



FY 2024 Joint Legislative Budget Hearing – Health  
Senate Finance Committee, Assembly Ways and Means  
Committee, Assembly Health Committee, and Senate  
Health Committee  
February 28, 2023

David Perlstein, MD, MBA, FAAP  
President and CEO, SBH Health System

## **SBH HEALTH SYSTEMS TESTIMONY 2-28-2023**

### **Introduction and Overview – SBH Health**

Good Afternoon Chairs Kruger, Weinstein, Rivera and Paulin. I appreciate the opportunity to speak on behalf of our patients and staff at ST. Barnabas Hospital (SBH Health System) In the Bronx.

Across from the hospital on Third Avenue is the new SBH Health and Wellness Center, which opened in late 2020. Included is the Healthplex Fitness Center, the SBH Teaching Kitchen, centers for Women's Imaging, Children's Health and Women's Health, an urgent care center, a WIC site and a rooftop farm (with a food pantry and four bee hives where honey is produced). In a short time, the services here have already made a huge difference in the health and wellness of our patients and we have stories from patients who have greatly benefited from the programs; these include one about a gentleman who at the start of the program was unable to walk up the flight of stairs at the center, forced to take the elevator when he started, but within 2-3 months taking the stairs. And another story about a woman who used to have to take breaks getting up her 3 story walk-up, but no longer needs to stop at each landing.

We also have stories of young man previously impacted by gun violence who entered our boxing program as a collaboration between BRAG and SBH's Healthplex Center, who is now training to return as an instructor.

These are real life impactful programs that we believe must serve as the fulcrum of community health and wellness.

SBH is proud to be a teaching hospital for medical students and residents on their way to becoming doctors. You'll see the very best students from CUNY School of Medicine and the New York Institute of Technology's College of Osteopathic Medicine engaged in patient care and learning.

SBH has been an anchor institution in this community for over 150 years. We strive to get our community healthy and stay healthy no matter their ability to pay. Our system complies with all NYS Non-Discrimination laws and strives to serve all who come through our doors.

We hope with New York State's continued support we will be able to continue to serve Bronxites and all New Yorkers for centuries to come and believe that we must be there for our patients, who are primarily black and brown and covered by the Medicaid system, and have long been marginalized.

### **Community Impact**

SBH employs 2,800 people comprised of 82% people of color and is 65% female, representing the diversity of the Bronx community, where the majority of SBH employees reside. SBH has strong employee retention with average tenure of those currently employed is 9 years, and the majority of our employees reside in the Bronx.

SBH also contributes over \$800M in economic activity, including payroll, tax dollars, community benefits and investments.

### **St. Barnabas Hospital**

Central to our healthcare system is St. Barnabas Hospital, a 422-bed, not-for-profit, nonsectarian, acute care community hospital and Level 2 Trauma Center authorized to treat the most critically ill and severely injured patients. As a New York State-designated Stroke Center and State-designated AIDS Center, we provide access to much-needed services in our community.

St. Barnabas is a major provider of ambulatory care services, with more than 400,000 outpatient visits annually. Our primary care physicians, specialists and sub-specialists offer a full scope of healthcare services to meet our patients' changing healthcare needs. The Center has achieved designation as an NCQA Patient-Centered Medical Home, which means that our patients benefit from the newest and best model of care available. They not only have their own personal doctor, but they also have a whole healthcare team dedicated to their care.

One of the largest providers of mental health services in the Bronx, SBH Behavioral Health facilities provide essential services through 19 programs designed to support and meet the mental health needs of adults, teenagers and children in the borough. The Center's highly trained staff handles more than 160,000 visits annually, underscoring the crucial need for these services and the important role of this facility in our network.

### **SBH Emergency Department**

SBH operates one of the most active emergency departments in the Bronx, providing specialized services within its level II trauma center and serving a highly diverse population with significant health disparities who often use the ED as their primary healthcare access point. SBH sees >75,000 individuals seeking emergency care per year, and while the pandemic temporarily suppressed volumes, since the end of stay-at-home orders volumes are rapidly returning to pre-pandemic levels. During the H1N1 Swine Flu pandemic, we saw over 100,000 patients, so we are definitely used to caring for significant volumes of patients.

The ED, while high functioning, is not properly equipped to meet the growing and increasingly specialized demands, with its last major facility update occurring 20 years ago when open ED concepts were the standard. These demands go beyond just capacity, as COVID revealed the need for increased isolation space, and changing patient needs, particularly those related to psychiatric and age tailored care, (elderly and children) present in the ED. Our priority is to bring our emergency department up to modern standards in order to serve the growing need here in the Bronx.

### **There is a clear need for enhanced access to comprehensive psychiatric care in the emergency department setting in the Bronx**

More than 90% of the Medicaid population in the Bronx lives in a mental health professional shortage area. Mental health services ranked #1 among community health need for residents within SBH's service area.

The neighborhoods of Crotona, Tremont, and Fordham Heights, which SBH serves and is located, have the highest rates of psychiatric hospitalizations in the Bronx. 25% of visits to SBH's ED are for a behavioral health or SUD related reason, and those patients would benefit from a comprehensive psychiatric emergency program (CPEP), which currently does not exist in SBH's service area.

### **The Need for SBH ED Modernization to Support our Patients and Community**

We need to address the rising need for tailored care in the ED for special populations by adding a dedicated psychiatric unit. The ED project creates a new and private 12 bed psychiatric care unit and will seek CPEP designation.

Adding a dedicated geriatric unit will expand our ability to provide geriatric focused care through a new 6 private room unit for geriatric care. Creating a new pediatric care unit with 11 rooms and family waiting area will also enable us to deliver child and family friendly care. Enhancing trauma/critical care capabilities by providing direct access via a new and separate EMS entrance and co-locating trauma and imaging will ensure

our ability to perform our care more efficiently and effectively while ensuring a better patient and family experience for all others.

The new SBH ED will ensure pandemic preparedness and ability to provide services at an equitable level commiserate with those available in higher income communities. SBH will accomplish this by increasing isolation space and private bays from 72 to 92 total patient modules and reconfiguring the space to allow transition between private and shared bays in surge situations

We will also create a second ED patient care unit with 12 treatment bays, 9 treatment rooms and isolation space to decompress existing ED footprint. This would increase the number of negative pressure and isolation rooms for contact isolation and reconfigures the entry, reception and flow to facilitate social distancing.

This renovation will also relieve congestion, improve patient safety, and enhance the arrival experience. Enhancing the design are separate walk-in and ambulance entry points. Making the patient walk-in entrance accessible at a shorter distance from driveway, increasing size of waiting area with triage area, and giving ambulance/EMS entrance direct access to trauma bay will improve patient safety and experience.

### **Funding Request**

SBH is requesting \$124,644,450 from FY 2024 NYS Budget. Our patients deserve to have a space that accomplishes the highest standard of care. The residents of the Bronx deserve to have access to the best facilities available. I have attached a breakdown of the costs to my testimony.

### **Health Equity and Stabilization Act**

We fully support the introduction and adoption of this legislation. It will help Safety net hospitals create stability in planning and serving our patients in the long term.

SBH Health System is part of the Safety Net Hospital Coalition. We are requesting that the legislature consider adopting this in the FY 2024 Budget in order to address the existential crisis that plagues safety net hospitals, and the communities they serve. Through creating an "Enhanced Safety Net" designation it would allow for the tying of Medicaid reimbursement rates to local average commercial insurance rates (ACR).

Essential safety net hospitals predominately serve historically marginalized neighborhoods and communities of color, with Medicaid and uninsured patients comprising 36 percent or more of their patient population. Years of disinvestment and the current financing system impede the ability of these facilities to provide equitable care in the communities they serve. At SBH >80% of our patients are in part covered by the Medicaid system and 95% are covered by Government sponsored insurance. Unlike other wealthier facilities in wealthier neighborhoods, SBH and other Safety nets cannot cross subsidize revenue through commercial contracts and the current Medicaid rates do not come close to covering the cost of care. We refer to this as the "Medicaid Gap".

The perpetual cycle of underfunding of these hospitals prevents critical investment in services and requires annual supplemental state support to simply remain open to provide care. The Safety Net coalition requests that the legislature implement a permanent solution to address decades-long inequities faced by communities served by essential safety net hospitals. NYS should provide enhanced rates to essential safety net hospitals to support investments to stabilize the safety net workforce, allow for investment in critical hospital infrastructure to create an equitable patient experience, and enable expanded programs and services to allow for more equitable access to care in underserved communities.

## **Conclusion**

Again I want take this opportunity to thank the Chairs and members of this distinguished panel for taking the time to listen to the concerns and needs of a facility like SBH Health System.

# ED Modernization Total Cost Estimate

Item	Estimate
Phasing - Overtime Allowance	\$11,067,374
Imaging	\$2,664,000
Geriatric	\$2,331,000
Trauma	\$2,664,000
ED-1	\$4,588,000
ED-2	\$6,615,600
Behavioral Health - ED 4	\$6,808,000
Pediatrics	\$6,023,600
Entry in-fill C&S Only	\$740,000
Canopy and Entry Signage Allowance	\$975,000
Miscellaneous Circulation (Allowance)	\$1,628,000
Roof Expansion (PPE Storage)	\$1,546,600
Connection for Psych C&S Only	\$421,800
Allowance for Ground Floor Decant	\$2,136,750
Expansion to Existing Wound Care	\$929,440
Relocate Wound Care	\$2,368,000
Basement Level Walk-in	\$4,273,500
Fast Track	\$5,128,200
Allowance for 2 Elevators	\$444,000
ED 1st Floor Fill in (ED-2)	\$8,100,040
ASC 2nd Floor	\$7,476,960
Allowance for Site Work	\$5,920,000
<i>Construction Cost Sub-Total</i>	\$84,849,864
Inflationary Factor (1 yr.)*	13%
<i>Construction Cost Estimate Total</i>	\$95,880,346
Project Cost Factor	30%
<b>Total Estimated Project Cost</b>	<b>\$124,644,450</b>

## Notes and Clarifications

1. Project or “soft costs” are assumed at 30% of construction costs
2. Project scope assumes need for new infrastructure
3. Includes phasing costs
4. Includes overtime for tie-ins of systems outside the work zone
5. Construction cost includes 10% contingency and 6% escalation
6. Union labor is assumed

Source: Construction Estimate: NK Architects;

\*Inflationary Rate – Federal Reserve Producer Price Index 12-month Dec 2021-Dec 2022 – New Healthcare Construction