In Cabrini Medical Center's diabetes center, Dr. Vincent F. Giacalone inspected the battered feet of Louis Squire one day last week. Nearby, Dr. Michael Poon taught other doctors to use cutting-edge scanner imaging to peer into patients' bodies, and Dr. Nadia Marsh phoned disabled patients she planned to visit at their homes.

None of these services — the diabetes center, the scanning classes, the home visits — existed a year ago at Cabrini, in the Gramercy Park neighborhood of Manhattan. And the changes do not end there. The hospital has strengthened ties to Mount Sinai Hospital on the Upper East Side, and it plans to create a psychiatric unit for elderly patients, a digestive disorders program, and at least one kind of long-term care ward, possibly two.

It all adds up to a remarkably thorough rethinking of Cabrini's mission — and represents one small hospital's attempt to survive harsh times.

New York State's hospitals have been losing money at a great rate since 2000, squeezed by insurance companies, rising costs, heavy debts, and the growing number of uninsured patients. Many have closed, and even so, analysts say there is still a glut of hospital beds, particularly in New York City.

A state commission on health care facilities, headed by Stephen Berger, is scheduled to issue a plan in December for guiding the hospital industry to a smaller, healthier shape. The commission, appointed by the governor and legislative leaders, has warned that many hospitals in dire financial condition must find new roles for themselves if they are to stay in business.

Cabrini has been doing just that, perhaps more than any other hospital in the city, by finding niches that neighboring hospitals generally have not filled.

"If we just sat back and did nothing, we'd be closed in two years," said Robert Chaloner, the president and chief executive officer. "And that would be a shame."

Experts say it is far too soon to judge the success of Cabrini's transformation, but that if it works, it could be a model for other small, troubled hospitals to follow. The changes mirror the kinds of steps urged by the Berger Commission: find unmet needs and form partnerships with other hospitals, rather than going head-

to-head in competition, and focus on areas where more service is needed, like long-term, psychiatric and outpatient care.

“It’s significant that they are acknowledging that their current configuration is not viable, and thinking very seriously about what to do about it,” said James R. Tallon, president of the United Hospital Fund, a research group. “A very key factor is the affiliation with a big academic medical center.”

None of the hospital’s new projects involve the standard “medical-surgical” beds that so often lie empty in New York. In fact, Cabrini’s plan calls for reducing the number of all beds to 170 from 320. That has opened space within the hospital for services that used to be in satellite buildings, like a large H.I.V. program, allowing Cabrini to sell some valuable real estate.

Just as important, the new functions, for the most part, call for minor renovations and do not require expensive new equipment.

For years, hospitals in New York City waged a medical arms race, in part because they are packed so closely together; Cabrini is less than a mile from four much bigger, wealthier competitors. Hospital executives believed they needed to match each new, costly program or piece of machinery — a cardiac catheterization laboratory, a cancer center, the latest M.R.I. — acquired by their neighbors.

Analysts say that made the industry’s finances worse — too many hospitals spent too much money chasing a limited number of cases.

“When I first got to Cabrini five years ago, people were saying we needed a cath lab, but we’re surrounded by cath labs,” Mr. Chaloner said. “Not all health care is high-powered stuff like transplant surgery. People mostly go to the hospital for simpler things like appendectomies and hernias, which we do well, and more cost-effectively than the big places that have much higher built-in costs.”

He emphasized those basics, and cut the hospital staff to the equivalent of about 1,200 full-time jobs from about 1,700, but it seemed that such measures still could not save Cabrini. The hospital lost $10 million last year, and has often been mentioned among the hospitals at high risk of having to close.

Administrators raised the idea of closing down and selling the hospital, on 19th Street between Second and Third Avenues — a choice parcel that they estimated would bring $130 million.

But the order that owns Cabrini, the Missionary Sisters of the Sacred Heart of Jesus, rejected that option. Frances Xavier Cabrini, who founded the order and was later canonized, also founded the hospital, as Columbus Hospital, in 1892.

“Mother Cabrini gave us a mission,” and the order was unwilling to abandon it, said Sister Catherine Garry, a hospital trustee.

So last year, a new strategy took shape, one that will eventually rely heavily on long-term care.

Cabrini plans to establish a 40-bed long-term acute care unit for patients who have been in intensive care and no longer need such expensive treatment, but still require more attention than they get in a standard hospital bed. Cabrini is also looking into creating a "transitional care" unit, something between a nursing home and a standard hospital ward.

The payment systems used by Medicare and other insurers recognize both transitional care and long-term acute care as specific categories, and pay relatively well for them, but very few hospitals in New York provide them.

Cabrini has won state approval for a 28-bed psychiatric unit for elderly people with dementia and other medical problems. Some of those would be long-term patients, as well. And other plans call for expansion of the geriatric and hospice units.

Some changes, which are already under way, emphasize outpatient care and chronic conditions.

This spring, Cabrini hired Dr. Peter Sheehan, a noted endocrinologist, to create a new diabetes center, complete with services like podiatry and nutrition counseling.

Diabetes centers generally lose money, and many have closed in recent years. But Cabrini has gambled that a center focusing on treating diabetes complications of the feet and legs like those suffered by Mr. Squire, 67, a former bus driver, could prevent many amputations and pay for itself.

"Eighty percent of the cost in diabetes is in 20 percent of the patients, and we're focusing on that 20 percent," Dr. Sheehan said.

Last year, the hospital hired Dr. Poon, a cardiologist, away from Mount Sinai, and he and Cabrini made a deal with Siemens, a major equipment maker. With financial support from Siemens, the hospital acquired sophisticated new technology for making and manipulating images of the heart, and Dr. Poon and his colleagues teach cardiologists, surgeons and radiologists from around the country how to use it.

Dr. Marsh's home visit program, begun last year, has 85 regular patients, and she expects to reach 200 by next year. Most speak Spanish, and large numbers are elderly, live alone or have dementia.

Cabrini will lose about $3.5 million this year, and ought to break even next year, Mr. Chaloner said.

If it were just another hospital, “Cabrini could disappear tomorrow and the system would absorb it, no problem,” he said. “New York is great at the most sophisticated medicine to deal with the most acute problems. But outside that sphere, there’s a lot that’s lacking, and that’s what we’re aiming at.”