

Grant Outcomes Report

Preserving Access to Primary Care in the Mid-Hudson Valley

The Problem:

Until 2007, the Mid-Hudson Family Health Institute owned and operated six family practice centers in Ulster and Dutchess Counties. These centers were the major source of primary and preventive care in New Paltz, Kingston, Ellenville, and Hyde Park. Collectively, they provided care to 43,000 patients who made approximately 165,000 visits per year. Most critically, the centers were virtually the only source of care available to people enrolled in Medicaid and the uninsured; 63% of patients were publicly insured or uninsured.

By 2007, the Mid-Hudson network was experiencing mounting financial losses, losing roughly \$100,000 per month; it was on the brink of insolvency. The collapse of the network would create a huge void in area residents' access to health care. Consequently, Mid-Hudson asked the Institute for Family Health (d/b/a Institute for Urban Family Health at the time) to step in and assume its operations. As a Federally Qualified Health Center (FQHC), the Institute receives more favorable reimbursement rates than other diagnostic treatment centers, and would therefore be able to operate on firmer financial footing than Mid-Hudson. In addition, the Institute had an existing management team and structure, sophisticated health information technology, and other assets, which when spread over a broader network of centers, would reduce the overhead of all the practices. FQHCs also get Federal coverage for medical liability that reduces, but does not eliminate, the need for malpractice insurance for the providers.

In July 2006, the Institute began the process of acquiring the Mid-Hudson network. By January 2007, the Institute had obtained approval from the Federal Bureau of Primary Care and the New York State Department of Health to acquire the Mid-Hudson sites and include them in their Federal scope of service, transforming the centers into FQHCs and operating them on the Institute's Article 28 license. It received a loan commitment from the Primary Care Development Corporation (PCDC) to purchase the Mid-Hudson assets in February 2007. Mid-Hudson staff members were transferred to the Institute's payroll, and the Institute assumed clinical responsibility and oversight for all programs and practices.

KEY INFORMATION:

GRANTEE

Institute for Family Health

GRANT TITLE

Access to Primary Care for the Underserved in the Mid-Hudson Valley

DATES

October 1, 2007–November 10, 2008

GRANT AMOUNT

\$1,056,453

FUNDING

2007 Special Opportunity RFP

Though the Institute arranged loan financing to partially support the Mid-Hudson acquisition, ongoing due diligence revealed the cost of acquisition to be \$2 million greater than originally anticipated due to Mid-Hudson's outstanding financial obligations, including Medicaid and Public Goods Pool reimbursements, retirement plan obligations, and tax payment arrears. To make the project viable without jeopardizing the financial stability of the Institute, they needed to raise grant funds to support the balance of the acquisition. PCDC agreed to provide \$5.8 million in loans, and \$500,000 in grant funds. The Engelberg Foundation committed \$200,000 in grant support. The \$1 million grant request to NYSHealth was intended to close the funding gap, complete the acquisition, and support the implementation of the Institute's electronic health record and practice management system in the Mid-Hudson Valley.



Grant Activities & Outcomes:

The majority of the NYSHealth grant funds were used to finalize the financing program and complete the acquisition process, implement electronic health records, recruit physicians and nurses for the upstate centers, and cover salaries for existing staff working on these activities. Moreover, it established a replicable mechanism for the acquisition of failing practices, which the Institute has used to preserve other safety-net programs since then.

The project preserved primary care, including dental health and mental health care services, for medically underserved communities in the Hudson Valley. In addition to its immediate and tangible benefits for these patients, it demonstrated the viability of a fully integrated primary care network that is centrally managed and maintains unified departments for human resources, finance, billing, information technology, and clinical operations while serving a broad geographic region that spans from Union Square in Manhattan to Ellenville in upstate New York.

The Future:

The successful acquisition of the Mid-Hudson Family Health Institute permitted the Institute for Family Health to strengthen its infrastructure by spreading its overhead costs over a larger base of operations. Senior staff members were added to the company, including a Senior Vice President for Finance and Operations and a Director of Business Development, as well as significant additions to its information technology team. This infrastructure development permitted the subsequent addition of the Family Health Center at North General Hospital in July 2010.

BACKGROUND INFORMATION:

ABOUT THE GRANTEE

The Institute for Family Health is a nonprofit organization dedicated to improving the quality and availability of family practice services to medically underserved populations. Founded in 1983, the Institute operates a freestanding primary care network that includes 17 community health centers located in the Bronx, Manhattan, and the Hudson Valley's Dutchess and Ulster Counties. It also operates two school-based health centers at Washington Irving High School and P.S. 057 Hubert H. Humphrey elementary school, two free clinics, and eight part-time clinics that serve the homeless. The Institute also operates two residency training programs in family medicine.

GRANTEE CONTACT

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NYSHEALTH CONTACT

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