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Where Necessity Ends for Hospital Care

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The Julia L. Butterfield Hospital, which sits on the outskirts of this tiny town, is not much to look at. Its melon and gray facade is hardly beautiful. There are cracks in the tiles on the upstairs halls. Although the emergency room was renovated last year, the X-ray machine dates back four decades and the ventilation system is almost as old.

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For years the 2,200 residents of Cold Spring have seen the hospital as evidence that they have a basic right to immediate and total health care. Reluctantly, others came to a different conclusion: that the price of keeping the hospital open -- \$2 million to save 35 beds -- is too high.

The difference in views illustrates a central question of the current health-care debate: where is the line between medical necessity and economic luxury? Across the United States, 642 hospitals have closed since 1980, forcing patients to drive extra miles to deliver their babies, recover from their illnesses, have their surgeries. The next-closest hospital to Cold Spring is about 20 miles away. How far is too far? How much is too much? Does the right to health care include the right to a community hospital?

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"The current economics of health care don't allow a community hospital in every town," said Donna Gaidamak, a spokeswoman for the association.

Butterfield Hospital was founded in 1925 in a bequest left in the will of its namesake, a wealthy local woman whose son had died in childhood after a fall from a horse. If only there had been a hospital nearby, Mrs. Butterfield believed, her little boy might have been saved.

The institution has been on financially shaky ground from its first year of operation, when it had a deficit of \$1,500. Since then, there have been economically good years mixed with the bad ones, but national trends were not in Butterfield's favor.

The cost of providing health care coupled with a push by insurance companies to reduce the length of each hospital stay have strained small hospitals to the breaking point. Since 1980, 404 hospitals have entered merger agreements with neighboring institutions. More than half of those mergers took place in the last five years.

"A small place like this can't keep up with technology," said Marcel Martino, chief executive officer of Butterfield. "Our radiology equipment is 30, 40 years old, we can't get parts. We can't expand our physician base, because doctors want to work with larger hospitals. People feel secure knowing we're here, but they don't really want to come here, either. They want to go where the doctors are and the technology is. Most people in the community have never been inside." Unable to Meet Payroll

Ten years ago, Butterfield nearly merged with Vassar Brothers Hospital in Poughkeepsie, 20 miles north of Cold Spring, which is 55 miles north of New York City, but the agreement fell through in its final stages. Five years ago the hospital was scheduled to be closed, but another small hospital in Beacon closed first, and the New York State Department of Health urged that Butterfield remain open so that the area did not lose two hospitals at once.

The latest threat to Butterfield began in March of this year when the board of trustees found itself unable to meet the hospital payroll. The board turned to the Hudson Valley Hospital Center, which had formerly been the Peekskill Community Hospital. Hudson Valley took control of Butterfield in exchange for an infusion of \$500,000 to meet immediate expenses and allow the hospital credit with which to buy medical supplies.

Shortly after Hudson Valley took charge, it announced that it would close Butterfield's 35 beds on July 1, when the building would be turned into a nursing home. The Butterfield emergency room would remain open for as long as possible, Hudson Valley said, but if the economics proved impossible, it too would be closed. All patients from Cold Spring would have to travel 18 miles to Hudson Valley's 114-bed hospital for care.

In response to that announcement, the governing boards of Cold Spring and neighboring Nelsonville formed the Joint Commission for Butterfield Hospital to find alternatives to Hudson Valley's plans. The group found another hospital -- St. Luke's Community Medical Center, across the Hudson River in Newburgh, N.Y. -- which was willing to consider running the hospital and keeping the beds open. Another Option Pursued

Hudson Valley, in turn, said it would relinquish control of Butterfield, if it could recoup the \$500,000 already spent to acquire the hospital, and if there is evidence that the community has raised an additional \$1.5 million toward an operating endowment.

The Joint Commission set out to meet that challenge.

"We should do what people do in Mudpuddle, Utah," said Jacqueline Lofaro, a commission member whose elderly parents are regular users of Butterfield. "Make quilts, bake cakes -- it seems like an awfully cheap price for a hospital."

To their surprise, members of the commission found that others in the community did not share their optimism. Business is slow in the antique shops and cafes that are the primary livelihood here, since the flood of weekend tourists ebbed with the recession. Raising the equivalent of \$1,000 per person, some residents said, was simply not possible.

"This community cannot raise this kind of money," said Katherine O'Donnell, owner of the Main Street Cafe, where the conversation over eggs and muffins is often about health care. "You have to sell a lot of cupcakes to raise \$1.5 million. These are working people."

The commission said the money could be found -- in time. But time was the one thing it did not have.

"We'd gone as far as we could go," said Ms. Lofaro. "But we just couldn't meet the July 1 deadline."

And so the cost of health care in Cold Spring will change soon.

"That's a price of living away from everything," said Shawn Luther, who grew up in Nelsonville and is working at the Hudson Land Company real estate office before he leaves for college in the fall.

"You have to drive 15 minutes for shopping. You have to drive 15 minutes for everything. Now you have to drive that far to the hospital. At least it isn't further."

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