

Commentary of Kevin W. Dahill, President/CEO Northern Metropolitan Hospital Association

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Pressures Facing Region's Hospitals

The hospital industry is not immune from the financial pressures that resulted from Wall Street's collapse and resulting recession. In the aftermath of this collapse, industries of all types had to re-work their operating budgets, short-range and long-range strategic plans, and workforce needs. Additionally, pension programs required continued funding and contractual compensation agreements remained valid. Program closures and staff reductions remain the last resort to solve any budget holes. However, when all other cost-cutting methods have been used, closures and reductions are inevitable. Every hospital in the NorMet region has struggled with these issues during the past several years. The region has witnessed its significant share of staff reductions and program curtailments and even closures.

Consider these additional factors relevant to the hospital industry:

- As a people-powered industry, hospitals must employ highly-skilled clinicians, as well as a diverse range of ancillary professionals, technical specialists, and support personnel who work around-the-clock caring for the ill and injured.
- Hospitals work within highly-regulated parameters imposed upon them by federal, state, and local regulatory agencies. In addition, independent accrediting bodies, consumer watchdog agencies, peer reviewers and auditors maintain a watchful eye, and rightly so. However, such vigilant and relentless compliance is time-consuming and expensive for hospitals.
- Patients demand the latest in technology and medical/surgical procedures. Advanced medical equipment and cutting-edge treatments require re-investment and capital expenditure. Yet, in recent years, there has been little to no money left in hospital budgets to invest in facility infrastructure and/or advanced technology. Securing capital financing for our financially-strapped hospitals has been equally challenging.
- Medicare and Medicaid reimbursement reductions have exacerbated the situation. This coupled with deteriorating reimbursement from commercial payers has seriously diminished revenue over the years.

The Northern Metropolitan Hospital Association (NorMet) represents the not-for-profit and public hospitals in Westchester County and the Hudson Valley region.