



From John O'Brien
January 20, 2012

Working together to be more affordable for our patients

Thank you for the ongoing work you are already doing to help us become more affordable and to achieve our strategic priorities. Most importantly, thank you for your dedication to our patients. And – for those of you who have worked hard this week to launch Soarian at three of our hospitals – let me offer a special thank you for your support and patience.

I reported to you last month that we had a significant downswing in our year-end financial picture as compared to past years due to declining reimbursement from private and government payers, decreases in patient volumes, increases in costs, and uncertainties associated with federal health reform. (Our system margin for 2011 was just one-third of our 2010 margin.) It is clear we need to change to address our long-term ability to be affordable for our patients.

Though we are on our way to positive changes, we know we must act more swiftly. The first three months of Fiscal Year 2012 (October to December 2011) saw reduced inpatient admissions, fewer births in our Maternity Center and lower than planned volume in many of our procedural areas. At the moment, we are mainly experiencing this at the Medical Center. But, because our Worcester-based operation is the largest part of UMass Memorial Health Care, the impact is serious for the entire system. In fact, after three months, we are already \$15 million behind our system's planned budget for the year and \$20 million behind at the Medical Center.

Key Messages

- We ended last year with a lower margin than expected.
- We are already \$15 million behind our system's planned budget for the year and \$20 million behind at the Medical Center.
- We need to act quickly to become more affordable for our patients without sacrificing quality and safety.
- This weekend, we are speaking to our community about our commitment to become more affordable in a message in newspapers (see link below).
- Working together we will be successful in strengthening UMass Memorial Health Care.

Because we believe this situation will not improve without definitive and speedy action, we are currently assessing operational changes that will allow us to be more affordable for our patients without sacrificing the high-quality care you and your team provide.

We will need to deliver care more efficiently, and we will. We are well underway in identifying all the ways we can create efficiencies across our health care system. But, it is imperative for us to cut our expenses with expediency. We will not be able to create efficiencies quick enough to offset the financial deficit that we are facing today. While we are focusing intensely on reducing expenses, we also must simultaneously invest in our system in the areas that will allow us to provide even better patient care. One such area is

our focus on opportunities to increase revenue by increasing referrals to our hospitals and physician practices.

I recognize that change is difficult for us all, and we will be keeping in close contact with you about our progress and about ways you can speak with your neighbors, families and our patients about what these changes will mean. To help start the conversation, we've written a message to our community that we will publish next Sunday in many area newspapers and will post on our websites. [Link to it here.](#)

Though these are challenging times, I believe that we have solid plans in place that will guide our work and our success. We have an unprecedented opportunity to deliver even better, more affordable care to our community by partnering together to continue to excel at what our community relies upon – the “Best Care” delivered by our “Best People.”

Thank you for your partnership in this work and for your ongoing dedication to our patients. Change brings challenges, but I am confident that our team can develop creative approaches to transform our system for a long and strong future.

I will write to you in the next week to provide more details on the work we must undertake. Meanwhile, should you have ideas, questions or concerns, please feel free to reach out to me [via email \(communications@umassmemorial.org\)](mailto:communications@umassmemorial.org). I'm sure you have thoughts on where we are heading and I'm happy to respond.