



From the
Chief Executive Officer
For UMass Memorial Health Care Employees



*From John O'Brien
September 25, 2012*

Enhancing the Patient Experience

Continuing Our Transformational Journey

Every day I hear stories about the extraordinary care provided at the five hospitals that form UMass Memorial Health Care as well as the great work completed by our community physician practices, UMass Memorial Laboratories and all of our non-hospital programs. Just read the stories in our *Inspired Change* newsletter about how we are enhancing the patient experience at every level and the positive impact you are making on the lives of our patients, their loved ones and our communities.

It is both the small – a smile, a simple hello – and the big things that transform the experience of our patients and their families. But, transforming ourselves is not without its challenges. Many insurance companies continue to direct their members to use lower-cost health care facilities. While our community hospitals are among the region's affordable providers, our Medical Center often is not because it is a teaching and safety-net hospital that provides services that our community hospitals cannot (i.e. trauma care). That's why we began well over a year ago to make the necessary changes to become more affordable for the more than 4,000 patients we care for every day.

Progress to date

Progress is happening throughout our system to help us become more efficient in how we deliver care, while we also invest in opportunities to provide even more high-quality, patient-centered care. The opening of our cancer pavilion at Marlborough Hospital and the expansion of cancer care at the Simonds-Sinon Regional Cancer Center at HealthAlliance Hospital are two examples of how our Cancer Center of Excellence is making a difference in our communities. We have completed a new radiology suite at the Medical Center. Work also continues on a new Emergency Department at Clinton Hospital and we continue to expand our Community Medical Group primary care practices throughout the region. These are all examples of enhancing the patient experience -- providing the right care, at the right place at the right time.

Our Inspired Change initiatives are already providing impressive results across our health care system in streamlining our operations for improved performance and efficiency, eliminating waste and providing a much-improved physician, clinician and staff experience. In fact, the Pharmacy Work Stream has already saved \$1.6 million by changing protocols and replacing higher cost drugs with the same quality of drug at a lower cost. Our Low-preference, Medical/Surgical Work Stream has already found \$1.1 million in savings toward their target of \$1.5 million by calendar year-end through a variety of initiatives including the standardization of gloves. Currently, members of these teams, and others, are in all of our hospitals continuing to work with physicians, clinicians and staff regarding opportunities to improve performance, create efficiencies and capture financial savings.

Talk about inspiring ... Idea Boards are springing up in departments across our system! Learning from companies from around the world, departments are improving their local work environment, quality of patient care or financial performance through the identification and execution of ideas generated by front-

line staff. To inquire about implementing an Idea Board for your department, email communications@umassmemorial.org. Congratulations and keep up the good work!

Continuing financial challenges

Much progress has been made through the efforts of many. I thank you for your dedication to our institution and the patients and families we serve. However, many challenges remain, including the financial challenges at the Medical Center. While significant expense savings and revenue enhancement efforts were implemented in February, significant volume declines in our inpatient services such as cardiology medicine and women's services – coupled with declining reimbursements – continue to threaten our ability to end this fiscal year with an operating margin that breaks even (*not including investment income and gains/(losses on investments)*). More importantly, without a continued, aggressive focus on providing more affordable care at the Medical Center, our operating margin will be threatened for the foreseeable future. As you know, our operating margin is used to re-invest in our future, including, for example, in our staff through contributing to our pension plan, making improvements to our facilities, and purchasing the latest technology to better serve our patients.

It is imperative for us to continue the work we started in February and cut our expenses with expediency. This expense reduction will continue to be focused primarily at our Medical Center. Our Worcester-based clinical chairs and chiefs along with senior administrators have been meeting regularly since February to monitor our progress in closing our originally forecast \$50 million financial gap. While we have made substantial progress – expense reductions totaling about \$20 million on an annualized basis – more is necessary. Our response plan over the coming months will include:

- We will eliminate approximately 140 full-time equivalent positions from the Medical Center, Medical Group and corporate areas, including the Fiscal, Information Services, Marketing and Communications, and Human Resource departments. Eliminations will occur in service lines where we are not meeting expected volume projections, and where recapture of volume is not predicted, through the consolidation of some units, closing of beds and consolidation of management structures in our inpatient setting. In February, we forecasted that about 150 full-time equivalent positions would be eliminated. Through very difficult decisions, many of these eliminations have already taken place
- Hiring continues to be curtailed for our corporate departments, Medical Center and Medical Group – with the only exceptions for positions that impact patient care and safety
- Several moves of clinical and non-clinical units are occurring across our Worcester-based operations to reduce our lease expenses and better consolidate services in space that best serves our patients and our staff

Many other initiatives are currently being reviewed for additional expense savings and are expected to be implemented during the upcoming fiscal year.

Update on sales of businesses

Separately, following on our decision earlier this year to sell two of our businesses, last week we completed the sale of the UMass Memorial Medical Center Home Health and Hospice to VNA Care Network & Hospice, a preeminent provider of home-based health care services in Central and Eastern Massachusetts. They have worked closely with our Home Health and Hospice staff over recent months to ensure a seamless transition with the sale of the business to provide continuity of care of our patients. I want to extend my personal thanks to all those involved in this important transition. We are also making progress toward the sale of the Hospital Labs Outreach Business and I hope to be in a position to report more information soon.

We remain firm in our goal to be more affordable while meeting the health care needs of our community to the best of our ability. We will be successful in these and all of our endeavors because we are a strong, vibrant and important pillar of health care for all the communities we serve. I will continue to keep you updated as we move forward along this important path. Thank you for your continued dedication to our exciting future to provide even higher-quality, more affordable health care.
