C. C. 106

City of Cambridge

The Health and Hospital Committee held a public hearing on March 8, 1995, beginning at 4:16 p.m. in the Sullivan Chamber for the purpose of discussing staff reorganization at the Cambridge Hospital.

Present at the hearing were Councillor Timothy J. Toomey, Jr., Chair of the Committee, Councillor Kathleen L. Born, Councillor Francis H. Duehay, Vice Mayor Sheila T. Russell, Councillor Michael A. Sullivan, and City Clerk D. Margaret Drury. Also present were Robert W. Healy, City Manager, and Mr. John O'Brien, Commissioner of Health and Hospitals.

Councillor Toomey convened the hearing and explained the purpose. He stated that the matter under discussion is the sudden reorganization of the Cambridge Hospital. Councillor Toomey said that he was appalled to have learned of the Cambridge Hospital reorganization through the news media. He stated that he is dismayed by the gap in communication between the hospital administration, the City Manager, the members of the City Council and the citizens of Cambridge. He noted that as a member of the past Health and Hospital Committee, and under the leadership of Councillor Duehay, he attended numerous committee meetings that were called at the request of the Hospital Administration to discuss the future of the City's hospital. He stated that this "re-engineering" is of such magnitude that it should have been discussed by citizens of Cambridge in the form of a public hearing. Councillor Toomey said that he has very serious concerns regarding the future of Cambridge Hospital.

Councillor Toomey then invited comment by the committee members.

Councillor Duehay said that he has discussed in the past the desirability of increasing the inter-relationship of the public health aspects, but he had no knowledge of the reorganization. He does not know whether it is positive or negative and has no reason to think badly of it, but he was surprised to learn of it as he did.

Councillor Born stated that she hopes that the hospital's presentation will include the reasons for the reorganization and a timeline.

Vice Mayor Russell also stated that she was surprised and would like to know about those things while they are being discussed.

Councillor Sullivan noted that there must be better ways for the Council to be informed than through press releases.

Councillor Born asked whether the Committee could get a copy of the previous organization chart.

Councillor Toomey then invited Robert W. Healy and John O'Brien to make comments.

Mr. Healy stated that health care has been changing on a monthly basis, and the organizational changes have been made to respond to this situation. He apologized for any inconvenience that the timing may have caused but noted that there were sensitive personnel circumstances involved. Robert W. Healy stated that he is convinced that the changes are necessary in order to remain competitive.

Councillor Duehay stated that the entire City Council is very proud of the Cambridge Hospital and Mr. John O'Brien. He wants to know what is happening with the hospital and its structure, not because he believes that anything devious is being done, just because it is appropriate for the City Council to be aware of organizational changes in the hospital. It is the biggest item in the City's budget, and it is of grave concern to the Council and the citizens of Cambridge.

Vice Mayor Russell asked whether any long-term employees will lose their jobs.

John O'Brien said that he also apologizes for any inconvenience from the timing of the communication. Ten top management positions are being eliminated, and it has been a very difficult process for him and for many people. He described the process for this change, and the meetings and analysis which led to conclusions that new systems were needed to cope with inefficiencies through continuous quality improvements. Cambridge Hospital found that the original chart of six divisions was inhibiting efforts to improve quality because people were not functioning as a team.

Mr. O'Brien discussed the model of patient focused care, of which Beth Israel is a leader in the Boston area. He noted that he has recruited Dr. John Schlosser, one of the country's leaders in clinical services improvement. On October 4, the Cambridge Hospital agreed upon the vision statement included in the package of materials. It is different from most hospitals.

It is somewhat risky in that it anticipates capitation, an annual "per capita" fee rather than a fee for services. The incentives change drastically. Harvard Community Health Plan utilizes a capitation service. The risk is no longer assumed by the insurer, it is with the providers.

Councillor Duehay asked whether the hospital could have a contract with a group of people, for which agreed upon services are covered. John O'Brien answered in the affirmative.

Mr. O'Brien noted that the capitation system provides rewards for keeping people healthy. The hospital shifts from a revenue center to a cost center.

Councillor Duehay observed that the goal becomes keeping people out of the hospital.

Councillor Sullivan asked who are the employees Cambridge Hospital will be contracting with. Mr. O'Brien said that many are medicaid, including children, adults, aged, and disabled persons.

Councillor Born asked about the process.

Mr. O'Brien said that these days people who are covered by Medicaid are being assigned to hospitals, based usually on where their current primary care physician is. Mr. O'Brien discussed the agreement negotiated with the state. In the first two years, the State assumes much of the risk of under estimated costs of services; in the next three years, the hospital assumes more. The hospital will purchase insurance for this risk.

Councillor Sullivan asked whether this system requires a mixed population to succeed, and Mr. O'Brien stated that it does. Councillor Sullivan asked if the hospital will get higher payments for taking on higher risk categories. Mr. O'Brien said that it would and added that there are a lot of actuarial and very technical aspects to the negotiations.

Councillor Sullivan asked what is the effect of so much competition in this area.

Mr. O'Brien said that right now, the Cambridge Hospital is not competitive enough to truly diversify the population. He gets more complaints from Harvard Community Health Plans about the facilities than anything else.

Councillor Toomey asked how a new focus of keeping people out of a hospital ties in with an expansion.

Mr. O'Brien stated that the expansion is in the area of ambulatory care. In some neighborhood clinics there are four physicians in three examination rooms. This is not efficient.

Vice Mayor Russell asked whether the people who will be leaving were involved in the reorganization plan.

Mr. O'Brien stated that the only job losses will be three or four top management people.

Councillor Sullivan observed that just saying someone is part of a team doesn't make them a team.

Mr. O'Brien stated that in a situation where four different disciplines are involved in the case of a patient, if they all report to a different division is severely limited. Teams must be able to set performance measures.

He stated that a number of other changes are just as important as the organizational change. He noted a systems restructuring, a new emphasis on measuring changes in working relationships. Mr. O'Brien noted the advantages of integration of health care provided through different care centers and modes that reorganization will bring. Part of this plan integrates public health activities more closely.

Councillor Toomey asked for names of the Executive Council. John O'Brien began to list the positions. The Executive Director of the Professional Services Corporation, a separate not-for-profit organization that employs the physicians is Glover Taylor. The position has existed for one and a half years, and it is not funded by city funds. The standard description for this type of organization is physician hospital organization: PHO.

Councillor Born asked whether these physicians have staff privileges at other hospitals. Mr. O'Brien said that they do. In response to a question about the salary of a primary care physician, Mr. O'Brien stated that it is $110,000 per year plus $4500 malpractice insurance.

Councillor Sullivan asked the cost for the entire benefit package for primary care physicians.

Mr. O'Brien stated that it is $140,000. In response to a question for Councillor Sullivan, he added that right now the Cambridge Hospital does not employ surgeons. It contracts for services.

Mr. O'Brien described the salaries that other institutions are paying. The Cambridge Hospital pays about 70% of the market.

He emphasized the importance of keeping salaries high enough so that Cambridge Hospital doesn't lose primary care doctors.

Councillor Sullivan asked whether the teaching school aspect helps, and Mr. O'Brien stated that it does.

At Councillor Toomey's request, Mr. O'Brien continued listing the Executive members. The Director of the Health of the City project is Dr. David Bor. A chief public health officer is currently being recruited.

Councillor Duehay asked about the statutory requirements for the Commission to fulfill the rule of boards of health in time. Mr. O'Brien stated that he fills these responsibilities.

Councillor Born asked Mr. O'Brien to explain the change in the organization of the commissioner position. Mr. O'Brien said that the recent growth of the health care network has meant a shift in the Commissioner's role because management of the network requires professional hospital management training not just one public health background of previous years. In addition, the hospital is the revenue engine for the public health and school health activities.

Councillor Toomey asked how federal budget cuts will affect school health.

Mr. O'Brien said that Cambridge gets almost no federal funds for school health.

Councillor Toomey asked about the new Senior Health Center. Mr. O'Brien said that the senior health clinic is fully funded in the proposed budget.

Councillor Born asked about the Violence Prevention Coordinator funding. Mr. Robert W. Healy said that funding was shared for the last year among Police, Schools, Human Services and the Hospital. For next year, the plan is for the hospital to fund the position, hopefully with some school department assistance.

Vice Mayor Russell said that the City has tried to be as sensitive as possible, but the health care business is changing very rapidly, and puts many employees at risk.

Councillor Toomey asked for a list of positions that have been eliminated.

John O'Brien said that the top management persons whose jobs have been eliminated will be offered other jobs in the organization. He warned that there will be layoffs in this field, and that the public dialogue does not necessarily help these people in their relocation.

Robert W. Healy emphasized that there is no projected increase in the tax support to the hospital.

Councillor Sullivan noted that there have been hurt feelings in this process.

Mr. O'Brien stated that he believes this reorganization has treated people very sensitively.

Councillor Sullivan said that there has to be a human capacity to serve people and that means there has to be adequate number of nurses. He does not want to see this sacrificed for a new building.

Mr. O'Brien stated that an independent analysis suggested cutting 25 full time equivalent nursing positions. The cutback was too tight on Four North and has been remedied. Cutbacks will become a more common theme, as will service cutbacks. There were 18 public hospitals 20 years ago in Massachusetts. Now there are three. Two are close to closing. Cambridge will be the last, and that is because it is difficult for a public hospital to be competitive.

Councillor Duehay said that he realizes that is John O'Brien's responsibility, but as a City Councillor he needs to know what is going on. There is no reason for him not to know the names of the people who will be leaving. It does not need to be a formal communication to the City Council.

Councillor Toomey noted that this is public information. He is not looking for names. Mr. O'Brien stated that the positions that are being eliminated are six associate administrators and four assistant director nursing positions. The majority will end up in new positions in the hospital.

Mr. O'Brien stated that the people whose jobs are being eliminated knew exactly what was going on during the process and were very appropriately involved.

Mr. O'Brien then further described the reorganization. The most significant change is the Primary and Family Health service center, which will integrate many previously more separate functions. He also suggested having another Committee meeting at the hospital to allow more participation of hospital staff.

Councillor Duehay asked if there was a relation between public health and the Primary and Family Health service center. Mr. O'Brien replied that there was. The Plan is to much more closely integrate public nurse services.

Councilor Duehay asked what will be management structure of the Primary and Family Health service center. Mr. O'Brien replied that it will consist of a physician, two nurses and a manager.

Councillor Duehay asked how all of these people in different services will communicate.

Mr. O'Brien said that a key is information technology. In addition, all of the local levels will be organized accordingly, and there will be an introduction of continuous quality improvement at the local levels.

Councillor Duehay observed that the plan constitutes a move from hospital organization to health care organization. He added that he knows that Mr. O'Brien is worried about the effect of the City Council on the ability to be competitive, and that the way to deal with these worries is to increase the intensity of communication.

Vice Mayor Russell agreed with Councillor Duehay and suggested using the hospital's public relations staff for this.

Councillor Sullivan noted that the change in the health care system may have unavoidably deleterious effects in the hospital's ability to survive. He asked whether there will still be some traditional professional lines of authority. Mr. O'Brien said that this is the case. Councillor Sullivan also noted a concern with maintaining accountability while increasing local autonomy.

Councillor Born asked Mr. O'Brien to continue his description of the Executive Council. Mr. O'Brien listed the following Council members:

Chief Executive Officer: John O'Brien

Chief Clinical Officer: Dr. James Schlosser

Chief Nursing Officer: Lee Swizler

Vice President for Marketing: Linda Chin

Chief Financial Officer: Bob Cooper

He said that all of organizational pods shown on the chart report jointly to the Chief Nursing Officer and the Chief Clinical Officers.

Councillor Born asked about the possibility of eliminating specialty departments. Mr. O'Brien stated that the Cambridge Hospital has had several specialty alliances with Massachusetts General Hospital, but at the moment, it does not appear that move would be cost effective.

Councillor Born asked whether there was any possibility that next year merger could look like a good possibility.

Mr. O'Brien said that there would be a major decision for the City Council because it would mean no more ownership. There is always the possibility of an affiliation, but it is not clear that it would be to the advantage of Cambridge. The key to the merger is the significant downsize of the operation, and it is not clear why this could present an advantage at this time. In the shorterm, it is doubtful that a merger would make sense, although in a fully cavitated environment it might. If the free care pool goes away, then it will be necessary to look at affiliation or merger.

Robert W. Healy said that disproporiate share payments and the uncompensated care pool are both very important to the hospital's operation.

Councillor Born asked when the City will know about cuts in these areas, because the hospital should not be proceeding with expansion until Cambridge knows whether there will be huge cuts. John O'Brien said that there will be more clarity by the time the construction must go forward.

Councillor Born asked if the job can be segmented. Mr. O'Brien said that it can. The garage and ambulatory care must happen. The lab reconstruction and other rehab will happen in two -three years and can be phased.

Mr. Healy described the possibility of seeking special legislation to exempt the construction from Ch.149, the filed sub-bid law. This issue will probably come to the City Council during the next year legislative session.

Councillor Born asked what cuts would be made if the federal dollars are decreasing. Mr. O'Brien said that first to go would be all non-revenue-generating operations. He emphasized that the Cambridge Hospital is still in the position that it must expand or it cannot stay open.

Robert W. Healy noted that even if the worst case federal cuts occur, there is still an asset.

Councillor Toomey noted that constituents are very concerned about what the hospital will cost.

Mr. Healy noted that no increase in property tax support is proposed.

Councillor Sullivan asked for a description of how the rehab could be phased, and stated that he is happy to hear that Neville Manor will continue to service.

Councillor Toomey stated that the Committee will hold another hearing on this issue.

The hearing was adjourned at 6:35 p.m.

For the Chair

Councillor Timothy J. Toomey, Jr.
Chair

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Committee Report #1

Commuication received from D. Margaret Drury, City Clerk transmitting a report from Councillor Timothy J. Toomey, Jr. Chair of the HEalth and Hospital Committee regarding a public hearing held on March 8, 1995 for the purpose of discussing staff reorganization at the Cambridge Hospital.

for original order see
Order # 9 of 2/13/95

In City COuncil March 27, 1995
Report accepted.
Placed on file