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BOSTON UNIVERSITY MEDICAL CENTER

The University Hospital

Managing for CHANGE

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CHIP system to go live on March 14

I am happy to announce that the CHIP (Computerized Hospital Information Processor) system will go live on Saturday, March 14. On this date, the Admitting/Discharge, Patient Accounting, Medical Records and Appointment Scheduling applications will be fully functional.

Although CHIP was originally scheduled to come on line this fall, we decided to err on the side of caution before we went live. Stress tests have been successfully done every Tuesday and Thursday for the last three weeks to ensure the integrity of the system. I am told that all primary users have been or will be fully trained by March 13, and that the stress tests have allowed many users to familiarize themselves with the system using real data and performing useful functions. A "Help Desk" has been set up for CHIP users in the Computer Center in the basement of the New Evans Building. Initially, this will serve as a resource for CHIP users, but it eventually will be available for all PC users.

I cannot emphasize enough how vital the CHIP system will be to UH's ability to compete and thrive in an increasingly hostile payment environment. The information on CHIP will be essential to our ability to reduce costs and offer patients and payers maximum quality at minimal cost. I would like congratulate the CHIP users throughout the Hospital, who have worked very well together in these most recent weeks, and the department directors and managers, who have cooperated so impressively with the CHIP staff.

New worker's compensation system to be implemented at UH

You may have heard that Liberty Mutual Insurance, the only underwriter of disability insurance in Massachusetts, has dropped a majority of their insureds, a move many people think is a prelude to Liberty Mutual's leaving the state altogether. This fact bespeaks a crisis situation being felt by every business in the state, including UH, whose workers' compensation expenses have increased dramatically in the last few years. Should Liberty Mutual depart, businesses would have to purchase their disability insurance from the state, an expensive proposition. To improve this unfriendly environment for insurers, the legislature on December 21, 1991 enacted a new law (Chapter 398) revising workers' compensation regulations in this state.

While this issue is concerning, I believe we can shield ourselves from its impact through effective management. A basic tenet of total quality management (TQM) is that if

NEWS TO USE

Patient satisfaction being measured scientifically

In order to be a true "patient-focused" hospital, patient feedback must be measured and responded to. The Hospital has taken several steps in that direction. An aggressive effort is under way to scientifically measure patient satisfaction and respond to patient complaints.

For several years, UH has been sending a patient satisfaction survey to patients at home following their discharge. While the survey return rate has averaged about 25 or 30 percent, very high by industry standards, the data gathered from these surveys has not been put to the best use. As a result, some services enacted their own more targeted surveys.

A better approach, which would avoid duplicate efforts, is being pursued: an improved Hospital-wide survey that will provide relevant feedback for all Hospital services. A task force chaired by Lee Rogers, director of the Division of Patient Support Services, has been created to revise the old survey. According to Rogers, the task force is not only moving ahead very quickly in revising the survey, but it also is making strides in proposing a strategy for fielding and responding to patient complaints.

UH cancer programs being strengthened

The Hospital's history in cancer care has been confined to individual "niches." However, under the guidance of Douglas V. Faller, Ph.D., M.D., director of the Cancer Center at BUMC, the cancer programs are beginning to receive a cohesive

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effective systems and processes are created, quality will improve and costs will go down. I am told that most workers' compensation cases only become problematic when the employee becomes frustrated with the system, so he or she takes other courses of action. By offering a personal, responsive and effective system to employees, we hope to avoid frustration. So instead of using a "band-aid" approach to dealing with injuries, we instead want to devise a reporting system that will prevent minor issues from escalating into major problems.

I first must say that since we gave the clinical arm of this program over to Employee Health several years ago, Dr. Robert McCunney and his staff have done a tremendous job of caring for our employees and, subsequently, cutting our costs in half by refining clinical systems. It is my hope that the new reporting system being created by the consulting firm of Lynch Ryan & Associates, in concert with a UH executive overview committee, will concurrently improve the safety and health of our employees and further decrease our costs. The result of this project will be a safe work environment for your employees and a case-managment system that will ensure proper and attentive care should an injury occur.

In April, training for managers and supervisors will begin. The success of this new effort not only is dependent upon managers' proper use of the system, but also upon your ability to work with your employees. Next month, I'll present more details about this subject.

Some thoughts on Chapter 495

Last month I commented on Chapter 495, the state's "Act to Improve Health Care Finance and Access." Now that the content of Chapter 495 is better known, I'd like to share a more substantive opinion on its potential impact on UH.

First, Chapter 495 now allows third-party payers to negotiate contracts with hospitals for more desirable pricing discounts. The problem with this provision is that it introduces a competition-based reimbursement system for privately insured patients, while a regulated payment system remains for publicly insured patients (Medicare and Medicaid). Thus, more than half of our revenue is regulated.

Second, Chapter 495 caps inpatient reimbursement at 90th percentile of per-case charges. The concern is that this provision applies relative pressure to lower costs. Hospitals in competitive areas may underprice their services to remain competitive, which could compromise care. Conversely, hospitals in less competitive areas could unnecessarily increase their charges because of a lack of local competition.

And third, Chapter 495 also provides for the creation of a Free Care Pool. While the pool will reimburse hospitals for free care and emergency services delivered to the uninsured, it will not pay for elective or urgent care for the uninsured.

How well prepared is UH for Chapter 495? As you know, our heavy investment in support systems anticipated this kind of payment scheme. I also believe that our experience with the federal Medicare Heart Bypass Demonstration Project will greatly benefit UH because it familiarizes the medical staff and administration with the practice of "bundling" services within a predetermined price. As for contract negotiations, we have appointed an able negotiating committee that will seek new contracts with payers.

I do not believe that Chapter 495 will reduce costs as many feel: In fact, studies in California and Minnesota suggest that competition-based systems don't reduce costs.

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

focus. Dr. Faller is giving a collective mission and purpose to UH's cancer efforts. The Hospital's stature in cancer care has been heightened by recent affiliations:

- UH recently entered into an exclusive agreement with Jordan Hospital in Plymouth to be their tertiary affiliate in oncology. The Hospital will work with Jordan in the development of a radiation oncology unit on the Jordan campus, after review and approval by the state. This new relationship is all the more pleasing because there was some very intense competition for this affiliation.
- A major achievement was made with UH's acceptance into the Southwest Oncology Group (SWOG), an exclusive national oncology trials group that will give cancer patients access to the latest and most progressive cancer protocols.
- UH's ability to relieve pain for its cancer patients has been enhanced with the arrival of Dr. James Otis, a neuro-oncologist who specializes in treating cancer pain and chronic pain, from Sloan-Kettering Memorial Cancer Center in New York. Several UH patients already have benefitted from Dr. Otis' special expertise.

Leading indicators give mixed messages

The Hospital's "leading indicators" generally show that UH is doing fairly well within an increasingly difficult environment.

The operating indicators—barometers of clinical activity—are somewhat troubling. Although admissions, ambulatory visits and average length of stay are not meeting their aggressive budgets, several strategic efforts are expectted to strengthen those indicators.

The financial indicators—gauges of UH's fiscal status—are staying at or close to their budgets. One might assume that low admissions and ambulatory visits are responsible for operating income being below budget. But the true detractors of revenue seem to be an increase in free care (a likely byproduct of the economy), a decrease in Medicaid reimbursement levels, and higher-than-expected contractual allowances for third-party payers. And while expenses have been controlled well enough to claim an operating gain of $191,000 through Period 4, this figure still is 50 percent under budget.