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New York's public hospitals must compete to survive, CEO says

By Melanie Evans

The nation's largest public health system faces new competition for patients newly insured under the Affordable Care Act and must win over those with “a newfound option” to seek care anywhere, its chief executive said.

Dr. Ramanathan Raju, CEO of the New York City Health and Hospitals Corp., said in a half-hour address to the system's workforce that the organization's financial stability will depend on its ability to win over patients. “In this new environment, the marketplace will dictate and decide which hospitals will remain open, which hospitals will struggle and which hospitals will close,” he said.

Raju was No. 19 on Modern Healthcare's 50 Most Influential Physician Executives & Leaders ranking for 2015.

The system will seek to boost the number of patients seen there each year to 2 million from 1.4 million and double enrollment in its health plan to 1 million, he told employees.

By 2020, he said, the 11-hospital HHC will be “financially viable and stable," and by then it aims to treat 1 in 4 New Yorkers. According to the system's financial statements, it served about 17% of the city's population at the end of 2012.

For the six months that ended in December, HHC reported an operating loss of $56.3 million on revenue of $4.2 billion compared with a loss of $27.7 million on revenue of $4 billion during the same period the year before. The system reported a 1.6% operating loss for the prior year, according to Fitch Ratings. That was an improvement from the 9.2% operating loss in fiscal 2013, when the system was hit hard by Superstorm Sandy.

HHC has continued to grapple with costs related to the storm, which caused widespread damage across New York in October 2012. It forced the evacuation and temporary closure of the system's Bellevue Hospital Center in Manhattan and Coney Island Hospital in Brooklyn. Raju said the system reached a $1.7 billion reconstruction settlement in December with the Federal Emergency Management Agency. So far, the system has received $250 million of that amount.

Raju arrived at HHC roughly one year ago toward the end of a restructuring initiative launched in 2010 to reduce costs and boost revenue by $600 million.

Raju stressed patient satisfaction as the key to his strategy to improve patient care, but he said little about what investments the system would make to attract more patients and how the system would pay for those investments. HHC is expanding its weekend and evening hours and will work to reduce the wait for an initial pediatric clinic appointment to five days from an average of 14 days, he said.

In an interview, Raju said the system will now work to develop its strategic and capital plan to achieve its goals.

HHC, he said, has tremendous opportunity to grow under New York's Medicaid waiver and as the system expands its accountable care organization and health plan, which it will seek to offer to New York City employees and the city's small employers.

Raju identified targets for HHC's Press Ganey inpatient and outpatient satisfaction scores by 2020. The scores currently rank between 60% and 70%, and Raju said the system would strive to raise them to 80% for inpatient care and 93% for outpatient care.

HHC will also seek to have 80% of its MetroPlus health plan members "connected" with an HHC primary-care doctor by 2020. As it stands, 51% of MetroPlus members have an HHC primary-care doctor.

Raju urged workers to be compassionate and attentive to the diverse needs of patients who seek care at the system. "We need to put ourselves in their shoes every day, every time," he said. "And make sure we do not do less than what we would expect for ourselves, for our families, our mothers and our own children."