

**Statement of Albert Einstein Healthcare Network
Before Pennsylvania House of Representatives
Appropriations Committee Hearing
Presented by Susan Bernini, Chief Operating Officer
Albert Einstein Healthcare Network**

**Luzerne County Community College
May 9, 2003**

Mr. Chairman, members of the committee, my name is Susan Bernini and I am the Chief Operating Officer of the Albert Einstein Healthcare Network and have served as the Interim Chief Executive Officer for the past several months. Thank you for this opportunity to appear before you and make this appeal.

Albert Einstein Healthcare Network serves North, Northwest and Northeast Philadelphia. Our community is comprised of the underserved poor and working poor—the people who are most in need of help: the impoverished and the frail elderly, all of whom make up a disproportionate part of our community's population. Thirty (30) percent of the people in our primary market subsist at or near poverty level and nearly 90 percent are minorities or emerging majorities, mainly African- American, Latino and Asian. Our commitment to serving these low-income, diverse populations is longstanding.

As you may know, Einstein has been serving its community for over 135 years. It is a wonderful place of healing made up of highly dedicated people who are devoted to serving the needs of all who call upon us and including those who live within the community we share. Einstein has over 1000 beds and we are a major catalyst of economic activity in our neighborhood, our city, region and the state we serve. We employ over 5000 people and routinely purchase over \$100 million in goods and services from outside vendors.

In fiscal year 2002, our doctors and nurses treated over 32,000 admissions. We also had over 76,500 patient visits to our medical emergency department and our behavioral health crises response center. Most of these patients are enrolled on Medical Assistance or have no insurance. I should note that our Emergency Department, working at two discreet locations, is a critical source of in-patient referrals for the hospital. In addition to the emergency visits, we had over 500,000 outpatient visits.

Despite this volume of care, last year we had an operating margin loss of \$30 million due to a number of extraordinary financial circumstances. We worked hard not to eliminate services needed by our community but we were forced to eliminate expenses that support patient care and reduced 480 positions, many of those essential to programs throughout our Network. Thanks to these decisions, dramatic economic measures and the

hard work of everyone at Einstein, we accomplished a \$32 million turnaround and this year we were able to budget a \$2 million operating margin. As a not for profit organization these excess funds will be directly applied to continue programs that support patients in our community. But that is hardly enough.

Medical Assistance reimbursement represents 23.2 % of Einstein's net patient service revenue while Medical Assistance patients represent 42% of our volume. As such Einstein currently ranks as one of the state's top 10 largest providers of care to those enrolled on Medical Assistance. Currently, the Albert Einstein Medical Center also provides a total of \$ 52 million of cost in uncompensated care.

Because of this commitment to serving low-income patients, Einstein is heavily dependent on reimbursement from government programs to remain viable. This funding includes the Medical Assistance outpatient disproportionate share, medical education, and community access payments eliminated in the current 2003-2004 state budget.

For Einstein, the elimination of those programs means the loss of \$12.5 million in revenue, a loss that is simply unsustainable. If unchanged, we will be compelled to dramatically cut services, dramatically reduce expenses and eliminate jobs in a drastic fashion. And this time, when we cut, we will be cutting not from the fat, that was gone long ago, but through the muscle and right to the bone. We are currently preparing our 2004 budget and if these revenues are not restored we will need to eliminate 250 jobs. We will have to close several outpatient sites and we will have to reduce, if not totally eliminate our pediatric program and our behavioral health crises response program. We also have to reevaluate our ability to continue to afford to provide obstetrical services, HIV clinic services, and care to our most fragile of patients in our neonatal intensive care unit. Moreover, these cuts could do even more harm by making us slam the door shut on one of our two emergency rooms, requiring sick and injured patients to travel further or go elsewhere for care. Emergency Departments in Philadelphia are routinely on divert status and the closure of one more emergency rooms will have a further negative impact on our community.

This is the future of but one hospital if the proposed cuts in Medical Assistance are enacted as proposed. I would respectfully suggest that my testimony could easily be translated to hospitals that serve this region or, for that matter, any other part of the state.

If the proposed reduction in Medical Assistance, including lost federal match, is left standing, many of the hospitals throughout the Commonwealth -- which for any number of reasons are on financial life support -- will be required to make difficult decisions, which in many instances, is tantamount to pulling the plug on necessary community services and jobs. While we can all be grateful that changes or cuts in Medical Assistance eligibility standards are not proposed in this budget, I would ask that you and your colleagues consider what good eligibility is if those who have it have no access to the services they need?

I recognize that this is not the first time you have heard warnings of dire straits from the hospital community, but these warnings are indeed a true signal of massive financial distress in our state's health care delivery system.

I do not envy the challenges before you. I especially do not envy them because, like you, I am spending my days weighing competing but compelling interests as we attempt to come to terms with how best to manage the potentially bleak financial future ahead. I have worked at Einstein for almost 33 years and eliminating my communities' access to these services is extraordinarily painful. I am hoping that you and your colleagues will survey the landscape and say no to funding levels that will require draconian service cuts and thousands of lost jobs.

I am sure you have questions. I hope that you do and I look forward to responding to them.