



Health Services, Systems, and Policy
A Revised Grant Strategy

October 2004

I. INTRODUCTION

This presentation will review:

- Selected New York City demographics;
- The health status of New Yorkers;
- The City's health care system and its costs;
- Health insurance coverage in the City;
- Major national factors affecting the City's health care system;
- Philanthropic activity;
- Our current guidelines and 10 years of grantmaking.

We will then propose a modestly revised grantmaking strategy for Health Services, Systems, and Policy, which is part of our grant program in Health and People with Special Needs.

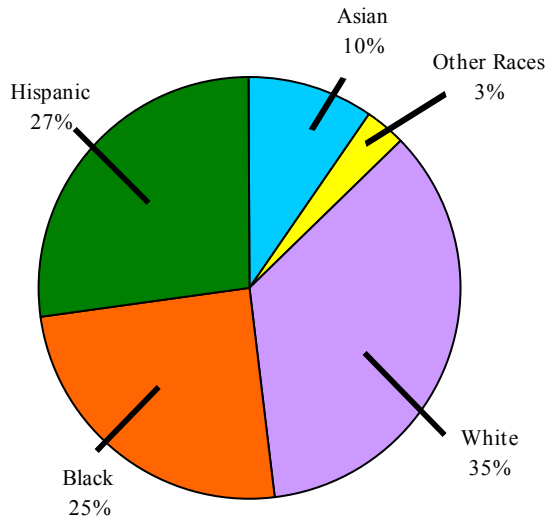
II. NEW YORK CITY DEMOGRAPHICS

New York is the largest city in the country. Its 8 million residents are more than double the 3.8 million residents of Los Angeles, the country's second largest city.

New York is an ethnically diverse city – 65 percent of its residents are non-white.

- 35 percent of its residents are white;
- 27 percent are Hispanic;
- 25 percent are black;
- 10 percent are Asian.

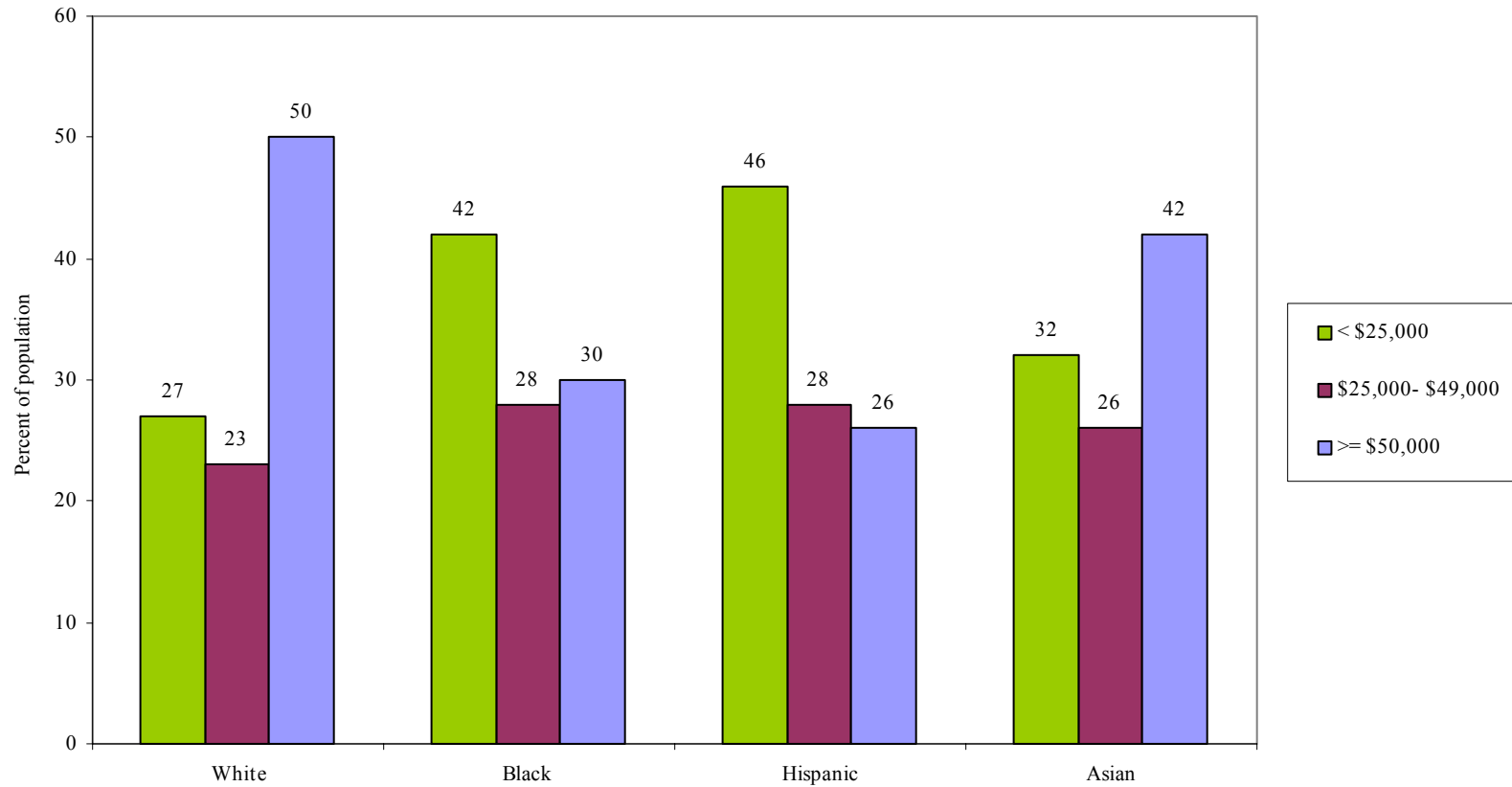
CHART 1: New York City Racial and Ethnic Breakdown
(Source: U.S. Census 2000/NYC Department of City Planning)



New York City has many poor people, with 30 percent of all families living in poverty.

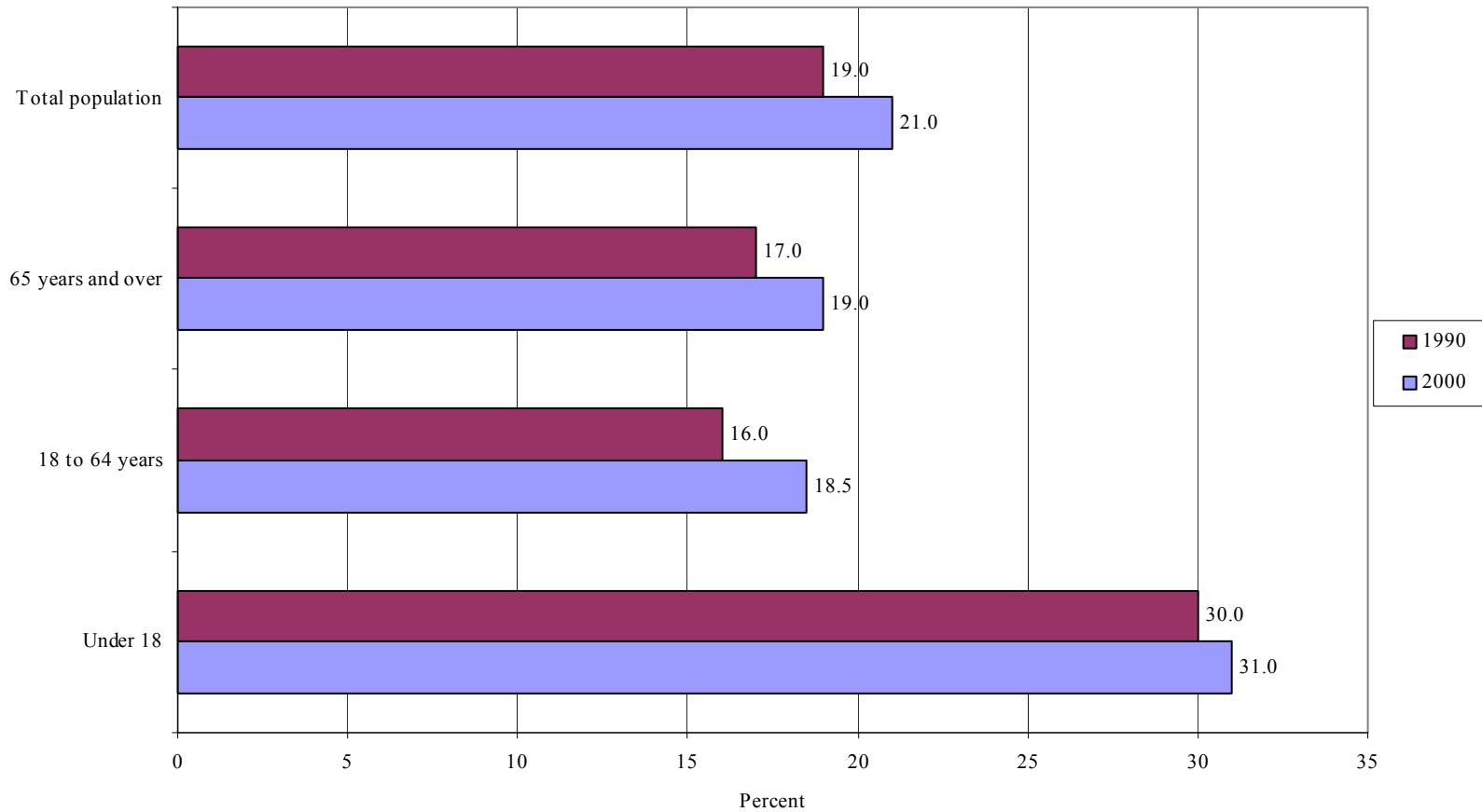
- More than 40 percent of black families have annual incomes below \$25,000.
- 45 percent of Hispanic families have incomes below \$25,000.

CHART 2: Race and Income in New York City
(Source: U.S. Census 2000/NYC Department of City Planning)



- Poverty increased from 1990 to 2000, in spite of a robust economy.
- Children are the most likely to be poor—31 percent were living below the poverty level in 2000.

CHART 3: Percent of New Yorkers Living In Poverty, by age
(Source: U.S. Census 2000)



Poverty in New York City is not evenly distributed but is concentrated in pockets. Based on the 2000 census, 12 community districts in 3 boroughs had median household incomes below \$20,000. In these communities, one-third of families have incomes below \$10,000.

- In Manhattan, the districts are Central and East Harlem, and Washington Heights;
- In Brooklyn, the districts are Bedford-Stuyvesant, Bushwick, East New York, Crown Heights, and Brownsville;
- In the Bronx, the districts are Mott Haven, Hunts Point, Morrisania, University Heights, and East Tremont.

New York City is a city of immigrants, and this poses special health care challenges.

- One-third of adult residents are foreign born; nearly 1.25 million came to the City in the last ten years.
- One-half of births in the City are to foreign-born parents.
- Immigrants are more likely than native-born New Yorkers to have infectious diseases such as tuberculosis and are more likely to have untreated chronic diseases such as diabetes and vascular disease.
- More than 100 languages are spoken in some areas of the City. Because of language and cultural barriers, many immigrants cannot communicate with their health care providers.
- Non-citizens are less likely to be insured or have access to health care.
- Non-citizens are unaware of health care programs for which they may be eligible.

III. THE HEALTH STATUS OF NEW YORKERS

New Yorkers are healthier today than at any time in the City's history.

- Life expectancy is 77.6 years, up five years in the past decade, and equal to the national average.
- Infant mortality is the lowest ever, less than half the rate of 20 years ago.
- Incidences of infectious diseases such as tuberculosis are at all-time lows.
- AIDS deaths have dropped by 70 percent in the past 7 years.
- Drug abuse and smoking, and related health problems, have dropped significantly over the past five years.

But improvements in the health status of New Yorkers have not been equal; racial and ethnic minorities have not fared as well as white residents. For example:

- The life expectancy of African Americans is six years less than for whites.
- Despite overall citywide improvement, infant mortality rates have not dropped in all neighborhoods. Rates increased in several African-American communities in Brooklyn where they were five times greater than in affluent Manhattan neighborhoods.
- African-American New Yorkers have the highest death rates from many cancers, especially colorectal cancer.
- Latinos and African Americans have rates of diabetes more than double that of whites.
- Asthma is twice as prevalent among African-American and Latino adolescents.

Morbidity and mortality remain high from a wide range of diseases, especially chronic diseases.

- Cardiovascular disease kills 25,000 New Yorkers each year.
- Cancer, especially lung, breast, and colon cancer, kills 14,000 New Yorkers each year.
- Asthma is at epidemic levels, affecting more than 25 percent of children in some poor neighborhoods.

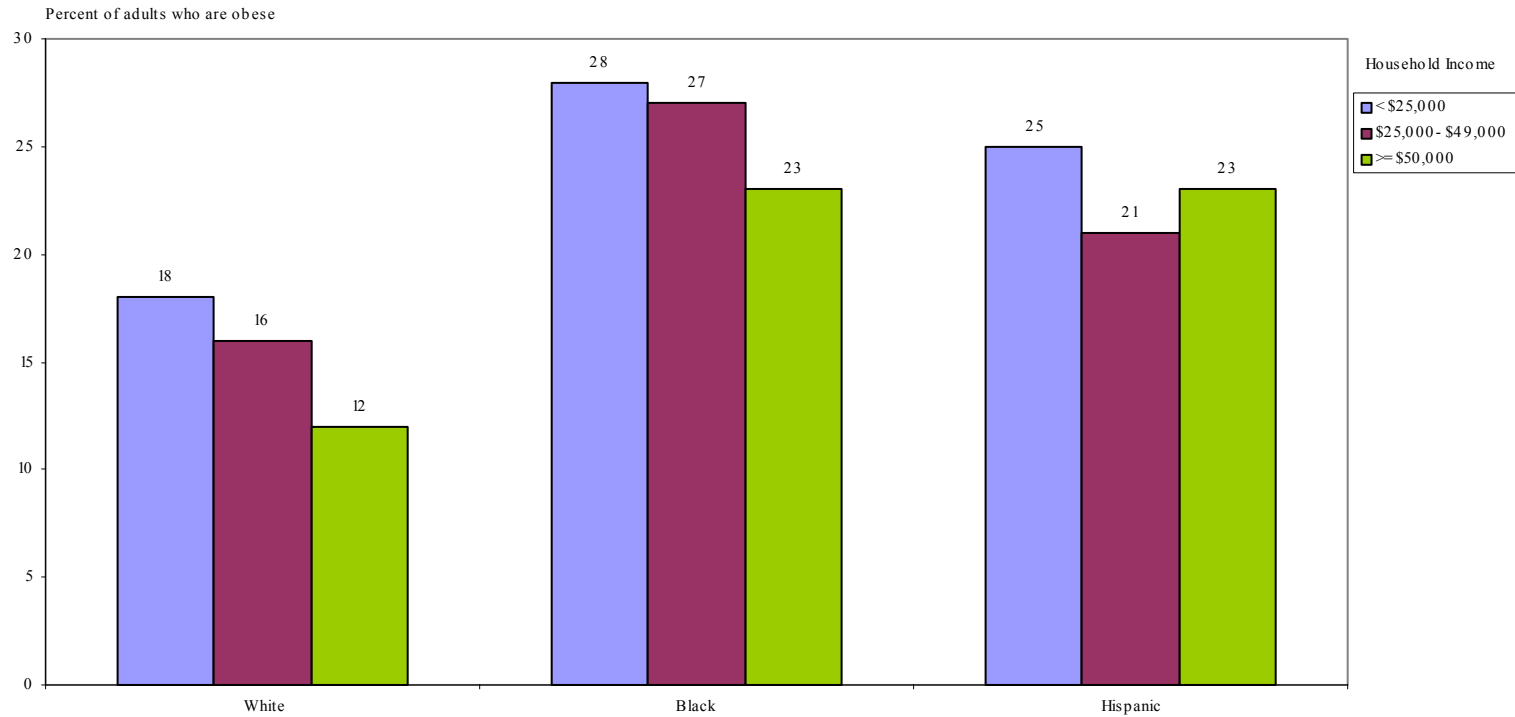
Many health problems are the result of preventable behavior and approximately half of all mortality is linked to social and behavioral factors.

- At least 25 percent of adolescents smoke cigarettes.
- High-risk sex and drug use lead to 6,000 new HIV and hepatitis infections each year.
- Sexually transmitted diseases are rising for the first time in more than a decade.

One in five New Yorkers is overweight, a risk factor for diseases such as diabetes and cardiovascular disease.

- Many poor people eat unhealthy diets.
- New Yorkers, including youth, do not exercise enough.
- Obesity is more prevalent among people of color.

CHART 4: Rates of Adult Obesity in New York City, by Race
(Source: NYC Department of Health and Mental Hygiene 2003/NYC Community Health Survey)



IV. NEW YORK CITY'S HEALTH CARE SYSTEM AND ITS COSTS

New York City has one of the largest and most sophisticated health systems in the country. There are:

- 7 medical schools that educate one of every 6 physicians in the United States;
- 59 hospitals with 27,400 beds and 177 nursing homes with 46,000 beds;
- 25 community health centers caring for 1 million, mostly poor, people;
- 350,000 health care jobs, representing 12 percent of all City jobs. Half of these jobs are in hospitals.

The New York City Health and Hospitals Corporation, with 11 hospitals and more than 100 community health clinics, provides a significant amount of care to poor New Yorkers.

- In 2003, the Corporation had a budget of \$4.2 billion and provided:
 - In-patient services for 210,000 people;
 - 2 million primary care visits;
 - Prenatal and postpartum care to 21,000 women and babies;
- 450,000 of the people it served had no health insurance, requiring the City to use tax-levy dollars to pay for much of this care.

New York's hospitals are under financial stress, in part due to the large number of uninsured people.

- One-third of the voluntary hospitals are in deep financial trouble with their survival in doubt.
- Voluntary hospitals have been consolidating into large multi-facility entities over the past ten years in efforts to achieve economies of scale.
- Nearly two million uninsured New Yorkers get free care from health care providers in episodic and emergency situations.
- Health care costs are among the highest in the country, nearly double the national average.

Too many New Yorkers rely on expensive hospital-based care and don't have access to coordinated primary care.

- Half of the City's 26,500 physicians are in Manhattan.
- Only one-third of the City's physicians are in primary care specialties.
- Lack of primary health care results in 2.5 million unnecessary emergency room visits.
- Hospital clinic visits total 10 million, more than 3 times the 3 million visits at community health centers.

Rapid advances in technology have improved diagnosis and treatment, saving lives but adding substantial costs.

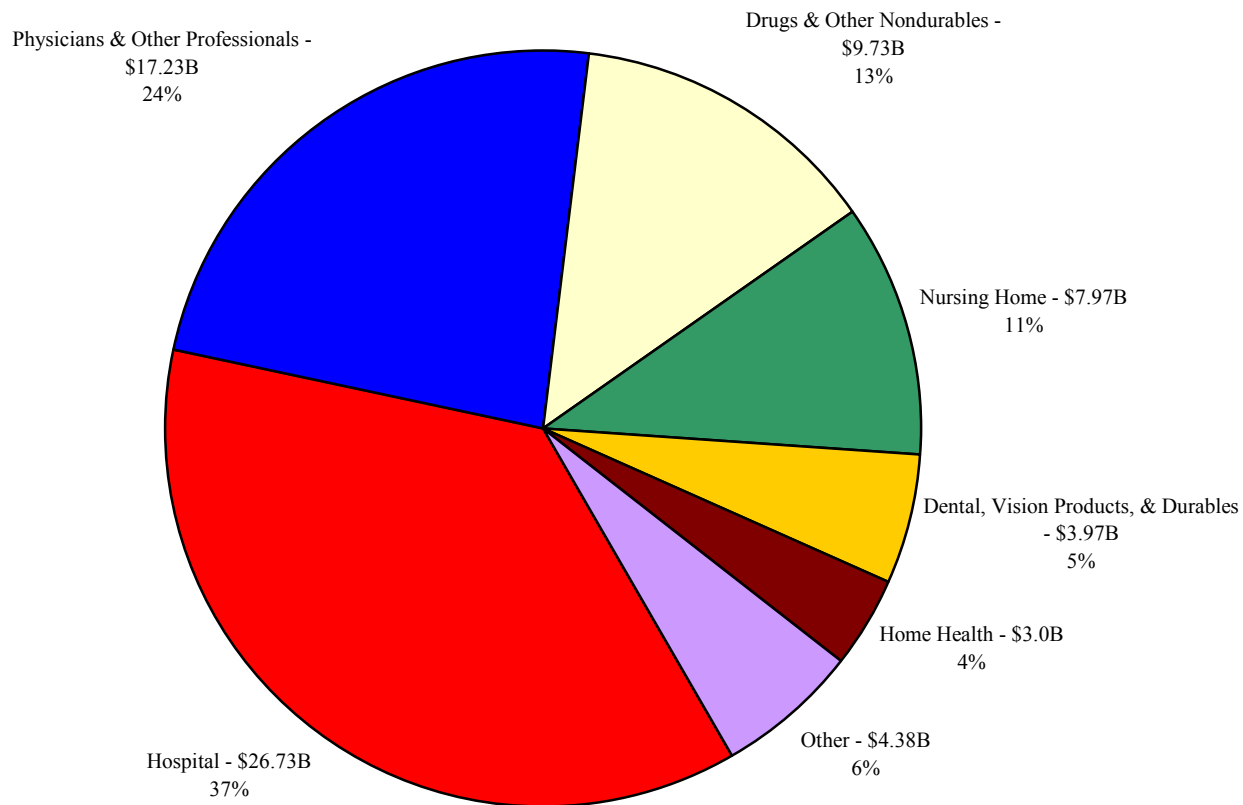
Advances in information technology can help reduce medical errors, track patients, and improve billing and cash flow, but New York City lags in adopting the most technologically advanced systems.

Health care in New York is very costly.

- Health care expenditures in New York State were \$112 billion in 2002; \$73 billion was spent in New York City.
- With only 3 percent of the U.S. population, New York City spends 6 percent of total health care dollars.
- In 1999, per capita health expenditures for the U.S. were \$4,000; they were \$7,100 in New York City.
- Medicaid expenditures in New York City were \$21 billion; the City pays 25 percent of the cost.

CHART 5: Estimated Health Care Expenditures in New York City

(Source: Center for Medicare and Medicaid Services, 2002 - Total: \$73 billion)



V. HEALTH INSURANCE COVERAGE IN NEW YORK

New York State has a number of health insurance programs.

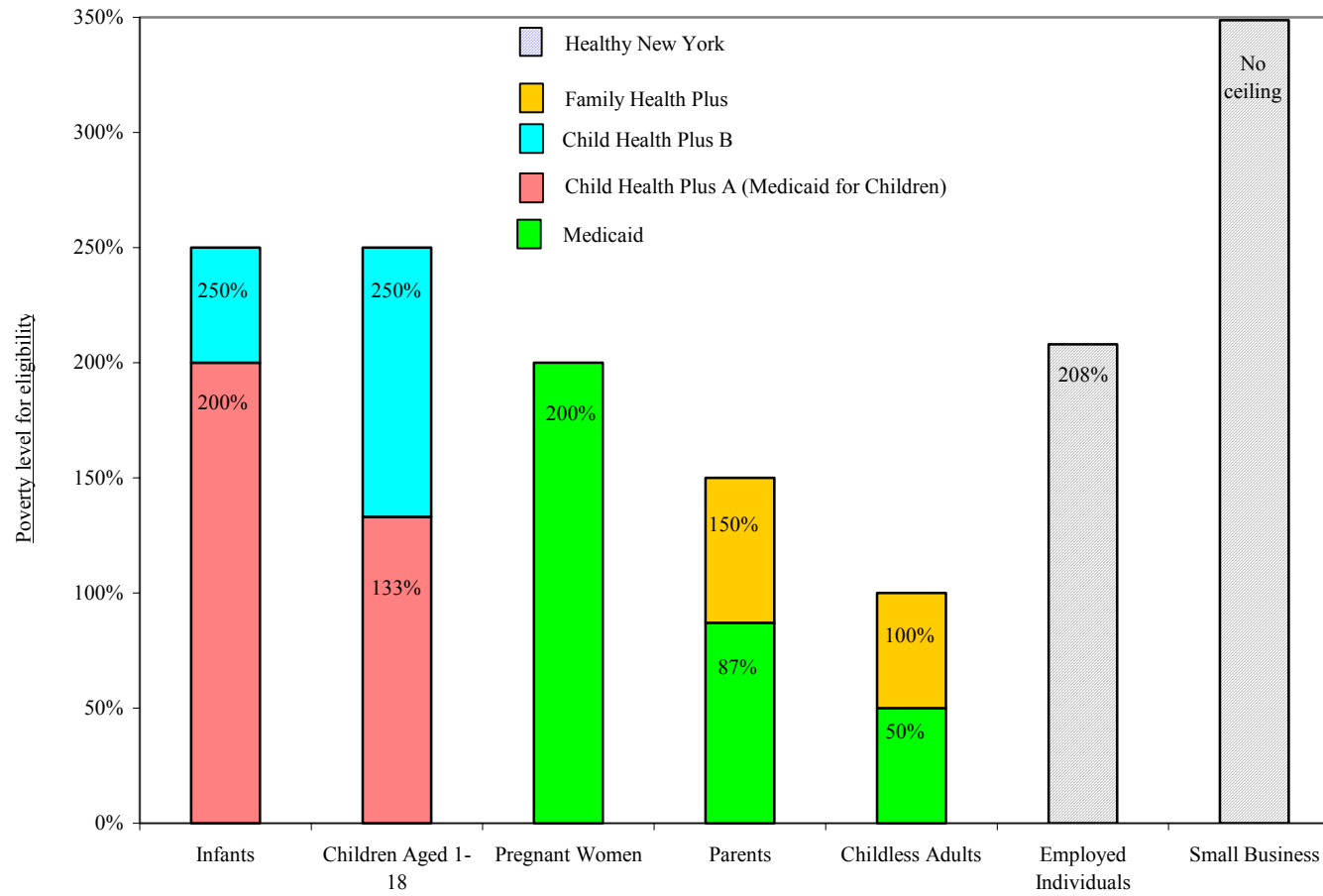
- Half of the 8 million residents of the City have employer-sponsored health insurance.
- Almost all elders have Medicare.
- More than 2.5 million non-elderly people have government-sponsored insurance:
 - Nearly 1.3 million low-income adults have Medicaid;
 - One million poor children have Medicaid and 200,000 have Child Health Plus, an increase of 250,000 since 1998. Children now are only 16 percent of the uninsured in the City;
 - Approximately 50,000 adults have Family Health Plus.

But there are problems with the State's insurance programs, with each of the State programs having different income, eligibility, and citizenship criteria.

- Children in families of citizens with incomes below 250 percent of poverty are eligible for Child Health Plus; for Medicaid, the level is 133 percent of poverty.
- Pregnant women and newborns in families with incomes below 200 percent of poverty are eligible for prenatal and postpartum care, regardless of citizenship.
- Adults must have incomes below 150 percent of poverty and be citizens or permanent residents to be eligible for Family Health Plus.

The chart on the following page is a graphic representation of the confused eligibility guidelines.

CHART 6: Eligibility Rules for New York State Health Insurance Programs
 (Source: United Hospital Fund, 2004)



Approximately 1.8 million New Yorkers below the age of 65 have no health insurance.

- Two-thirds of the uninsured work full time (57%) or part time (10%).
- Forty percent of the uninsured are not citizens.
- One-quarter of African Americans and one-third of Latinos are uninsured, compared to only 16 percent of whites.
- Medicare requires elders to pay for half of their health care costs.
- Private insurance is increasingly out of reach as premiums rise.

The complex eligibility guidelines cause many people to lose coverage or not to enroll.

- Nearly half of the people enrolled in the State programs are cut off each year and must be recertified.
- More than 1 million people are eligible, but not enrolled in one of the State's programs.

VI. NATIONAL ISSUES AND TRENDS AFFECTING HEALTH CARE IN NEW YORK CITY

Health care costs are rising rapidly:

- Overall expenditures are rising at three times the rate of inflation;
- Health care now consumes 15 percent of the gross national product;
- Health insurance premiums are rising at more than 10 percent annually.

Changes in Federal policy could hinder the financing of health care and health insurance in New York City.

- Proposals to block grant Medicaid could cap Federal payments and place a greater burden on states.
- Proposals to reduce Medicare rates could remove nearly \$1 billion from New York City hospitals over ten years.
- Proposals for low-premium catastrophic health care insurance would fragment the insurance market and hamper the ability of sick people to buy insurance.
- Federal Medicare legislation may cause thousands of elders to lose State-sponsored drug assistance.

Federal policies are frequently in conflict with health prevention and promotion goals.

- Use of abstinence-only sex education deprives youth of adequate information, impeding efforts to fight the spread of sexually transmitted diseases and HIV.
- Recent legislation curtails women's rights to reproductive health care and abortion.

Political considerations are affecting Federal health care and health research policies.

- Industry officials have been appointed to scientific advisory committees, often replacing scientific experts.
- Limits on the funding of stem cell research have hampered a promising new line of biomedical research.
- Importation of less expensive pharmaceuticals is being blocked in Congress.

VII. PHILANTHROPIC ACTIVITY

The Foundation Center reported approximately \$600 million in health care grants in New York City in 2003, a fraction of the \$73 billion in health care expenses.

More than 40 local and national foundations fund health care in New York City.

- Grants that support cancer treatment and research are the most common, with at least 200 grants totaling \$20 million made each year.
- The most frequently funded non-cancer grants are for reproductive and women's health; children's health; primary health care; and expansion of insurance coverage.
- Grants for disease prevention and health promotion were only 8 percent of the total.

The three largest national grantmakers are:

- The Robert Wood Johnson Foundation, which funds projects to expand insurance, reduce substance abuse and violence, and improve quality of care;
- The Avon Foundation, which supports cancer treatment;
- The Kellogg Foundation, which supports expansion of comprehensive health care in poor communities.

The New York Community Trust is the largest local funder of health care in the City.

- Total Trust spending in New York City for the overall area of Health and People with Special Needs was \$14.2 million in 2003.
- Non-advised grants totaled \$7.8 million in 2003, with nearly \$5 million for health services and policy.
- The Trust is one of the few foundations in the City that funds policy research and advocacy.

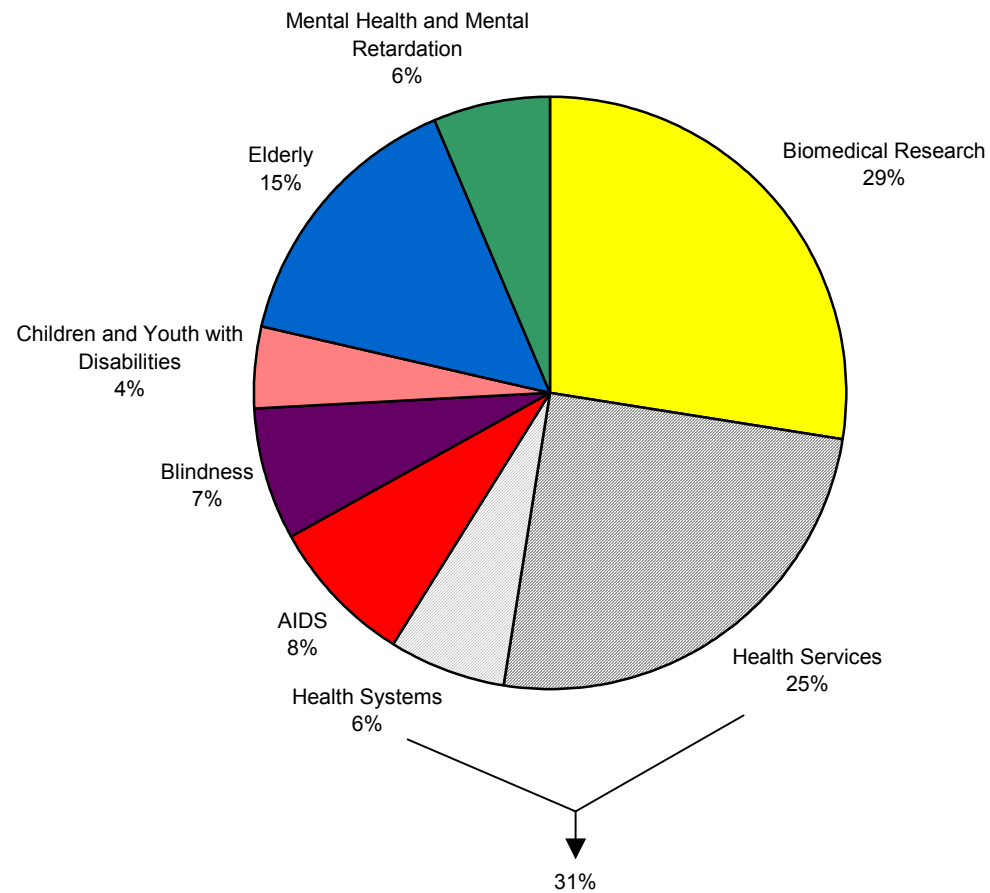
The other most active New York City grantmakers are:

- The Altman Foundation, which provides approximately \$2 million each year for health care and access to health insurance for children and adults;
- JPMorgan Chase, which provides approximately \$1.5 million each year for expansion of primary care and health insurance;
- The United Hospital Fund, which provides \$2.5 million each year for expansion of insurance, health policy research, improving quality of care, palliative care, and expansion of primary care;
- The Commonwealth Fund, which provides approximately \$500,000 for expansion of insurance, appropriate utilization of health care resources, and workforce training;
- The Nathan Cummings Foundation, which provides approximately \$500,000 to support children's health, primary care, and end-of-life care;
- The Robert Sterling Clark Foundation, which provides \$750,000 to support reproductive health care.

VIII. OUR CURRENT HEALTH STRATEGY

Our current budget for Health and People with Special Needs is \$8,094,000.

CHART 7: 2004 Non-Advised Budget for Health and People with Special Needs



Health Services, Systems, and Policy, the subject of this briefing, is 31 percent of this budget.

The Trust's current program in Health Services, Systems, and Policy seeks to improve the effectiveness, responsiveness, and equity of health care in New York City. The objectives are to:

- Promote the accessibility of basic medical services;
- Demonstrate the effectiveness of early intervention and preventive health programs;
- Stimulate the efficient use of scarce health resources;
- Assess needs, develop policy, and advocate to improve the delivery and coordination of services.

This year, the budget for the program is \$2.5 million; nearly two-thirds of it is supported by funds with narrow fields of interest:

- 47 percent of the total is dedicated to cancer treatment;
- Another 14 percent is earmarked for specific kinds of health care, such as care for injured ballet dancers and people with arthritis.

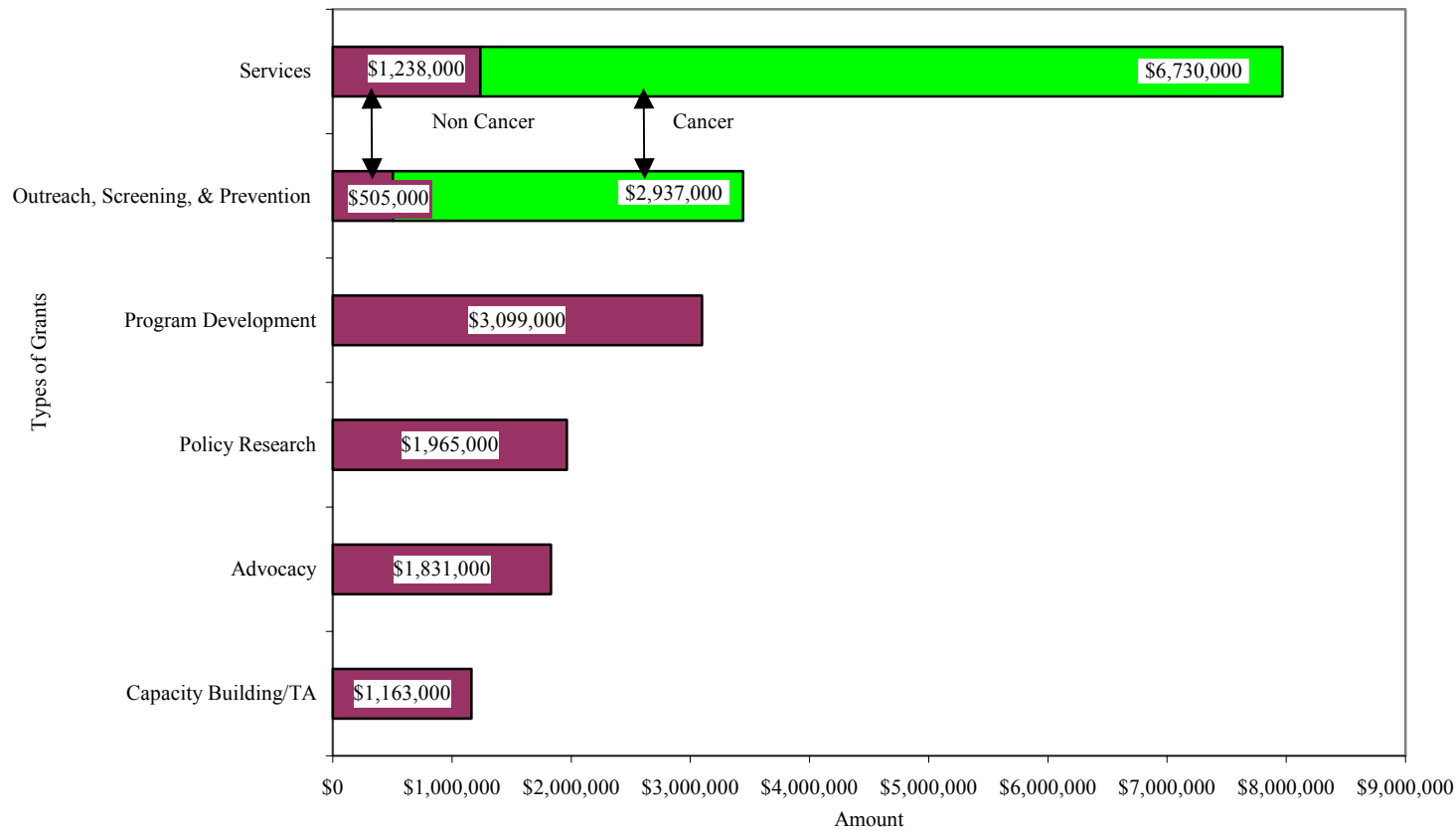
We also make a number of grants related to health services delivery through our six other programs in Health and People with Special Needs.

- Nearly one-half of our elderly grants support improvements in Medicare and health care for seniors.
- More than \$700,000 each year from our biomedical research area supports improvement in access to life saving new treatments to poor, mostly minority, New Yorkers.
- Nearly all of our AIDS-related grants focus on preventing the spread of HIV.
- Most of our mental health program supports expanding insurance coverage and strengthening clinic operations.

Over the last ten years we have spent almost \$20 million using a variety of approaches:

- Direct service to people with serious illness—\$8 million;
- Health prevention services, including screening for diseases like cancer and lupus and health education in public schools—\$3.5 million;
- Program development of new, innovative, and cost-effective health services—\$3 million;
- Policy research and advocacy—\$4 million;
- Capacity building, mostly to strengthen primary health care—\$1.2 million.

CHART 8: NYCT Health Grantmaking by Activity, 1995-2004
(Total: \$19,468,000)



More specifically, our grants have:

- Improved care to people with cancer;
- Expanded public and private health insurance;
- Improved the operations of managed health care;
- Expanded primary care and reproductive health care;
- Expanded health education in New York City public schools.

IX. KEY FINDINGS AND CONCLUSIONS

- The lack of health insurance is a continuing problem for nearly one-quarter of the City's residents;
 - **Continuing efforts to insure all New Yorkers are needed.**
- Many health problems are preventable and could be reduced by changes in behavior;
 - **People need help to eat better and exercise more.**
- There is too great an emphasis on paying for health care and too few resources focused on prevention and screening for early-stage, treatable disease;
 - **We require more screening programs, especially for the uninsured.**
- Residents with limited access to health care are concentrated in 12 poor communities;
 - **Support for programs in these communities is essential.**
- The City's health care professionals have not been adequately trained to serve an increasingly diverse population;
 - **There is a need to train health care workers to be sensitive to cultural differences and to increase the number of multi-lingual and minority health care professionals.**
- Too much care is provided in hospitals;
 - **Community-based clinics should be expanded and improved.**
- Hospitals and clinics are under financial stress and must increase revenue;
 - **Technical assistance and help in adopting new technologies is needed.**

X. A REVISED HEALTH STRATEGY

Over the last two decades, we have made significant progress in achieving two of our objectives. We:

- Demonstrated the effectiveness of early intervention and prevention programs;
- Stimulated the efficient use of health resources.

There have also been major changes in this area:

- The acceleration of high technologies (e.g., CT scans, MRI imaging, computer assisted surgery), increasing costs;
- The advent of managed care;
- The merger of institutions and consolidation of services;
- An increase in the number of the uninsured, especially immigrants.

Given these factors, we are proposing a modestly revised grant strategy, which now will have three objectives.

1. To promote the accessibility of basic health services, especially in minority and immigrant communities, by:

- Advocating for the expansion of affordable public and private health insurance;
- Providing health screening, early intervention, and referral for effective treatment of disease;
- Providing services to needy people with serious illness.

2. To strengthen health service providers, especially those serving the City's poorest residents, through:

- Model program development;
- Improving the cultural competency of health care providers;
- Capacity building and better use of information technology.

3. To promote healthy lifestyles by:

- Educating adults and children about the benefits of healthy diets and weight reduction;
- Encouraging more exercise;
- Developing model health promotion programs.

We will accomplish these objectives through grants for services, policy research, advocacy, and technical assistance.