1990-07-09

Managing for change: July 9, 1990 v. 1, no. 2

BOSTON UNIVERSITY MEDICAL CENTER

The University Hospital

Managing for CHANGE

A Publication for the Managers of The University Hospital

July 9, 1990

Hospital Financials: Good news with an asterisk

We must be vigilant in controlling expenses. We cannot get complacent and let the hard work of last year's Change Project go to waste.

At the most recent Leadership Meeting, UH President J. Scott Abercrombie Jr., M.D., had positive news concerning the Hospital's financial picture, but he also conveyed some words of caution.

As Dr. Abercrombie reported, the positive news is that admissions and length of stay continue to show strength. He attributes the increase in admissions to return on investment; that is, the pay-off of the Hospital's decision to invest its resources in new clinical programs, such as new services in gynecology, cardiology and cardiothoracic surgery, and the Stone Center.

"In spite of economic hard times," said Dr. Abercrombie, "we felt we should reinvest in ourselves for the future." He pointed out that surgical services in particular have shown significant growth—173 cases over last year and 190 cases over budget. All totaled, year-to-date admissions are nearly 330 over budget.

Length of stay, last year's success story, has begun to level off at around 8.7 days—about 8 percent under budget. According to Executive Vice President for Operations Jacqueline Dart, however, ALOS continues to show more signs of improvement, although not as pronounced as has been seen over the last year.

Dr. Abercrombie's words of caution related to the continuing gradual rise in nonsalary expenses beyond budget. As he stated, "We've got to be vigilant about controlling expenses. We have to constantly remind ourselves that, in today's payment system, reducing and maintaining expenses is crucial. I do not want to see all the hard work of last year's Change Project go to waste. We cannot get complacent."

Executive Vice President for Corporate Services Michael Blaszyk stated that the current $2.3-million nonsalary expense negative variance has come from overspending in such areas as office and stationary supplies, postage and courier services, utility fees, consulting fees, collection fees, laboratory supplies, and drug costs. He accepts, however, that some nonsalary expenses typically increase as admissions increase.

Psychiatry: A success story

In 1985, the Hospital's Inpatient Psychiatric Unit had 156 admissions and a length of stay of 45.46 days. Five years later, the Unit is among the busiest and most efficient in the Hospital, with year-to-date admissions expected to reach close to 360 and an average length of stay of about 17 days. The UH unit is unique among Boston teaching hospitals in that the staff treats a high volume of patients with combined medical/surgical and psychiatric conditions.

What brought about this dynamic turnaround? According to Psychiatry Chief Louis Vachon, M.D., and Executive Vice President Jacqueline Dart, the diligent work of Hartej Sandhu, M.D., and his staff in the Inpatient Psychiatric Unit has made the major difference, backed by the unit's relocation to more spacious quarters in the Preston

— over —

Building and a significant expansion of its consultation and liaison activities. The unit's medical staff has worked very closely with its specialized nursing staff and its newly-appointed nursing coordinator to streamline procedures, particularly the referral and admissions processes. The staff also has focused on discharges, so as to optimize patient flow while retaining high quality care.

Dr. Vachon gives special credit to the leadership of Dr. Sandhu in directing the clinical staff in this integrated and coordinated effort.

UH a strong finalist in Medicare CABG site project

Dr. Abercrombie announced to staff in his ***Hospital Topics*** newsletter that UH has been selected as one of 10 finalists from among 206 hospitals that participated in a nationwide competition for designation as a Coronary Artery Bypass Graft (CABG) Center by the federal Health Care Financing Administration (HCFA) in Baltimore, Md. This selection recognizes UH's strength in cardiothoracic surgery, under the direction of Richard Shemin, M.D., but also confirms the Hospital's rich history in treating cardiovascular disease. It is expected that four of the 10 finalists will be selected as designated sites, likely by this coming September for implementation in January of 1991.

TSI to be installed this month

According to Project Manager David Browne, the Transition I system (TSI), UH's new financial-management software package, will be installed this month, and about two-thirds of the Hospital's baseline financial data will be input. TSI is a powerful decision-support system that will help adminstrators and managers control their budgets, contain costs, contribute to planning, and improve utilization management. Browne and his project team are gearing up to train managers to begin using TSI in the new fiscal year.

New laboratory form will reduce costs

When unnecessary laboratory tests are ordered, longer turnaround times for test results occur and costs increase greatly, sometimes exponentially. As part of the effort to make the utilization of UH's ancillary services more effective and efficient, a mechanism to improve usage of the laboratory has been created.

Effective July 2, attending physicians and house officers are required to fill out a supplemental laboratory requisition before ordering certain coupled laboratory tests. The objective of this step is to reduce coupled laboratory tests that are not medically necessary. For example, two tests that are commonly ordered in tandem, but which need not be, are Creatinine and Urea Nitrogen (BUN). The Creatinine test generally provides physicians with all the necessary information for determining renal function. Yet, by ordering the BUN test without definite indicators, extra work is required of laboratory personnel, resulting in longer turnaround time and an array of added costs. A second pair of tests being targeted by this form for more efficient ordering are the Prothrombin Time (PT) and Activated Partial Thromboplastin Time (APTT) tests. Together, these tests cost $15.31; yet, ordering only the more useful APTT would reduce the cost to $9.56.

The intention is to have attending physicians use the form and educate house officers on its use and purpose. Since house officers routinely order tests, they should be made more acutely aware of the added cost and labor of unnecessary coupled tests.

DOB elevators to undergo major overhaul

According to John Elston, manager of the DOB, the project to replace elevator equipment and cars is now out for bid. A consultant's study of the elevators underscored what all users have come to know—the elevators badly need improvement. The lengthy but necessary 18-month rehabilitation project will produce results that should be popular with all users. More rapid and reliable service is expected, brought about by a computerized control system that will eliminate multiple cars responding to the same call. It is expected that a contractor for the project will be selected by September.

Managing for CHANGE *is published by the Office of Publication Services of Boston University Medical Center, Owen J. McNamara, director, Michael R. Paskavitz, editor, and Catherine M. LeBlanc, designer. This publication is supported by a contribution from Deloitte & Touche.*

Murphy named laboratory division director

As was mentioned in a recent ***Gold Top***, Kathleen A. Murphy, Ph.D., has been named director of the Division of Laboratory Medicine. Dr. Murphy, who has been director of Microbiology at UH since 1986, was selected for this previously vacant position following a national search.

In her new capacity, Dr. Murphy will be responsible for the functioning, planning and fiscal integrity of the Hospital's laboratory services. "Our main objective is to improve the services we provide in the lab," she says. "We've always placed an emphasis on the accuracy of test results, and that's how laboratory people have tended to think of quality. Now, we are focusing on a new emphasis: Providing high-quality service to all users. Not only to the patients, but to the various departments around the Hospital as well."

Experts debate universal health

National experts on universal health care gathered recently at the Boston Park Plaza Hotel for a symposium sponsored by the Massachusetts Health Data Consortium. The topic of discussion was, "Can we develop an equitable system in an era of limited health-care resources?" The panelists, who debated the feasibility of a universal health plan on both the state and federal levels, included: John Kitzhaber, M.D., President of the Oregon State Senate and mastermind of the Oregon universal health system; Dale Rublee, Ph.D., an analyst with the American Hospital Association; State Senator Edward Burke, chairman of the Massachusetts Senate' Health Care Committee; and Charles D. Baker, codirector of the Pioneer Institute, a Cambridge health-policy research group.

The debate revolved in large part around the experiences Kitzhaber has had thus far with the Oregon plan. He pointed out that the objective of the Oregon system is for citizens to achieve health, rather than receive access. Thus, the Oregon system has shifted its debate from 'who is covered' to 'what is covered.' Their system contains both financing and accountability components, and access to care is based on need relative to the federal poverty level. Existing state Medicaid systems base access on available resources, which can and does eliminate needy people. And because states must submit a balanced budget, funds are limited. He pointed out that the Oregon system is not intended as a model for other states, but it can be an example. On a federal level, Kitzhaber said there are many ideas for improving our nation's current health-care system; among them, he listed combining Medicare and Medicaid, providing technology assessment to improve scientific medicine, and converting excess acute care beds into long-term care beds to respond to the demographic need.

The debate also included panelists' comments on health-care spending and utilization in the U.S. compared to other major nations, and involved discussion of whether the Oregon system would be an appropriate design for universal health care in Massachusetts or other states.

AHA cites nine requirements for a national health-care plan

In an attempt to respond to the ongoing debate over a national health-care plan, the Board of Trustees of the American Hospital Association (AHA) has outlined the following nine qualities that it believes an effective plan must contain:

1. Provide a basic set of health-care benefits to all citizens;
2. ensure high-quality health care;
3. be adequately and fairly financed;
4. be affordable;
5. be efficient in the delivery of clincal care and the administration of services;
6. be responsive to local consumer needs;
7. provide for services in sufficient supply to ensure timely access;
8. be "user-friendly" for patients and providers;
9. spark innovation.

Hope on the horizon for Medicare support?

In a recent ***AHA News*** editorial, Carol M. McCarthy, president of the American Hospital Association (AHA), noted with cautious optimism that the United States Congress' recent opposition to increased Medicare cuts signals that legislators are now realizing that U.S. citizens don't want anymore of their tax dollars taken away from supporting high-quality health care. Since 1982, Medicare spending cuts totaling $53 billion have

been absorbed by hospitals. In an effort to reduce the federal deficit, President Bush this year has proposed a $5.6-billion cut in Medicare spending, but several budget committees have asserted that no more than $1.7 to $2 billion should be cut. Noting that Medicare funding is not keeping pace with inflation, that life-saving technology increases hospital expenses, and that numbers of Medicare users are increasing yearly, McCarthy said that "Medicare spending must rise proportionally if quality and accessibility are to be maintained."

Study notes grim outlook for many U.S. hospitals

Forty-three percent of 1,800 surveyed hospital chief executive officers (CEOs) are concerned that their institutions could fail in the next five years, according to a study published in the Monday, June 24, edition of the *USA Today*. The biannual survey of 5,500 CEOs was conducted by the same accounting firm—Deloitte & Touche—that was involved in UH's Operations Review. Ray Cisneros, the Deloitte & Touche partner who lauded UH's savvy Change Project in a recent ***Boston*** magazine editorial, was quoted in the *USA Today* article as saying that the central frustration of CEOs is "Lack of dollars in the system. As a result, rationing is going to become more and more of an issue." Among the many other findings of the study was that only 49 percent of the CEOs rate the quality of available health care in their region as excellent.