



**FOR NEWS** for *Crain's Health Pulse*, contact reporter Gale Scott at (212) 210-0746 or gscott@crain.com



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# CRAIN'S HEALTH pulse

A daily newsletter on the business of health care

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## TODAY'S NEWS

### A&M BONUS

Alvarez & Marsal submitted an invoice to Saint Vincent Catholic Medical Centers for a \$2 million bonus to be paid upon the effective date of a confirmed Chapter 11 plan, plus \$500,000, which is subject to achievement of certain performance objectives and approval by the state Department of Health. A&M had already billed SVCMC \$12.1 million in fees and expenses.

### CALVARY'S WAIT

Calvary Hospital is waiting to hear whether its HEAL grant application has been successful. It hopes to base 69 long-term-care acute beds at Cabrini Medical Center in a project that will cost \$40 million. The new inpatient LTC hospital would be the anchor of a restructured Cabrini, which is slated for closure by the Berger commission. "It would be the centerpiece of the Cabrini building, which also could have a diagnostic and treatment center and some doctors' offices," says Frank Calamari, Calvary's president and chief executive. "We have a board commitment and a major donor," he says. "If we can get the HEAL money to restructure, we're hoping the new hospital will happen."

### DOC MERGERS

The recent consolidation of group practices, including the Katonah and Mount Kisco medical groups, has made hospitals

## The new and improved SVCMC

In its bonus request for successfully bringing Saint Vincent Catholic Medical Centers out of bankruptcy, consulting firm Alvarez & Marsal provides a reckoning of the hospital's health. The document also details many of SVCMC's original problems.

For example, A&M says that during its 22 months as management, the firm initiated "protocols to assure that medical supplies were appropriately stocked and that surgeries and other medical procedures were not canceled because of operating room scheduling errors or the failure to have the required implantable and other medical supplies on hand."

When the reorganization plan was

confirmed July 27, "no academic programs at SVCMC were on probation—a dramatic improvement from the start of these Chapter 11 cases, when four programs were on probation," A&M says.

The firm states that its renegotiation of SVCMC's managed care contracts resulted in added revenues of \$25 million on an annualized basis. Bad-debt expenses fell 40% as a result of improved collections and implementation of controls. A&M also renegotiated IT contracts, slashing IT costs to 1.9% from 3.3% of total operating revenue, saving \$30 million annually. It also renegotiated contracts with revenue cycle consultants and collection agencies, saving \$12.4 million a year.

and physicians jittery. The doctors are looking for better managed care rates, so they are rushing the process to join large group practices. Meanwhile, Westchester hospitals are dipping their toes back into physician management, says Ron Dreskin, a partner at Integrated HealthCare, a consulting firm in Stamford, Conn. "Some hospitals are beefing up their community physician services," including offering billing, collections and practice management, he says. "The hospitals are afraid of losing control of doctors and ancillary services."

## AT A GLANCE

**FLU REVIEW:** DOH hopes to drum up more public comment on its draft guidelines for rationing mechanical ventilators during a flu pandemic. The medical community has reviewed the guidelines—which were released in March—extensively, but public comment has been "insufficient," the agency says. The guidelines are available at [www.nyhealth.gov/diseases](http://www.nyhealth.gov/diseases). Submit comments to [panflu@health.state.ny.us](mailto:panflu@health.state.ny.us).

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