



## The Star-Ledger

### Avoiding closing arguments

Monday, August 14, 2006

BY SANFORD M. JAFFE AND LINDA STAMATO

Gov. Jon Corzine is threatening to close struggling hospitals in New Jersey and promising to strengthen those that remain. Taking on this challenge and using peaceful means, given the political terrain of health care in this state, requires some doing.

What we have now amounts to triage. Twenty hospitals have closed since 1985; nearly half lost money last year, and the rest eked out profits of less than 1 percent. We have a medical arms race with too many hospitals (81 acute-care and three psychiatric, rehabilitation and specialized-care facilities) spending too much money, chasing a limited number of cases at the same time that there are unmet needs and potential opportunities.

The crisis for hospitals serving New Jersey's urban poor, moreover, is acute. Recently, John Myers, archbishop of Newark, called for the hospital industry to support and embrace a realignment and improvement of health care services, to conduct a structured, rational assessment of hospital capacity to reshape the state's health care delivery system.

Given the considerable interests at stake -- nearly all of New Jersey's hospitals are operated by private, nonprofit organizations -- and the fact that New Jersey does not have the legal authority to order any of them out of business for economic reasons (indeed, in 1992, a state panel recommended that six hospitals be closed; three of these institutions continue to operate), it is clear that a very different approach is needed.

A number of people, including the governor, have been talking about the federal effort to close military bases as a potential strategy. Why?

For more than a decade, every effort that the Pentagon made to shut down obsolete military bases was thwarted by lawmakers whose states or districts benefited from the installations -- a situation not unlike community resistance to closing local hospitals. (Indeed, those who propose such moves are often seen as committing acts of political suicide.)

Accordingly, only a strategy that is itself political is likely to succeed in breaking this kind of political stalemate. With military bases, that strategy was provided in the form of legislation establishing a nonpartisan commission to develop criteria, hold hearings and make recommendations on base realignments and closings and outlining a timetable and providing resources to ameliorate the impact (several hundred million dollars over a period of years). Key was the provision for members of Congress either to support or reject the commission's entire proposal, with no modifications or exceptions allowed.

Several commissions have made recommendations since 1988. When neither Congress nor the president attempted to alter the package, which was most of the time, the process worked exceptionally well. Closings and realignments have taken place; significant savings have been achieved. The strategy worked.

The base closing experience suggests that shifting responsibility to a nonpartisan commission diminishes the potential political fallout, significantly reducing the odds for political punishment and political intimidation, and, particularly noteworthy, the base commissions used consensus-building techniques to develop objectives and methods for the closings, a process that was convincing and credible, producing final plans and recommendations that proved acceptable.

This approach clearly has potential for dealing with other essential but similarly controversial and intractable decisions, such as closing and restructuring hospitals in states. Indeed, in New York, where hospitals are losing money and there are believed to be excessive beds, among other issues, a state commission on health care facilities, appointed by the governor and legislative leaders, is scheduled to issue a plan within a few months for guiding the hospital industry to a smaller, healthier condition.

When voluntary cooperation within the sector simply doesn't work to reduce duplication, for example, and political end runs are executed to gain position and resources from the Legislature -- consider, for example, that at least three hospitals received so-called Christmas tree ornaments in the final budget adopted for fiscal year 2007 in New Jersey -- it is clear that state leadership is essential for a systematic, comprehensive and sound approach to take shape.

What is essential, though, is genuine consensus on the objective and confidence in the process for meeting it.

In addition to an essential framework -- one that can deal with recommendations put forward by a commission -- a successful strategy involves the following elements:

Establishing consensus on need.

Spreading responsibility evenly.

Choosing a bipartisan or nonpartisan, informed and responsible group of people to lead the effort.

Developing sound, defensible criteria before recommendations are considered.

Opening the process to gain information, advice and opinion while shielding it from interference.

Establishing a method and timetable for implementing the plan.

Providing a means to ameliorate potentially negative effects.

Market forces can place certain hospitals at considerable risk, and, absent cooperation, conventional politics produces paralysis. Thus a base-closing type of approach may be the way to go. While it is not the noblest expression of democracy, it is one that can work. For the hospitals in New Jersey and for the residents of the state (and their treasury), an independent commission may be the only way to get a necessary job done.

*Sanford M. Jaffe and Linda Stamoto are co-directors of the Center for Negotiation and Conflict Resolution at the Edward J. Bloustein School of Planning and Public Policy at Rutgers University.*