



Healthcare Association  
of New York State

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## **HOSPITALS FACING CATASTROPHIC FINANCIAL COLLAPSE**

### **Impact of Repeated Government Cuts and Economy Push Margins Over Cliff**

#### **Latest Round of Cuts Will Create More Job and Service Loss Chaos**

ALBANY, N.Y. — Hospital administrators in virtually every community in the state are scrambling to save critical health care services and tens of thousands of jobs after repeated state budget cuts and the weak economy have caused a catastrophic collapse in hospital finances.

Hospital bottom line margins fell to a staggering (negative) -6.22% in 2008, down precipitously from the 2007 level of positive 3.15%, according to the Healthcare Association of New York State's (HANYS) review of the most recent available full-year audited financial statements.

In raw dollars, that collapse amounts to a reversal of nearly \$5 billion in just one year, netting a total loss of \$3.15 billion in 2008 alone. Similarly, hospital operating margins fell from 1.65% in 2007 to -0.9% in 2008, a collapse of nearly \$1.3 billion over the year, resulting in a net operating loss of \$480 million in 2008.

These data only reveal the damage done through 2008. Deep and lasting negative impacts to health care are anticipated as more devastating waves of cuts are implemented. Specifically, these findings do not take into account more that \$463 million in hospital cuts that were made in 2009. Nor do they account for an additional \$666 million in cuts recently proposed by Governor Paterson in his latest Deficit Reduction Plan (DRP).

HANYS encourages the public to visit [www.helpyourhospital.org](http://www.helpyourhospital.org) to find out how the Governor's proposed cuts, in addition to previous cuts, impact their local hospitals. (*Note:* A facility-specific specific list showing the direct impact of the Governor's DRP proposal on hospitals throughout the state is available on [HANYS' Web site.](#))

In just the last 18 months, and before the Governor's latest DRP proposal, the Governor and state lawmakers enacted four distinct budget actions and one new tax that, combined, reduced funding to hospitals, nursing homes, and home health care providers by a staggering \$3.87 billion, covering the period January 2008 through December 2010.

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In response, hospitals have been forced to cut critical health services and eliminate thousands of jobs. HANYS' new report, [Compound Fractures](#), documents the loss of health care services and jobs. Among its findings:

- Nearly 25% of hospitals have eliminated or reduced critical health services including cancer treatment, surgeries, autism clinics, and psychiatric care.
- More than 75% reported the delay, postponement or cancelation of capital projects such as emergency room expansions and critical diagnostic services.
- Eighteen percent of survey respondents have reported layoffs or job eliminations, resulting in thousands of health care jobs lost.
- More than 63% have halted hiring or have frozen wages.
- Nearly 10% have reported problems just meeting payroll.

The health care cuts in the Governor's latest DRP will cause even more devastating service and job losses.

"We are approaching the realization of our nightmare scenario," said HANYS' President Daniel Sisto. "By the time our state leaders become fully aware of just how much damage they have already done to our health care system, it will be too late for millions of New Yorkers. The full-scale impact of the repeated state cuts and this lagging economy will take our health care system backwards 20 years, depriving entire segments of our population of essential health care services and destroying the livelihoods of thousands of families who rely on health sector employment."

"It is an approach that is in every way anathema to our state motto of 'Excelsior.' We are abandoning those who need us most during this difficult economic time—we are unraveling the health care safety net," said Mr. Sisto.

HANYS and health care advocates from across the state are calling on state leaders to reject the Governor's proposed cuts and implement meaningful health care reform that will reduce costs and improve patient care. HANYS' [Tangled Up In Rules](#) publication provides specific reform recommendations.

*The Healthcare Association of New York State (HANYS) is the only statewide hospital and continuing care association in New York State, representing more than 550 non-profit and public hospitals, nursing homes, home care agencies, and other health care organizations.*

**(See attached charts below.)**

## Audited Financial Statement Summary (Preliminary 2008) - 218 facilities (\$ Million)

	Bottom Line Margin			
	2007		2008	
	Profit/(Loss)	Margin	Profit/(Loss)	Margin
<b>HANYS Regions:</b>				
New York City	1,178.4	4.1%	(1,691.2)	-6.1%
Western	192.6	6.0%	(262.8)	-8.7%
Rochester	73.5	2.5%	(187.7)	-6.4%
Central	(24.2)	-0.8%	(188.9)	-6.3%
Northeastern	40.3	1.3%	(221.0)	-7.2%
Nassau Suffolk	0.5	0.0%	(426.4)	-6.4%
Lower Hudson Valley	174.8	4.0%	(168.3)	-3.9%
<b>Statewide</b>	<b>1,636.0</b>	<b>3.15%</b>	<b>(3,146.2)</b>	<b>-6.22%</b>

### Hospital Finances Plummet— Even Before Recent State Budget Actions



**Not Reflected in this Hospital Margin Analysis:**

\$463 million in annual hospital cuts, taxes, and reforms resulting from the February 2009 Deficit Reduction Plan (DRP), the 2009-2010 budget adopted in April 2009, and the May 2009 Metropolitan Transit Authority payroll tax.

\$666 million in hospital cuts thru 2011 contained in Governor's October 2009 DRP.