

**BRUCE J. FLANZ**  
PRESIDENT & CEO

Comments Regarding MLMIC Proposed Plan of Conversion  
Bruce J. Flanz, President & CEO  
MediSys Health Network and Affiliates  
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I am submitting these written comments relating to the MLMIC Proposed Plan of Conversion on behalf of MediSys Health Network, Jamaica Hospital Medical Center, Flushing Hospital Medical Center, TJH Medical Services, P.C., and affiliated organizations. Our organizations have an interest in this demutualization because we have paid the premiums for MLMIC Policies covering more than 90 employed physicians, and we believe that our organizations are legally entitled to receive the Cash Consideration from the MLMIC Conversion and it is in the best interest of the public for our organizations to receive the cash consideration. In order to protect that legal entitlement, we need full access to the Objection Procedure.

Our organizations support the Proposed Plan of Conversion and are not seeking any delay in approval or implementation of the Proposed Plan. Rather, we are seeking to make sure that the Objection Procedure is open to our facilities and the multi-cultural, medically needed communities that we serve.

Our interest in submitting comments derives from the physician arrangements that are in place at two important Safety Net Hospitals in Queens, New York: Jamaica Hospital Medical Center and Flushing Hospital Medical Center. Collectively, our Hospitals and related facilities provide more than 830,000 patient encounters annually, including 40,000 Inpatient Admissions, 625,000 Outpatient visits, 165,000 Emergency Department encounters and 5,000 Obstetrical deliveries.

Both Hospitals are “voluntary hospitals,” a term that reflects their status as New York Not-For-Profit, Tax Exempt organizations, with volunteer Boards. Their mission is to meet community needs. Both hospitals are considered “Safety Net Hospitals” because their primary role is to provide care to underserved populations, primarily covered by Medicaid and Medicare, which do not pay the full cost of providing care to those populations. Both hospitals do not have the ability to cross-subsidize those costs from commercially insured patients and have no endowments to fall back on. Over the last 12 years, Queens County, the most culturally diverse county in the United States, despite a growth in population to 2.3 Million people, lost 6 of its 15 hospitals, due to inadequate payments from government payors. These hospital closures have placed an even greater financial burden on our two fragile, Safety Net hospitals, which remain responsible for providing medical care to the underserved in our communities.



Jamaica Hospital Medical Center has been providing quality health to its community since 1891. Located in an impoverished community of nearly 780,000 on the Van Wyck Expressway, and as the closest hospital to JFK International Airport, Jamaica Hospital Medical Center is a full service hospital that operates a broad range of ambulatory and inpatient services, and a designated Level I Trauma Center. As a Level I Trauma Center, Jamaica Hospital provides high-quality trauma care in the most urgent medical emergencies experienced by the large medically underserved community surrounding the Hospital, as well as first responders, victims of violence, people in serious car accidents, the 60 million people who pass through JFK International Airport each year, and the rare airplane accident at JFK.

Jamaica Hospital's Emergency Department accounts for nearly 120,000 visits each year and is the 22<sup>nd</sup> busiest Emergency Department in the United States. In addition, the Hospital provides 280,000 ambulatory care visits and 2300 Obstetrical deliveries. Approximately 21% of the patients transported by ambulance in Queens are brought to the Jamaica Hospital Emergency Department. Jamaica Hospital has faced historical financial challenges, largely as a result of the population the facility serves. The Hospital's community represents a disproportionately high percentage of Medicaid recipients, as well as patients with chronic illness. Approximately 80% of the Hospital's patients are covered by governmental payors (60% Medicaid and 20% Medicare), which pay less than the full cost of providing services to the patient population.

Similarly, Flushing Hospital Medical Center is located in the diverse community of Flushing, New York since 1884, and now provides critically important services to a largely poor and underserved population. In addition to Emergency care, Flushing Hospital delivers more than 2900 babies each year, and provides inpatient psychiatry and substance abuse services that are desperately needed in Queens. Much of Flushing Hospital's Primary Service Area population of 730,000 suffer from poverty, with many Medicaid eligible and uninsured residents, as well as many documented and undocumented persons, some of whom speak limited or no English. Similar to Jamaica Hospital, with the predominance of government payors (60% Medicaid and 20% Medicare) as a source of payment for services provided to patients, Flushing has struggled with deficits and cash flow pressures.

TJH Medical Services, P.C. was created by Jamaica Hospital Medical Center in the mid-1990s as a mechanism to recruit and retain physicians to staff the Hospital and its many programs. At that time, the Hospital was facing financial challenges, and it was difficult to recruit and retain physicians at the lower compensation and benefits levels it could afford. The PC was created to provide an entity through which physicians could be recruited and retained. TJH could more flexibly set up small practice locations in the community, consistent with the needs of the population. At the same time, given the low levels of funding from Medicaid and Medicare, and the significant uninsured population, the Hospital has had to subsidize TJH over the years for the cost of employing the physicians that staff the Hospitals and its programs, including paying the premiums for MLMIC Policies.

The New York State Department of Health and the Dormitory Authority of the State of New York have been providing supplemental assistance to both Hospitals, so they can continue to provide important services to the community, notwithstanding the deficits and cash flow pressures that result from the inadequate funding from Medicaid and Medicare. In that process, the anticipated distribution from MLMIC was incorporated into the Hospitals' cash flow projections, since TJH Medical Services, PC and Flushing Hospital paid the premiums on behalf

of their employed physicians, and expect to receive the distribution associated with the transaction. Any distributions that are not received by the Hospitals will undoubtedly put significant additional financial pressure on the Hospitals. Therefore, we request that the DFS ensure in its final order that the objection process is open to all policy administrators.