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Health systems get creative to implement vaccine mandates

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Plus:

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- New \$300M investment vehicle sets sights on value-based care
- Medical supplier Henry Schein sees strong income gains in Q2

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New York City hospitals and health systems are developing expansive internal infrastructure to facilitate the rollout of newly-announced staff vaccination policies, from an IT platform that tracks Covid-19 test results to 24-hour testing sites where employees can get swabbed during their shifts.

Each system faces the challenge of implementing mechanisms for communicating requirements, tracking compliance, vetting exemption requests and disciplining employees who flout the new rules. The guidelines so far range from a no-exceptions vaccine mandate for patient-facing employees at state-run hospitals, such as SUNY Downstate in Brooklyn, to weekly testing requirements for unvaccinated workers at the city's public hospital system, Mount Sinai Health System and Northwell Health.

Hospital executives said their goal is to make compliance easy.

NYC Health + Hospitals, whose vaccine-or-test policy went into effect Monday, tapped its IT department to create a system where any test taken at any of the public health system's locations will have results automatically uploaded to fulfill the criteria. Workers who fall short of the weekly testing requirement will be contacted by human resources and get the chance to take a Covid test then and there, said Dr. Andrew Wallach, ambulatory care chief medical officer.

Workers who get tested somewhere other than an H+H site will have to manually upload test results, Wallach noted.

At least 60% of the system's 42,244 employees have been vaccinated, although Wallach said that could be an undercount, as efforts to determine coverage are still ongoing.

Those who do not comply with the policy will not be cleared to enter the workplace, and they will be sent home without pay, Wallach said. There is no set number of strikes against workers, but if there is a pattern of noncompliance, it will take "progressive disciplinary actions" up to and potentially including termination.

"We hope we don't have to use that," Wallach said. "I'd rather we work out the kinks in the system."

Northwell Health, which announced a vaccine-or-test policy Monday, plans to offer 24/7 testing at all its hospitals so unvaccinated or partially vaccinated employees can get the required weekly test while on duty. Northwell will pay for the tests and process them in its own labs, with results made available in 24 to 48 hours, said Vicki R. Kahaner, Northwell's vice president of employee relations. Unvaccinated employees will be permitted to work while awaiting their test results.

"We are doing our best to make it as convenient as possible," Kahaner said.

Under the policy, which goes into effect Aug. 16, noncompliant staff will be subject to Northwell's progressive disciplinary process, starting with a conversation to educate them about the policy. Those who consistently flout the requirements may get up to five chances to change their behavior or face termination.

Of Northwell's 76,000-person workforce, about 77% have been vaccinated.

Health systems that are permitting medical or religious exemptions to their mandates also have to develop protocol for reviewing applications.

At Health + Hospitals, those requests will be reviewed by the system's equal employment opportunity office. It may also permit exemptions from weekly testing if employees are going on an extended vacation or if they are based remotely, Wallach said. In those situations, supervisors would have to be informed so weekly tracking of those workers can be lifted as needed, he added.

New York-Presbyterian, which announced its vaccine mandate in June, is giving employees until Aug. 6 to apply for an exemption due to pregnancy or medical or religious reasons. It has not released details on its review process but said requests "will be carefully evaluated and accommodated, if appropriate." Unvaccinated employees who are not exempt will be subject to termination.

At University Hospital of Brooklyn, part of SUNY Downstate Health Sciences University, more than 60% of its employees have received a vaccine through the medical center, a spokeswoman said. Individuals who were vaccinated elsewhere were not included in its count. The Prospect Lefferts Gardens hospital has over 4,000 employees, according to its website.

The hospital will comply with established guidelines for religious and medical exemptions, the spokeswoman said. However, given the recency of the governor's announcement of the vaccine-or-test mandate, she said, no policies or procedures around noncompliance have been developed yet. —Maya Kaufman and Shuan Sim

Local behavioral health centers receive \$22M in HHS grants to fight substance abuse

The Substance Abuse and Mental Health Services Administration last week awarded over \$22 million in federal grants to New York community behavioral health centers to improve substance-use disorder and mental health treatments.

The agency, part of the U.S. Department of Health and Human Services, awarded 100 grants totaling \$250 million nationwide, supported in part by the American Relief Plan signed by the Biden administration.

"As we continue to confront the impact of the pandemic, increased support for mental and substance-use treatment can be a critical lifeline to communities across the country," said Xavier Becerra, secretary of HHS, in a statement.

Ten organizations in New York received a total of \$22.7 million, which made the state the second-highest recipient after Michigan, where nine organizations were awarded \$23.7

million total. Organizations in the city and Long Island alone comprised \$19.4 of the state's share. Each organization received in the range of \$1.3 million to \$4 million.

The grants will help strengthen infrastructure for trauma-informed behavioral health services, said Nadine Akinyemi, executive director of Flatbush-based Bridging Access to Care, a recipient that got \$4 million. The organization's reach to children and adolescents can now be broadened, she added. Founded in 1986, it serves about 4,000 individuals each year.

Especially following the pandemic, there is a need to provide primary care, mental health and substance-use treatment in an integrated setting, and the funds will help enable that, Akinyemi said.

"In addition, it will allow us to improve salaries for [licensed social worker] positions, as competition to recruit these talents is fierce," she said. —S.S.

New \$300M investment vehicle sets sights on value-based care

Midtown private-equity firm Welsh, Carson, Anderson & Stowe is devoting \$300 million to launch a portfolio company dedicated to promoting the value-based health care model, it announced Tuesday.

The company, Valtruis, will exclusively invest in and partner with health care companies whose mission is to shift the sector away from its predominant fee-for-service structure.

Karey Witty, who will serve as a managing partner of Valtruis, said it will focus on five to 10 earlier-stage companies and help them develop risk-based payment models.

"We're not interested in quietly investing and stepping back into the shadows," Witty said. "It's our intent to be active in our companies."

Witty said Valtruis' team is interested in value-based care for its potential to disrupt the traditional health care cost structure, as well as its increasing appeal to insurers and the Centers for Medicare and Medicaid Services. Witty most recently served as chief operating officer of Envision Healthcare, which provides facilities with physician and advanced practice services.

Valtruis' founding leadership team also includes former OneOncology president and CEO Tracy Bahl and Anna Haghgoobie, who most recently worked as managing director for Sandbox Industries and the Blue Venture Fund, which invests \$800 million from Blue Cross Blue Shield companies.

Welsh, Carson, Anderson & Stowe has invested about \$10 billion in equity in more than 90 health care companies through its 13 private-equity funds. Its current portfolio includes primary-care provider network CenterWell and InnovAge, a program of all-inclusive care for the elderly. —M.K.

Medical supplier Henry Schein sees strong income gains in Q2

In the second quarter of its fiscal year, which ended June 26, Henry Schein, a Long Island–based supplier of medical and dental products, saw its sales nearly double that of the same period last year.

Net sales during the second quarter were about \$3 billion; they were \$1.7 billion during the same period of 2020. After deducting production costs, the Melville, Suffolk County–based supplier's gross profits were about \$890 million during the quarter, compared with \$454 million in the same period of 2020.

By service segments, the firm's North American dental, medical and technology solution sales were 118%, 47% and 40% higher, respectively, in the second quarter, compared to the same period last year. Total North American sales were \$2.1 billion during the quarter.

The recovery of the dental segment was particularly pronounced during the second quarter, as dental practitioners had suspended activities this time last year, said Stanley Bergman, CEO, during an investor call.

However, even when compared to prepandemic levels, the quarter's sales were still stronger, Bergman said. Total North American and international sales were both about 21% higher in the second quarter compared to the same period of 2019, he added.

Although operating costs, including those for administrative and restructuring services, increased roughly 50%, to \$679 million, during the second quarter, compared to the same period last year, the company's operating income remained in the black at \$210 million. Comparatively, it posted an operating loss of \$7.4 million during its second quarter last year.

After accounting for interest income and expenses, equity earnings of affiliates and taxes, the firm's net income during the second quarter had a \$156 million gain, compared to a loss of \$10.8 million during the same quarter in 2020.

Henry Schein had diluted earnings of \$1.10 per share during the second quarter. In the same period last year, the company had a diluted loss of 8 cents per share.

Given the strong results in the first half, the company raised its earnings-per-share guidance for 2021 to at least \$3.85 from its previous \$3.70, Bergman said. The guidance assumes no new material adverse market changes due to Covid-19.

Henry Schein was founded in 1932 and has more than 20,000 employees. It reported \$10.1 billion in total net sales for 2020. —S.S.

AT A GLANCE

VACCINE PROOF: Mayor Bill de Blasio [announced](#) Tuesday that, starting Aug. 16, proof of vaccination will be required at gyms, bars, restaurants and live performances in the city. Enforcement will begin Sept. 13.

IVF RESEARCH: Northwell Health's Feinstein Institutes for Medical Research has received a \$2.9 million grant from the National Institutes of Health to research embryo screening in in-vitro fertilization, the health system announced Monday. The four-year grant will enable the study of the limitations of polygenic embryo selection, a method used to identify risk of complex diseases in adulthood, as well as surveys of doctors and prospective parents on their interest in such a screening method.

ANTI-RACISM PARTNERSHIP: The Icahn School of Medicine at Mount Sinai has partnered with Meharry Medical College, a historically Black institution in Nashville, Tenn., to address racism in medicine and basic sciences, they announced Tuesday. The affiliation will facilitate exchanges of knowledge and training, including joint graduate or medical education programs, research activities and guidelines.

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