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EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

November 7, 1994

To The Honorable, The City Council:

With reference to Awaiting Report Item No. 14, relative to the "Report of the Mayor's Health Care Commission to Mayor Menino", please find attached a response from John G. O'Brien, Hospital Administrator.

Very truly yours,

Robert W. Healy
City Manager

RWH/mev
attachment

The Cambridge Hospital

1493 Cambridge Street, Cambridge, Massachusetts 02139 (617) 498-1000

November 3, 1994

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

Dear Mr. Healy:

This letter is in response to Council Order #42, dated May 16, 1994, requesting information relative to the "Report of the Mayor's Health Care Commission to Mayor Menino" on the future of Boston City Hospital. Specifically, the City Council has asked me to comment on the recommendations of this commission as they may or may not apply to the Cambridge Hospital. In responding to this request, I have listed each of the eleven recommendations of the Commission along with a brief comment. In commenting on these eleven recommendations, I feel that this should be merely the beginning of discussions rather than position statements, for I truly believe that the issues are so complex that they require a consensus of the leadership in Cambridge to ensure that any actions taken have a strong base of support.

Since our founding in 1918, the Cambridge Hospital (TCH) has been dedicated to meeting the health care needs of the people of Cambridge, and particularly the high risk, low income and underserved population groups that might not otherwise be able to have access to high quality health care. Our mission to provide health care to high risk and vulnerable populations is no less important today than it was over seventy-five years ago. TCH provides a unique array of health care services that go beyond strict medical care in order to address social problems of poverty, violence, AIDS and substance abuse, as well. In providing these health care services we strive to eliminate the cultural and language barriers that exist in other hospitals and that inhibit patients from seeking or receiving the care they need. In recent years, we have been successful in not only reaching out to a larger number of underserved patients in Cambridge in order to build a healthier community, but also we have been able to solidify the hospitals financial base in order to rely less on city tax support.

However, recent major trends in the health care industry - growth in managed care, decline in inpatient utilization, dominance of prospective payment methods - that have forced MGH and the Brigham to announce a merger, Boston City Hospital to restructure, etc. require major changes here in order for TCH to continue to sustain our mission and remain a financially strong hospital. TCH must reduce its costs, improve its public image, respond more rapidly to change, and strengthen our relationships with other health care providers as larger networks form and dominate the industry. These are the same factors that drove the City of Boston to empower a Mayor's Health Care Commission to

formulate eleven strategic recommendations, many of which should be considered in Cambridge. In the text below, I have listed these Mayor's Commission recommendations, along with my comments.

1. BCH must continue to strengthen its role as an urban safety net hospital, dedicated to providing high quality services to meet the health care needs of all residents of Boston, regardless of their ability to pay.

   For TCH, this is very important in order to capture a large patient population and to ensure a steady flow of disproportionate share payments from State and Federal levels.

2. There should be a fundamental change in the governance structure of BCH. The governance structure should be converted to that of either a public authority, public benefit corporation or non-profit corporation.

   For TCH, this is important in order to develop the necessary relationships with other health care providers to be part of a larger network. This is needed to attract insured patients in the health care world of tomorrow. The hospital's Governing Board and staff members are currently evaluating different governance structures that would both meet our needs and be acceptable to the City.

2A. The change in governance structure should begin immediately in order to facilitate an increase in BCH's operating efficiency and to allow it to meet the challenges of the changing health care market place.

   For TCH, the need is less urgent but still much needed. While our operating efficiency is better than BCH, a change in governance would still produce necessary improvements. However, the challenges of the changing health care market do drive our need to restructure as soon as feasible since network alliances are forming today.

3. The City of Boston's financial support to BCH must be continued through a contract for medical services for the uninsured.

   For TCH, the $7.5 million in tax support must be continued through an annual appropriation with the City.

4. In order to encourage community health center and community health center networks to join BCH's primary care network, the following steps need to be taken....

   For TCH, the community health centers are now a part of our network, so this strategic initiative does not apply.

5. In addition to annual contractual support (See 3), BCH requires a one-time investment fund. Estimates for this range from $20 to $25 million.

   For TCH, there needs to be capital investment to modernize the hospital campus and neighborhood health centers. These resources however can be accomodated through existing reserves and continued level funding of the tax level.

6. BCH should enter into negotiations toward full integration with BUMC.

   TCH over time will clearly have to establish close affiliations with other

hospitals and networks. Full integration with another entity such as a merger does not seem feasible as this would entail the City relinquishing ownership of the hospital which has little or no support.

7. Boston community health centers should be encouraged to pursue horizontal integration strategies.

   For TCH, we need to pursue expansion of our primary care network in order to serve a larger population of patients. TCH has almost all of the needed components of an integrated network of care; the size of the network is simply too small to have bargaining clout with large purchasers of care.

8. The Boston teaching hospitals and community health centers should be encouraged to create vertically integrated health delivery systems.

   For TCH, we will need to be part of a larger integrated network of care in order to survive and bargain from strength with third party insurers.

9. Accountability for the public health functions currently within DH&H should be retained as the responsibility of Boston City Government.

   FOR BCH, they are rethinking this recommendation since the retention of public health functions by the hospital could be a competitive advantage. For TCH, we believe the public health functions need to be retained by the emerging hospital network of care in order to build a healthier community.

10. The Public Health Department should establish funding priorities which reflect the neighborhood health status.

    For TCH, we feel that this can best be served by integration of these activities with our network of services in order to focus program funding decisions within the network on community health status needs.

11. A Boston Health Planning Committee should be established by the proposed Mayor's Cabinet OHHS to increase coordination and monitor progress of efforts to improve health status.

    For TCH, the components are in place to accomplish this effort. Also, through an annual appropriation process for our City tax subsidy (See #3), the City Council will be able to hold us accountable for showing measurable gains in the health status of the community.

The above eleven recommendations represent the results of many months of discussion. Thus, in commenting on each of these recommendations, it is important to state that these issues are very complex with no single answer. At the same time, it is important to note that BCH has moved to the next phase of discussions where the Mayor has commissioned a group, led by former State Senator Pat McGovern to first establish BCH as an entity separate from the City and next to determine how, when and in what form BCH and BUMC should affiliate and/or merge. This group, and sub-groups, are meeting several times a week now to develop a plan, create a home-rule petition, and take all necessary action to separate BCH from the City. Similarly, at TCH, we have been analyzing these issues with the assistance of the City Manager and other City department heads. It is our intention to finalize the recommend course of action and to discuss these changes with all of the necessary parties including the City Council where appropriate during the upcoming months. Implementation of the recommended

changes should occur within the next four to six months.

I hope that my comments above adequately respond to the City Council Order of May 16, 1994, requesting a brief response to the report of the Mayor's (of Boston) Health Care Commission. If you need additional information, please do not hesitate to contact me. Thank you.

Sincerely yours,

John G. O'Brien

John G. O'Brien
Administrator

cc: Melvin H. Chalfen, M.D.

Consent Agenda #26 S-479

Response to an Awaiting Report Item No. Fourteen, relative to the "Report of the Mayor's Health Care Commission to Mayor Menino."

for original see
1994 City Managers
Requests # 170

In City Council,

November 7, 1994

Placed on file