



From John O'Brien  
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### ***In control of our destiny***

I want to take a moment from your busy day to let you know how engaged the members of our Board of Trustees are in our work to become more affordable for our patients. Because our Board members are community residents and business leaders, they see health care both as patients seeking value for their dollar as well as employers needing to provide affordable health insurance for their employees.

The energetic discussion at our system Board of Trustees meeting recently was clear evidence that our Board members understand the pressures facing our nation's health care organizations as we all work to reduce costs. Most importantly, our Board members appreciate the great effort underway across UMass Memorial Health Care to ensure we remain the preeminent health resource in our communities.

The Board is very excited about our ***Inspired Change Initiative*** work we are undertaking with the support of the team from McKinsey and Company. We discussed with the Board some of the priority work areas of this initiative (for example, growing the number of referrals into our system) and will give you more details on this work soon. Our Board members recognize that these initiatives will help us engage all our staff in the work of becoming more efficient and teach us new ways of executing on projects to ensure success. We are preparing to begin this work in mid-June so that we can quickly see its impact on the quality of patient care and our finances. We'll continue to grow the benefits of these projects into the future.

However, we must first continue the efforts we started a few months ago to respond to our Fiscal Year 2012 financial challenges. You'll recall that these challenges include our soft inpatient volume, particularly at the Medical Center, and the effects of declining payments for the care we provide across our system. We are taking this work to improve our FY 12 financial picture very seriously because for several months this year we experienced a negative operating margin at the Medical Center. Thankfully, the volume at our community hospitals has continued as expected.

However, because of its size, a loss at the Medical Center impacts our entire system. The good news is that the cost reduction steps we put into place at the Medical Center last February are beginning to reverse our financial picture. This is definitely a result of how engaged so many of you are in efforts to be more affordable for our patients. However, we will need to accelerate our cost reduction work to help make up for our poor financial performance over the first several months of this fiscal year.

The steps we implemented at the Medical Center to help us reduce costs included the very difficult decision to say goodbye to about 65 staff members as we better matched the size of our workforce with the numbers of patients seeking our care. We also changed how we provide some services, such as cutting back our cardiac rehab program and reducing hours of our Cardiac Catheterization Lab. And we recently announced changes to both the time-off and pension plans for our nonunion employees, and we've brought these same proposed changes to the negotiations currently underway with unions that represent our Medical Center employees.

These steps mean tens of millions of dollars to our bottom line at year end and into future years. And, because so many of you are using your Lean training to become more efficient in your own work areas, we are seeing important improvements to care coupled with cost savings across our system.

This work is definitely recognized and much appreciated. But, because of the difficult financial year we've had so far, we must continue the belt-tightening we announced in February.

It is important for you to know that our Board of Trustees as well as our physician and administrative leaders will not let environmental factors (e.g., volume fluctuations, payment changes by insurers, interest rates, climbing inflation) dictate our future.

Instead, we remain in control of our destiny and we frame every decision in terms of what is right for our patients and our community.

Together we will ensure quality and affordability for our patients, financial stability for our system and an organization where we each are engaged in our work and performing at our highest potential.

Thanks for all you do ... without you, we would not have the "best people providing the best care."

As always, reach me at [communications@umassmemorial.org](mailto:communications@umassmemorial.org) with your comments.