

## **Our Answers to Your Questions about the Case for Change at UMass Memorial Health Care October 2012**

### **UMass Memorial Health Care is a nonprofit. Why does financial strength matter?**

Our mission is to provide safe, high-quality, patient-centered health care that meets the needs of the people of Central New England. Strong financial performance allows us to invest in our programs of care (such as the Cancer Center we are building at our Marlborough Hospital), our facilities (like our new Radiology Department about to open at our Medical Center) and our staff (our salaries and benefits account for about two-thirds of our total expense).

### **Did you meet your financial performance goals last year?**

We have had successes toward fiscal sustainability as well as continued challenges as our organization navigates through tough times. These efforts are crucial for our financial health, and as we close the books September 30 on fiscal year 2012 and assess our developing fiscal picture in 2013, it is already apparent that we are facing a gap of approximately \$80 million. Payments by Medicare, Medicaid and private insurers continue to drop rapidly, and patient admissions are declining. Often, payment for the care we deliver is less than it costs for us to do our work.

### **Does this financial trend worry you?**

We realize that this trend means we must do our work differently in order to fulfill our mission. UMass Memorial Health Care sees this as an unprecedented opportunity to become an even stronger organization by changing our business operations and reducing expenses. We are confident that our community hospitals are equipped to provide high-quality care in an affordable setting. As insurers direct patients to lower cost facilities, we also need our Medical Center to be more affordable for our patients, because, sometimes, patients need the care that is only available at an academic Medical Center. Therefore, we must make sure we are affordable when our patients need us no matter which hospital or physician practice they turn to.

### **What steps are you taking to become more affordable?**

We have a very solid strategic plan that includes all our entities working together, including the five hospitals in our UMass Memorial system. It is guiding us as we change the way we work in response to health reform legislation both at a state and the federal level. Key aspects of that plan include:

- Identifying what services we should provide at each of our hospitals, to help assure that care is affordable, that investments in equipment and specialized staff are not duplicated and that patients can easily access services
- Developing new quality measures so we know we always provide our patients with the very best and safest care
- Improving the experience our patients have while in our hospitals and doctors' offices
- Reducing expenses by becoming more efficient and more focused on the most important services our community needs

### **How are you becoming more efficient?**

One way is by using Lean process improvement. Lean was developed to help businesses streamline their work and we've trained thousands of our staff to use Lean principles. Our doctors and staff, for example, got together to apply Lean principles to how our Emergency Department runs at our HealthAlliance

Hospital. The outcome was new procedures that mean patients are seen faster ... and we reduced our expenses.

Another way we are becoming more efficient is by introducing electronic medical records (EMR). Though the investment is very expensive (almost \$200 million), EMRs, most importantly, are proven to support even safer patient care.

**What else are you doing to become more affordable?**

Massachusetts has the highest per capita health care expense in the United States, and our country has the highest health care costs of the industrialized world. As a health care provider, we share a responsibility to help lower these costs.

We are looking at all of our services and programs to see if they are still aligned with our plan for the health care delivery of the future. In some cases, there may be other, less costly ways for our patients to receive the same high-quality care. For example, at one of our hospitals we closed an inpatient rehabilitation unit because we knew that another provider was providing the same level of care just across the parking lot.

**Does this mean employees will be impacted?**

We respect and appreciate that our highly skilled and dedicated employees are the key to the quality care we provide. At the same time, almost two-thirds of our expenses are for salaries and benefits. We are asking all of our employees and union leadership to partner with us on becoming more affordable. Our goal is to preserve as many jobs as possible, allowing our hospitals to remain economic engines in their communities. However, we cannot truly be more affordable without changing to our staffing and considering our approach to benefits.