



**HPAE**

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**Commission on Rationalizing New Jersey's Health Care Resources**

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March, 2007

HPAE applauds Governor Corzine's recognition of the importance of state planning and oversight in assuring that New Jersey's hospitals not only survive financially, but also provide all New Jersey residents with access to the quality health care services they need.

HPAE, representing 11,000 nurses and front-line healthcare workers, understands first-hand the need for a comprehensive 'Health Care Resource Allocation' plan to ensure that our health care delivery system is driven by the needs of our residents rather than by the demands of third party payers and unhealthy competition for the more profitable services. Our members witness daily the danger of our current approach, which leaves those hospitals, which are caring for sicker and poorer populations, underfinanced and struggling, while creating an unhealthy competition for 'money-making' services. This approach both creates real disparities in access to care, as well as allows hospitals to close or fail, without essential support from the state.

Our stripped-down Certificate of Need process has contributed to the fragmentation of our current system. Decisions over new construction, renovation, service provision, funding and bond financing appear disconnected from each other and from a needs assessment. Unhealthy competition among health facilities and systems for revenue-rich services and well-insured patients has created a serious mismatch between need and access to care. All too often, hospitals appear to welcome the demise of their competitors in hopes of being the last one standing.

The closing of smaller, urban hospitals exacerbates access barriers for those patients already at risk. Same-day surgery and outpatient services compete with hospitals, with fewer regulations, often depriving hospitals of needed revenues and staff.

One hospital can own a ballroom in a luxury hotel, while another loses \$2 million a month. While much of this disparity can be traced to patient population, reimbursements and geography, the lack of standards for the decision-making of hospital boards also plays a significant role in a hospital's success or failure.

Yet, hospital board members receive little, if any, training in hospital oversight, or state fiscal or clinical regulations. Transparency and accountability are largely

lacking – both within boardrooms and to the outside community. While many individuals join hospital boards in order to provide a public service, some become part of a self-dealing, self-perpetuating insiders group. Many hospitals lack a conflict-of-interest policy, and disclosure of potential conflict of interest is absent.

This Commission, in addition to the stated objectives and goals, should establish standards for training, qualifications, accountability and transparency for every hospital Board and management, not just those deemed to be in financial distress and ‘essential’.

A Commission should review how we are serving our residents and citizens, and which delivery system works best for our diverse population. We should be *‘right-servicing’* not just *‘right-sizing’*.

While the focus of the Commission under the Governor’s Executive Order is on mapping out the need for services, and defining how and when to help hospitals in distress, HPAE supports an approach that encourages hospitals to cooperate to ensure services to their entire geographic community; that provides early identification of hospitals in distress with a serious plan for assistance; and that includes addressing the economic impact and job displacement in the event of a hospital closure.

Some goals and strategies we believe should be considered by this Commission include:

1. **Provide care driven by need and not revenue.** While the commission outline proposes mapping of existing services, HPAE would also recommend conducting needs assessment by county or service area of residents and population, so that the mapping is not merely a snapshot of what exists, but is a comprehensive picture of services needed by our residents. This needs assessment should be matched to:
  - a. Existing services provided by hospitals with a look at duplicated, missing, and/or complimentary services.
  - b. Funding streams for services with attach accountability mechanisms to state support such as charity care, bonding, loans and grants. The Commission could propose realignment of service delivery systems to better meet the needs of our residents without the unhealthy competition for dollars and patients that now drives our system.
  - c. Expansion of funding and pilot programs for coverage of uninsured, through our hospitals and public health systems.
  
2. **Ensure that all delivery systems are appropriate and adequately supported by our state government and private payers, with appropriate regulation, accountability and transparency.** The Commission should examine ways that outpatient services, same day surgeries, long-term care models and other delivery systems can be

better connected to our hospitals, to provide better continuity and continuum of care for our residents. As part of supporting our hospitals with state and federal funds, the state should demand transparency and accountability for hospitals and other health care facilities by ending self-dealing and imposing public disclosure and standards for addressing conflicts of interests; and adding community oversight boards or mechanisms for community and patient participation in hospital boards.

3. **Minimize disruption to patients and health care workers when any changes are needed or take place in the delivery of care, such as major service reductions or hospital closings.** When an industrial plant shows the warning signs of closing, both the federal and state government responses are triggered - to determine whether funding or support can keep the plant open, and how to minimize disruption to the workforce. Yet, our own NJDHSS has little ability to step in and help hospitals with clear warning signs of financial distress, large debt, or unit closings. We would recommend an early warning system for hospitals with intervention by the NJDHSS and HCFAA.
4. **Assure that the proper number of qualified health care and medical providers is available to all of NJ residents.** Recruitment and retention strategies for our health care workforce are essential during shortages. Effective strategies include assessing current workforce needs and future projects, including disparities in geographic areas, specialties and among ethnic and disadvantaged groups; new training and education support programs; improved staffing and safe working conditions which reduce injury and burnout rates, and retirement security.