

MESSENGER

A Newsletter for the Staff of Sarasota Memorial Health Care System

JCAHO Judgement is In!

▼ SMH Receives Outstanding 97 Out of 100 on Crucial Survey

Sarasota Memorial's ongoing commitment to top-quality care and a safe environment paid off with an outstanding Joint Commission on the Accreditation of Healthcare Organizations survey.

The week-long accreditation survey, which is conducted every three years, took place earlier this month.

The preliminary results are in, with the hospital receiving an excellent score: 97 points out of a possible 100.

"The surveyors were much impressed

with our commitment to truly live the JCAHO standards and make them a central part of our workplace, rather than just doing the minimum to comply with them," said CEO Duncan Finlay, MD.

Surveyors visited virtually every area of the hospital and the Bayside Center for Behavioral Health, checking to see if the organization measured up to JCAHO standards. The survey team paid particularly close attention to our compliance with six national patient safety goals:

- Improve the accuracy of patient identification.
- Improve the effectiveness of communication among caregivers.
- Improving the safety of infusion pumps
- Eliminate wrong-site, wrong-patient, wrong-procedure surgery.
- Improve the safety of high-alert medications.
- Improve the effectiveness of clinical alarm systems.

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▼ Dr. Finlay Restructures Top Leadership

Citing the poor financial performance of the past eight months, CEO Duncan Finlay, MD, announced a system-wide cost-containment program (see the financial report at right) and restructured the top management team.

Effective July 7, a group of six senior administrators will report directly to Dr. Finlay. The restructuring will eliminate the chief operating officer position.

"The hospital's finances have been performing poorly throughout the year, and May was no different," said Dr. Finlay "For the year to date, we've earned \$5.2 million, far less than our target of \$13.7 million. Patient volumes haven't been up to expected levels, but we've been spending money as if they were.

"Clearly, our financial results point to the need for changes in our leadership structure," he said. "Administration must be more flexible and adapt more quickly to changes that impact our budget.

Dr. Finlay said the leadership team must break down barriers between divisions and come together to achieve common goals.

"Senior leaders must hold each other more accountable for accomplishing the objectives set under all five pillars of excellence - people, service, quality, finance and growth," he said.

"The previous structure just has not worked as well as we would have liked," he said.

The newly established Senior Operating Council will meet weekly to make decisions and

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SARASOTA MEMORIAL HOSPITAL MAY FINANCIAL REPORT

Maintaining the hospital's financial health is one of Sarasota Memorial's key strategic goals. Each month, Messenger will publish this chart showing how SMH is performing.

Total Revenue

In May, we received this amount of money for taking care of patients. It includes both inpatients and outpatients. There is also some money in this number (about \$2 million) that we get from investments and tax millage.

FINANCE

..... **\$31,050,000**

Expenses:

We subtract these amounts from revenue to determine our bottom line for the month. To take care of patients we had to pay for the following:

Employees' pay and benefits (15,180,000)

Supplies to care for patients (6,867,000)

Other payments (for things like repairs and maintenance, utilities, insurance, contract labor, linen, advertising and miscellaneous expenses.) (\$5,220,000)

Interest Payments for our loans (\$720,00)

Bad Debt - when patients can't or don't pay (\$2,958,000)

Depreciation - (The amount we subtract for the use of equipment and facilities. Since most equipment is used for more than a year, the entire cost of the equipment does not have to be subtracted when we buy it.) The amount for this month is: (\$2,415,000)

Florida Medical Assessment (This is a tax we pay to the state to take care of indigent patients.) (\$396,000)

Total Expenses **\$(33,756,000)**

The Bottom Line for May:

We lost money in May. This is the amount we lost after we paid our expenses: **\$(2,706,000)**

Inpatient admissions were 185 cases under budget, and outpatient revenues were 12.9 percent (or \$3.8 million) less than expected in May. Not only did we have less revenue, but we continued to see a shift in payors from commercial insurance to Medicaid and self-pay, which do not pay as well. In May, patient revenues were below budget by \$3,983,000. Operating expenses were over budget by only \$79,000, but the decrease in revenue caused the hospital to miss its May income goal of \$1,703,000 by \$4,409,000. Salaries were over budget, and we did not staff efficiently based on actual patient volumes. For the year to date, the hospital is behind the income target of \$13,720,000 by \$8,484,000. To address this financial shortfall, senior leadership has issued the following directives to all departments to help reduce expenses and increase revenues:

Directives to Help Address the Financial Shortfall

Expense-related Measures

1.) Mandatory PTO expense reductions

It's summer: The perfect time to go on vacation! Staff are encouraged to take as much paid time off as possible by the end of the year to reduce their PTO balances. (Large PTO balances greatly increase the organization's expense budget). Flex departments will be reviewed to determine how PTO balances can be reduced without boosting premium pay or overtime.

2.) No new travel

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Support Hillview Businesses

Construction of a roundabout at Hillview & Laurent streets will begin July 7. Part of the area will be closed to through traffic for about three months. Show our Hillview Street/Southside Village neighbors we appreciate their patience by patronizing their businesses.

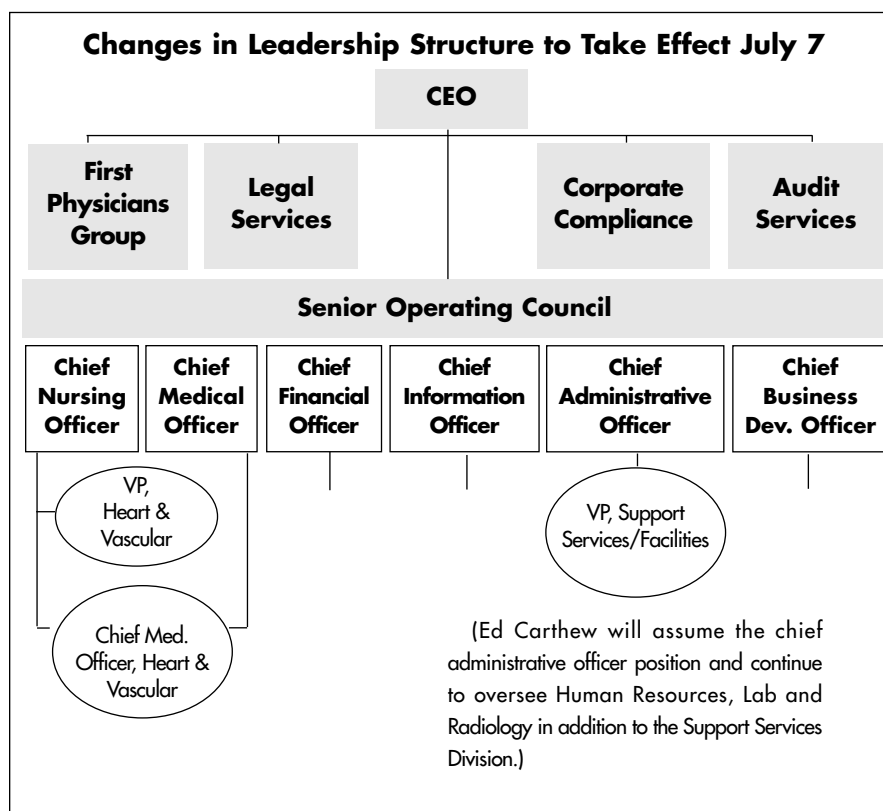
▼ Leadership Changes

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recommendations to Dr. Finlay regarding all operational issues. The council will include:

- Denis Baker, chief information officer;
- Ed Carthew, who will become chief administrative officer. The Support Services Division led by Sarasota Memorial Vice President Glen Koehnlein will report to Carthew, who will continue to oversee the Lab, Radiology and Human Resources;
- Bruce Fleegler, MD, who will become chief medical officer July 1;
- Marc Lazarus, chief business development officer;
- Michael Rolph, chief financial officer, recently hired to replace Dale Beachey, who retired last month. Rolph starts in July.
- A chief nursing officer, who will replace Lynn Whisman, who will leave June 27 to become chief operating/chief nursing officer of Memorial Health Care in Chattanooga, Tennessee.

Dr. Finlay announced that Heart & Vascular Services Vice President Jan Mauck will serve as interim chief nursing officer following Lynn Whisman's departure. Heart & Vascular Services will report to the chief nursing officer and Heart & Vascular Chief Medical Officer



Ed Spoto, MD, will report to the chief medical officer as well.

The chief operating officer's position is not included in the Senior Operating Council.

"While Chief Operating Officer John Yoder has made great contributions to the organization, I have decided that our current structure does not meet our needs for flexibility, speed of reaction, accountability and common goal-setting,"

said Dr. Finlay. "I extend my greatest personal appreciation and gratitude to John for all he has done for Sarasota Memorial and wish him all the best."

"Please understand that we will not go away from the five pillars and the culture that has enabled all of our great achievements," he said. "We need to face some brutal facts, adjust and move on. I truly believe we will be stronger as we face the future. We CAN do this!"



Tribute to Retired Leader

Jay Rogers, an accountant in Sarasota Memorial's Finance Department, displays a portrait he sketched of former Chief Financial Officer Dale Beachey, who retired last month after a 34-year career at SMH. Rogers and his co-workers recently signed and presented the portrait to Beachey. Rogers used a graphite pencil to sketch the portrait from a photo. You can check out his other artwork on the web site www.geocities.com/jaydrawings.

▼ Off-Site Parking Changes

Beginning Monday, June 23, the last shuttle van will depart SMH for the three off-site parking lots a few minutes after 8 p.m., an hour earlier than before. According to the Transportation Department, an average of only eight employees ride the van after 8 p.m. These individuals will be re-assigned to on-campus parking. Transportation staff will continue to monitor the number of van riders and on-campus parking spaces and make any necessary adjustments, if possible, to better serve customers. In addition, after June 28, staff no longer will park at the St. Paul Church parking lot. Employees who had been assigned to park there have been notified of the change and asked to park at either Heritage House or Main Plaza.

▼ Financial Directives

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Effective immediately, no further travel arrangements (to conferences, site visits, etc.) should be made.

3.) Intense review of all vacancies

Senior leadership will review all job postings to determine which will remain as posted. The remainder will be held until further notice. This process includes a greater scrutiny of new requests for FTEs.

4.) Limit the employee referral program

As of July 1, the employee referral program will be limited to awarding bonuses on three positions: night shift RNs, pharmacists and rad techs.

The referral award is \$1,000 and will be paid in two installments: after the new hire has worked here 90 days and at the one-year mark. The referring individual must be a current employee at the time of both payouts.

All employees who are in the process of receiving a referral bonus for previous awards will be paid.

Human Resources greatly appreciates all of the referrals and hires that have come out of this program. HR encourages staff to continue to refer applicants and let friends and family know about opportunities available at SMH.

5.) Review of special pay programs

Special pay programs, such as critical need pay, on-call, etc., will be reviewed to see if and what changes are necessary to make them more equitable.

6.) Eliminate catering

All in-house catering (food at meetings, etc.) will be eliminated indefinitely and other catering will be scaled back.

7.) Limit copying

Every department should review their copying requests to determine if paper copies are really necessary. Perhaps the information could be distributed electronically instead (for

example, send an email or post information on the Intranet.)

8.) Establish inventory reduction goal

The Supply Chain Management Department will help areas develop goals to reduce their inventory of supplies (i.e. If an area can reduce a two-week supply of an item to one week, it may help reduce the department's expense budget.)

9.) Limit Overtime

- Eliminate overtime for all clinical coordinators.
- Enforce mandatory director approval of all overtime.

10.) Limit equipment requests

Vice presidents/chief officers must approve requests for equipment costing less than \$500. (Previously, VP approval was not needed.)

11.) Limit dues, subscriptions

Vice presidents/chief officers must approve requests for payment of membership dues and subscriptions to magazines, journals, etc.

Revenue-Related Measures

1.) Departments must perform accurate daily patient census counts and reconciliation. (Make sure patients are classified accurately.)

2.) Point of Service collections

Staff will ask for payment of insurance co-payments in every area where patient registration is performed. Guidelines to implement this measure will be reinforced and shared with the organization.

3.) Re-educate departments on daily reconciliation of their charges to revenues. (Departments must make sure charges are accurate, and compare them to revenues.)

4.) Avoid late charges

Areas that post patient charges must make sure they are entered in a timely manner.

5.) Self-pay: Because SMH is seeing a greater number of self-pay patients (those who don't pay through insurance), SMH will outsource the collection of self-pay accounts, which will help us collect money we are owed more quickly.

▼ JCAHO Survey

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"Overall, it was a great survey, and JCAHO surveyors made many comments about the excellence they observed throughout their visit," said Judy Milne, director of Integrated Case Management and Quality Improvement (QI). The QI staff oversaw efforts to prepare for the survey and spent countless hours updating departments on JCAHO standards.

Kudos also go to the Licensure and Accreditation Task Force, which also helped keep the organization in a state of constant

readiness for the survey. The L&A Task Force will play a critical role in JCAHO's revamped survey process, which will go into effect next year. SMH will be required to perform and submit a self-assessment showing how we measure up to JCAHO standards. Sarasota Memorial's next full accreditation survey, which will be three years from now, will compare us against our own assessment.

Surveyors did identify several opportunities for improvement. They gave the hospital a "Type 1 recommendation" because many chart entries were not clearly legible. In fact, surveyors had a hard time reading documentation in many cases. And it wasn't just

physicians' handwriting: "Caregivers' entries also had legibility problems," said Milne.

The hospital must submit a written progress report within six months to show what it has done to address the problem. Computerized order entry will be a long-term solution, but requiring caregivers and physicians to print clearly will help solve the legibility problem immediately, Milne said.

Surveyors also had four supplemental recommendations for Sarasota Memorial, all of which are being implemented:

- Specify the conditions for range orders or eliminate them altogether. (A range order is an order that gives a nurse a range of dosage or

timing options. For instance, "morphine 2-4 mg every 4-6 hrs for pain.");

- Pharmacy shelves must have an 18-inch clearance;

- Ambulatory centers should be better represented in environment of care plans;

- Several East Tower floors must ensure that video screens showing information from patient rooms are not visible to others.

These issues aside, the survey went extremely well, Milne reiterated.

"The JCAHO team was highly impressed with Sarasota Memorial and will tell other organizations about our great practices and excellent staff," she said.