

Why stabilizing St. Vincent's is vital

By Alan Sager, Ph.D

Without help, St. Vincent's Hospital in the West Village could soon be forced to close or radically downsize.

Why should you care? After all, the hospital's debt is \$700 million. Unnamed hospital "industry executives suggested" that a calling to serve the poor "may have helped to make the hospital obsolete." The state Health Department insists St. Vincent's "is not competitive within its market." Mayor Bloomberg worries that it's tough to "come up with a business model that works" to keep St. Vincent's open.

Indicting St. Vincent's on these four counts assumes that a free market is legitimately condemning the hospital to capital punishment.

But no free market is present. If we had one, efficient hospitals would be much more likely to remain open. But in the 52 cities whose 1,200 hospitals I've tracked since the mid-1930s, efficiency has never predicted survival. Instead, larger teaching hospitals have been likelier to remain open and hospitals in black neighborhoods have been likelier to close.

At the same time, the public Medicare and Medicaid programs aren't obliged to pay needed hospitals enough to remain open and deliver high-quality care, if operated efficiently.

Without either a functioning free market or responsible government, no one is accountable for stabilizing the hospitals New Yorkers need. Consequently, anarchy rules.

In 1970, 17 hospitals operated 6,700 beds in Downtown Manhattan. Today, six hospitals operate 4,100 beds. Without St. Vincent's, only 3,400 beds would remain, none on the West Side below Roosevelt Hospital, near Columbus Circle.

As beds shrink, need grows. Older Americans' hospital bed-use rate is five times that of younger people and, by 2030, the number of Manhattan citizens over age 65 will have risen by 45 percent. Moreover, any New Yorker might benefit from a reasonable reserve of beds and E.R. capacity.

In 2006, the Berger Commission — despite its inflated hope of saving money by closing hospitals — reported no need to close or even downsize St. Vincent's. That's not surprising.

In 2008, St. Vincent's cared for one in seven inpatients admitted to Manhattan hospitals located below 59th St., as well as the same share of E.R. patients. Its clinics served more than one-quarter of the Lower Manhattan total.

Where would these 25,000 inpatients, 50,000 E.R. patients and 500,000 clinic patients go the day after St. Vincent's closed? Would surviving hospitals Downtown have the beds, nurses and money to care for displaced patients?

And if uninsured, Medicaid or high-cost patients obtained care at surviving hospitals, would those hospitals then suffer domino-like financial destabilization?

Hospitals are not interchangeable parts in a healthcare machine. Loss of a familiar place, doctors and nurses can be disruptive, especially for older patients needing lots of well-coordinated care. Travel times can soar. About one-third of a closed hospital's inpatients don't obtain services elsewhere, at least for a while.

St. Vincent's patients, like those at all teaching hospitals, rely heavily on resident physicians. Some proposals would try to save money to keep the hospital open by eliminating the residents or slashing their numbers. But which doctors would replace the residents and the teaching physicians who supervise them? At what cost? (Residents make about \$15 hourly.)

In past years, St. Vincent's managers and trustees made mistakes. But that's no reason to punish patients by depriving them of needed care now.

City and state governments face fiscal crises. But that doesn't excuse them from doing everything that's financially and politically possible to preserve St. Vincent's — and all needed hospitals. Winning emergency federal aid for even one year would help greatly to temporarily stabilize each vulnerable New York hospital.

This respite should be used to design carefully regulated payment methods that better marshal existing revenue. Payments to hospitals statewide will reach \$58 billion this year. That's \$3,000 per person, second highest in the nation and enough, if spent well, to finance care for all patients and to sustain each needed hospital.

Our remaining hospitals are too important to allow anarchy to continue to govern their survival.

Sager is professor of health policy and management, Boston University School of Public Health