WHAT IS AT STAKE

The significant weakening of the SUNY System and SUNY Downstate Medical Center, a vital medical and health professions education resource, would be catastrophic for Brooklyn, and the City and State of New York.

Simply put...SUNY Downstate Medical School educates more minority physicians than almost anyplace else; it educates large numbers of new physicians who stay in New York City; and it is critical to meeting the shortage of primary care physicians needed for an aging and chronically ill Brooklyn population.

SUNY Downstate matters even more in the current environment, and it is therefore essential to safeguard the future of this academic enterprise.
THE SUNY DOWNSTATE SITUATION

The pressing financial difficulties of SUNY Downstate’s clinical enterprise at University Hospital of Brooklyn (UHB) have reached the point where they imperil the future viability of Downstate’s academic enterprise and SUNY’s prescribed mission to provide the people of New York educational services of the highest quality.

The current state can no longer be maintained. The challenges are immense, the complexity of the State system is overwhelming, and many of the solutions that could be utilized to protect the enterprise from insolvency and achieve a successful rescue of the enterprise, such as bankruptcy, are not options available for consideration as UHB continues to be a State enterprise.
DOWNSTATE EXISTS WITHIN A “MUCH STUDIED” COMMUNITY IN A HEALTHCARE CRISIS

“Despite the variety of healthcare facilities and clinicians in Brooklyn, a combination of factors raises serious concerns regarding access to care, quality of care, and population health in Brooklyn. High rates of chronic disease are compounded by socioeconomic barriers to healthcare...At the same time it appears that...the delivery system is ill-equipped in some areas to address complex health issues facing communities.”

“Safety net, community hospitals can play an important role in this new world of coordinated care and performance-based reimbursement, but must be proactive in adapting to it. Because these new models emphasize prevention and deploy performance- and risk-based payment mechanisms, they demand a fundamental reconfiguration of Brooklyn’s health care delivery system from a strategic, organizational, physical, and financial perspective.”

~Excerpts from the Brooklyn MRT Report, 2011

“This [MRT] report endorses the creation of integrated systems of care aligned with community needs as a means of improving individual health and community health, while reducing unnecessary healthcare spending.”

WHAT IS THE SOLUTION?

• Four options were assessed.
  1. **UHB is restructured with Part Q Flex Legislation and provided State support.**
  2. **SUNY exits hospital operations at Downstate and a 501c3 public-private entity is formed for the narrow purposes of being a hospital operator in the UHB facilities.**
  3. **UHB is restructured with Part Q Flex Legislation, and a Brooklyn-based public benefit corporation is established to support, in part, the development of an integrated academic and clinical provider consortium for managed care contracting, improving quality and reducing the cost of care. UHB will become a smaller, more efficient hospital.**
  4. **Another hospital or hospital system acquires UHB in whole or in part or absorbs clinical services.**

• There is potential for significant improvement in the operation of UHB with intense focus on restructuring and maximum support for proposed actions with good progress reported to-date.

• The plan must allow for additional planning and stakeholder input, with a bridge period to prevent jeopardizing the academic programs of SUNY and SUNY Downstate.

• All options require at least 24-36 months to implement.

• The plan must be developed within the context of a community in need and consider the needs of various stakeholders.

• The State must partner with and support SUNY Downstate to achieve the best outcome.
SUNY Plan Development

- Many options explored, and all had good elements.
- No option was sufficient as a stand alone.
- The best solution needs:
  - elements from each option
  - time
  - investment
NEW APPROACHES ARE NEEDED

“The world we created today has problems which cannot be solved by thinking the way we thought when we created them.”

Albert Einstein
THE SUNY PLAN

SUNY Downstate’s education mission depends on strong and sustainable healthcare organizations in Brooklyn. To achieve this goal, and to support solutions for the hospital and public health challenges in Brooklyn, SUNY requests:

1. A transition period for a restructured UHB to continue to operate under SUNY auspices, with benefits offered by the new Flex legislation, and continued State support; and

2. The creation by the State of a new Brooklyn Health Improvement public benefit corporation that will 1) support, in part, the formation of a Brooklyn-based provider network to position member organizations for the changing healthcare environment; 2) serve as a strong academic network for Downstate Medical Center; and 3) allow UHB to become a smaller, more efficient hospital.
SUGGESTED ROLE FOR A BROOKLYN HEALTH IMPROVEMENT PUBLIC BENEFIT CORPORATION (PBC)

- The corporation will not operate hospitals.
- It will be:
  - A catalyst and funding source for health improvement initiatives in Brooklyn.
  - A vehicle for public input into health needs.
  - A monitor for the achievement of project goals for public funds provided through the PBC.
  - A sponsor of initiatives such as a Brooklyn-based healthcare network (a subset of Brooklyn hospitals focused on the safety net), primary care initiatives, public health studies, etc. The PBC would not be the operator of the network.
  - A support for a forum of all Brooklyn providers for tracking changes in the healthcare environment, stimulating responses across providers, and offering grant funding (as available) to support its goals.
  - A vehicle for capital formation (not contemplated at this time but may be a goal in the future).
  - An entity with the power to form subsidiary corporations in support of its purposes.
  - An entity that can change its purpose and scope in response to the changing healthcare environment.
A PHASED APPROACH FOR THE SUSTAINABILITY PLAN

Phase 1: Restructure
- Focus on Restructuring UHB to reach as close to a sustainable operation as possible.

Phase 2: Plan
- Request the State to create a new public benefit organization, a Brooklyn Health Improvement PBC, to support health-improvement initiatives and promote the formation of a Brooklyn provider-based network.
- With support from the State, work with providers to plan the model for a Brooklyn-based network to achieve a critical mass of providers to improve quality of care through clinical integration, for managed care contracting, and to support the teaching programs at SUNY Downstate.
- Engage the community and other stakeholders.

Phase 3: Implement
- Implement a staged plan for the network for IT linkages and the data analytics to support clinical data reporting and benchmarking and clinical staff to drive change management.
- With the expansion of the academic network, Downstate can expand its clinical affiliated sites to other locations and UHB can become a smaller, more efficient hospital.
- With clinical integration established, launch managed care contracting to increase revenue to network members.
A Brooklyn Health Improvement Public Benefit Corporation (BHI) is formed to promote and provide funds to improve the quality of healthcare in Brooklyn’s most underserved communities.

**BHI will not operate hospitals.** It will support the formation of a clinically integrated network that will allow the expansion of clinical training sites for Downstate and improve quality and value by/through:
- Joint managed care contracting for revenue enhancement
- Pursuing risk contracts
- Cultivating shared network goals *(while retaining separate ownership and management)*
- Support of and benefits from Academic Mission of the Medical School including GME program
- Vital Access Provider rate for network members
- IT connectivity and care redesign

- Support expansion of primary care and improve linkages (IT) and care coordination to improve health outcomes and reduce inpatient utilization.
- BHI and the Network may have their purposes and functions expanded as the environment changes; **BHI would not operate the network.**
WHAT WOULD THE NETWORK DO?

• Over time, with significant planning and preparation, independent member hospitals and their associated physicians would achieve the goals and requirements of the network to meet the FTC definition of a clinically integrated network.

Principal Network Activities

• Common clinical pathways, cost protocols, outcome monitoring, education and promotion of practice pattern changes
• An academic network and GME consortium

Principal Network Benefits

• Managed care contracting and increased revenue, improved quality of care and increased efficiency (cost reduction), alignment of hospitals and physicians for quality and cost goals
• A strong academic network to support SUNY Downstate’s Educational programs
SUNY DOWNSTATE PATH FOR REALIZING THE GOAL FOR AN INTEGRATED CLINICAL AND ACADEMIC MEDICAL NETWORK FOR BROOKLYN

### Phase 1

**A Restructured UHB with the benefits offered by Flex Legislation**

### Phase 2

- Planning Process and formation of Public Benefit Corporation (PBC)
- Planning Process and launch of provider Network and initiatives

### Phase 3

- Downstate, UHB and other providers begin managed care contracting, drive quality improvement, prepare for ACOs, expand primary care linkages and the network is supporting the academic mission of SUNY
- UHB becomes a smaller, more efficient hospital

### UHB Restructured with Flex

<table>
<thead>
<tr>
<th></th>
<th>Cash FYE 13</th>
<th>FYE 14</th>
<th>FYE 15</th>
<th>FYE 16</th>
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<tr>
<td>Continued State and SUNY Support</td>
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<td>($81,000)</td>
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<td>LICH(^2)</td>
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<td>Investment for new structure</td>
<td>See schedule</td>
<td>See schedule</td>
<td>See schedule</td>
<td>See schedule</td>
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</tbody>
</table>

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1. Funding gap is based on identified and validated restructuring and efficiency actions at this time. It is expected that UHB will continue to identify restructuring and savings opportunities to further reduce this gap.

2. SUNY will review all responses received to the request for information and determine the most expeditious and financially responsible course of action to enable Downstate to exit from the operation of the Long Island College Hospital facility.
SUCCESS FACTORS – PHASE 1

- Pursue every action possible to restructure UHB into a smaller, more efficient hospital that is more financially sustainable; this will include significant workforce reductions.
- Determine a means of expediting decision making and approval to achieve savings more quickly.
- Explore additional flexibility to achieve savings.
- Strengthen the efficiency of the Ambulatory Programs at Downstate and grow volume.
- Implement a new arrangement to increase the integration between the hospital and faculty to align goals for improved quality, reduced costs and increased efficiency; while also supporting College of Medicine goals.
- Secure “transition” financial support from the State.
SUCCESS FACTORS – PHASE 2

- Plan for and create a Brooklyn Health Improvement Public Benefit Corporation.
- Seek collaborators and obtain State grant funds to launch a planning and consultation process for a Brooklyn-based healthcare provider network to include support for expansion of the academic network, a clinical integration initiative, preparation for ACOs, and primary care linkages.
- Obtain State grant funds to launch network and support start-up operations for four years until self-sustaining (IT, clinical integration program, data warehouse, primary care linkages) and support for expansion of the academic clinical teaching sites.
- Pursue related legislation to support goals.
- Consider implications for IGT/MRT.
- Maintain Liaison Committee on Medical Education (LCME) and other accrediting agency approvals.
- Continued efforts at UHB to restructure into a smaller more efficient hospital, including significant workforce reductions.
SUCCESS FACTORS – PHASE 3

• Network is implemented and achieves clinical integration; serves as platform for medical and health-professions education; and begins managed care contracting for revenue enhancement and preparation for ACO participation.
• Academic network is established with GME affiliations across member hospitals.
• Pursue related legislation to support goals.
• Consider implications for IGT/MRT.
• Maintain LCME and other accrediting agency approvals.
• With a network operational, UHB’s expanded focus on ambulatory and primary care, and the changing environment with the shift away from inpatient care, UHB will become a smaller, more efficient hospital and will include significant workforce reductions.
• As UHB becomes smaller, there may be vacated space that can be considered for alternative uses including a Healthcare Worker Training and Retraining Center at UHB.
• A Brooklyn Health Improvement PBC and the academic and clinically integrated network will be Brooklyn-based vehicles that can expand their focus and purpose to respond to the changing environment and the needs of the member organizations into the future.
## Transition Funding Needs

<table>
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<tr>
<th>Categories</th>
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<td><strong>UHB</strong></td>
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<td>UHB (closing the cash gap)(^1)</td>
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<td>State grant for UHB MD recruitment and programs (above capital budget)</td>
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<td>State grants for primary care expansion and linkages initiatives</td>
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<td><strong>Network(^2)</strong></td>
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<td>State grant for network planning and implementation</td>
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<td>State grant for network systems development (IT programs, interfaces, dashboards, change management clinical staff, EHR linkages)</td>
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<td>State grant for initial staffing and ongoing network operations</td>
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<td>Ongoing operation outsourced for IT systems/clinical support staff</td>
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<td>Support for academic network development (Caribbean school issues, academic program support, shared service support)</td>
<td>TBD</td>
<td>TBD</td>
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</tbody>
</table>

1. Funding gap is based on identified and validated restructuring and efficiency actions at this time. It is expected that UHB will continue to identify restructuring and savings opportunities to further reduce this gap.

2. Assumes clinically integrated network is financially sustainable after FYE 17.

NOTE: State and SUNY support of $44M annually continues for all years.
CONCLUSION

The advice from every panel, workgroup, and commission since at least 2006 has been the same: Brooklyn healthcare is broken and needs a game-changing solution that requires integrating organizations and changing the way care is delivered to a largely minority and poor population.

The SUNY System and SUNY Downstate Medical Center and its education programs are a critical and singular resource needed for the City and State of New York for addressing the healthcare problems in Brooklyn. Now is the time for SUNY Downstate (with its education and research programs), SUNY and the State to be the instruments of this change in order to insure the continuation of medical and health professions education and the creation of a better healthcare system for one of the most underserved communities in the State.