

CEO News & Views

an update from Bruce Schroffel



April 22, 2009

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Our great contributors

We had a nice lunch last week for the 23 UCHers who retired during the past year as well as the 70(!) colleagues who have been with us for at least 15 years. It was our annual Milestones luncheon, and my best chance to thank all of them personally for their continued service and commitment to this place.

This issue, in turn, is my chance to thank them publicly. I obviously can't list all of them in this space, but I must cite at least **Joan Balik** and **Elaine Ramsey** (that's

In a few weeks, we - you, me, all of us - will be receiving our annual benefits enrollment materials. As an employee of the hospital, of course, I'm looking for the same things in them that you are: affordable, quality health care for myself and my family.



As the guy at the desk where the buck stops, on the other hand, I'm aware of all the reasons why organizations like ours struggle to make the menu of options for employees both broad and affordable. In fact, given the significant costs when a company has multiple plans, the trend in this country is to limit the number of plans offered and shrink the number of options.

In other words, creating affordable health plans that work for 3,560 employees - each with his or her own important needs - gets more challenging every year.

Health premiums rising

Our first priority during the negotiations that produced the materials you will get in early May was the same as always: maximize quality and access to all kinds of care while minimizing costs both to individual employees and the hospital as a whole.

When the negotiations began, Anthem wanted to raise our rates significantly beyond what we thought to be a reasonable amount. While they have since come down a little, the increases remain profoundly higher than normal health care inflation.

The only way to lighten the load further, frankly, was to limit our health care options right now, or at least in the next few short months before our next fiscal year begins on July 1. While many corporations force their people to switch plans - and physicians - on a regular basis, I don't want us to be like many corporations. I want you to know that your employer is here to make it easier for you to perform well, not to cause abrupt disruptions in your personal life.



We thus ultimately decided the inconvenience of an abrupt change would have been too great. So the hospital will continue to offer the same options you currently have, despite the increase in price, through the next fiscal year.

Elaine with me, below), who both have been here for 40 years, and **Wanda Robinson** and **Debra Siefert**, who both reached their 35-year milestones.



No one gets that far without a lot of talent and dedication. And no hospital could gain the kind of record for excellent clinical outcomes, extraordinary patient care and collaborative medicine without them.

Roger Retires



I must also note that **Roger Gopalan**, our chief compliance officer, is retiring. At most places, people aren't always happy to see their compliance officers at their doors. Sometimes, it means trouble. Needless to say, the best compliance officers are sticklers for detail, and by nature few people are happy to have their work picked over by someone.

And in the future...

As you know, we evaluate our insurance plan vendors and benefits every year, looking for the best quality and access we can find while assuring affordability. But, at least until (or unless) there is meaningful health care reform, I believe rising premiums will remain a fact of all our lives.

The best anyone can do these days, in fact, is to try to manage inevitably rising premiums well. UCH uses many tactics, including helping you improve your health to avoid more serious illnesses. Utilization, as you know, is a critical factor in calculations.

Another cost-control tactic has been to buy insurance as a group with the University, which has more employees than the hospital (about 14,000 vs. our 3,500). The more people you have in your group, of course, the less insurance companies generally charge.

Insuring ourselves


But those tactics aren't working well anymore, and we can't sustain the current system in today's health care world. The costs for employees and for the hospital - which pays 83% of each employee's increase - are rising too quickly. The process of negotiating health insurance premiums has become difficult to manage well in these circumstances. And managing those rising premiums and trying to offer you ways to improve your health, as you'll recall, is probably the best anyone can hope to do in this environment.

So we are going to bring the process more under our control. Pending future analysis, we anticipate becoming self-insured by the start of the fiscal year that begins on July 1, 2010.

Difficult choices. The change will add to our leverage in negotiating with vendors, and dramatically improve our ability to control costs. However, it is quite likely that we also will have to limit options for all of us.

Exactly how that will evolve will depend on discussions with our partners at the University as well as the payors.

We hope to have our plans for limiting both your and the hospital's rising costs of health insurance clarified soon. These will be difficult choices, and we will keep you apprised during the coming fiscal year.

Sincerely,

Bruce Schroffel

But during his 15 years at the hospital, Roger has done a remarkable job fashioning a truly excellent hospital compliance department, one sincerely concerned with patient care even as it kept us safely out of the dark, treacherous, confusing and increasingly turbulent regulatory eddies. As an added bonus, it's always been good to see him at my door. We wish him great success in all his next ventures.

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