

CRAIN'S NEW YORK BUSINESS

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New ACO REACH model could help local providers advance health equity, experts say

MAYA KAUFMAN

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Plus:

Montefiore Medical Center posts negative 4.6% margin for Q2

\$5M cancer center opens in Downtown Brooklyn

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A look at *Crain's* Notable Health Care Leaders

The federal government's new REACH model for accountable care organizations could be a good complement to the upcoming redesign of New York state's Medicaid program, experts say, but potential participants are running out of time to decide whether to take the risk.

The U.S. Centers for Medicare and Medicaid Services' Innovation Center provisionally approved 110 organizations across the U.S. to participate in REACH—an acronym for Realizing Access, Equity and Community Health—starting Jan. 1. The model was released in February and outlines a new Medicare payment and reimbursement structure for accountable care organizations, which are voluntary groups of doctors, hospitals and other health care providers who together coordinate care for Medicare recipients.

Organizations that participate in the model will receive a per-member, per-month payment from the federal government to provide primary care services to Medicare patients. If their

spending comes in below a target budget, or benchmark, based on the characteristics of the patient population and geographic location, then they get to keep at least part of the difference. Organizations that agree to pay the federal government the difference if they go over budget will, on the flip side, get to keep a much greater share of savings if they achieve any.

Participating organizations are required to submit a health equity plan and collect demographic data on their beneficiaries. Across the U.S., the accountable care organizations that serve the neediest 10% of Medicare beneficiaries will get an extra \$30 per beneficiary, per month to implement the program.

Accountable care organizations have until the end of the year to make a final decision, but Juliette Price, chief solutions officer with Albany consulting firm HSG, said that most will decide by Sept. 9. That is the deadline for organizations in a similar value-based initiative called the Medicare shared-savings program to decide if they will stick to that instead of the REACH model.

Most stakeholders will want to be in one or the other rather than falling back to the Medicare fee-for-service model, Price said. But she added, "It's hard to choose a new program."

Allen Miller, principal and CEO of Midtown consulting firm Cope Health Solutions, said the REACH model's focus on health equity means it will likely mesh well with the state's Medicaid 1115 waiver amendment. The waiver amendment, a \$13.5 billion proposal to reform the Medicaid program to address health disparities exacerbated by the pandemic, has a targeted implementation date of 2023.

Miller said that harmony is important, because health care providers should not view the REACH model in isolation. Instead, he said it should work in tandem with their approach to patients on Medicare Advantage, Medicaid and commercial health plans.

His firm is working with Great Lakes Integrated Network, a Buffalo-based accountable care organization that was selected to participate in REACH, to do just that, by helping it transition to value-based arrangements across its lines of business. The organization is jointly owned by Erie County Medical Center Corporation and Kaleida Health, and its participating providers span the eight counties of western New York.

"You shouldn't be doing this program in a vacuum," he said. "As a doctor or IPA [independent practice association], you're not going to make your success story off ACO REACH alone."

The focus on health equity stands in contrast to REACH's predecessor under the Trump administration, the Global and Professional Direct Contracting model. Miller said the new model will push providers to focus on understanding patients' social conditions and incorporating social determinants of health data into their care.

"We'll see whether it's adequately paid," he said. "But there's no doubt that what it does do is, it gets providers engaged in asking different questions and pulling different information."

Asked about the New York accountable care organizations that were provisionally approved, a CMS spokesperson said the federal agency will disclose the list of participants and their states in early January. A list that the agency [released this month](#) does not include information about the organizations or the states where they will operate.

Somos Community Care, a physician group, is among those organizations that got the green light to participate in the model next year. Dr. Ramon Tallaj, the organization's co-founder and chairman, said REACH will enable its doctors to do more to help their patients, most of whom live in low-income communities.

"This program allows for wider involvement for doctors in their patients' health care to make sure the patients receive the value-based services they need," he said.

Not every organization that won provisional approval will end up participating. Price said the federal government made stakeholders apply to participate before it released in-depth accompanying information on methodology.

One of her clients, she said, has already opted not to participate in one of the states it planned to serve through REACH. —Maya Kaufman

Montefiore Medical Center posts negative 4.6% margin for Q2

Montefiore Medical Center racked up a \$51.5 million deficit in the second quarter, for an operating margin of negative 4.6%, according to its most recent financial results.

The hospital, which operates three inpatient facilities in the Bronx with a total of 1,558 certified beds, drew more than \$1.1 billion in operating revenue during the quarter. That was an increase of 4% from the second quarter of last year. Net patient service revenue accounted for just over \$1 billion, up 6% year over year, thanks to Medicaid rate increases and higher volumes at faculty practices. Other revenue was \$46 million in the quarter.

Its operating expenses reached almost \$1.2 billion, a year-over-year increase of almost 4%. Merit increases caused wages to rise nearly 4%, to \$525 million, and benefits were up 5.4%, to \$170 million. Supply costs increased almost 5% year over year, to \$405 million, primarily because of an increased use of contract staff.

The medical center's total net assets stood at \$12.7 million as of June 30, after a decrease of \$160 million so far this year.

The broader Montefiore Health System saw an even steeper operating loss of \$75 million during the second quarter, for a negative 4.4% margin.

The health system reported \$1.7 billion in operating revenue, up by 5.4% from the second quarter of last year. Net patient service revenue rose 8%, to more than \$1.6 billion, and other revenue added up to \$58 million.

Operating expenses reached almost \$1.8 billion, a 5.4% year-over-year increase. Wages hit \$798 million, up 5.4%, and benefit expenses increased 7.5%, to \$247 million. Supply costs rose to \$649 million from \$616 million.

The health system had \$794 million in total net assets as of June 30, which is down \$213 million since the start of the year.

The results were in line with what the organization had forecast, as its supply and labor costs continued to grow and inpatient volume remained flat, said Joseph Solmonese, senior vice president for government relations and communications at Montefiore.

"Thanks in part to a slight uptick in our outpatient volume and enhanced Medicaid funding from New York's Directed Payment Template program, we are in line with our forecast budget," he said in a statement. "We continue efforts to create new revenue drivers and remain vigilant about our spending."

Montefiore has partnered with an unnamed national consulting firm on a financial improvement program to achieve \$500 million in annual savings, *Crain's* [previously reported](#). It incorporated \$65 million in this year's budget. —M.K.

\$5M cancer center opens in Downtown Brooklyn

The Brooklyn Cancer Center has opened its doors at 86 Fleet St. in the borough's Downtown.

The center, a partnership between New York Cancer & Blood Specialists and the Brooklyn Hospital Center, is meant to signal that residents of the area need not travel to Manhattan for treatment or access to cancer clinical trials.

Building the 10,000-square-foot facility cost an estimated \$5 million, a Brooklyn Hospital Center spokeswoman said. The center will be staffed by at least six physicians providing services for patients with all types of cancer and blood disorders.

“This partnership means the very best comprehensive care for cancer patients is available right here in Brooklyn,” Gary Terrinoni, president and CEO of the Brooklyn Hospital Center, said in a statement.

The center was originally slated to open in the fourth quarter of 2020 at 523 Fulton Ave.

Dr. Jeff Vacirca, chief executive at New York Cancer & Blood Specialists, told *Crain's* in 2020 that the cancer center would give patients access to imaging and infusions outside the hospital. With NYCBS' experience managing oncology practices, it can generate faster turnaround times for lab tests, among other improvement, he said.

Under the agreement, physicians and the administration will become blood center employees, but they will continue to work in the hospital's facilities. Brooklyn Hospital will pay the oncology practice a management fee for staffing the facilities, Crain's previously reported.

In 2018 NYCBS, which has about 115 doctors in New York and New Jersey, became part of national management group OneOncology. The company combined several community cancer practices with a \$200 million investment from private-equity firm General Atlantic. — Aaron Elstein

A look at Crain's Notable Health Care Leaders

The Crain's Notable Health Care Leaders list recognizes 86 individuals who have helped people lead healthier lives. The honorees are notable for their consummate leadership, pioneering accomplishments and ability to adjust to crises. Moreover, all of them have demonstrated a commitment to mentoring.

To be eligible, nominees were required to live in New York City or its environs, work for a health care or health insurance organization, have at least 10 years of experience in the field and hold a leadership role. They also had to have a willingness to share their expertise with others in the field.

David Jacobson - Executive director and CEO Employee Benefit Funds, New York Hotel Trades Council and the Hotel Association of New York City

Jacobson is responsible for the management and operation of seven funds and four health centers for the New York Hotel Trades Council and the Hotel Association of New York City. He oversees finances, policy development and public representation for each of the entities. Since beginning his leadership of the health centers, he has initiated telemedicine programs, established a nursing hotline, launched a vaccination campaign and implemented a variety of cost-saving initiatives. He devotes time to mentoring members of his team in an effort to build an organization that fills senior administrative and executive roles internally.

Dr. Priti Jain - Founder, co-CEO, Nao Medical

At Nao, Jain is in charge of instituting urgent care and primary care in neighborhoods that wouldn't otherwise have them. The services that Nao offers include occupational medicine, mental health, immigration assistance and at-home care. Jain oversees the medical functions and overall operations of the organization's facilities and online presence. Through mentoring of health care professionals in medical school and residencies, she encourages holistic treatment and attention to mental and emotional well-being. Jain is a member of the Urgent Care Association of America, the American Academy of Environmental Medicine and the American Association of Physicians of Indian Origin.

Dr. Bryan Kelly - Surgeon in chief, medical director, Hospital for Special Surgery

Kelly has led a variety of operational, clinical, cultural and financial initiatives at the Hospital for Special Surgery, a facility that specializes in the treatment of orthopedic and rheumatologic conditions. He has helped organize leadership councils, medical and orthopedic staff conferences, and forums on organizational communication. He has launched internal wellness and mental health programs and a lecture series that addressed issues including team building and health economics. Kelly is involved with the NFL Physicians Society, the American Academy of Orthopedic Surgeons and the American Medical Association. He often gets invited to national and international academic meetings to discuss advances in orthopedics.

Dr. Oliver Kharraz - Founder, CEO, Zocdoc

Kharraz, who oversees operations at Zocdoc, has built a comprehensive network of providers and treatment options that has expanded health care access for millions. He helps providers grow their practices, and he has worked with health systems to streamline the logistics of their vaccination programs. He shares his expertise with officials in the U.S. Department of Health and Human Services and in congressional committees. Kharraz offers

his time to mentorship and coaching, and he promotes efforts to recruit and retain diverse talent. He is a member of the Council on Foreign Relations.

Dr. Miriam Knoll - Medical director of radiation oncology, Montefiore Nyack Hospital
In addition to her role at Nyack Hospital, Knoll is chief executive of the Jewish Orthodox Women's Medical Association, an organization she helped create in 2019 to disseminate health education throughout the community and support female doctors. She oversees the organization's operations, identifies community needs and forms networks to better share ideas and medical expertise. She is an oncologist at Advanced Radiation Oncology Services, which is at Nyack Hospital. She previously worked at Hackensack University Medical Center. Knoll mentors female pre-med students and sits on the editorial board of the American Society of Clinical Oncology Publications. She is a member of the communications committee for the American Society for Radiation Oncology.

Melissa Kozak - Co-founder, president, CitusHealth

Through virtual platform CitusHealth, Kozak provides solutions for those in need of home-based care. Under her direction, CitusHealth has armed home care organizations with tools—including video chats, digital education and virtual screenings and assessments—to offer better remote support to their patients. Those same tools improve engagement among patients, their families and their caregivers, and they foster communication and collaboration among participating health organizations. Kozak is committed to pushing the organizations she partners with to increase their workplace inclusivity. Before co-founding and becoming president of CitusHealth, she worked as a registered emergency and surgical nurse.

Matt Kudish - Executive director, National Alliance on Mental Illness of New York City
Kudish leverages the tools of his platform—health care, advocacy and education—to counter the public health crisis sparked by the Covid-19 pandemic's effects on mental well-being. In part, that has entailed leading the New York chapter of the National Alliance on Mental Illness to a shift online during the pandemic, even as it experienced a 200% growth in demand for services. Kudish launched the Workplace Mental Health Initiative, which encourages businesses to create mentally healthy workplaces, and the Wall Street Mental Health Collaborative, which does the same for the financial services sector. Kudish previously sat on the board of the Rehr Center for Social Work Practice.

Edward Lai - Senior vice president of business development, Bensonhurst Center for Rehabilitation and Fairview Nursing Care Center

At the Bensonhurst and Fairview centers, Lai oversees census management, facility operations, resident satisfaction, marketing and business development. He has formed sustainable relationships with community partners and hospitals as he works to ensure that

his communities receive the health care, short-term rehab and skilled nursing services they need. He mentors staff members and interns on field marketing and customer services, and he participates in programming through the city's Department of Youth and Community Development. Lai, who has received several industry awards, is vice president of the New York Chinese Association and treasurer of HealthCare Choices.

AT A GLANCE

MENTAL HEALTH: Northwell Health received \$2.2 million as part of a state-funded grant program led by the University at Buffalo to combat the maternal and child mental health crisis, the health system said Friday. Northwell will use the funding to expand its Project Teach program, a no-cost service that provides primary care doctors, OB/GYNs and other physicians who work with mothers and children with psychiatric consultations, information on local resources, training and support services.

POLIO DETECTION: Public health officials said Friday that poliovirus has been detected in four wastewater samples from Sullivan County collected in July and August, which are genetically linked to the case of paralytic polio previously reported in Rockland County. It is the first instance of polio being detected in that county; the virus was previously found in wastewater in Rockland, Orange County and New York City.

QUALITY MEASURES: Some health systems are [worried that complying with the 10 new quality reporting measures](#) in the Centers for Medicare & Medicaid Services' Inpatient Prospective Payment System final rule will be overly burdensome, *Modern Healthcare* reported. Most will become mandatory in 2024 and start affecting hospital payment determinations in subsequent years.

WHO'S NEWS: The "Who's News" portion of "At a Glance" is available online at [this link](#) and in the Health Pulse newsletter. "Who's News" is a daily update of career transitions in the local health care industry. For more information on submitting a listing, reach out to Debora Stein: dstein@crain.com.

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