

March 21, 1983

Introduced by City Manager Robert W. Healy

An order concerning the rescinding of Appropriation for the Fiscal Year beginning July 1, 1982.

ORDERED: That a rescission to sums previously appropriated by the City Council for the Fiscal Period 1982-83 the following sum is hereby rescinded in the Hospital and Ambulatory Care Fund of the City of Cambridge:

Function	Department or Program	Salaries & Wages	Training & Travel	Other Ordinary Maintenance	Extraordinary Expenditures	Appropriations
Human Resource Development	Hospital & Ambulatory Care			(625,000)		(625,000)

City of Cambridge

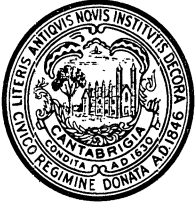
MASSACHUSETTS

In City Council March 21, 198³

AGENDA ITEM NUMBER FOUR

RE: REQUEST THAT THE APPROPRIATION OF \$625,000. FOR FY-83
TO THE AMBULATORY CARE UNIT OF THE CAMBRIDGE HOSPITAL BE
RESCINDED

	YEA	NAY	ABSENT	PRESENT
Mr. Daniel J. Clinton				
Mr. Thomas W. Danehy				
Mr. Francis H. Duehay				
Ms. Sandra Graham				
Mr. Leonard J. Russell				
Mr. David E. Sullivan				
Mr. Walter J. Sullivan				
Mr. Wylie				
Mayor Vellucci				



The Cambridge Hospital

Affiliated with
Harvard Medical School



March 18, 1983

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

Dear Mr. Healy:

I am writing to request a reduction of \$625,000 in the amount of monies appropriated for Fiscal Year 1983 for the Cambridge Hospital. This request is being submitted in an effort to reconcile current fiscal year expenditures with an anticipated shortfall in receipts.

As you know from our discussions yesterday, a number of factors have adversely impacted anticipated receipts for patient care services. The primary reasons are:

- 1) **Payor Utilization:** There has been a significant shift in recent months from insured to non-insured patients. The most material change has been a reduction in the number of Blue Cross and commercially insured patients. Correspondingly, there has been more than a twenty percent increase in the volume of services rendered to self pay patients.

There are a variety of reasons for this shift including general economic conditions (reduction of insurance benefits, or loss of insurance benefits due to unemployment) and an unusually large influx of uninsured immigrants utilizing the department's services.

- 2) **Volume of Services:** The amount of services rendered has decreased substantially from prior years and will fall far short of original projections. Charges for services to patients are anticipated to be \$2 million less than originally projected. A concerted effort is underway to improve the utilization of both inpatient and ambulatory departments.

- 3) Reimbursement: Chapter 372, the new hospital payment mechanism, as well as a variety of other third party payor developments, have had a negative impact upon the hospital's financial well-being. In particular, the resolution of a number of prior year settlements with the major insurers has placed a heavy burden upon the hospital during this fiscal year. It appears that much restructuring in the delivery of services will be required to address the continued tightening of the regulatory environment.

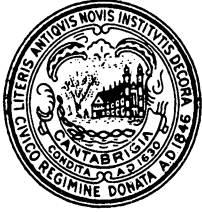
In conjunction with the decrease in volume of services rendered, a large surplus from our original appropriation will exist. So as to narrow the variance in expenditures and projected year-end net revenues, I recommend the hospital appropriation be decreased by \$625,000. These monies are available primarily in the medical and surgical supply account, the dietary account, fuel resources, and salary and wage savings.

Your consideration in this matter is greatly appreciated.

Very truly yours,

Melvin H. Chalfen

Melvin H. Chalfen, M.D., ^{HOV}
Commissioner of Health & Hospitals



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
Tel. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

March 21, 1983

To the Honorable, the City Council:

Attached please find an order requesting that the amount of \$625,000 be rescinded from the Cambridge Hospital and Ambulatory Care Fiscal Year 1983 appropriation. This course of action is being recommended due to an anticipated shortfall in receipts for patient care services due to a variety of external factors including:

1. A significant shift in payor utilization from insured to non-insured patients due to general economic conditions (reduction of insurance benefits, or loss of insurance due to unemployment).
2. A substantial decrease in the amount of projected services to be rendered in both inpatient and ambulatory areas in the current fiscal year.
3. The new hospital payment mechanism, Chapter 372, as well as other third-party payor developments, have also had a negative impact upon the hospital's reimbursement.

I have also enclosed a communication received from Melvin H. Chalfen, M. D., Commissioner of Health and Hospitals, further outlining this proposed course of action.

Passage of this order is recommended.

Very truly yours,

Robert W. Healy
City Manager

RWH/mbf
Encs. 2

Re: order requesting that the amount of \$625,000. be rescinded from the Cambridge Hospital & Ambulatory Care FY-83 appropriation.



COMMUNICATION TO CITY

1983

*copy sent to Committee Director, Chairman,
Committee on Health & Hospitals 3/22/83mk*

In City Council,

March 21, 1983

3/21/83

*Refined & the
Committee on Health
& Hospitals
MV/ro/ps/HR*