



Crain's Health Pulse
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Crain's Q&A: Health care affordability is tied to accessibility, PAGNY chief says

Plus:

- Memorial Sloan Kettering's operating loss narrows in third quarter
- Montefiore, Einstein receive \$7.6M in grants for study of depression and HIV
- Westchester pathology device firm expands Series B round to \$32 million

Dr. Richard Becker became CEO of the nonprofit Physician Affiliate Group of New York in September, but his experience in making health care affordable and accessible for the underserved has been longstanding. He has worked in diverse aspects of the industry, including as president and chief executive of the Brooklyn Hospital Center and as the state deputy secretary for health. Such roles have helped him become familiar with what goes into health care costs and what hits patients' wallets hard. What will keep health care affordable, especially for lower-income communities, he noted, is addressing the accessibility of primary care and prioritizing the social determinants of health, such as where people live and what they eat.

What factors contribute to the inaffordability of health care services?

Health care costs can be a complicated thing, but for what matters most to patients, much of it can be tied to accessibility. Underserved communities have additional sets of challenges in social determinants of health that can make health care costly. For example, we know underserved communities have higher rates of chronic conditions, such as diabetes, that if uncontrolled can lead to needing more acute services that are more expensive. It's easy to tell someone to eat a better diet, but if someone is in food desert, how does one do that?

Don't rising drug, labor and supply costs affect patients too?

All those challenges are real, but there are many steps that occur before their impact reaches the patient. Covid has exacerbated the labor situation, but a health system tends to absorb that in its operating margins. What eventually reaches patients is more affected by utilization. You can't separate accessibility from affordability. The healthier we can keep our population, the more we can help them save on costs.

What are providers doing to help reduce prices for patients?

One innovation is the increased use of telehealth. Out of necessity, due to the pandemic, everything became telemedicine, but that's a good thing, because it can be used for minor things that people might have avoided going to the doctor's office for in the first place. Addressing these minor things prevents them from becoming major things.

Are there areas that need more work when it comes to controlling costs?

There are still inefficiencies. One example is what we call "leakage," where a patient might be referred to a specialist within network but find the nearest availability date is months away and thus see an out-of-network provider instead. Or a patient declining to see a specialist because of perceived costs, leading to worse health outcomes. And there are certain specialties [that seem out of reach], such as finding a psychiatrist in New York City to accept insurance. I think all those things can be fixable, or at least worked around, though it might require some creativity. —Shuan Sim

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Memorial Sloan Kettering's operating loss narrows in third quarter

Memorial Sloan Kettering Cancer Center experienced revenue growth in the third quarter compared to the same period last year, with patient volume returning, according to financial filings released Monday. And although the Lenox Hill-based institution remained in the red, its deficit was lower compared to the third quarter of last year.

Its total revenue was up 14% in the third quarter, to almost \$1.5 billion, compared to the same period of 2020. Of that amount, patient revenue grew 13%, to \$1.2 billion. The hospital segment led the recovery with 15% year-on-year revenue growth, to \$1 billion, during the third quarter.

The institution's expenses, in comparison, saw only marginal increases during the third quarter, climbing 2%, to roughly \$1.5 billion, compared to the same quarter last year. Wage expenses went up just 0.8%, to \$804 million, during the quarter, compared to the same period of 2020. Its supply expenses in the third quarter, however, were up 6%, to \$551 million.

MSK's operating income for the third quarter was a loss of \$9 million, which is an improvement from its operating results for the same quarter of 2020, in which it had a loss of \$159 million.

On Sept. 30, the institution had total net assets of \$9.2 billion.

Covid has continued to have a negative impact, such as stock market volatility, temporary business closures, supply disruptions and patient treatment deferments, management said. Although the ultimate financial impact has yet to be known, management said, it will closely monitor operations and will pursue additional federal or other forms of funding to bolster revenue.

"Additional funding has since become available, for which the institution has applied for and expects to receive more funding in the future," management said.

Memorial Sloan Kettering was founded in 1884 and provides cancer care at 25 locations in the city, Long Island, Westchester County and New Jersey. — S.S.

Montefiore, Einstein receive \$7.6M in grants for study of depression and HIV

Montefiore Health System and the Albert Einstein College of Medicine have received grants totaling \$7.6 million from the National Institutes of Health to study cannabis use and depression in people with HIV, the system announced Thursday.

The five-year grants will power two studies. The first is a \$4 million award from the National Institute on Drug Abuse for a 280-patient study exploring cannabis use in people with HIV. It will examine brain circuitry related to rewards and pain to better understand their links to depression and substance-use disorder in this population.

The second study is funded by a \$3.6 million award from the National Institute of Mental Health to examine how the immune system, brain circuits and neurochemicals interact in people living with HIV. The 300 participants will be tested for levels of depression or anxiety, past psychiatric trauma, HIV treatment and levels of CD4+ T cells.

"Given the health disparities associated with both a mental health diagnosis and HIV-positive status, we're hopeful our findings will serve as an important step in advancing health equity in the Bronx and around the country," said Dr. Vilma Gabbay, co-director of the Psychiatry Research Institute at Montefiore Einstein and co-principal investigator on both studies.

The Bronx has over 27,000 people living with HIV, the majority of whom are Black or Hispanic men, according to Gabbay.

"If we can confirm that this chain of events leads to depression," Gabbay said, "we may be able to devise treatment strategies that can ward off depression in people infected by HIV—perhaps by inhibiting the inflammatory proteins that accompany HIV infection."

Albert Einstein College of Medicine is a partner of Montefiore and has over 1,900 faculty members. Montefiore is a network of 10 hospitals and over 200 outpatient sites across the Bronx, Westchester County and the Hudson Valley. —S.S.

Westchester pathology device firm expands Series B round to \$32 million

A Hawthorne, Westchester County–based firm that is developing an automated device that processes human and animal tissues for pathology laboratories in collaboration with Northwell Health on Thursday announced that it has expanded its Series B funding round to \$32 million dollars, setting the stage for eventual manufacturing activities.

Clarapath's original Series B raised \$16 million in early 2020, and the expansion added over \$15.5 million to the round. Notable participants in the round included the investment arms of White Plains Hospital and Northwell. It was led by new investor 4100 Group, the investment arm of Delta Dental, an Illinois-based organization. There were at least five new investors and 10 returning ones in the expansion, said CEO Eric Feinstein.

The funds will allow the company to continue to operate for at least 24 months, and the proceeds will be used to secure its supply chain for eventual manufacturing activities and grow its team, Feinstein said.

"Covid has disrupted everything, and with over 20 subsystems in our device, we need to ensure a robust supply chain for it," he said.

Clarapath has submitted its device to the U.S. Food and Drug Administration for clearance in clinical use. Should everything proceed as planned, the device could be commercially available as soon as the first quarter, Feinstein said.

The proceeds will also be used to expand its core team, especially in engineering, Feinstein noted. The company has 30 employees, and in the next year it expects to bring on an additional 15, he said.

"The way biopsies had been analyzed had been a manual, labor-intensive process," Feinstein said. "This funding will help close a big gap between that and automated, integrated solutions."

Clarapath was founded in 2014 as a commercial spin-off of Cold Spring Harbor Laboratory, a nonprofit research institute. It also has a clinical research organization that provides tissue processing and imaging services at the New York Genome Center in SoHo. —S.S.

AT A GLANCE

WHO'S NEWS: Kanaka Rajan has been named one of the members of the 2021 Next Generation Leaders Council of Seattle-based Allen Institute, Mount Sinai announced Tuesday. Rajan is an assistant professor of neuroscience at the Friedman Brain Institute at the Icahn School of Medicine at Mount Sinai. Appointed council members serve three-year terms and provide guidance on the institute's neuroscience research efforts.

DISINFORMATION INITIATIVE: The Social Science Research Council has created the Mercury Project, a three-year initiative to combat public health mis- and disinformation, the Brooklyn-based nonprofit said Tuesday. The Rockefeller Foundation provided \$7.5 million in seed funding; the Robert Wood Johnson Foundation, \$2 million; and Craig Newmark Philanthropies, \$500,000. The initiative will fund projects from organizations fighting misinformation in the U.S., Africa, Asia and Latin America.

OPIOID GRANT: Hackensack Meridian School of Medicine and Seton Hall University have received a \$450,000 grant from the Substance Abuse and Mental Health Service Administration to fund a training program for medication-assisted treatment, the New Jersey health system announced Thursday. The three-year grant funds a program that trains clinicians in the prescription of medication-assisted treatment for patients with opioid-use disorder, conducted by Hackensack Meridian School of Medicine, Seton Hall University College of Nursing and the Seton Hall University School of Health and Medical Sciences.

OUTREACH AWARDS: Brooklyn Communities Collaborative, a nonprofit promoting health and economic mobility in the borough, announced disbursing grants to 14 community-based organizations totaling \$957,000. The funding is the second round of grants distributed through its strong communities fund, and it has given out nearly \$4 million to organizations serving Brooklyn.

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