



**Community Health System 2020  
Commission**

**Final Report Summary**

**August 18, 2008**

**FLHSA**

**The community health fulcrum.**

## EXECUTIVE SUMMARY

The Finger Lakes Health Systems Agency (FLHSA) established the Community Health System 2020 Commission in early 2008. Its charge was to examine the healthcare infrastructure needs of the FLHSA's six county region from a community-wide perspective and to recommend the best use and allocation of resources to meet the health care needs of the community. It called for special attention to the Certificate of Need (CON) applications submitted to the New York Department of Health (NYSDOH) by ViaHealth, Unity Health, and the University of Rochester Medical Center/Strong Memorial Hospital to substantially modernize and increase acute care bed capacity of their existing hospital facilities via a proposed combined capital investment of \$538 million.

The 2020 Commission held sixteen meetings over the course of six months prior to unanimously approving recommendations. These recommendations were informed by substantial staff analysis of community health care needs and review of existing hospital facilities and capacity, by a series of external presentations by the CON applicant hospitals, rural community hospitals, physician and nurse providers, representatives from the African-American and Latino communities, a representative of the region's employers' association, and an open community forum. The recommendations were further informed by consideration of seven separate options detailing alternative investment strategies for the region.

The 2020 Commission's recommendations address two major issues:

- Its recommended response to the proposed supply side investments described in the CON applications submitted by the three Monroe County systems to add 278 additional acute care beds to the inpatient capacity in Monroe County; and
- The 2020 Commission's independent proposals to better manage the demand for acute hospital services through smart investments aimed at improving community-based system capabilities.

The Commission's supply side recommendations call for the NYSDOH to approve all of the proposed modernization investments as detailed in the CON applications submitted by each of the three applicants, and 140 of a proposed 278 incremental acute care beds. The 140 incremental bed recommendation seeks to ensure that an inpatient bed is available in Monroe County to meet patient needs 99% of the time. The incremental bed recommendation reflects proposed approval of 34 out of the 70 incremental acute care beds requested in ViaHealth's CON, 35 out of the 85 incremental acute care beds requested in Unity Health's CON and 71 out of the 123 incremental beds requested in the CON application of the University of Rochester Medical Center (URMC)/Strong Memorial Hospital.

The Commission's demand management recommendations call for inter-disciplinary community initiatives and requisite investments for supporting them targeting:

- A 15% decrease in low acuity visits to applicant Emergency Departments;
- An annual 25% decrease in the number of admissions for ambulatory sensitive conditions manageable in outpatient settings; and,
- A 20% decrease in the number of low acuity admissions to applicant hospitals of residents from outlying communities.

The Commission further recommends that goals be established that represent improvements in the metrics that quantify both health status and system effectiveness for the region, with an emphasis on reducing health disparities among populations and increasing overall system efficiency. It calls for the FLHSA to convene a Task Force to provide leadership, guidance, and oversight for these initiatives, including developing the necessary funding mechanisms.

Finally, the 2020 Commission recommends that if the hospital systems use their best efforts in addressing the Community Investment Recommendations and that acute care beds remain in chronically short supply in Monroe County, that this circumstance be used as a trigger point for approval of additional beds by the NYSDOH without submission of new CON applications.

## ANALYSIS OF FACILITY RECOMMENDATIONS

### Recommendations on the CON Applications

The Commission synthesized the discussion of the preliminary options to create a recommendation to be forwarded to the NYSDOH regarding the system investments contained in the CON applications. The System Investment Recommendations are outlined below:

System Investment Recommendation			
Impact of Investment Option	Unity Health System	Strong Memorial Hospital	RGH
<ul style="list-style-type: none"> <li>▪ New Ambulatory, Diagnostic and Public Spaces for all three systems</li> <li>▪ 140 incremental Med/Surg bed capacity</li> <li>▪ Over 750 Modernized beds at the three Monroe County facilities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Modernization of Ambulatory, Diagnostic and Public Spaces</li> <li>▪ Modernize beds in existing units</li> <li>▪ 35 incremental licensed Med/Surg beds (open 2013)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Modernization of Diagnostic and Interventional Radiology</li> <li>▪ PRISM bed tower, including 56 incremental licensed Med/Surg beds and 56 modernized pediatric beds (open 2013)</li> <li>▪ 15 additional incremental licensed Med/Surg beds (open 2008)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Modernization of Ambulatory, Diagnostic and Public Spaces</li> <li>▪ Re-commissioning of 34 Med/Surg beds (open 2008)</li> <li>▪ New bed tower creating 108 modernized beds in private rooms</li> </ul>
Financial Indicators			
3 <sup>rd</sup> Year Incr. non-cap. Operating Costs	\$9.0M	\$22.3M	\$3.1M
3 <sup>rd</sup> Year EBIDA	\$42.8M	\$106.5M	\$34.3M
3 <sup>rd</sup> Year Debt Service Coverage	2.0x	4.9x	2.2x

### Context for Developing the System Investment Recommendations

As the CON application facility investment recommendations were developed, the Commission discussed the reality that any newly approved capacity would not address the inpatient capacity situation in Monroe County in the near term. Recognizing that the supply side solution of adding new capacity needed to be complemented by a demand side solution to lessen the pressure on the hospitals and their emergency departments, the Commission developed Community Investment Recommendations that address the inpatient capacity shortage in the near term. These Community Investment Recommendations also target improvements in the regional performance and disparity issues identified in the course of the Commission's deliberations and set in motion the development of a high performing regional health care system.

To that end, the Commission also developed additional recommendations for community investment to be considered by the state as expectations for the applicants and an integral part of the NYSDOH action on the CON applications. These community investment recommendations are intended to focus the efforts of the community stakeholders to create and implement programs and initiatives so that the assumptions about demand management contained in the future bed need estimates are realized. Failure to improve performance will likely result in the need to build additional inpatient capacity in the near future, over and above what is recommended by the Commission.

The Commission's discussions on high performing health systems and the input received from the various stakeholders provided a unique community-wide context and perspective on its consideration of the options. Recognizing that serious community wide focus on reducing demand for hospital services is both more cost effective and more timely in its ability to address the Monroe County inpatient capacity shortages, the Commission concluded that a set of contingent expectations of the applicant organizations be included with and tied to any recommendations by the Commission to the NYSDOH. These expectations are as follows:

All applicants should be required to develop and implement regional strategies for:

- Supporting the long term viability of the Central Finger Lakes community hospitals
- Re-directing demand for ED services by patients with non-urgent/emergent conditions
- Reducing the shortage of primary care clinicians in the region
- Reducing inpatient admission rates through improved disease management and behavioral risk management
- Reducing length of stay
- Actively support and develop community-based services

The Commission also articulated expectations for non-applicant payers, hospitals, physicians, and other stakeholders in the region to develop a set of initiatives to:

- Actively support applicant initiatives to improve access to alternative care settings
- Actively support and develop community-based services
- Recognize and support current and future health care investments as important local and regional economic development initiatives
- Develop hospital payment arrangements that reward efficient use of inpatient resources
- Actively support disease management and behavioral risk management initiatives
- Sustain a regional perspective on the relationship between health care service need and supply

The Commission also articulated an important role for FLHSA in convening the various stakeholders to collaborate in the development and implementation of the various initiatives.

### **Recommendation for Adjusting System Inpatient Capacity**

The Commission recognizes that estimates of needed capacity made in 2008 for the year 2012 and beyond are based on assumptions about future population and demographic conditions, use rates, technology and practices, and are not likely to exactly reflect actual experience. Because of this realization, the Commission recommendation to the NYSDOH includes the creation of a mechanism to make timely adjustments, without the submission of an additional CON

Application, to the inpatient capacity of the organizations covered by the three Certificate of Need Applications considered by the 2020 Commission. The Commission recommends that the following factors be included in such a mechanism:

- Each system applicant should be able to petition the NYSDOH without submission of a new Certificate of Need Application for additional inpatient bed capacity up to the net difference between the incremental beds approved by the NYSDOH and the original request in each system's initial CON Application.
- Each hospital's bed availability over the year prior to the hospital's petition relative to the 99% availability target established by the Commission should be a key consideration as to whether the NYSDOH will grant the additional inpatient capacity without further CON review.
  - The mechanism should recognize that different types of beds will experience different demands and availability throughout the year and the calculation of bed availability and subsequent adjustments should be done for each type of bed (i.e. medical/surgical, pediatric, ICU), not in the aggregate.
  - Because the occupancy of specialty units (e.g. trauma, burn, bone marrow and other organ transplant, etc.) varies according to demand for such specialty services, such specialty beds should not be included in the calculation of bed availability.
- The extent and quality of the individual system's participation in addressing the Community Investment Recommendations of the 2020 Commission should be given weight as to whether the NYSDOH will grant the additional inpatient capacity without further CON review.
- The FLHSA should have a role in the review of the hospital's bed availability over the year prior to the hospital's petition and the hospital's participation in addressing the community investment recommendations.

The intent of the Commission in recommending this mechanism is to directly tie the efforts and achievements of Unity Health System, Strong Memorial Hospital and RGH relative to the Community Investment Recommendations to future action by the NYSDOH in its consideration of additional capacity for these hospitals. If it is determined by the NYSDOH that the petitioning organization has not used its best efforts relative to the Community Investment

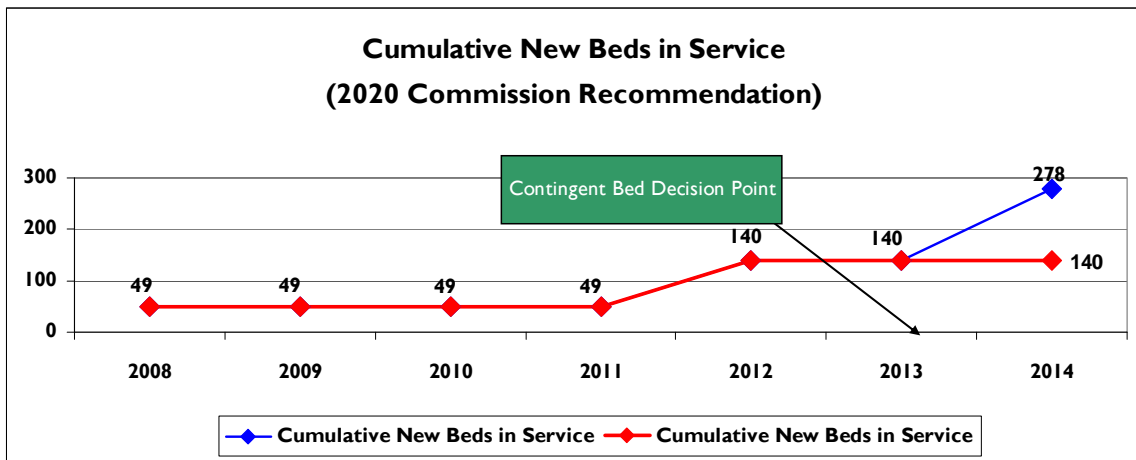
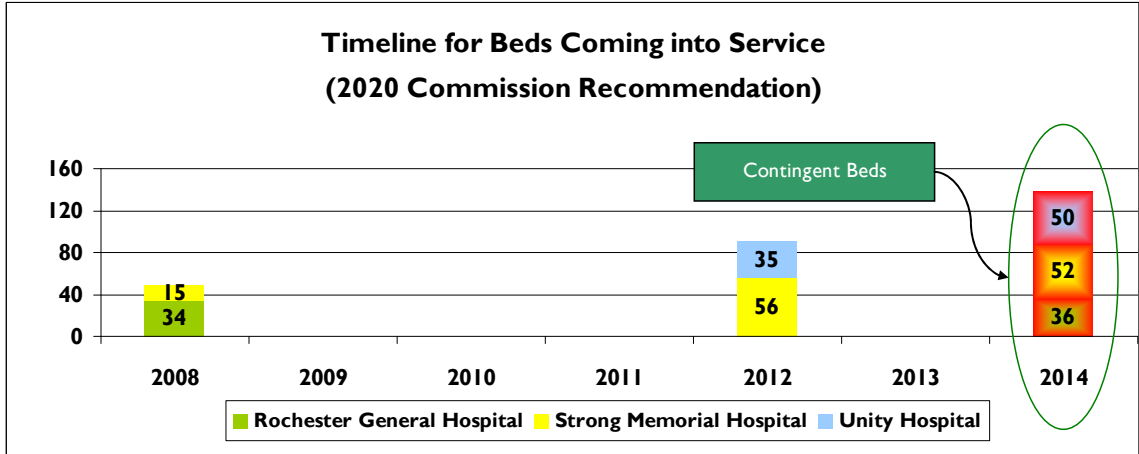
Recommendations, then the organization will be required to submit a full Certificate of Need Application for additional capacity to the NYSDOH.

The Finger Lakes Health Systems Agency's role regarding this mechanism to adjust inpatient capacity will be to independently assess the efforts and achievements of Unity Health System, Strong Memorial Hospital and RGH relative to the Community Investment Recommendations and to submit a report of its assessment to the NYSDOH for their consideration of the petition.

The charts below show the phasing of the addition of incremental capacity that would be the result of the incremental bed capacity in the community if the CON applications are approved as recommended by the Commission. Under the Commission's recommendations, the earliest the hospital systems could petition the NYSDOH for additional capacity under the recommended mechanism for adjusting system inpatient capacity would be one year after the bed projects were completed (currently anticipated for 2013).<sup>1</sup>

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<sup>1</sup> The recommendation does not include imaging equipment requested ( 2 CT scanners and 1 MRI scanner) by Strong Memorial Hospital. Consideration of the community need for such capacity is deferred until approximately 1 year before potential installation, at which time the proposed equipment will be reviewed by the Community Technology Assessment Advisory Board (CTAAB).



## **Community Investment To Create A High Performing Health Care System**

In the course of its deliberations, the Community Health System 2020 Commission explored many important issues relating to inpatient hospital and emergency room utilization in the Rochester and Finger Lakes area hospitals. The conclusions that were drawn from these discussions point to opportunities to enhance out-of-hospital care and services so that patients in the region can be effectively treated in more cost effective patient-centered environments. The Commission perceives an urgent need to engage all stakeholders in a process that will result in appropriate community investments to improve community-wide access to care, avoid unnecessary hospital use and eliminate disparities in health status across the region. The Commission has developed a set of Community Investment Recommendations intended to further the goals of the 2020 Commission and to address these most pressing health system issues.

Addressing the Community Investment Recommendations will entail ongoing, significant, material cooperative efforts between participants in the health care system of the region. The ambition of the 2020 Commission in making the substantial commitment to realize the Community Investment Recommendations is to move the Rochester region toward recognition as one of the highest performing health systems in the country.

The Community Investment Recommendations address health status, system effectiveness and the development of a multi-county health services delivery system for the Rochester region.

### **Health Status and System Effectiveness Goals**

A Commission review of the characteristics of high performing health care systems in the United States showed that the performance of the Rochester Hospital Referral Region was generally better than that of New York State and of the country as a whole. The review also showed that there are areas where improvement is possible, particularly in the treatment and management of chronic diseases. The human dimension of these systems' shortcomings was dramatically illustrated by the disparities work of the FLHSA African American and Latino Health Coalitions that was presented before the Commission.

The Commission concluded that the health disparities between different community populations in the Rochester region reflect a pressing need to address the causes and create solutions through coordinated focus and concerted effort by all the stakeholders. It is important to note that inadequate primary care and out-of-hospital delivery system are primary causes of disparities in care and outcomes. It is these same system deficiencies that contribute to inappropriate use of emergency room and inpatient resources that have led to the community's and media's concerns over "Code Red", the label describing when a hospital begins diverting ambulance patients due to lack of capacity. Addressing these core problems of inadequate primary care and insufficient non-hospital resources in the community is the primary concern underlying the Community Investment Recommendations.

## **Recommendations**

The Commission recommends an emphasis on establishing partnerships between hospitals and community-based providers and programs that will improve access to primary care and reduce dependency on EDs and acute care. These efforts should target initiatives that address the disparities in access to care in the communities and are expected to have a positive impact on both health status and the inappropriate use of emergency room and inpatient resources.

As policy guidance, the Commission recommends that the stakeholders in the region set goals that represent improvements in the metrics that quantify both health status and system effectiveness for the region. It recommends that the metrics included in the Dartmouth Atlas of Health Care be used to target and measure performance of the region. The Dartmouth Atlas metrics are in the form of rates of incidence per 1,000 Medicare recipients. Where the Dartmouth Atlas uses Medicare claims data for its studies to allow for comparison across regions, the Rochester region metrics should strive to use data that cover all who utilize services in the region.

For identifying and measuring regional disparities in health status and access to care, the Commission commends the work of the FLHSA African American and Latino Health Coalitions<sup>2</sup> as a starting point from which to assess and focus the setting of priorities and initiatives.

### **Preliminary Goals**

The Commission has established preliminary goals for health status and system effectiveness that will impact the demand issues that contribute to emergency department overcrowding and the inpatient capacity problems in Monroe County. The Commission recognizes that these preliminary goals are measures of the symptoms of the impact of inadequate primary care and out-of-hospital delivery system resources and not the underlying causes. The preliminary goals are based on the high level analyses reviewed during the Commission's meetings and on the collective judgment that they represent areas of opportunity for the community.

A more detailed analysis of these goals needs to be undertaken collaboratively by the stakeholders to understand more precisely the magnitude and impact of the opportunities in these areas and to develop specific, achievable clinical care delivery system initiatives that will address the core problems. The Commission anticipates that such analysis may indicate the merit of refining the qualitative value assigned to the existing goals, and may also cause to surface additional initiatives to build a more robust primary care and outpatient delivery system.

The preliminary goals suggested by the Commission and the potential impact on ED utilization and inpatient capacity shortages are:

- A decrease of 15% in the number of low acuity visits to emergency rooms

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<sup>2</sup> The work of the Coalitions has been centered on identifying pressing issues that confront their two communities, and recommending strategies and priorities for addressing these issues.

- A decrease of 25% in the number of admissions for Ambulatory Sensitive Conditions manageable in outpatient settings
- A decrease of 20% in the number of low acuity admissions to Monroe County hospitals of residents from outlying communities

### **Development of a Multi-County Health Services Delivery System**

An important objective of the 2020 Commission was to “establish a framework that describes the next generation of health care delivery in the northern Finger Lakes Region (Livingston, Monroe, Ontario, Seneca, Wayne and Yates counties.)”<sup>3</sup> The centerpiece of the Commission’s framework is the creation of a health care delivery system that focuses on improving broad spectrum performance (e.g. quality, patient and provider satisfaction and financial performance), and emphasizes collaboration in achieving this purpose. The framework should maintain a community-wide perspective to assure effective and non-duplicative investment for the benefit of the community as a whole and avoids expensive economic competition over market share, capital and expertise.

### **Developing Integrated Regional Strategies**

The Commission concluded that it is in the best interests of the regional health services delivery system to develop coherent and integrated strategies to ensure the continued viability of the community hospitals in the region and to improve the adequacy and access to health care services for the residents of those communities. The Commission also concluded that the successful affiliation of ViaHealth System with Newark-Wayne Hospital is a potential model for further affiliations between the health systems in Monroe County and the community hospitals of the Finger Lakes region, and recommends that the process that created this outcome be considered as a viable course of action for pursuing affiliations and integrated strategies throughout the region.

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<sup>3</sup> Charge to the Finger Lakes Health Systems Agency Community Health System 2020 Commission.

Of particular concern to the Commission is the continued viability of the western Monroe County hospitals. The Commission concluded that it is in the best interests of the health services delivery system to develop a coherent and integrated “West Side” strategy to assure the continued viability of the western Monroe County hospitals and improve the adequacy and access to health care services for the communities. To this end, the Commission recommends that Unity Health System take a leadership role in seeking a formal affiliation with Lakeside Health System for the purposes of planning for the needs of the western Monroe County communities.

The Commission also understands that the URMC/Strong Memorial Hospital, as the region’s academic medical center, plays a unique role in the community as a center for medical education, research and highly specialized care and has the ability and resources to lead a system of care that practices primary prevention and effective chronic disease management throughout the region. The Commission expects that URMC/Strong Memorial Hospital will, in collaboration with the other providers in the community:

- Take the lead, in collaboration with other workforce training programs in the region, in developing strategies to train and retain adequate numbers of primary care providers (MDs, NPs and PAs) and specialty physicians in the region
- Work with the other hospital providers in the region to develop clinical relationships to disseminate best practices and technology and to create referral relationships so that patients will receive needed care in the most appropriate and cost effective setting

### **Recommendations for Finger Lakes Health Systems Agency Follow Up**

As the region’s community health planning agency, the FLHSA has a well established approach to community health issues that includes convening community members, and using data and analytics to understand problems and develop potential solutions. It was in this framework that the FLHSA created and convened the Community Health System 2020 Commission, and has provided strong leadership and staff support to the Commission’s activities. Because of

FLHSA’s historic role as a convener and facilitator of stakeholders to address community-wide health care systems issues, the Commission recommends that the work that has begun through the 2020 Commission be continued under the auspices of the FLHSA.

Specifically, the Commission recommends that the FLHSA convene a task force of senior leaders from the key stakeholders in the community to oversee and guide the implementation of the Community Investment Recommendations of the Commission and that the FLHSA work to obtain resources commensurate with the scope of the initiatives and are sufficient to ensure their long-term success. Representatives to the task force should include the hospital systems, community health centers, community leaders and payers who have the authority to act on behalf of their institutions and constituents to design and pilot innovative care models, and to provide and secure funding for services through third party payers, government programs and grant awarding foundations.