

NEW YORK POST

24 HOURS A DAY

SLAMMING HOSPITALS

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August 11, 2009 --



HEALTH "reform" would be a body blow to New York: The city is the nation's hospital capital -- and the legislation being rushed through Congress cuts hundreds of billions of dollars from payments to hospitals.

More New Yorkers have jobs in health care than any other industry. The workforce at New York Presbyterian Medical Center is bigger than Macy's or Time Warner. The cuts will force layoffs.

It's also bad news for patients, who'll have to wait longer when they call for a nurse or need an MRI. As a confidential memo to the staff at one top New York hospital warned, the legislation is "threatening." Here's why.

On the (incorrect) assumption that Americans overuse specialist care and push up costs in the process, the health bills shift resources from training specialists to primary-care doctors. This reallocation of resources will starve the specialty departments at New York's academic hospitals, where medical breakthroughs are produced and the world's finest care is delivered.

The administration also intends to reduce Medicare reimbursement rates in high-cost areas of the country, like New York, to match payments in low-cost areas like Minneapolis. New research by Richard Cooper (*Health Affairs*, Jan./Feb. 2009) proves that there are compelling explanations for these higher costs. A one-size-fits-all approach to reimbursing hospitals will cheat New Yorkers.

Yet the knockout punch to hospitals comes from the president's proposal to put more Americans into government health programs.

Hospitals now are paid by insurance companies and programs such as Medicare (for the elderly) and Medicaid (for low-income people). For every patient in a government program, hospitals are shortchanged and make up for it by charging patients with private insurance more.

On average, hospitals collect 93 cents for each dollar they spend treating a Medicare patient, and only 86 cents for a Medicaid patient. Offsetting these losses, they manage to wring out \$1.32 from private insurers for each dollar of care, according to government data (MedPAC, March 2009). That nongovernment business allows hospitals to keep their doors open.

But the "reform" legislation shrinks that private business. For starters, it lifts the income ceiling for Medicaid, creating an estimated 10 million more Medicaid dependents.

It also establishes a new public-insurance program -- with millions of Americans expected to leave private plans for this cheaper public option. But it will be cheaper largely because it will pay hospitals at the same below-cost rates Medicare pays.

To make matters worse, the Obama administration is lowering these rates, making the gap between the actual cost of treating patients and what the government pays still larger.

Partisans for the legislation argue that the cost of caring for the uninsured burdens hospitals and that health reform will fix that by providing coverage for everyone. But the nonpartisan Congressional Budget Office shows that the uninsured frequently receive free care at clinics and impose a relatively small burden on hospitals, about \$28 billion a year.

In fact, the *major* burden on hospitals is from government programs. With "reform" increasing that burden at the expense of the private payers who actually keep the hospitals in business, most hospitals will have to cut back -- they'll be forced to treat patients in an environment of scarcity, short-staffed and ill-equipped.

New York Sens. Kirsten Gillibrand and Chuck Schumer support this dangerous legislation and insist that a government-run health plan must be included. If their views prevail, New Yorkers will suffer both financially and medically.

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