

CEO News & Views

an update from Bruce Schroffel



April 8, 2009

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Spring snows



It's officially spring, complete with 70 degree days for dusting off our bikes and, of special meaning to me, for wearing my flip-flops out and about. This being Colorado, spring is also the season for big, wet snowstorms. So two weeks ago, just a few days after winter ended, we had to call our first "snow plan" of the year.

The outcome: almost perfect. Staff stayed and trudged in to care for patients and each other. And we had a wonderful outpouring of volunteers to take on stranded

I have been doing a lot of business traveling in recent weeks, and almost every meeting quickly moved to talk of health care finance and reform. It's pretty obvious why. In general, health care finance is in terrible shape. Every thoughtful member of the health care community, regardless of position, has been busy inventing and re-inventing ways to keep delivering care in very heavy financial seas.



Many are already bailing water. Half the hospitals around the country are losing money. Many have had layoffs, and a huge number are in hiring freezes. Virtually all have either abandoned or at least reduced spending plans for the time being. Some right here in metro Denver have cut wages, stopped contributing to employees' retirement plans, and let staff assistants go.

Parking in a recession

We have not been immune. While our hospital has been doing relatively well on a daily basis, we have suffered about \$100 million in "unrealized" investment losses since the recession began.

"Unrealized" means we won't actually endure the losses until we need to sell the stock we've put away for rainy days. Still, these real and painful reductions alter our planning. For example, the losses have made it still more difficult to build the parking garages we obviously need. Those garages cost anywhere from \$15,000 to \$18,000 *per space* to build. One hundred million dollars, needless to say, could come in handy to meet those and other needs.



Not coincidentally, last week we all confronted the need to move our parking spaces to accommodate the still-more desperate parking needs of our patients.

The new fee

None of our colleagues, I'm sure, was pleased by the new \$15 monthly fee for parking in the previously free lot west of the Anschutz Inpatient Pavilion. A handful reacted to the change with an angry email. (People sometimes will make amazingly rude and outrageous accusations in email; I can only hope they're not like that in person and with our patients when under stress.) But the overwhelming bulk of the feedback was helpful, asking questions and offering suggestions. So all but a few of our colleagues regretfully but professionally understood the fee, as well as the moves to the free (to employees, not the hospital) Henderson lot.

It is not, I might add, that the AIP lot fee of \$15 per month or the Leprino garage fees (\$65 a month for some, \$2 a day for others) go directly to someone else's pocket. The money goes into the hospital's accounts, where it helps offset, but certainly does not cover, the cost of renting the Henderson lot, the Leprino Garage or even the maintenance on our surface lots.

colleagues' jobs.

I want to note some of those who ventured out in a thick and treacherous blizzard to bring clinicians, food service workers and more to the hospital and our patients' bedsides. They included **Fred Jaramillo, John Pham, Keith Peterson, Ben Meyerhoff, Joe Bajek, Matt Wolf, Andrew Davis** and **Mark Raymond**. Then there were the Engineering, Valet and Food Service staffs, who kept the place running (and the streets cleared) in really challenging conditions.

The snow plan, called at 11:00 am, was ended by 7:30 pm. I'm really proud of our response.

Something On Your Mind?

[Talk to me](#)



The \$15 per month and the \$2 daily rate at the Leprino Garage (*left*), in fact, do not come close to covering the true costs. Renting Henderson and paying for related security will cost us more than an additional \$100,000 a year, even after collecting the new fees.

Like all health care organizations, we have long had to make hard choices to cover climbing expenses and compensate for dwindling public support. *That* is why these fees - and many others - exist.

A long-time need

In reality, we have needed to charge everyone - not just the managers and above who have long paid to park - for parking since before we finished moving here. The other health care organizations on and near the Anschutz campus - UCD, Children's - always have charged employees, faculty members and students alike to use their lots. UCD's rates, moreover, are often considerably higher than the ones we're now charging. None offers any free parking to employees.

I resisted following them for a long time. One reason was that, way back when, the hospital had promised that all UCH parking at this campus would be free forever more. We didn't want to break that promise. Another reason was the one we're facing now: there's never a good time to take on a new personal expense. These are difficult times for this country, and we are trying to minimize the pain for each of you as well as for our patients. But, as the parking changes suggest, none of us is sheltered from the nation's significant financial challenges.

The challenges, moreover, do not stop. Anthem and our other insurance companies have imposed a 13.3% increase in health premiums on us. That is a huge increase, and we are exploring ways to minimize the economic pain, but this too will pinch all of us and will likely limit our health care options. Needless to say, I'll keep you apprised.

Finding a good time to deliver difficult news

Speaking of good times to deliver difficult news, several people wondered if we waited until the Employee Opinion Survey was finished before re-arranging parking.

We didn't. The timing was determined by the long, complex efforts to find, design and re-work the most effective, efficient and equitable plan we could to solve both patient and employee parking problems within a frustratingly fixed number of parking lots.

Timing the Employee Opinion Survey

The Employee Opinion Survey, on the other hand, ended April 1 with a genuinely heartening 80% of you responding. That was up from 70% last year.

The survey may be the most important tool we have to measure how you're feeling. Our policy goals and budgets are very much shaped to help you succeed, work well with your colleagues, and become fully engaged with our overarching mission to serve patients and each other. We have poured many resources, much time and enormous effort into building a hospital with open and honest communications. We've dedicated similarly hefty resources and time to addressing the issues you identified in last year's survey as ways we could stand to improve. We'll do the same with the issues you identify this year.

Always will. Would I have wanted the reasonable initial discomfort over these parking changes to skew the survey results so important to the multi-year drive to make UCH a greater place for all of us to work? Of course not.

But do I expect that, as we iron out the logistical concerns people have pointed out since we announced these adjustments, we will soon adapt to these patient-centered changes?

You bet. We always have changed for the sake of patient care. We always will.

Supporting residents



More than 300 full-time physician residents (or at least the equivalent of 300 residents) currently practice at UCH. They are, of course, a big part of what makes teaching hospitals and med schools like ours special.

In the old days - way back before 2002 - the federal government traditionally helped the hospital cover the considerable costs - the salaries, benefits, equipment, even books and lab coats - of developing the nation's next generations of physicians.

Since then, the federal government has been under intense pressure to cut those and other costs of health care. It is now deciding what to do about proposed rule changes in these programs - called Graduate Medical Education and Indirect Medical Education - that will diminish them even more.

Compensating for the feds. As the support from the GME and IME programs has declined, the amounts UCH has had to spend to make up the differences between what the government reimbursed us and what residents actually cost us have grown steadily for the past six years. In fiscal year 2008, for example, UCH spent \$2.7 million more on residents than it received in reimbursements. It will climb higher in the next fiscal year.

In all, our "resident costs" will reach \$21.3 million this fiscal year, which ends June 30. In fiscal year 2010, which will start this July 1 as a new class of residents arrives, they are estimated to be \$22.96 million.

The Department of Health and Human Services, which ultimately oversees the programs, is expected to act on the rule changes - either re-submit them, defer their effective dates or rescind them - in the near future.

Needless to say, as my recent meetings as well as the great consensus now taking hold in Washington attest, all the sprawling parts of the health care system are in dire need of cost controls and reform. We believe we should not radically change these critical supports of the system until a comprehensive health care reform effort begins to take shape.

Sincerely,



Bruce Schroffel

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