cataract surgery be limited to one eye, because, after all, we only need one eye to see? That tonsillectomies only be performed on patients who have had six cases of tonsillitis in a 12-month period, despite the use of antibiotics? "We know that little Johnny has suffered through four cases of severe tonsillitis this year, Mrs. Jones. But he has to get sick two more times before the year is out. Then we will cure him."

Lawmakers have been patting themselves on the back for outlawing gag orders and 24-hour deliveries, but the truth remains that health care in New York is governed by dollar bills, not legislative bills, and dollar bills do not care about access or quality. Already PHS [Primary Health Systems of New York] has told the City that it can tolerate caring for the poor only so long as they do not increase their use of the hospital by 15%. What are we going to do if further Medicaid reductions dull the appetite for poor patients of private, market-obsessed hospitals and for-profit insurance companies?

Few industries have gone through such rapid changes as health care, and none are so bereft of public oversight. A federal judge oversaw every aspect of the deregulation of long-distance telephone service, and Congress is shaping the emerging cable TV industry, but no one oversees or shapes the revolution in health care. As registered nurses, we have seen the early effects of market-driven care not from the bottom line, but from the ground floor. We see patients being discharged still in need of care, but without the family support they need to recover. We see the amount and quality of our care eroded by time constraints, to the point where the best we can hope to do for our seriously ill patients is administer their medicine and prevent them from dying.

Let me give you one example before I close, to illustrate how the market treats patients at their most vulnerable—in the hospital bed. It is not uncommon for nurses on ordinary medical/surgical floors to care for 16 patients each. That means that in an hour, each patient receives an average of 3 minutes and 45 seconds of the nurse's attention. But research shows that registered nurses spend, on average, 50% of their time doing paperwork. And they are supposed to wash their hands for 20 seconds between patients, so as not to spread germs. That leaves one and a half minutes per patient, not counting the time it takes simply to walk from one room to the next. That is not even enough time to administer medicine, much less provide care. And if even one patient requires extra attention, other seriously ill patients could go whole shifts before seeing their primary caregiver.

You may hear from others about how the market is producing more cost-effective care. But I submit to you that what we often have is a cheaper product in every sense of the word. The New York State Nurses Association believes the public must guard the citadel during this health care revolution.

Documentation

In defense of New York's public hospitals

A policy document titled "A Healthy Balance: The Future of Public Hospitals in New York City," defending the public hospital system against the proposed for-profit privatization plans of Mayor Rudolph Giuliani, was released in December 1995. Enoch H. Williams, chairman of the City Council's Health Committee, and Committee members, worked with 12 organizations to prepare the document, including the Greater New York Hospital Association, AFSCME District Council 37, the Committee of Interns and Residents, and others. The Health Committee of the City Council held hearings in all five boroughs, on priorities for an alternative to privatization.

In opposition to the mayor's privatization plan, the Council Committee proposes setting up a new non-profit corporation to run the public hospital system. Its 20-page 1995 report is subtitled, "An Alternative Proposal for the Future of the New York City Public Hospital System." Because of the renewed fight in New York to prevent the for-profit takedown of public hospitals, and because the same battle is going on in other parts of the country, we publish here excerpts from the Health Committee's report. Subheads and comments in brackets have been added by the editor.

I. Critique of Mayor Giuliani's plans to privatize the New York City public hospital system

"During Rudolph Giuliani's campaign for the mayoralty, he promised to sell up to four city hospitals. In March 1995, J.P. Morgan released a 'Report to the City of New York Concerning the Privatization of: Coney Island Hospital, Elmhurst Hospital Center, and Queens Hospital Center.' The report concluded that the City would spend $1.7 billion over the next 10 years to operate Queens, Elmhurst, and Coney Island hospitals if there were no changes in current conditions.

"The report did not attempt to quantify what the City would need to spend to purchase the services the three hospitals currently provide if they were privatized. Therefore, the report did not estimate the net effect of privatization on the City's budget. . . .

"In August 1995, the mayor's Blue Ribbon Advisory Panel released a report on the future of HHC [Health and Hospitals Corporation, the City's non-profit corporation that runs the public hospitals system]. Its first recommendation was that the mayor create a committee, charged to take a comprehensive look at each public hospital and other respon-

New York City has lost almost half of its operating hospitals since the 1960s. Above, a hospital closed down in the South Bronx.

sibilities and assets of HHC with a goal of dissolving HHC.

"The mayor's HHC Privatization Project is now [December 1995] in Phase II, during which the sale of Elmhurst, Queens, and Coney Island hospitals is expected to be completed. The project is being conducted by the Economic Development Corporation (EDC), with the assistance of J.P. Morgan as financial adviser.

"On Oct. 26, 1995, two sales memoranda were released, one for Coney Island Hospital, and the other for Elmhurst and Queens hospitals as a package deal. Buyers have been asked to submit 'expressions of interest' by Dec. 8 [1995] for Coney Island Hospital, and by Dec. 20 for the Queens Network.

[In 1996, a 99-year lease deal was concluded for Coney Island Hospital to be acquired and run by the for-profit, private company, Primary Health Systems. This was acclaimed as a great success by Mayor Giuliani and J.P. Morgan/Wall Street circles. On Jan. 15, 1997, the deal was stayed by Queens Supreme Court Judge Herbert Posner, who set conditions on such a privatization.]

"The mayor's Blue Ribbon Advisory Panel report reflects more wishful thinking than reality, in that it recommends the dissolution of HHC, without a permanent system in place to care for HHC's current client population. . . .

"The Advisory Panel's report implies that private hospitals are willing and able to take care of both Medicaid and uninsured patients in the absence of public hospitals. . . .

"The Advisory Panel's report relies on an unspecified new funding system for the uninsured. In response to criticism of this vagueness, the mayor has asked the panel to produce a second set of recommendations, which would propose a new funding system for indigent care. No date [as of December 1995] has been announced for the issuance of these recommendations.

"Because it downplays the problem of health care for the uninsured, the entire panel's report comes to the conclusion that HHC is not needed. . . . Despite a stated preference for the expansion of primary care, the panel makes no mention of any HHC facilities other than acute care hospitals. HHC includes six large diagnostic and treatment centers, dozens of hospital-based outpatient clinics, several freestanding outpatient facilities, and over sixty former DOH clinics, including full-service Communicare clinics, child health stations, and dental care clinics.

"Finally, the Advisory Panel assumes that New York City should reduce its services to the poor to the level of cities with few or no public hospitals. However, indigent residents of those cities have been found to receive 20 to 30% fewer hospital servics—even when outpatient services are included. *In the absence of evidence that the private sector is sure to expand services to the uninsured, New York City cannot afford to dismantle its public health care system. The deterioration of the City's public health system could threaten the City's quality of life and economy which both depend on face-to-face encounter between people of all economic levels.*

II. The role of public hospitals

"What the City's health care system most needs today is a stable foundation in the face of major changes arriving from Washington and Albany. The Federal government is considering the greatest changes in the Medicaid and Medicare proposals since their creation. . . .

"Now is the time for the City to take an explicit stand in support of providing indigent care. The City Council Health Committee believes that a commitment to HHC's survival as the safety-net provider of indigent care in New York City is the most effective way to achieve this goal. The capacity of HHC to care for those patients who cannot be served by the rest of our health care system benefits all New Yorkers who use hospital care. Eliminating HHC would put a severe strain on the City's voluntary hospitals at the same time that their revenues are being threatened by the combination of commercial managed care and Medicaid and Medicare reduction.

"As hospitals compete with one another for well-insured patients, they will have to face the reluctance of some of their clients to share a room or a clinic with the traditional HHC clientele, such as the mentally ill, substance abusers, and people with AIDS. Finally, there will always be the possibility of another public health crisis like that which

FIGURE 1
Hospitals in Manhattan, 1960

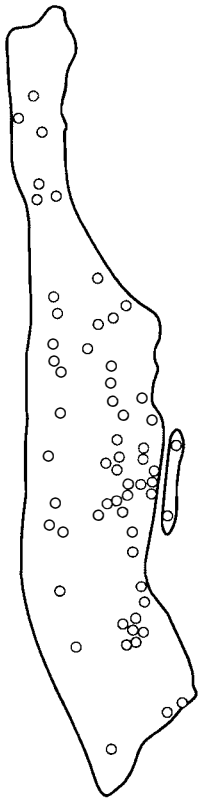


FIGURE 2
Hospitals in Manhattan today

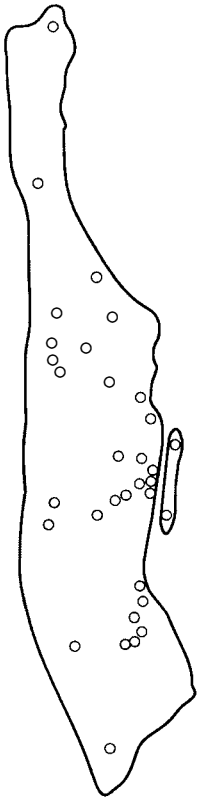
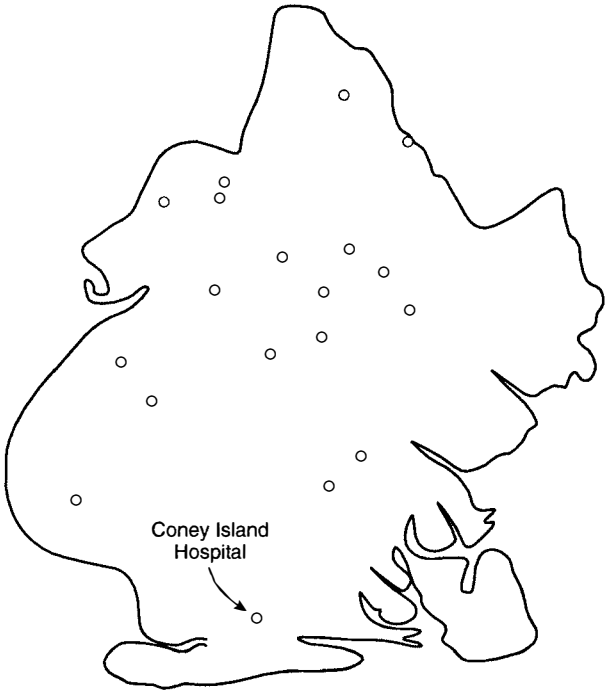


FIGURE 3
Hospitals in Brooklyn, 1960

FIGURE 4
Hospitals in Brooklyn today



In 1960, New York City had one of the finest health systems in the world, thanks to the implementation of the Hill-Burton Act and other measures. Then, the bankers began dismantling the health system and shutting down hospitals. As the maps show, Manhattan had 60 hospitals in 1960; today, Manhattan has only 33 operating hospitals. In 1960, Brooklyn had 58 hospitals; today, it has only 28.

The hospital shutdown hit the poorest areas of the city hard. In the easternmost zone of Brooklyn, for example, known as East New York, there is no longer any hospital. This area is larger than many towns in America, with a population of 175,000, of whom 30 to 39% are below the poverty level.

New York hospitals cared for the indigent

In the 1940s, seven percent of all people treated at hospitals in New York City were indigent. They were treated by a system of 16 city public hospitals, which were run and paid for by the city. If you were poor, you walked into a public hospital, and the hospital treated you; no questions were asked. It was only in the 1950s, that the poor were charged for drugs—nominal fees of about $1.50. And, these charges were rebated by New York State and New York City. Thus, during the 1940s and 1950s, New York City, effectively, had a policy of universal health care for the people with little or no income.

Over the years, five of the public hospitals were shut down, as part of the bankers' "rationalization" of the New York hospital system. New York City created the Health and Hospitals Corporation, as a city agency, to take over the administration of the city's public hospitals. Today, it runs a network of 11 hospitals, 76 clinics, and 5 chronic care centers, which are used by one in five New Yorkers. One-quarter of the 130,000 babies born in the city are delivered in public hospitals. The system has 50,000 employees and a budget of $3.8 billion.

Though the system is beset by underfunding and understaffing, its existence keeps 1.5 million New Yorkers alive. Now the demand is to sell off this system to the managed care/health maintenance organization mafia, which will turn some of its components into "profit-making operations," slash health care for those with low income, and close down hospitals that can't turn a profit.

resulted in a serious shortage of hospital beds in New York City in 1988 and 1989, when the simultaneous, related epidemics of AIDS, tuberculosis, and 'crack' cocaine use resulted in patients lining up on gurneys along the walls of hospital corridors as emergency rooms received them more rapidly than acute-care beds could be freed for their use.

"Private hospitals do not have sufficient resources to treat all of New York City's 1.4 million uninsured patients without some form of subsidy. New York City hospitals recently reported an operating margin of 1.9%, or 0.2% for the voluntary hospitals alone, when the national average was 4.4%. This suggests that New York City's voluntary hospitals have minimal extra revenue with which to cover the cost of services for which they receive no reimbursement.

"Moreover, as a Federal study showed, financially distressed hospitals, when compared to solvent hospitals, served the uninsured and the underinsured to a much greater extent. Their share of the indigent care increased in the late 1980s, after rate-setting had lowered the margin for cross-subsidizing unreimbursed care from other revenues. In the future, private hospitals will have even less capacity to cost-shift, as managed care drives down the surplus from commercially insured patients which they have traditionally used to cross-subsidize their bad debt and charity care.

"Finally, although it is not formally recognized as a medical specialty, the health care of poor people requires different skills and services than mainstream care. For example, it is a learned skill to be able to treat the physical symptoms of a mentally ill or developmentally disabled patient, and homeless patients require an experienced discharge planner to make sure they leave the hospital for a setting where they can have shelter, access to sanitary facilities, and safety that other patients take for granted.

III. Recommendations for an independent Health and Hospitals Corporation

"The City Council Health Committee proposes that the Health and Hospitals Corporation become a truly independent public benefit corporation, retaining its mission to provide 'high quality, dignified, and comprehensive care and treatment for the ill and infirm, particularly to those who can least afford such services.' This initiative would require significant changes in the Corporation's funding mechanism, governance, and organization structure.

"In order to develop this proposal, the Council held public hearings on the future of HHC in each borough and consulted with organizations representing a broad spectrum of public health interest groups. . . .

Change in governance of the Corporation

"HHC must be removed from direct mayoral control. Its board of directors should govern it directly, and be truly independent of City influence. The City Council Health Committee proposed that the State Legislature amend the HHC enabling statute to create a new board of directors for the Corporation, composed of 11 voting members. The initial board would consist of three members appointed by state officials (one each from the governor, the speaker of the Assembly, and the Senate majority leader); three from the mayor; three from the City Council; one by the Community Advisory Board. . . .

Alternative contractual relationship

"The [current] HHC enabling statute mandates that New York City pay the Corporation an annual subsidy equal to $175 million, adjusted for inflation and workload, to cover uncompensated costs. . . . The subsidy, by definition, cur-

rently only covers items *not* included in specific contracts between the City and HHC. For example, the Corporation will receive $46 million in Fiscal 1996 from the City's Department of Mental Health, Mental Retardation, and Alcoholism to provide services to the mentally ill, developmentally disabled, and abusers of alcohol and other sustances.

"The City Council Health Committee proposes that the State Legislature amend the HHC enabling statute to require that apart from indigent care, which would be funded . . . by a state collection and distribution mechansim, all other City-mandated services be covered by contracts providing volume-based payments by the City for services delivered by HHC. The City's contracts with private hospitals for prison-based care are now adjustable for inmate population counts. Its payments to HHC for hospital-based care should be similarly adjustable. Where a fair price cannot be agreed upon, the City should issue a request for proposal to solicit competitive bids to provide these services. . . .

Revise the funding mechanism for the uninsured

"The City Council Health Committee recommends that the State Legislature revise the funding system for the uninsured and underinsured. . . . The new system should have a permanent distribution system which reimburses outpatient care at a higher rate compared to inpatient care, and distributes funding to providers based on the volume of indigent care delivered. Funding should cover 100% of costs for public providers, or any other providers which demonstrate that they treat all patients regardless of ability to pay.

[Various sources of funding are noted, including such sources as parts of "fees for motor vehicle, hunting, and gun licenses, in recognition of the their contribution to trauma costs"]

Greater flexibility in organizing service delivery

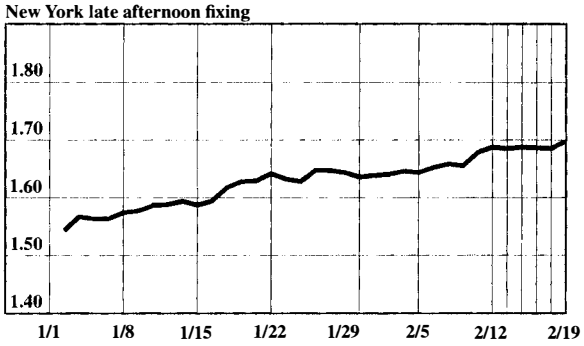
"There have been many excellent recommendations for the specific reconfiguration of HHC's services by experts both within and outside of the Corporation. Independent of City Hall, HHC would have the same opportunity that private hospitals have always had to make effective management choices as circumstances change. . . .

"As an independent public benefit corporation, HHC would negotiate its own labor agreement with District Council 37 and other municipal unions, apart from any citywide agreements. An ability to control its salary levels would eliminate a major barrier to recruitment of skilled medical personnel. There would be no loss of flexibility to the Corporation from remaining a unionized public-sector employer, rather than transforming its facilities into private hospitals, as the mayor has proposed. In New York City, both the public and private healthcare sectors are unionized. Under the mayor's plan of privatization, District Council 37 would be likely to be replaced by Local 1199. . . ."

Currency Rates

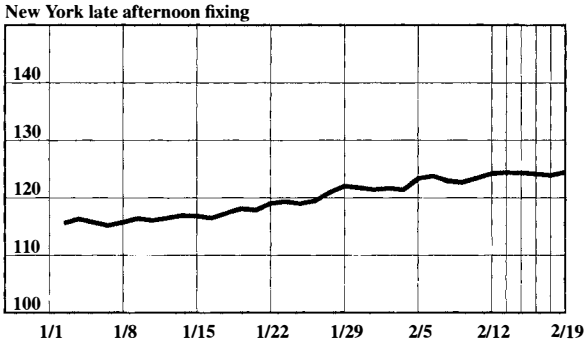
The dollar in deutschemarks

New York late afternoon fixing



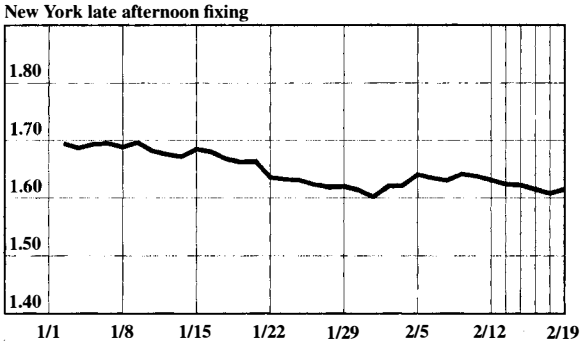
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing