



Raju Makes Moral Argument Against CBC's Economic Case

By Dan Goldberg

November 18, 2014

It is true that the city's public hospital system loses hundreds of millions of dollars each year, but the bottom line shouldn't be the only—or even the primary—way to judge the health of the Health and Hospitals Corporation, said Dr. Ram Raju, president of H.H.C.

Raju spoke Tuesday morning at the Yale Club, responding to a recent report from the Citizens Budget Commission which found "H.H.C.'s financial picture is troubled."

The report wasn't wrong, Raju said, which is why public hospitals such as H.H.C. require public support.

"There is no such thing as a charity hospital," Raju said. "Someone has to pay for it. ... I'm stating the obvious. Public hospitals are not a profitable business model in this country. I never see venture capitalists lined up outside my door wanting to fund public hospitals which serve a large number of uninsured."

Raju was chosen by Mayor Bill de Blasio in January and shares the mayor's belief that health care should be a civil right, and that it is a public commodity similar to education. It's something he believes every New Yorker benefits from even if they've never been inside one of H.H.C.'s 11 hospitals.

That influences his thinking about H.H.C. and how it should be perceived by lawmakers and taxpayers.

"People believe you are really patriotic if you deny health care to undocumented immigrants," Raju said. "It is wrong."

Raju has often said caring for a population of undocumented immigrants, the uninsured and Medicaid is a social and moral obligation, not a business model and so no one should be surprised that H.H.C. fails to turn a profit.

It is not like the M.T.A., he argues, because it cannot turn people away who cannot afford to pay. It's more like the police department, a public good, which no one expects should turn a profit.

No one asks police commissioner Bill Bratton to raise revenue by writing more traffic tickets, Raju quipped.



Published in the
THIS IS HOW NEW YORK WORKS
CAPITAL

"The public health system in this country is a public good. ... It produces so much of value to the communities that it serves, to cities, counties and states," Raju said. "I nonetheless feel that unlike the police department, the fire department, the parks, public schools and other public operations of public good, public hospitals are somehow held to a different standard."

Raju made a moral argument against the C.B.C.'s economic case. The two are not mutually exclusive, but the problem for H.H.C. is that many public officials are quick to share his moral sentiment without wanting to invest taxpayer funding to back him up.

Elizabeth Lynam, who authored the C.B.C. report, said she understands Raju's point but "we don't want to abandon the idea that they can employ a business like model."

To that end, Raju has spoken of cost cutting and management efficiencies, the details of which have been sparse, Lynam said.

She said she'd like to see more information on how exactly Raju plans to transform H.H.C. from an institution wedded to a fee-for-service model reliant on hospital-based services to one that is focused on population health, population management and ambulatory care, and do so in a way that is economically viable.

In de Blasio's first year, his administration has been generous to H.H.C., retiring old debt and helping the corporation pay for the raise nurses received when they negotiated a new contract.

But this is not a long-term solution, the C.B.C. report said. Living off the good graces of City Hall may work when coffers are flush and there is a mayor who campaigned on saving hospitals, but it may prove difficult should the city experience another recession or elect a mayor with a different view of H.H.C.

Raju was asked if given his precarious financial situation, wouldn't he have to close, or at least repurpose, one of the 11 hospitals.

Raju has been asked a version of this question several times including once by Capital. He's never given a direct 'yes' or 'no' answer, which leaves him some maneuvering room should the political climate or economic factors change during the next few years.

What he did say was that he believed he has two obligations. "One obligation is to run a financially viable sustainable health care delivery system. And we have a social and moral obligation ensure health care access is given," Raju said. "When we look at restructuring the organization we have to look at the social needs of the community. Just because a hospital closes does not mean disease walks away."

Part of Raju's economic case is that H.H.C. isn't only a safety net for the poor.

"We are also a safety net for the other health care systems in our city. We keep these patients on our side of the street. If we don't exist tomorrow, these patients aren't going to disappear. They're



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going to come walk into your hospital. They may be forced to use your monogrammed towels and they may be forced to take water from the golden faucets.”