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A wave of mergers is changing the landscape of medical care on Long Island, leaving only one independent hospital here.

Hospitals have been combining with larger health systems to achieve economies of scale,

boost their negotiating power with insurance companies and get access to capital. Joining a larger organization also allows them to offer a wider array of services and introduce the latest technology, experts said.

In the last year, John T. Mather Memorial Hospital in Port Jefferson and Peconic Bay Medical Center in Riverhead

both agreed to join Northwell Health, the state's largest private employer and its biggest health care system.

Southampton Hospital joined Stony Brook Medicine last year as well, and Eastern Long Island Hospital in Greenport also plans to join Stony Brook.

Also last year, Winthrop in

Mineola affiliated with NYU Langone Medical Center, becoming NYU Winthrop Hospital, and South Nassau Communities Hospital in Oceanside has agreed to become part of the Mount Sinai Health System.

"With the cost of care and technology, and an aging population, it's almost impossible to remain independent," said

Richard J. Murphy, president and chief executive at South Nassau Communities. "You're seeing a massive shift."

Only Long Island Medical Center, formerly known as Brookhaven Memorial Hospital Medical Center, is still unattached.

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BIG MERGERS IN MEDICAL CARE

In a massive shift, hospitals have joined networks — for their health and their patients'

HOSPITALS from A39

Remaining independent “gives us the ability to respond to our community, which is an advantage which can’t be duplicated by the large health systems,” said Richard T. Margulis, the president and chief executive at LIMC.

Hospitals are combining nationwide. There were 78 hospital deals in the United States in 2017, in which 216 hospitals, with a total of 27,386 beds, were acquired, said Lisa Phillips, editor of HealthCareMandA.com, a publication that tracks health care mergers for health care consultant Irving Levin Associates in Norwalk, Connecticut.

Some of those deals were much larger than those on Long Island.

\$175B value nationwide

Mergers of all types of health care services in 2017 were valued at \$175 billion, compared with \$71.3 billion in 2016, said Thad Kresho, U.S. health services deals leader at PwC, a New York-based professional services firm, and a unit of PricewaterhouseCoopers. PwC said the \$77 billion CVS-Aetna proposed transaction drove about three-quarters of the increase.

Within the broader health care field, “hospital mergers are very active,” Kresho said.



Stony Brook Southampton's chief administrator Robert Chaloner

“It’s difficult to put a specific dollar amount on some of those mergers, because many of the hospital systems are not-for-profits, and there may not be an announced deal value. But the mergers are actively taking place.”

One example of a nonprofit mega-merger: In December, Englewood, Colorado-based Catholic Health Initiatives and San Francisco-based Dignity Health struck a deal to create a system with 139 hospitals and operations in 28 states. The organizations had no overlap across service areas.

In the New York metropolitan area, New Hyde Park-based Northwell Health, the most aggressive acquirer on

Long Island, has expanded its network into Brooklyn, Westchester County and eastern Long Island by taking over hospitals. It has added four hospitals in the past 3½ years.

Northwell, with about 66,000 employees, also has affiliations with out-of-state systems, including Western Connecticut Health Network, which operates Danbury Hospital, New Milford Hospital and Norwalk Hospital. Western Connecticut employs nearly 6,300 people, including 1,900 clinical staff and operates 70 Western Connecticut Medical Group medical and sub-specialty practices in 16 communities.

Northwell and Western Con-

necticut have agreed to explore developing new clinical programs.

“They’re very good people and have very good leadership, and we like working with them, but this is just an affiliation,” said Michael J. Dowling, president and chief executive at Northwell. “A lot is still to be determined.”

Dowling also said that Northwell is talking to systems in New Jersey and Philadelphia, adding “those would start as partnerships, and we will see how the relationship develops. We will see what happens.”

Other health systems with a presence on Long Island said they didn’t expect to be part of a larger deal in the short term.

“Our model is based on quality and tight management, does not scale to a mega-system and at this time, we are not interested in being part of a national operation,” said Dr. Andrew W. Brotman, senior vice president and vice dean for clinical affairs and strategy at NYU Langone, which is based in Manhattan and has seven hospitals in New York City. Winthrop is its only hospital on Long Island.

Stony Brook Medicine, which has two hospitals and expects to take over a third, all in Suffolk County, said joining a larger system would be contrary to its mission.



South Nassau Communities

RECENT HOSPITAL AFFILIATION OR MERGER AGREEMENTS

Northwell

- Mather
- Peconic Bay

NYU

- Winthrop

Mount Sinai

- South Nassau Communities

Stony Brook

- Southampton

“Our goal is to train outstanding physicians, nurses, allied health professionals, pharmacists, which exacts a price from maximal efficiency, which is what the mega-mergers are claiming is their *raison d’être*,” said Dr. Kenneth Kaushansky, senior vice president of health sciences and the dean of the school of medicine at Stony Brook University.

Expanding, revamping

Meanwhile, nearly every hospital on the Island is expanding services or revamping its campus with money from larger health systems.



Hospital CEO Richard J. Murphy says today "it's almost impossible to remain independent."

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Dr. Joseph Greco, chief medical officer of NYU Winthrop Hospital, which joined NYU Langone

JOHNNY MILANO

Mount Sinai has committed \$120 million toward capital development projects at South Nassau Communities. Murphy said the upgrades will include cancer care enhancements and a four-story addition that will house an expanded emergency room and new surgical suites. Mount Sinai has seven

hospitals, with South Nassau, it's only Island hospital, poised to be its eighth.

Southside Hospital in Bay Shore, which belongs to Northwell Health, is expanding its emergency room and adding nearly 200 parking spaces in its crowded lot as part of a redevelopment worth at least \$112 mil-

lion. The hospital is also implementing a system for physicians to video-conference with trauma and ICU patients.

Northwell's Peconic Bay Medical Center is about 18 months away from opening a \$65 million critical-care tower, and it recently opened a catheterization laboratory

with Northwell's backing, said Andy Mitchell, chief executive at Peconic.

Mather also expects to make \$120 million in upgrades, which would include a catheterization laboratory and an expanded emergency department in Port Jefferson, Mathers president Kenneth Roberts said.

NYU Winthrop Hospital has "expansion plans, and NYU has committed hundreds of millions of dollars toward the expansions, both in our ambulatory centers and at the hospital," said Dr. Joseph Greco, chief medical officer at the hospital.

Southampton Hospital, now known as Stony Brook Southampton Hospital, plans to move its entire facility from Meeting House Lane in Southampton Village to Stony Brook University's campus on Tuckahoe Road, a main artery in the East End community.

"In the next five to 10 years we will have the hospital built," said Robert Chaloner, chief administrative officer at Stony Brook Southampton. "It's not often you get a chance to build a new community hospital from the ground up. Stony Brook gives us the land, which is really hard to come by, and will also support us with planning, clinical expertise and academic expertise. We couldn't do this without them."

The hospital hasn't said how much the move would cost.

"We'll have a better idea of cost and have more details at around this time next year," Chaloner said.

Stony Brook Southampton is also opening a cancer-care center on County Road 39 by the end of the year, he said.

Modernization

Catholic Health Services of Long Island, which operates six hospitals here, is planning a multimillion-dollar modernization of Good Samaritan Hospital Medical Center in West Islip, said Dr. Patrick O'Shaughnessy, executive vice president and chief clinical officer at Catholic Health Services.

The Rockville Centre-based health system also opened a new stroke-care program at Good Samaritan in 2017 and launched a transaortic valve replacement program.

"This is a significant investment in care and people," he said. "We are investing throughout our system."

The lone independent, Long Island Medical Center, has

leaned on donor gifts to expand. In the last two years it opened the 60,000-square-foot Knapp Cardiac Care Center and renovated its lobby and entrance.

But the hospital, which has a \$300 million annual budget, also wants to update its emergency room, which is 15 years old, CEO Margulis said.

He said he wouldn't rule out joining a larger network.

"There are conversations that take place, and they've been constructive," he said. "What's important is, would it move us forward? Would it advance our ability to deliver excellent health care?"

Formerly independent hospitals said they're saving tens of millions of dollars in their operating budget by leaning on their health system parent to buy medical supplies in bulk, implement updated technology and negotiate contracts with managed-care companies.

Forecasting savings

"We could save up to \$15 million just in supplies" because of joining Mount Sinai, said Murphy at South Nassau. Mount Sinai will handle malpractice insurance and insurance negotiations. "Between expense reductions and revenue enhancements, we can save between \$30 million and \$50 million per year. That could be 10 percent of our budget."

Eastern Long Island Hospital, which has a \$50 million operating budget, is eyeing cost savings of between \$500,000 and \$700,000 if it merges with Stony Brook, said Paul Connor, the hospital's president and chief executive. He said the merger will help pay for costly electronic health record system upgrades.

"It would cost between \$5 million and \$8 million to replace our electronic health record systems," Connor said. "Going on [Stony Brook's] system will enhance patient care and cost us less."

NYU Winthrop, which has a \$1.6 billion operating budget, said it anticipates about \$12 million in cost savings because of the NYU relationship. Savings on supplies are one reason, the hospital said.

But Greco at NYU Winthrop said hospital service enhancements such as a new pediatrics life center, expanded robotics surgery services and emergency room investments are what drove the move to a larger health system:

"That's the bottom line."