

# **RESTRUCTURING HHC: An Update on the Road Ahead And the Challenges Going Forward**

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New York City Council Health Committee  
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# Restructuring Principles

- Stay true to the HHC Mission
- Focus on patient and community needs
- Maintain the quality and safety of care delivered
- Leverage our vast integrated delivery system
- Engage our workforce in change efforts

# Restructuring Principles

- Confront constructively the economic downturn and healthcare reform
- Streamline operations, especially in ancillary and support service areas
- Deploy the most cost efficient models of care and service delivery
- Leverage technology to increase effectiveness and efficiency

# Areas of Focus

- ▶ 5 Broad Categories with 39 Initiatives:
  1. Administrative/Shared Services
  2. Long Term Care
  3. Affiliation/Physician Services
  4. Acute Care
  5. Ambulatory Care
  
- ▶ Estimated savings or new revenue of \$300 million annually when fully implemented.

# Administrative/Shared Services

- ▶ Achieve greater efficiencies through targeted cost-effective shared services operations
  - Materials Management and Supply Chain
  - Plant Maintenance
  - Environmental Services
  - Laundry and Linen Services
  
- ✓ Status: Major objectives have been achieved. Work continues in some areas.

# Administrative/Shared Services

- Reduce Central Office operating costs
  - Status: Completed
- Reduce Information Technology contract staff
  - Status: HHC has In-Sourced 140 IT Jobs
- Reduce skilled trades staff levels to match HHC's reduced capital program
  - Status: Completed
- Implement laboratory services standardizations and efficiencies
  - Status: Work proceeding on a joint laboratory venture

## Long Term Care

- ▶ Reduce HHC's Long Term Care bed capacity consistent with State & Federal policies
  - Status: Reduced LTACH beds by 426 and SNF beds by 410
- Work with housing providers to create appropriate housing options for SNF residents who no longer require SNF care
  - Status: More than 200 SNF residents discharged to community housing

# Long Term Care

- Consolidate select administrative, support and underused therapy services
  - Status: Completed
- Optimize reimbursement opportunities (Billing, Coding, Pharmacy)
  - Status: Completed
- Rebalance Long Term Care Staffing Mix
  - Status: Completed



# Affiliation/Physician Services

- Reduce cost of affiliation contracts and rate of increase
- Align physician staffing to community need
  - Status: Costs have been lowered and work continues with affiliate partners

# Acute Care

- ▶ Reduce one-day stays/preventable readmissions thru care management model
  - Status: only one of HHC's hospitals' readmission rates is worse than the national average
- ▶ Grow Inpatient capacity in select services to address HHC patients' needs
  - Bariatric Surgery – access for more than 1,000 patients this year
  - Cancer Care – Growth at Kings County Hospital and Queens Hospital
  - NICU Babies – Increased retention within HHC at Bellevue Hospital and Jacobi Medical Center

# Ambulatory Care

- Closed six satellite clinics with low patient volume
  - Factors considered included: proximity to other clinics, utilization, physical plant
  - Status: Completed
- Seek Federally–Qualified Health Center (FQHC) status for six Diagnostic and Treatment Centers
  - Status: Pending Federal approval
- Transition Inpatient & Outpatient Dialysis Services to Joint Venture Model
  - HHC doctors retain oversight of quality and care delivery
  - Access to care is guaranteed and capacity will expand
    - Status: inpatient complete; outpatient pending

# Achievements to Date

- ▶ Achieved Road Ahead \$300 million target and \$300 million from other cost containment/revenue optimization
- ▶ Reduced workforce by 3,700 FTEs, mainly through attrition
- ▶ Maintained most of service capacity
- ▶ Quality of services has been maintained or improved



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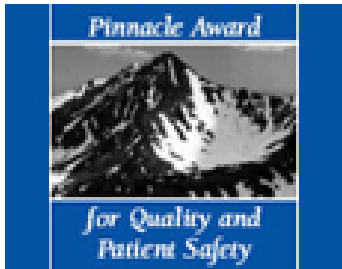


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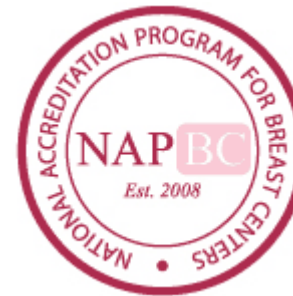
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# Preparing For Delivery System Reform Imperatives

- Achieve patient-centered medical home model
  - Status: Received NCQA designation at highest level
- Expand primary care access and reduce wait times
  - Status: Up to 25% improvements gained at many sites
- Use technology to create capacity and be more responsive to our patients
  - Status: Investment made in new EMR and improved appointment scheduling system
- Develop the care coordination/management capabilities of an Accountable Care Organization
  - Status: Achieved ACO designation from CMS and Health Home designation from SDOH

# Despite Our Progress, Future Budget Deficits Loom

- ▶ Our financial plan reflects large and growing projected budget gaps
  - \$430 million in FY2015 to nearly \$1.4 billion in FY2018
- ▶ Hurricane Sandy: lost revenue, repair and mitigation costs
- ▶ Other threats likely to deepen projected deficits further
  - Outstanding labor agreements
  - Ongoing federal budget cuts