



City of Cambridge

COMMITTEE REPORT #1

IN CITY COUNCIL
FEBRUARY 26, 1990

- WHEREAS: The proposed budget of the Commonwealth for FY91 as submitted by Governor Michael Dukakis would, if adopted, eliminate funding reimbursement for all Level III hospital beds; and action which would adversely impact the Mayor Michael J. Neville Manor; and
- WHEREAS: This proposal would cost the City of Cambridge an additional \$1,000,000.00 in operating costs with no possible revenue increase to off-set the cost; any local increase in operating costs must be funded through the tax levy; and
- WHEREAS: The loss of these beds would clearly create undue physical and psychological harm to those Cambridge residents who are awaiting or seeking placement at the Neville Manor, creating additional burdens on the already overloaded acute and long term health care facilities; and
- WHEREAS: The Governor and his appointees charged with the delivery of public and mental health programs must realize the importance of maintaining such vital programs and the funding for these as they consider the current fiscal conditions of the Commonwealth; now therefore be it
- RESOLVED: That this City Council go on record, urging Governor Dukakis to reconsider his proposal eliminating Level III beds and to restore the appropriate funds; and be it further
- RESOLVED: That Her Honor the Mayor arrange for a public hearing to be held at the Neville Manor in an effort to explore the intent and desire of the city to maintain its current 83 Level III beds and to invite the appropriate state officials charged with maintaining health care and delivery services.

In City Council February 26, 1990.

Adopted by the affirmative vote of eight members.

Attest:- Joseph E. Connarton, City Clerk.

A true copy;

ATTEST:-

Joseph E. Connarton

Joseph E. Connarton, City Clerk.

City of Cambridge

The Committee on Health and Hospitals conducted a public meeting on Wednesday, February 7, 1990 beginning at 8:00 a.m. in James F. Mahan Trustee Room at the Cambridge Hospital.

Councillor Francis H. Duehay, Chairman of the Committee opened the meeting by stating he had scheduled this meeting for the purpose of receiving a financial overview of all components of the Hospital as the city begins the budget process of FY91.

At this time Dr. Melvin Chalfen, Commissioner of Health & Hospitals stated that basically there were three components of the health budget: the Michael J. Neville Manor, the Public Health Department and the Cambridge Hospital. Commissioner Chalfen further stated that while the entire health care industry has and probably will continue to experience financial hardship, the Cambridge Hospital and the Neville Manor have particular problems, for example, he continued that the Neville Manor faces the real possibility of losing reimbursement for all Level III beds, due for proposed state budget reductions for FY 91. Furthermore the hospital has experienced several reductions and/or terminations in state subsidized programs.

At this time the committee heard from Mr. John O'Brien the Hospital Administrator who stated the hospital was right on target with its 3 year

old strategic plan and thus far its, implementation has been successful. He further stated the hospital has seen an increase in admissions and collection of payables during this fiscal year which has, in part, resulted in a 14% increase in receipts.

Councillor Duehay requested copies of the strategic plan and major initiatives achieved within it, be sent to the committee members.

At this time the Committee heard from Mr. Robert Cooper, Associate Administrator for Fiscal Affairs of the hospital who outlined the revenue picture for both FY90 and FY91. He stated that although the state owes us a grand total of \$9.7m, the hospital received \$1.112m during the last week of January. Furthermore he stated, that the "uncompensated care" fund, based on the state's 100% funding of the entire pool (all hospitals throughout the Commonwealth) the Cambridge Hospital is owed the following: FY87 - \$100,000; FY88 - \$2.5m; FY89 -\$2.5m; FY 90 (through 6/30) \$3.2m, plus a \$1.4m unpaid balance from Medicaid for prior years. Mr. Cooper further stated that the hospital patient day and outpatient activity are both showing increases and and that a proportionate increase in receipts has resulted. Furthermore, he stated that the hospital has been designated a "disproportionate share hospital" that will ultimately provide the hospital with the ability to collect additional Medicare money based on the state formula. Last year this helped the hospital receive an additional \$1.5m.

Mr. Cooper provided the committee with a briefing, a document entitled "Financial and Service Volume Data" (copy attached) which graphically outlined his oral presentation.

Responding to Councillor Duehay's question relative to the overall patient census, Mr. O'Brien stated that self pay patients equalled 27%, Medicare patients equalled 34%, Medicaid patients equalled 16% and HMO patients equalled 25%.

Dr. Chalfen once again raised the issue of the Level III beds at the Neville Manor, stating he had asked the Administrator, Mr. McDonald, to come up with some alternatives to terminating these beds which are occupied by elderly residents of Cambridge. However, he continued, any option which allows for these beds to remain will place an added financial burden on the City of Cambridge.

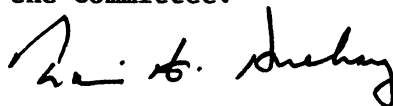
Councillor Duehay suggested that the Commissioner work with the City Clerk to prepare a suitable resolution for submission to the full City Council urging the Governor to reconsider his FY91 proposal. The proposed resolution is attached herewith and is recommended for adoption.

At this time Councillor Duehay thanked all members of the committee and hospital administrators for the excellent presentation, and stated it was his intent to establish as his priorities for the current term the following issues: to deal with the Massachusetts legislature relative to securing better finances for the hospital, including money from the uncompensated

care fund; to deal with substance abuse education and treatment programs for Cambridge residents, especially youths, and to help implement the recommendations of the AIDS Task Force. Councillor Ed Cyr requested the committee also look into an intergrated geriatrics program.

The meeting adjourned at 10:02 a.m.

For the Committee:

A handwritten signature in dark ink, appearing to read "F. H. Duehay", written in a cursive style.

Councillor Francis H. Duehay
Chairman



City of Cambridge

IN CITY COUNCIL

FEBRUARY 20, 1990

- WHEREAS: The proposed budget of the Commonwealth for FY91 as submitted by Governor Michael Dukakis would, if adopted, eliminate funding reimbursement for all Level III hospital beds; and action which would adversely impact the Mayor Michael J. Neville Manor; and
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THE CAMBRIDGE HOSPITAL

FINANCIAL & SERVICE VOLUME DATA

**Prepared for:
City Council Briefing Session
February 7, 1990**

**Prepared by:
Fiscal Services**

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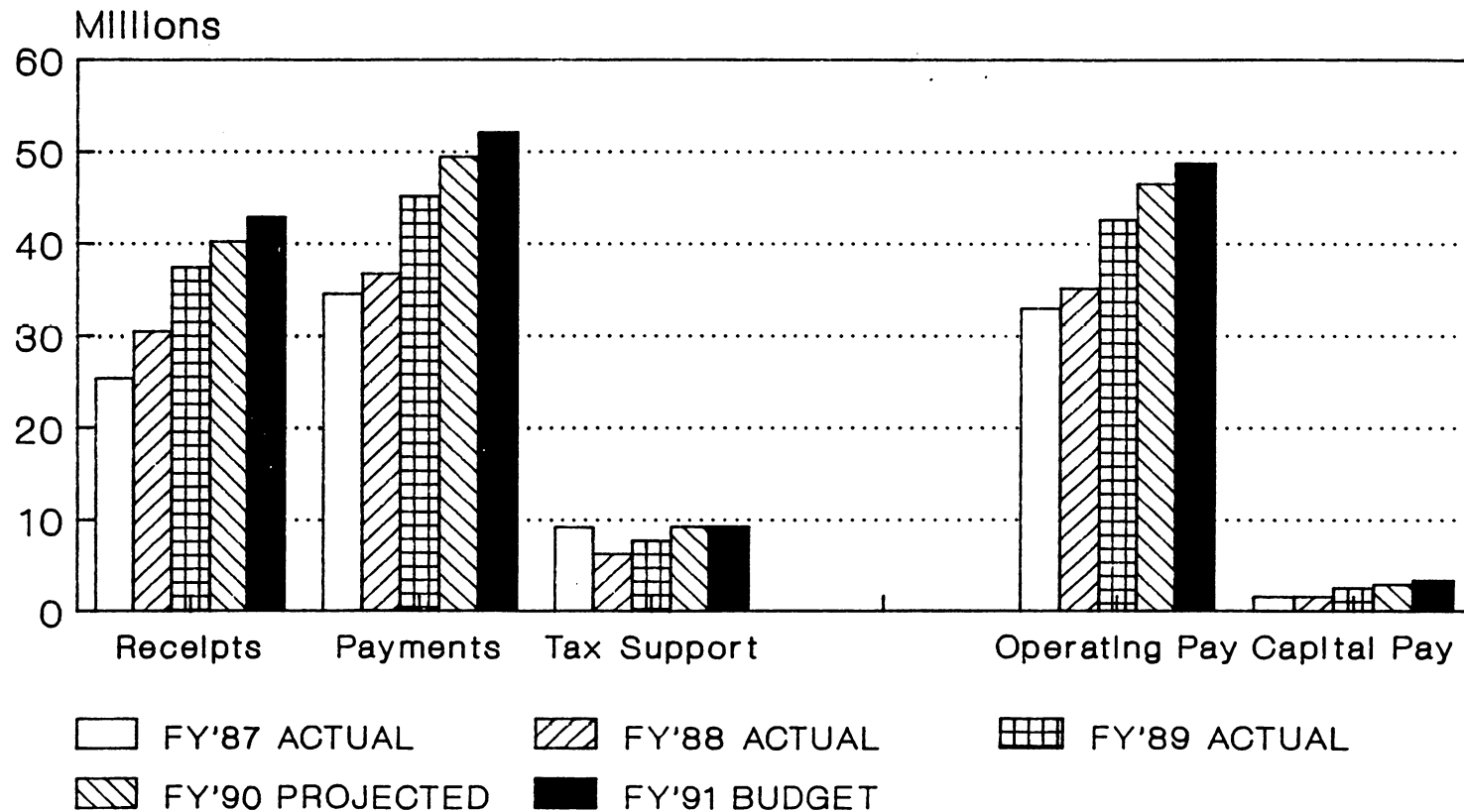
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TCH CASH FLOW SUMMARY

	FY'87 ACTUAL	FY'88 ACTUAL	FY'89 ACTUAL	FY'90 PROJECTED	FY'91 BUDGET	---PERCENT CHANGE--- FY'91 vs FY'87	ANNUAL AVERAGE
RECEIPTS	25,369,901	30,470,342	37,414,544	40,215,645	43,392,653	71.0%	14.4%
DISBURSEMENTS (Payents)	34,547,300	36,722,661	45,120,056	49,439,825	52,616,833	52.3%	11.1%
TAX SUPPORT	9,177,399	6,252,319	7,705,512	9,224,180	9,224,180	0.5%	0.1%

CASH FLOW SUMMARY

Five Year Trend Analysis

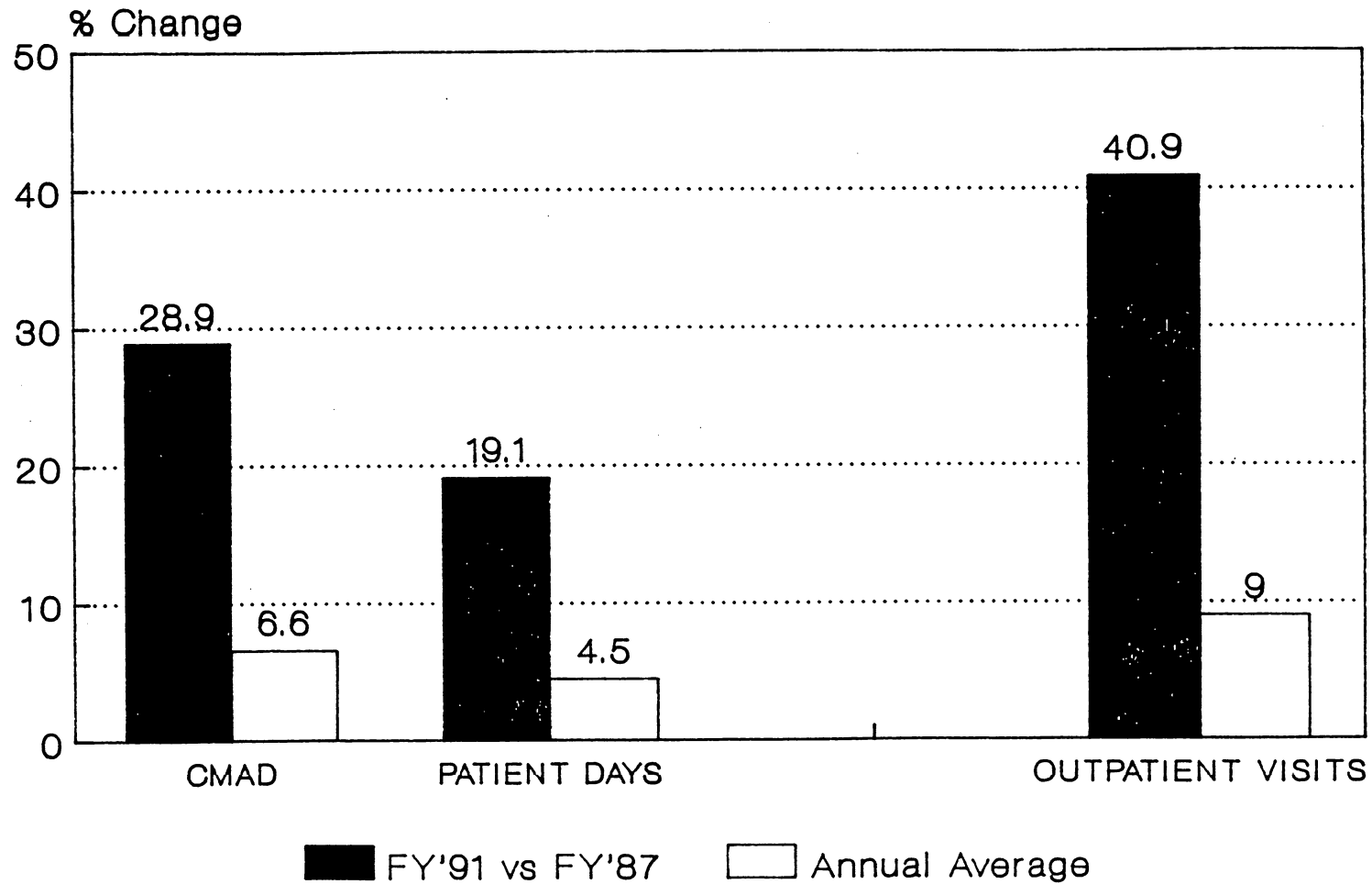


TCH VOLUME PERFORMANCE

-----Inpatient-----

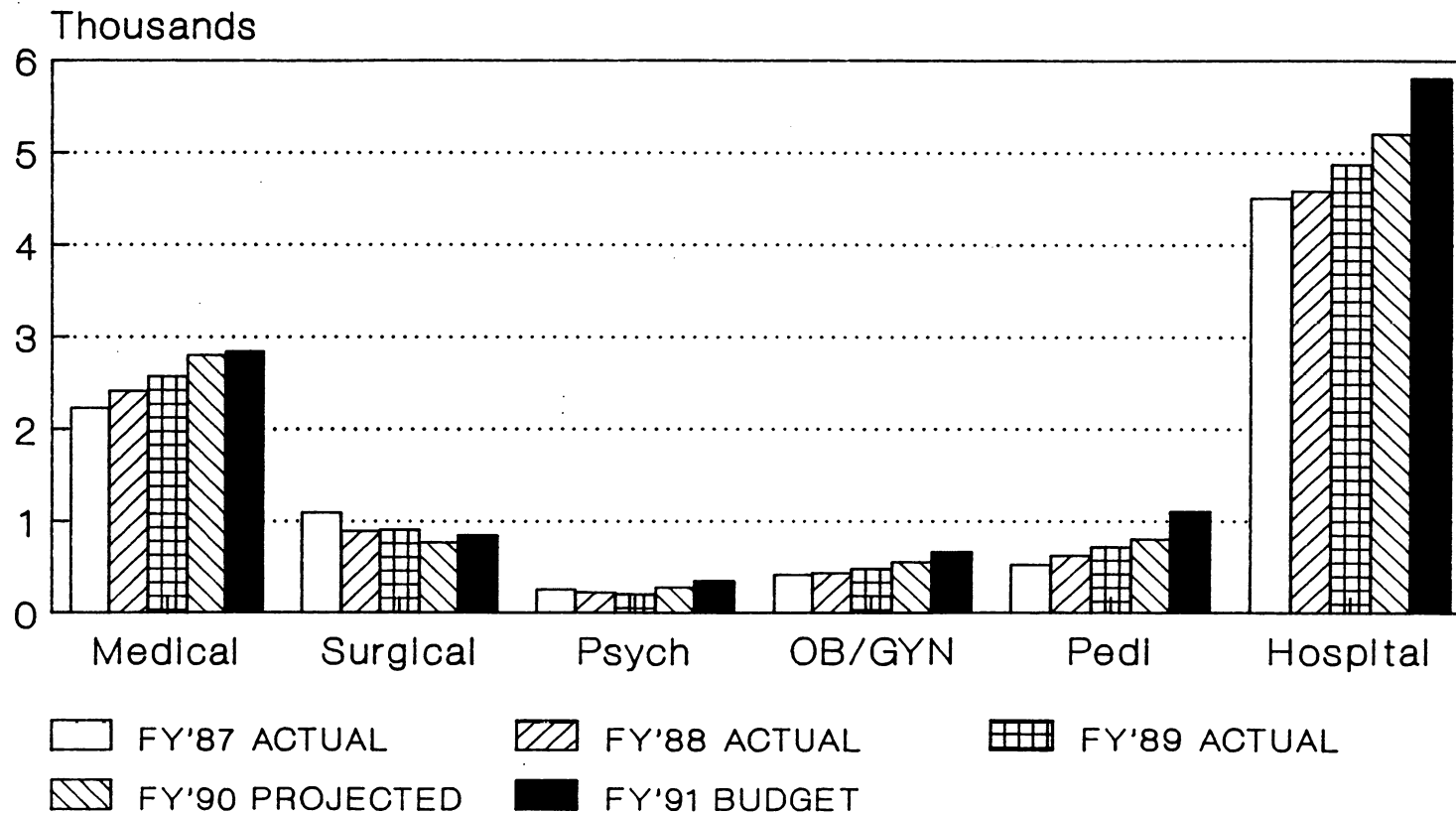
	CMAD	PATIENT DAYS	OUTPATIENT VISITS
VOLUMES			
1987 Actual	4,505.1	40,467	101,424
1991 Budget	5,807.7	48,207	142,921
PERCENT INCREASE			
Annual Average	6.6%	4.5%	9.0%
FY'87 to FY'91	28.9%	19.1%	40.9%

TCH VOLUME PERFORMANCE INDICATORS



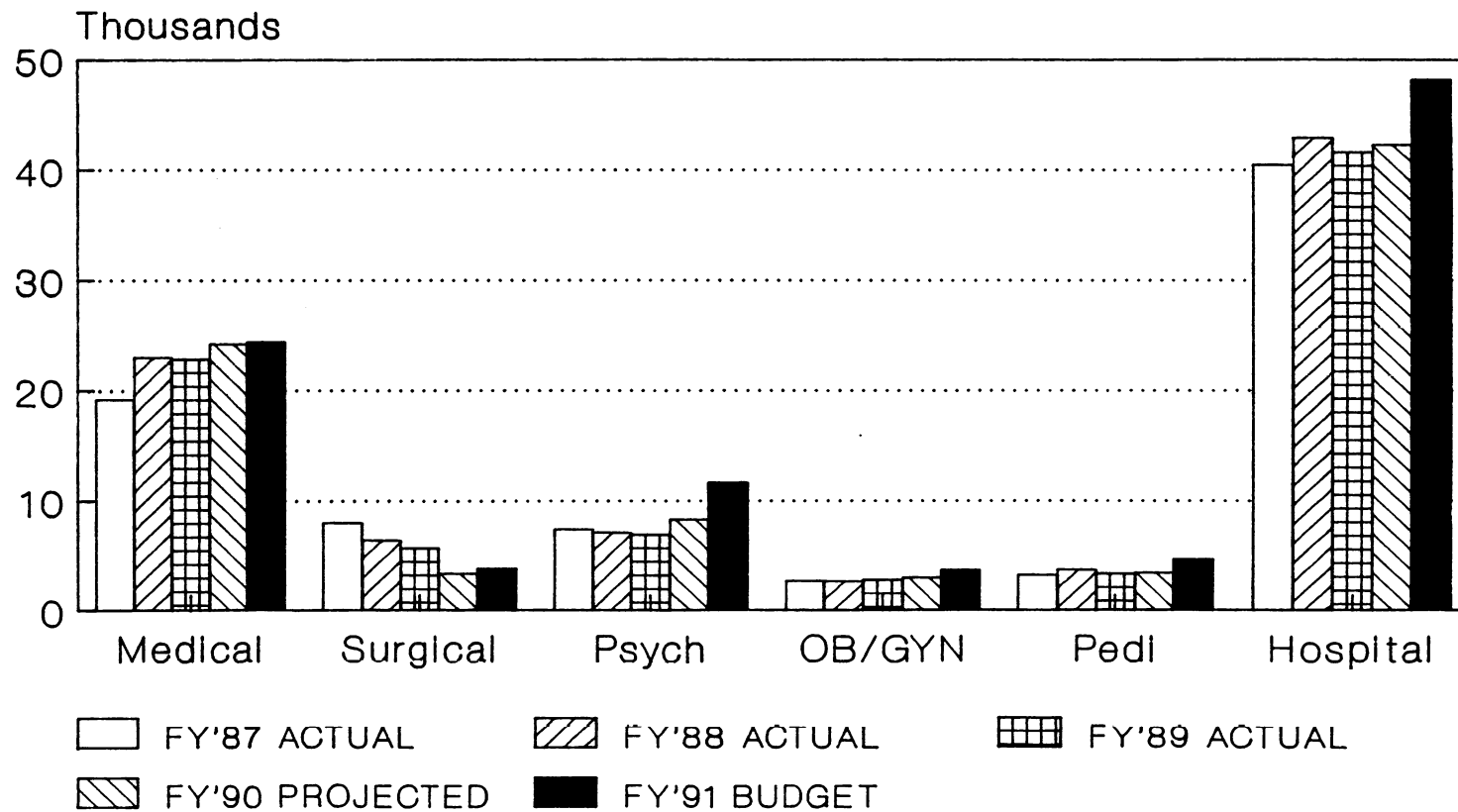
CMAD BY SERVICE

Five Year Trend Analysis



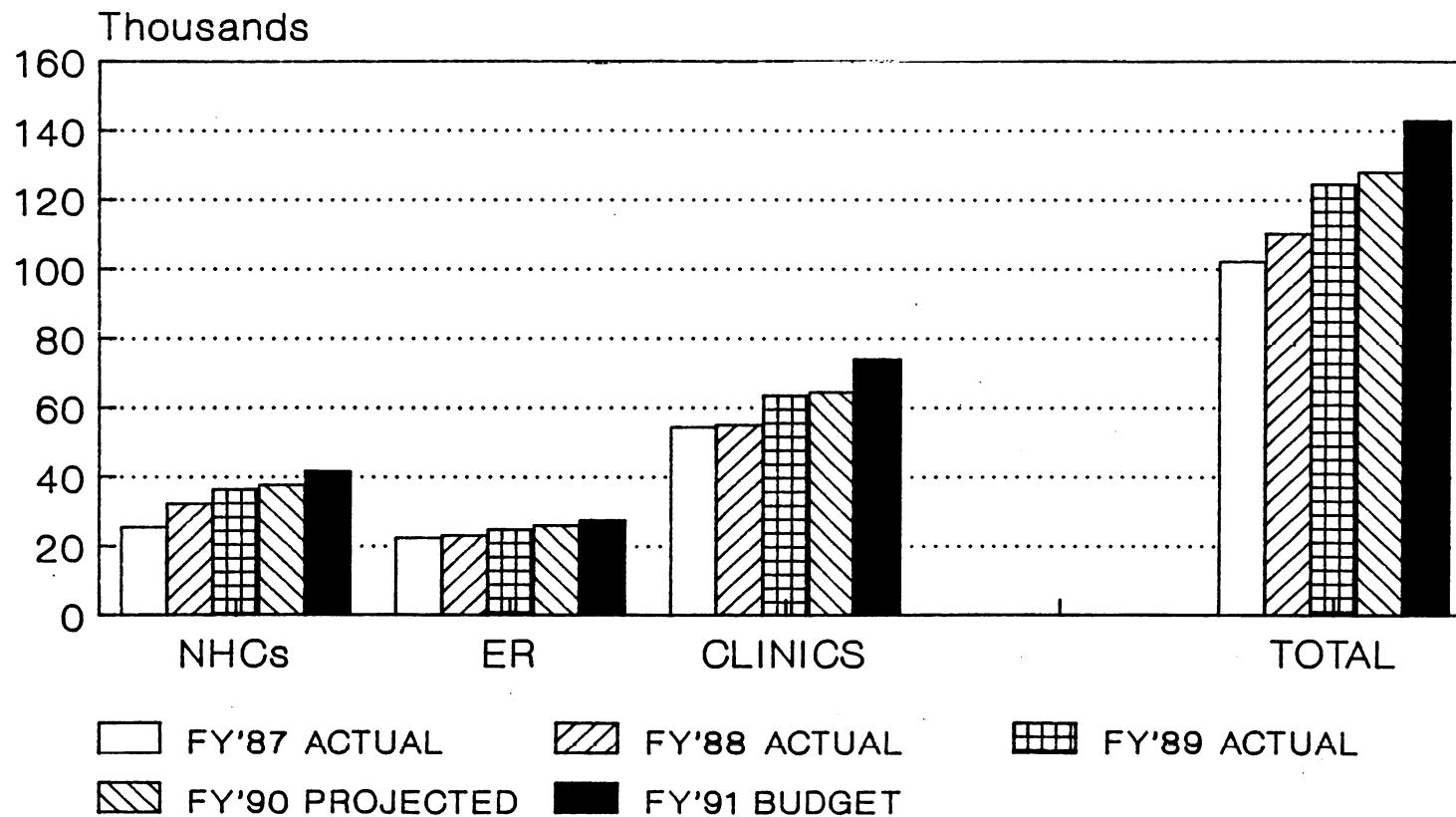
PATIENT DAYS BY SERVICE

Five Year Trend Analysis



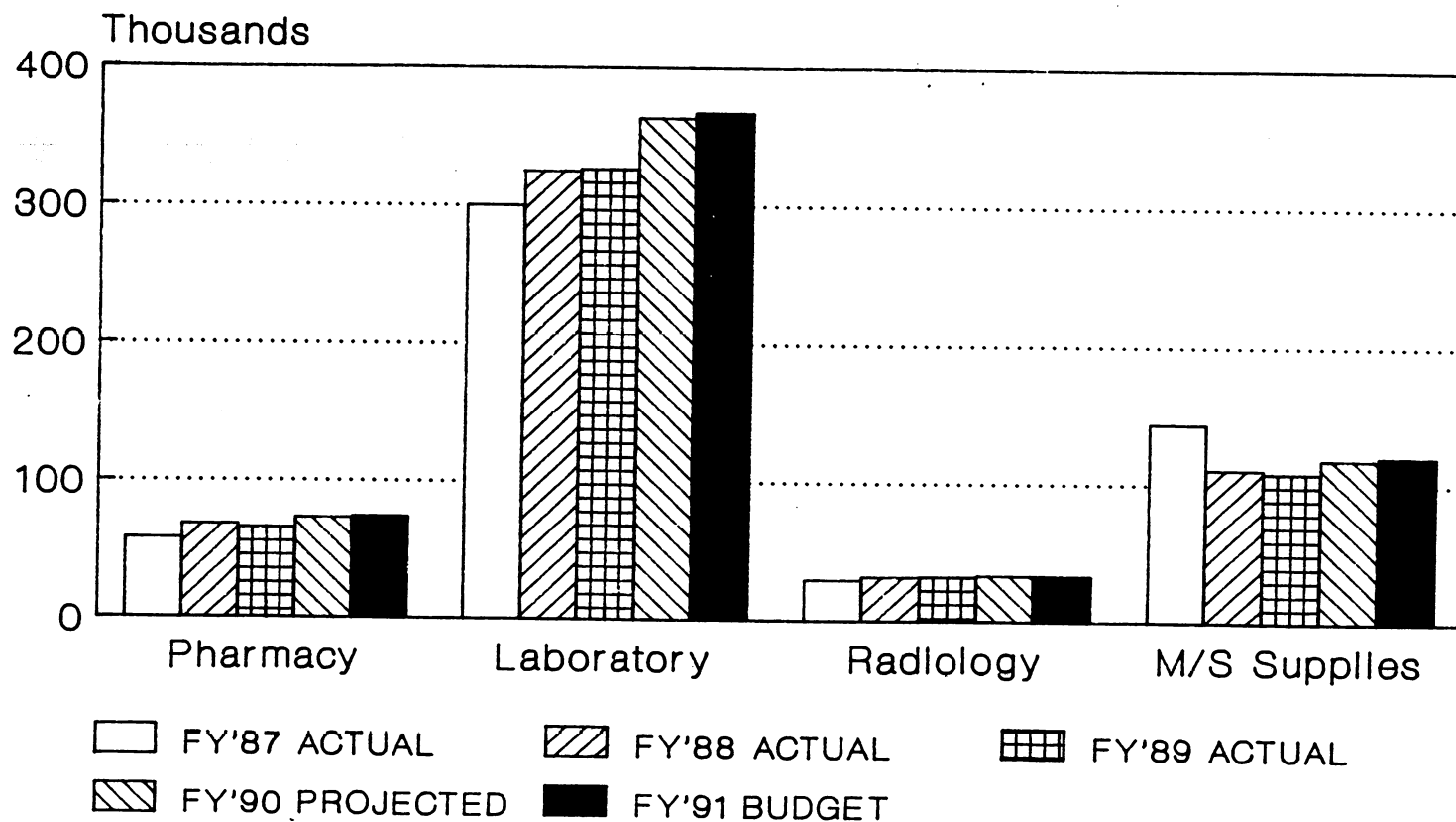
OUTPATIENT VISITS

Five Year Trend Analysis



SELECT ANCILLARY SERVICES

Five Year Trend Analysis



THE CAMBRIDGE HOSPITAL
FY'91 FINANCING PLAN

	---FY'90---	---FY'91---	
	INITIAL BUDGET	INITIAL BUDGET	% CHANGE
RECEIPTS BUDGET			
Total Patient Care Receipts	37,435,950	42,168,509	12.6%
Cafeteria Receipts	327,000	327,000	0.0%
Miscellaneous Receipts	770,040	814,489	5.8%
Total CASH DEPOSIT BUDGET	38,532,990	43,309,998	12.4%
Cherry Sheet Receipts	82,655	82,655	0.0%
TOTAL RECEIPTS BUDGET	38,615,645	43,392,653	12.4%
EXPENSE BUDGET			
OPERATING BUDGET			
Ambulatory	6,909,860	7,657,588	10.8%
Hospital	40,143,965	41,597,245	3.6%
OPERATING TOTAL	47,053,825	49,254,833	4.7%
CAPITAL BUDGET	2,386,000	3,362,000	40.9%
OPERATING & CAPITAL TOTAL	49,439,825	52,616,833	6.4%
TAXES	10,824,180	9,224,180	-14.8%

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COMMITTEE REPORTS

Comm. from Joseph E. Connarton, City Clerk,
transmitting a report from Councillor Francis H.
Duehay, Chairman of the Committee on Health and
Hospitals, for a hearing held on Wednesday,
February 7, 1990 for the purpose of receiving
a financial overview of all components of
the Hospital as the city begins the budget
proces of Fiscal Year 1991.

In City Council,

February 26, 1990

*Report accepted
Order adopted
by 8 members*