MedCenter Extra: October 21, 1998

Corporate Communications, Boston University Medical Center

http://hdl.handle.net/2144/22653

Boston University
FY99 BMC budget invests in the future

Last week the board of trustees approved BMC’s fiscal year 1999 (FY99) operating budget. As we all know, the health care industry is continually changing, challenging us to provide and deliver the same or higher level of service each year while reducing the amount of money we can collect. The recent signing of the Federal Balanced Budget Act, changes in reimbursement from HMOs and other payers and the underfunding of the Free Care Pool will result in further revenue reductions for BMC and other hospitals in the coming year. With these changes in the regulatory environment, it is projected that BMC’s net revenue in FY99 will decrease by at least $10 million for the same level of services that were rendered in FY98.

Recognizing these financial realities and recognizing the fact that we need to do things efficiently to remain competitive, BMC has put forth a very aggressive budget for FY99, focusing on capturing revenue for work we now do and investing in the future by funding new programs and investing in new technologies. Yet, even after tightening our belts, the bottom line suggests a projected loss of $15 million at the end of FY99.

“This is a budget that keeps us looking to the future,” says Elaine Ullian, president and CEO. “In these times of tight bottom lines, it would be easy to take a reactionary approach and rely entirely on cutting spending and costs. But our future cannot just be based on cutting costs, and we have allocated $6.5 million to new programs.”

BMC has pledged that it will always continue moving forward – stretching the boundaries and finding new, better ways of upholding our mission of providing excellent health care to the residents of Boston and New England. “Our long-term financial viability depends on the foresight that we use today,” says Richard Moed, executive vice president and COO. “This budget is a dynamic, year-long document that will rely on the hard work and ingenuity of all of us working together.”

In order for this budget to succeed, we need to focus on the following priorities:

- Investing in our employees
- Managing expenses
- Investing in community health centers
- Improving ambulatory care services and facilities
- Providing excellent patient care
- Ensuring we are paid for the work we do

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Town Meetings
All employees are invited to attend one of two Town Meetings to discuss the FY99 operating budget and its impact on BMC and its employees. The meetings will be held on:

Wednesday, Oct. 21
4 - 5 p.m.
Bakst Auditorium, BUSM
&
Thursday, Oct. 22
7:30 - 8:30 a.m.
Bakst Auditorium, BUSM
Investing In Our Employees
There are ways that we can incorporate the above mentioned strategies into our work. First, we must invest in our employees. Employees are BMC’s most valuable resource, and we should take pride in the wonderful work that we do. The Patient Satisfaction Committee is establishing standards of service excellence and implementing a coordinated series of initiatives to introduce, communicate, train, measure, and reinforce exceptional service behaviors. Our WE CARE program is an example of encouraging employees to find creative solutions to system problems and/or take the extra step to help our patients and co-workers.

Managing Expenses
Keeping our costs down continues to be a priority for the institution. Keeping expenses in check can mean much more than managing supplies and inventory. Some solutions may involve more appropriate utilization of our current work force. “We need to look at our processes to see if there are steps that can be eliminated or streamlined, thereby cutting costs and easing our patients’ transitions through our systems,” says Moed. “We are also looking at many creative staffing options, reviewing currently vacant positions to determine if they need to be filled and considering job relocations as well.”

Investing in Community Health Centers
Our commitment to the Boston HealthNet health centers remains strong. We have designated 20 percent of our capital budget to health center projects in FY99. As partners with the HealthNet health centers, we will jointly recruit staff and place specialists in the health centers, where appropriate. “These health centers remain a valuable point-of-entry for many BMC patients,” says Ullian.

Improving Ambulatory Care
The shift in recent years toward outpatient care and shorter lengths of stay has placed greater importance on ambulatory care and ambulatory care facilities. With modest growth in FY98 and projected increases in FY99, the need for improvements in outpatient and ambulatory care facilities and services has become a priority. Thus far, many clinics have expanded their hours to include evenings and weekends.

Providing Excellent Patient Care
With all of the changes incorporated into the FY99 budget, one thing must remain consistent – our unconditional commitment to providing excellent medical care. We are striving to make sure that our patients have an outstanding experience at BMC, which means keeping our patients comfortable and using appropriate forms of evaluation in an era of skyrocketing testing costs. “We need to ensure that our diagnostic and therapeutic strategies are maximizing our patients’ health without being wasteful,” says John Chessare, MD, MPH, senior vice president and chief medical officer.

“By incorporating all of these strategies into our culture, we can be confident in our ability to retain existing patients and to attract new patients to BMC. The combination of our efforts will result in a greater presence in the Boston market, which, in the end, creates financial stability for our future,” says Paul Drew, vice president of network development.