Commission on Health Care Facilities in the 21st Century

Rightsizing Analytic Framework

Context for the Commission

- Rightsizing hospital and nursing home systems
  - Includes, but is not limited to, consolidation, closure, conversion, and restructuring of institutions
- Reinvestment strategies
- Health system of the future

Benefits of a Rightsizing Framework

- Furthers legislative goal of rational, independent, and equitable review of health system capacity

- Rational:
  - Establishes “ground rules”
  - Turns data into actionable information

- Independent:
  - Combines objective data and professional judgment
  - Provides a basis for local community input

- Equitable:
  - Standardizes approach across all 6 regions (Horizontal Integration)
  - Aligns RACs with Commission (Vertical Integration)
  - Fairness and transparency

Review of other Frameworks

- NY State is engaged in system-wide capacity analysis and planning
- Building on existing statewide and national models
- Models are largely qualitative and rely on just a few criteria
- Models reviewed:
  - VA CARES (Capital Asset Realignment for Enhanced Services)
  - Michigan Debedding Process– 1978
  - New Jersey Advisory Commission on Hospitals - 1999
  - Finger Lakes Health Systems Agency
  - Winnipeg Bed Reduction Program - 1990
  - Georgia State Health Plan: Short Stay General Hospital Beds
  - Minneapolis
  - Maryland

Building a Framework:
A Delicate Balance

- Sufficiently comprehensive to account for real world complexities...and
- Understandable, explainable, and actionable

- Evidence based and objective...and
- Allows for professional and practical judgment

- Standardized and formulaic...and
- Sensitive to regional differences and local needs

- Works for hospitals...and
- Nursing Homes

- Considers specific statutory requirements...and
- Identifies and considers additional factors of importance

Statutory Factors to Consider

- Listed in Statute:
  - Need for hospital and nursing home capacity
  - Currently existing capacity
  - Economic impact of rightsizing actions, including employment
  - Amount of capital debt and financial status
  - Availability of other funding for capital debt
  - Existence of other health care services in the region
  - Potential conversion for use other than inpatient/residential facility
  - Meets health needs of region, and serves Medicaid, uninsured, underserved
  - Quality of care
- Any additional factors adopted by the Commission

Proposed Criteria

- Service to Vulnerable Populations
- Availability of Services
- Quality of Care
- Utilization
- Viability
- Economic Impact

Using the Criteria: Comparative Ratings

- Ratings are a starting point for focused deliberations, not final determinations
- Each institution receives a rating of -1, 0, or +1 on each criterion
- The rating is assigned relative to institutions within the same region
  - Regions provide the best set of comparisons and respect differences across the state
  - Ratings are based on position relative to regional median – below, at, or above
  - For example, an institution that is a major provider to vulnerable populations receives a +1 on that criterion
  - An institution with relatively low utilization receives a score of -1 on that criterion
- Each criterion carries equal weight
  - Thus, possible ratings range from -6 to +6

Using the Criteria: Classification Schemes

- Based on ratings, institutions are assigned to one of three strata for consideration:
  - HIGH PRIORITY for rightsizing
  - MEDIUM PRIORITY for rightsizing
  - LOW PRIORITY for rightsizing
- These classifications allow prioritized analysis among 233 hospitals and 665 nursing homes
- No sacred cows – ***all*** institutions can be considered as part of reconfiguration schemes
  - High priority is not a “hit list”
  - Medium/Low is not “safe”

Criterion and Associated Metrics: Service to Vulnerable Populations

- % Uninsured/Uncompensated discharges
- % Medicaid discharges
- % Medicare discharges
- ER payor mix
- % Medicaid-eligible admissions (n. homes)
- % High acuity residents (n. homes)
- Medicare disproportionate share (DSH) hospital
- Serves medically underserved area (MUA)
- % non-white discharges

Criterion and Associated Metrics: Availability of Services

- Provision of Comprehensive Services:
  - Acute Medical Surgical
  - Maternal-Child
  - Psychiatry/Detox
  - Rehabilitation
  - General LTC
  - Subacute
  - LT home care
  - Adult day
- Provision of Services, such as:
  - Trauma, burn, high-tech, community clinics, or sole community provider
- Distance/Commute Time to Other Providers
  - Urban, Suburban, Rural
- Rural Hospital Designation

Criterion and Associated Metrics: Quality of Care

- JCAHO accreditation
- Special designations (eg, Designated Stroke or AIDS center)
- CMS Hospital Compare data
- CMS Nursing Home Compare data

Criterion and Associated Metrics: Utilization

- Inpatient Occupancy Rates
  - Medical/Surgical
  - Pediatrics
  - Obstetrics
  - Psychiatric
- Volume of Outpatient Visits*
- Volume of ED Visits*

* Grouped by Facility Size

Criterion and Associated Metrics: Viability

- Operating Profit
- Days Cash on Hand
- Capital Debt – absolute and EBITDA
- Bonding and Credit Enhancements
- Linkages and Affiliations
  - Financial, clinical, corporate

Criterion and Associated Metrics: Economic Impact

- Employment: Total FTEs/County Population
- Local Unemployment Rate

The Framework:
6 Criteria, 25 Metrics

Vulnerable Populations	Availability of Services	Quality of Care	Utilization	Viability	Economic Impact
▪ % Uninsured Discharges ▪ % Medicaid Discharges ▪ % Medicare Discharges ▪ ER payor mix ▪ % Medicaid Admissions (nursing homes) ▪ % High acuity ▪ DSH Hospital ▪ MUA	▪ Provision of Comprehensive Services ▪ Provision of Essential Services/Sole Community Provider ▪ Distance/ Commute Time to Other Providers	▪ JCAHO accreditation ▪ Special Designations ▪ CMS Hospital Compare Data ▪ CMS Nursing Home Compare Data	▪ Inpatient Occupancy Rates ▪ Volume of Outpatient Visits ▪ Volume of ED Visits	▪ Profitability ▪ Days of Cash on Hand ▪ Capital Debt ▪ Bonding and Credit Enhancements ▪ Linkages and Affiliations	▪ FTEs/County Population ▪ Local Unemployment Rate

Phases and Process

- Work Plan Phase 2 (criteria development)
  - Analytic framework submitted to Commission for discussion and approval by statewide members
  - Once approved, Commission staff generate classifications for use in Commission discussions
- Work Plan Phase 3 (analysis)
  - Using classifications, Commission and RACS will undertake detailed analysis of individual institutions and gather local input
  - Based upon Commission discussions, staff will generate multiple scenarios for each region
- Work Plan Phase 4 (discussion)
  - Scenarios for each region considered and refined with local input
  - Based upon Commission discussions, staff will generate draft institution-specific recommendations for approval by Commission
- Work Plan Phase 5 (final recommendations)
  - Institution-specific recommendations integrated into regional plans
  - Regional rightsizing plans integrated into comprehensive statewide vision
  - Commission approves and issues final recommendations

Summary Points

- Balancing is an art and a science
- The Framework starts and advances Commission deliberations
- Ratings are not an end point or final recommendations
- It's not just a numbers game
- Additional measures will be considered during later phase deliberations
- Commission should be sensitive to regional differences and community needs