to supplement such inpatient services as their outpatient arm, providing full home-care and outpatient services, along with any outpatient and caregiver educational components. Combining a strong inpatient plan with the well-established medical home visitation service is essentially a "best of both worlds" type approach. The strong and complete home-care program could be easily combined with any local in-patient service program, whether at LICH or just in the area. The proposal was not just to offer ideas but rather to supervise and run the proposed outpatient program. The respondent stated that the program is not realistically in any position to expand into a full-care in-patient hospital program.

4. An owner and operator of health care services and facilities providing care across the post acute spectrum proposed participating with an acute care hospital and possibly other healthcare organizations in a multi-provider proposal for the development of health care services at or around LICH. The respondent expressed interest in providing long term care hospital (LTCH) services at the LICH site. Specifically, the respondent proposed operating a 100-bed LTCH through a limited liability company on two floors of the Fuller Pavilion. The respondent anticipates that available LTCH beds could improve the average length of stay experienced at Brooklyn hospitals. The limited liability company would lease the proposed premises from Downstate at LICH Holding Company, Inc. or its successor. The respondent would undertake necessary leasehold improvements to make the space code compliant for LTCH use. No outside or state-supported debt would be required. The project would take approximately 18 months to complete, with operation of the LTCH to commence in November 2014.
5. The owners and operators of health care facilities proposed to provide ambulatory care through an extension of an existing federally qualified health center (FQHC), and radiology and ancillary services under an existing Article 28 licenses, all in a health care center in the 349 Henry Street building. Requirements necessary for the success of the proposal include: (1) the availability of a compliant and sustainable physical plant that requires no capital investment by the parties, as well as an initial lease arrangement or administrative services contract that includes zero or minimal rent expense, leading to an ultimate no-cost transfer of ownership of the building; (2) support for operating losses in the first two years of operations; and (3) remediation of two reimbursement concerns that affect the overall fiscal viability of LICH. Specifically, an exemption to the additional restrictions in New York State's financial aid policies applicable to hospitals must be granted in recognition of qualification as an FQHC, and the rules for school-based health centers must be changed to require commercial insurers to reimburse such centers for care provided to insured children.
6. A provider of certain health care services responded with respect to potential coalition partners including organizations, consultants and individuals who represent the forefront of thought and execution of 21st century population based healthcare and who might assist with constructing an innovative, focused and patient-centric "solution" to meet the objectives of the request for information. At a minimum, the prospective coalition would include a real estate consortium, a not-for-profit hospital operator and strategic, operational, financial and clinical consultants. The envisioned organization would be committed to success using new payment models for health improvement and care delivery, fully recognizing their enabling capacity. These models would include pay for performance, shared savings, bundled payments and partial to full capitation from governmental and private payers. Potential coalition partners should believe that future success under these financial models is predicated on rigorous metrics, tied to incentives for quality, performance and patient experience. Re-engineering the organization and highly efficient operations, rather than rationing, will be mandatory. The hospital operator would be a community based, professionally managed, provider owned health organization that is founded on the Institutes of Medicine goals of safe, effective, patient centered, efficient, timely and equitable population health and care. Support for these goals would be through 24/7, real-time care-management resources and coordinated, accessible, urgent, emergency, hospital and post-acute care when necessary. The concept would include (1) sale of the real property to a real estate coalition with lease to the hospital operator with buyback provision; (2) top-flight governance and leadership, including world-class quality and health reform thought leaders; (3) a not-for-profit public/private partnership, physician led primary care model; and (4) a re-imagined healthcare systems framed around the six aims of the Institute of Medicine's vision of 21st century health system.
7. A respondent indicated an interest in managing the hospital. No additional details were provided.