Consent Agenda # 12A

CITY COUNCIL
CITY OF CAMBRIDGE

April 3, 1995

INTRODUCED BY CITY MANAGER ROBERT W. HEALY

AN ORDER CONCERNING APPROPRIATIONS FOR THE FISCAL YEAR BEGINNING JULY 1, 1994

ORDERED: That in addition to sums previously appropriated by the City Council for the fiscal period 1994-95 the following sum is hereby appropriated in the Neville Manor Fund the City of Cambridge:

FUNCTION	DEPARTMENT OR PROGRAM	SALARY $ WAGES	OTHER ORDINARY MAINTENANCE	TRAVEL & TRAINING	EXTRAORDINARY EXPENDITURES	APPROPRIATIONS
Human Resource Development	Neville Manor	$495,000	$709,000.00			$1,204,000.00

BE IT FURTHER ORDERED: That the above appropriation in the General Fund to be financed by estimated revenues drawn from the following sources:

FINANCING PLAN	REVENUE
Excess Patient Receipts	$1,204,000.00

In City Council April 3, 1995.
Adopted by a yea and nay vote:-
Yeas 8; Nays 0; Absent 1.
Attest:- D. Margaret Drury, City Clerk.

A true copy; D. Margaret Drury

ATTEST:-

D. Margaret Drury
City Clerk

Consent Agenda # 12B

CITY COUNCIL
CITY OF CAMBRIDGE
April 3, 1995

INTRODUCED BY CITY MANAGER ROBERT W. HEALY

AN ORDER CONCERNING AN APPROPRIATION FOR THE FISCAL YEAR BEGINNING JULY 1, 1994

ORDERED: That the following transfer be made in the Neville Manor Fund of the City of Cambridge:

FROM	AMOUNT	TO	AMOUNT
Neville Manor Travel & Training Account	$30,000.00	Neville Manor Other Ordinary Maintenance	$30,000.00

REASON (S) Laundry services.

In City Council April 3, 1995.
Adopted by a yea and nay vote:-
Yeas 8; Nays 0; Absent 1.
Attest:- D. Margaret Drury, City Clerk.

A true copy; D. Margaret Drury

ATTEST:-

D. Margaret Drury
City Clerk

C I T Y   O F   C A M B R I D G E
MAYOR MICHAEL J. NEVILLE MANOR
650 CONCORD AVENUE   CAMBRIDGE, MASSACHUSETTS 02138
(617) 349-4050

March 27, 1995

Mr. Robert W. Healy
City Manager
City Hall
Cambridge, MA 02139

Dear Mr. Healy:

We are requesting a supplemental appropriation for Neville Manor in the amount of $1,204,000 and a transfer from the travel and training account of $30,000 to the Other Ordinary Maintenance account. We propose to fund this appropriation from excess revenues, which are expected to exceed budget projections by $1,800,000.

Neville Manor's role within The Cambridge Hospital Community Health Network has changed markedly over the past year. One of the preliminary findings of our strategic planning process is the need for Neville Manor to provide short term sub-acute and rehabilitation services for patients discharged from The Cambridge Hospital.

Neville Manor had previously been caring for an exclusively long term population and had been admitting only 15% of residents directly from The Cambridge Hospital. Starting in October, this pattern changed dramatically, such that 40% of admissions to Neville Manor are now for residents whose stays are projected to be less than three months. Further, 60% of admissions are from The Cambridge Hospital. Neville Manor is being successfully integrated into the Health Network. Finally, our Medicare census has ballooned from about 1% two years ago to 13% today. Medicare generally covers nursing homes residents only for short periods of post-acute care after a hospital stay, so this change also reflects a higher disability level of the residents we currently care for.

This change has resulted in higher costs in several areas. We are providing significantly higher amounts of rehabilitation services, such as Physical, Speech, and Occupational Therapy. We are also spending much greater amounts on medical/surgical supplies, such as IVs, enteral feedings, and specialized beds. These costs are reimbursable through the Medicare program and are resulting in higher revenues.

We have also realized higher costs in staffing in order to care for an increasingly frail population. While we must provide sufficient staffing levels to care for this population, we are currently implementing plans to utilize this staff more efficiently and drive down overtime costs.

We also have additional costs related to necessary building maintenance, strategic planning consulting services, and outside laundry contracting.

The specific breakdown of costs is as follows:

Salary and Wages - $495,000

Staffing costs have remained steady from FY 94 to FY 95, and we project them to continue to hold steady for FY 96. The savings we had projected in FY 95 were not possible due to the increasing needs and acuity levels of residents under our care. We are placing strict limits on overtime and are more closely monitoring absenteeism, worker's compensation, and other costs that affect our efficiency in this area.

General Operations and Services - $739,000

We are projected to spend an additional $250,000 over budget in the areas of Physical, Occupational, and Speech Therapy. These costs are reimbursed through the Medicare program. We also project to spend an additional $250,000 over budget in the area of medical/surgical supplies. These costs are also reimbursed through the Medicare program.

In addition, we are projecting the need for an additional $80,000 for physical plant maintenance. Neville is an old building and we have needed to spend money on elevator maintenance, ceiling tiles, painting, and other needed projects to provide for resident safety and comfort, and to pass regulatory surveys.

In our FY 95 budget we had projected to save money with the conversion of our laundry services to an in-house operation. When we took the proposal out to bid, the proposals came in significantly higher than our architect had projected, which made such a conversion economically unfeasible and results in a need for an additional $108,000 over what was budgeted.

Finally, we are requesting $51,000 for the completion of our strategic plan. The total cost of developing this plan is $71,000, which includes $48,500 in consulting fees for Lanzikos, McDonough, and Associates and $22,500 for an architectural feasibility assessment by Warner and Associates. We expended $20,000 in FY 94. We are projecting to complete the first phase of the project by April 15, and to complete the project in its entirety by June 15. As mentioned above, we have already responded to preliminary findings of Lanzikos, McDonough, and Associates by changing the nature of our services so as to provide those that Cambridge residents and The Cambridge Hospital need today.

<u>Travel and Training - Decrease by $30,000</u>

We project to come in $30,000 under budget in this area. We recommend lowering the budget for training and education by $10,000 and for judgments and damages by $20,000.

Thank you for considering our request. Please let us know if you need any further information.

Sincerely,

John O'Brien
CEO, The Cambridge Hospital Community Health Network

Paul Hollings
Administrator, Neville Manor

CITY OF CAMBRIDGE
CAMBRIDGE, MASSACHUSETTS 02139

TEL. 349-4300
FAX. 349-4307

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

April 3, 1995

To The Honorable, The City Council:

Please find attached for your review a request for a supplemental appropriation for Neville Manor in the amount of $1,204,000 and a transfer of $30,000 from the Travel and Training Account to the Other Ordinary Maintenance Account, received from John O'Brien, CEO of The Cambridge Hospital Community Health Network and Paul Hollings, Administrator of Neville Manor.

Very truly yours,

Robert W. Healy
City Manager

RWH/mev
attachment

Consent Agenda # 12 F-52

Supplemental appropriation of $1,204,000 for the Neville Manor and $30,000 Transfer in the Neville Manor.

In City Council,

April 3, 1995

12A- Order adopted
8-0-1

12B- Order adopted
8-0-1.