

EDITORIAL

How healthy is this alliance?

March 24, 2008

NINETY PERCENT of the income of the Cambridge Health Alliance comes from the state and federal governments. The state needs the alliance - an agglomeration of three hospitals, a health plan, a physician group, and more than 20 clinics - to provide healthcare services to needy people, with a special emphasis on the mentally ill and on immigrants. But the alliance is in financial trouble, and the state also needs to diagnose the causes before the condition becomes terminal.

The Globe's Jeffrey Krasner recently unearthed a document that had the chief financial officer worrying about catastrophic losses for the fiscal year, which ends June 30. In a telephone interview Friday, CEO Dennis Keefe was more optimistic. "In January and February results have been better," he said. "We're a \$1.2 billion operation. In the worst case, I see a 1 to 1.5 percent loss."

What is clear, however, is that the alliance is not navigating the changed environment wrought by the health insurance reform law as well as Boston Medical Center, the other Boston-area healthcare system with special responsibility for those at the margins of society. Both received special protection to make the transition from reliance on state aid for the uninsured to the new system, in which they primarily would be treating insured patients.

The Massachusetts Nurses Association, which like other unions is worried about layoffs, contends poor management is to blame at Cambridge. Keefe defends his performance and has hired consultants to do a three- to five-year plan. But long-established institutions are often not able to make a detached examination of their own shortcomings. A fully independent assessment would better determine whether the Cambridge system is configured appropriately.

"We are predominantly a primary care system that happens to have hospitals attached to it," Keefe said. Are three hospital campuses, in Cambridge, Somerville, and Everett, really needed to serve its patients today? And is the state payment system aligned to reimburse Cambridge expeditiously for the transition under health reform and for the state share of 714,150 patient visits a year - 155,400 of them for mental-health or substance-abuse problems? Outside experts are best positioned to answer these questions. And the findings ought to be made public.

Ninety percent of \$1.2 billion is \$1.08 billion, a major commitment of government resources. The Patrick administration and the Legislature should make a modest investment to deploy the people who can find out what's really going on at Cambridge Health Alliance.