

# Sky-high stakes in airline bankruptcy

BY MITCHELL L. MOSS

**T**he summer travel season, when New Yorkers rely most on air travel, has begun. But New Yorkers' capacity to choose how and where to fly will suffer if American Airlines is needlessly pressured into a shotgun merger with US Airways.

American Airlines is going through a federally regulated bankruptcy process; this takes time, since it entails negotiation with creditors, unions and government agencies. US Airways

wants to short-circuit this process and take over American Airlines before American can legally reorganize its labor and personnel systems.

Aviation is critical to our city's economy, allowing people to come here from all parts of the globe to work, shop, visit, study and play. Without hundreds of direct flights every day, New York would be just another city.

US Airways is promising to maintain outmoded labor packages, though this would inevitably diminish the air services New Yorkers have come to rely on. New York deserves a strong and solvent American Air-

lines, not a bloated US Airways, which has consistently failed in its earlier efforts to acquire bigger and better airlines.

American Airlines has the most service of any carrier to Latin America and the Caribbean—from New York and through Miami. These routes are vital to the city's growing demographic groups and business needs; that's why American has made New York one of the five major U.S. cities in which it plans to base its reorganized airline business.

American also intends to expand its agreement with JetBlue, the largest carrier at JFK International Airport.

This agreement lets New Yorkers use their reciprocal frequent-flyer programs to access the locations that JetBlue and American each serve. Plus, American, through its Oneworld alliance network, allows anyone flying on it to get direct connections from local airports to hundreds of destinations around the world.

US Airways currently has three East Coast hubs—Charlotte, N.C., Washington, D.C., and Philadelphia—and its airline activity from New York is built around its shuttles to Boston and Washington.

The airline already has two other gateways on the East Coast and has retreated from New York by trading slots at La Guardia with Delta. US Airways' proposed business plan appears to be more focused on making Philadelphia—not New York—its Northeast gateway. If that strategy is implemented, New York jobs would be lost, and the entire city would be hurt.

For more than three-quarters of a century, American Airlines has been an integral part of the life in this city. Now it is going through a reorganization that will allow it to strengthen—not weaken—its presence in New York. We should recognize that what's good for American Airlines is good for New Yorkers.

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# Hospitals' choice: merge or die

**D**avid Skinner arrived from Chicago in late 1987 to take over the ailing New York Hospital at a time when its medical reputation was tarnished, its occupancy falling and its budget awash in red ink.

He tackled the problems and launched a wave of acquisitions, capped by the 1996 merger with Presbyterian, which remade the health care system in New York. That was a good thing, and

Dr. Skinner's influence continues to be felt—notably, in last week's announcement that NYU Langone Medical Center and Continuum Health Partners will pursue a combination.

The product of Dr. Skinner's vision, New York-Presbyterian, dominates the local health care scene because of its size (\$3.5 billion in revenue; see the list of the New York area's largest hospitals, page 16) and the fact that it makes money and that its care is widely considered the best (ranked No. 1 in New York by *U.S. News & World Report*, for instance).

It isn't alone, however. Two other systems created in the merger wave have succeeded almost as well.



**GREG DAVID**

The North Shore-LIJ Health System matches New York-Presbyterian in almost every way on its home turf of Long Island and Queens. Montefiore is equally successful in its domination of health care in the Bronx and has its own stellar reputation, especially for using technology to improve care and cut costs.

Two powerful independents—Memorial Sloan-Kettering and the Hospital for Special Surgery—command large chunks of the market in the lucrative specialties of cancer care and orthopedics.

In this world, Continuum's collection of hospitals was trapped in a no man's land between the big med-

ical centers and smaller community hospitals, never able to marshal the financial or managerial resources to thrive.

Its position has recently been undermined as North Shore-LIJ moved into Manhattan with its takeover of Lenox Hill Hospital and its planned emergency care facility at the former St. Vincent's Hospital complex in Greenwich Village.

Meanwhile, NYU Langone has been revived after its divorce from a disastrous merger with Mount Sinai. However, its leadership knew that its position was tenuous and that it needed to get much bigger.

The task ahead is enormous, since the new and unwieldy system will need to be rationalized and cut costs dramatically amid the uncertainty of where national health care policy is headed.

It is that rationalization that will lead to an enormous outcry similar to the ones that accompanied the closing of St. Vincent's or the effort to save Brooklyn's numerous money-losing hospitals through a similar transformation.

The unfortunate fact of life is that New York has too many hospitals (propped up by an average length of stay far longer than the national number). That adds enormously to the cost of the system and makes most of the institutions hopelessly unprofitable.

Now all eyes will turn to Mount Sinai, itself a great turnaround story after its parting from NYU. Can it continue to go it alone? Almost certainly not. North Shore, are you interested?

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