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Managing for Change

1991-11-26

Managing for change: November 26, 1991 v. 2, no. 8

<https://hdl.handle.net/2144/25917>

Boston University



The University Hospital

Managing for

CHANGE

A Publication for the Managers of The University Hospital

Dear Leader,

November 26, 1991
Volume 2, Number 8

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Your efforts have made a difference

I would like to thank and congratulate those managers who so quickly and effectively responded to our plea to contact their legislators regarding House bill H.6280, the pending Health Care Access and Financing bill. As most of you know from our emergency Leaders Meeting on Tuesday (11/19), UH is in support of the bill in its current form. Ms. Betsy Stengel, the Medical Center's director of Government Relations, tells me that in several conversations she had with certain state representatives, they have been impressed with the initiative taken by hospital workers regarding the bill. You see, working together we can make a difference.

But our work is not over. If this legislation passes in the House, as it is expected to, it will encounter renewed scrutiny and likely revision in the Senate, where there may be an inclination to tighten caps on hospital charges. Along with other teaching hospitals, UH will closely monitor developments in the bill's next stages, reserving the right to oppose legislation that would hinder our ability to serve our patients. I urge you, our leaders, not only to stay attuned to the progress of H.6280, but also to be prepared to take action once again should the need arise.

JCAHO survey proves successful

I was generally very pleased with reports to date on the Joint Commission for the Accreditation of Healthcare Organizations (JCAHO) survey, which took place on October 30, 31 and November 1. We expect to receive a full three-year accreditation sometime within the next few months. While I am pleased to report this, I must also say that our Hospital is not beyond reproach. The JCAHO survey team found several areas in need of improvement, particularly the physician-credentialing process, clinical-data reporting systems related to quality assurance, and Medical Staff Executive Committee (MSEC) oversight activities. The JCAHO will probably be making a return visit to UH some time next year to see that we are addressing these issues. What these issues mean to you, our managers, is that the MSEC will be working more closely with the administrative side of the Hospital in the future. I would like to thank those of you who worked hard in preparation for this visit—your efforts were notable.

Admitting/transfer policies being addressed

What do we need to do to offer our patients the perfect hospital experience? For one thing, we have to enhance our admitting and transfer policies in order to improve the flow of patients into, about and out of the Hospital. Ms. Linda Burns, vice president for operations, and Ms.

NEWS TO USE

Materials Management produces model program

I am proud to say that our Materials Management department has created a prototypic quality-improvement program that is being adopted at hospitals throughout the nation, specifically at Boston City Hospital, Baltimore's Johns Hopkins Hospital Medical Center and Rhode Island Hospital. As I understand it from Mr. Paul Corbett, our director of Materials Management, the program, called Enhanced Distribution Services (EDS), works by restructuring the ordering and receiving of products. The EDS program has eliminated more than \$50,000 from our inventory and has reduced receiving and accounts-payable time by more than 90 percent. Not only has this program greatly reduced our nonsalary expenses, Mr. Corbett says, but in addition his employees and others who are affected by his department are very pleased. Now that is what is meant by "managing for change." Congratulations to those responsible.

Managed Care is a growing priority

About 30 percent of Massachusetts residents are insured by some form of managed care, and forecasters expect that number to move beyond the 50-percent figure in the future. At UH, we have increased our managed-care market penetration significantly in the past three years, improving the managed-care percentage of our inpatients from 3 to 10 percent in that time frame. Although we have contracts with almost all of the managed-care plans in the region, we are working hard to develop new and more broad relationships with these insurers. For instance, we

Lee Rodgers, director of the Division of Patient Support Services, are working to do just that. In a comprehensive study of our admitting and transfer habits, Ms. Burns and Ms. Rodgers first found that while unscheduled admissions account for less than five percent of our total admissions, the inefficient ripple-effect they create throughout the Hospital is alarming. Second, the study found that as many as one-third of the 50 to 60 transfers we order per day are unnecessary. Since an unnecessary transfer typically costs us about \$105 in lost reimbursement, eliminating those 20 transfers would save us more than \$2,000 per day. These problems can create an inaccurate picture of our occupancy rate, which can threaten our ability to retain beds; they waste far too many human and material resources, and they drive up our average length of stay, which threatens our reimbursement levels. Ms. Burns and Ms. Rodgers are putting together a work plan for policy and system changes that are intended to improve these two areas. They already are working with nursing in this regard, and they intend to work more closely with physicians to improve their practice patterns as well.

Fit-Test moving forward

Ms. Martha Bil Manevich, director of the Division of Facilities Management, tells me that the Fit-Test, the five-year plan to develop a physical layout for UH that is responsive to our strategic objectives, is steadily progressing. The Board of Trustees in September approved the Payette Associates, Inc., preliminary study, which matched our anticipated space needs with our existing facilities. The phase II study, a building-feasibility study commissioned by the Board, is a more precise look at our construction needs and their financial implications. I can tell you that in March we intend to submit a certificate of need application to the state for the entire scope of the project, which essentially involves the Ambulatory Care Building of the University Associates Project, as well as the consolidation of all inpatient beds into the Atrium Pavilion. All contracting negotiations are being put off until the building feasibility study is finished.

FY92 Capital Budget approved

I'm pleased to report that the Hospital's \$12 million Capital Budget for fiscal year 1992 has been approved. This marks the second year that we have had a capital budget. UH budget manager Paula Neville tells me that a memo outlining the capital budgets and the improved budget process has been sent to department managers and Division Directors.



J. Scott Abercrombie Jr., M.D.
President & Chief Executive Officer

hope this year to sign contracts with Pilgrim Health Care and Neighborhood Health Plan to become primary-care providers (one of Pilgrim's first Boston-based primary-care provider), in addition to tertiary care.

Despite our efforts, I have two major concerns. The first involves the pending legislation that would enable insurers to, in effect, dictate hospital pricing. If this legislation passes, we could see every insurance company knock at our door and demand lower pricing or they will take their business elsewhere. The Governor believes that this legislation will inspire positive competition that will drive down hospital prices. I do not share his confidence.

The second concern is with Blue Cross/Blue Shield. I am perplexed and disturbed by our not being selected to participate in HMO Blue, Blue Cross & Blue Shield's new health product combining all of its HMOs. Since BC/BS patients account for about 15 percent of our inpatient volume, our omission could have a significant impact. BC/BS officials tell us we will be somewhat protected by our existing contract with BC/BS Master Health Preferred, but I am not convinced of that. Mr. Richard Morse, our director of Managed Care and Business Development, tells me, first, that the impact of HMO Blue will not be felt for at least a year, and second, that we are working diligently to interest BC/BS in an HMO Blue contract with us.

Leading Indicators holding steady

After seven weeks of fiscal year 1992, the Hospital's leading operating indicators are faring well:

Admissions—After a very strong start, admissions are leveling off, but still are almost 2-percent over budget.

Average Length of Stay—Thus far, the ALOS has come in under budget nearly every week, and, at 8.22 days, is .20 days under budget.

Patient Days—Despite high admissions, effective length of stay management has kept patient days—a measure of patient-care expense—under budget.

Occupancy—In both staffed occupancy and licensed occupancy rates, the Hospital has equalled its respective budgets.