

# what's happening

Maine Medical Center  
Portland, Maine 04102

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## MMC reduces rates for balance of 1984

Maine Medical Center reduced all room rates, and charges for some ancillary services, effective last Sunday (April 1, 1984). The hospital's Board of Trustees approved the rate reduction -- an average 6% -- in its regular monthly meeting Thursday.

The action is a first in recent MMC memory, according to President Edward C. Andrews, Jr., M.D., and "certainly counts among the best pieces of news this institution has ever been able to share with our employees and the community."

The rate reduction is possible because the hospital is receiving more revenue from Medicare under the new federal prospective payment system than expected. "In moving to reduce this margin of revenue over expense," Dr. Andrews said, "we were bound mainly by our own desire to contain health care costs. We can reduce charges for services, and we are delighted to do so. We can also reinstate about \$1 million in postponed building maintenance work that had been cut from the 1984 budget, and we also plan to do that."

New room rates will be effective for the balance of MMC's fiscal year, through September 30, 1984. A semi-private room, for example, will drop from \$225 to \$214, and a private room from \$255 to \$242; the day rate in the Special Care Unit will go down from \$729 to \$694, and in the Neonatal Intensive Care Unit from \$589 to \$561. All new room rates represent a 5% across-the-board reduction.

Charges for some ancillary services -- such as Central Supply, Laboratory, Emergency, Pharmacy, Radiology, and Ambulatory Surgery -- will be reduced by an average 6.6%.

There might be other ways to "spend" the excess revenue, Dr. Andrews said, "but these reductions are the most

responsible and, in reality, the only practical steps the Medical Center can take in dealing with the unexpected revenues. It is most fair to lower rates in the year this is happening, for the patients who are here now."

Under Maine law, he explained, the hospital cannot -- without being penalized in subsequent years -- spend the money on capital items, spend it on budget items such as new staff or compensation increases that would carry over into Fiscal Year 1985, or "save the money for a rainy day."

If the hospital did not reduce rates now, Andrews said, it could be facing the prospect of receiving \$2.5 million more in revenues than expected, primarily because of Medicare reimbursement.

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## More of "What You Don't See" Revealed

The "What You Don't See" slide program given to Maine Medical Center's Board of Trustees last month consisted of presentations from Housekeeping, Linen Services, Food Services, and Engineering Services. These departments are essential to the operation of the hospital, but their work goes on behind the scenes.

*What's Happening* concludes its series on the program with highlights from the Engineering Services portion as presented by Edward Hollidge, Director of Engineering Services.

"The Engineering Services Department operates, repairs and maintains a sophisticated complex of approxi-

ENGINEERING, page 3



**ONE OF THE THINGS "You Don't See" is the work involved in tracing and repairing a leaky pipe. This pipe was leaking behind a sink on pediatrics, but the water was showing up two floors down in the Outpatient Clinics. Plumbers Ray LeDoux (left) and Don Bernier of MMC's Engineering Services Department found the leak and fixed it. (A/V Photo)**



## RATES, from page one

"Last summer," he explained, "when we had to draw up our Fiscal 1984 budget, we were forced to 'guesstimate' the amount of money we would receive from Medicare. The federal government had already initiated the switch from cost-based reimbursement to prospective pricing, using Diagnosis Related Groups (DRGs). The Health Care Finance Administration, however, had not yet issued regulations for the DRG program, so we could not predict Medicare income accurately. "The final HCFA regulations defining reimbursement did not arrive until long after October 1, 1983, when MMC's fiscal year had started and the hospital was already operating under the new DRG system.

"Since the purpose of the DRG system was to avoid additional federal expenditures," Dr. Andrews said, "we estimated our 1984 Medicare revenues at the same rate as 1983 revenues. Our estimates were conservative. We are still learning about the new DRG prospective payment system, so we are not sure of all the reasons the Medical Center is doing better than expected under DRGs. Preliminary figures suggest that our average patient's length of stay in the hospital and our costs for certain of the diagnosis groups are significantly lower than national averages."

Current revenue estimates are based on the first quarter of the 1984 fiscal year, and are not yet definitive. The hospital's inability to estimate payments precisely stems from the fact that the Medicare intermediary has been unable to process and pay certain complicated claims, and that a substantial number of claims submitted during October through December 1983 have not been completed. "In spite of missing information, we are certain we would end Fiscal Year 1984 with an unacceptably high net income," Dr. Andrews said. "That would be inconsistent with the community's and the hospital's shared concerns over health care costs."

Reducing rates and reinstating some badly needed maintenance projects are consistent with actions that would have been part of the budget process had the hospital known what the DRG regulations would dictate, according to MMC Executive Vice President and Treasurer Don McDowell. Since the budget was prepared with a goal of holding rate increases under 7 percent, we deferred several maintenance projects that were needed but were

## Maine Medical Center Day Rate Decreases Effective April 1, 1984

	FY 1983	1984 (Original)	1984 New (April 1— Sept 30)	Decrease Percentage
<b>Semiprivate</b>	\$212	\$225	\$214	5%
<b>Private</b>	241	255	242	5%
<b>Burn Unit</b>	715	758	720	5%
<b>Intermediate Care</b>	319	338	321	5%
<b>Pediatric Intermediate</b>	330	350	332	5%
<b>Psychiatric</b>	284	301	286	5%
<b>Cardiac Care Unit</b>	478	526	500	5%
<b>Special Care Unit</b>	694	729	694	5%
<b>Neonatal Care Unit</b>	561	589	561	5%
<b>Nursery</b>	115	123	117	5%

### Ancillary Services Decrease Average 6.6%

not feasible within budgetary constraints," McDowell said. "We can now restore those projects, saving patients and insurers money in the long run."

Among maintenance projects approved by the Board of Trustees are replacement of the Richards wing roof, replacement of windows in the 1929 and 1956 wings, replacement of Coffee Shop and Classroom roofs, and a general replacement of patient room doors.



### Continuing Education

Nursing Staff Development

- **Critical Care Seminar: Managing the Victim of Smoke Inhalation**, Paul Cox, M.D.  
Thursday, April 5, 8 AM, repeated at 2 PM Conference Room R8 (1 CERP requested)
- **Pacemakers - Questions and Answers**, Patrice Tripp, RN, CCRN  
Tuesday, April 10, 8-9 AM, repeated 3-4 PM Conference Room R9 (1 CERP approved)

## Thanks...

We wish to extend a note of thanks to all the members of the health team on CICU, R7, and R4, who cared for Dottie Alves during her recent illness.

The love and attention shown to her and the continued emotional support given to all the members of her family was often way beyond the call of duty.

A special thank you also, to all Dottie's friends and co-workers at MMC for all their prayers and well-wishes over the last three months. They certainly helped, because we have her back home now and we thank you all for helping make it possible. She loves you all!

Sincerely,  
The Family of Dottie Alves

**Just when you thought  
it was safe to  
put away your camera. . .**

The 1984 MMC Employee Photo Contest is coming. Details soon.



## DRGs and Costs: a refresher course

Basically, under the DRG system, the hospital is paid at a fixed, non-negotiable, predetermined rate for each Medicare patient it discharges. Each case is placed into one of 467 Diagnosis Related Groups, each of which is "worth" a predetermined price. That price is developed by taking the historical average costs for cases in each group and adjusting for inflation and other factors. That price is what the hospital is paid for that case, regardless of how much or how little it actually spends.

"Even though the final DRG regulations weren't issued until after the start of MMC's fiscal year last Fall," MMC Executive Vice President and Treasurer Don McDowell says, "it was apparent early on that there would be problems. The logistics of trying to place all diagnoses into only 467 groups which supposedly cost about the same to treat are staggering. In fact, a computer program is used to assign DRGs. The complexity of the process, especially regarding "outliers" -- cases in which patients' length of stay or care costs are far greater than the norm -- is evident from the fact that MMC still hasn't been paid for some outlier cases we submitted in October."

One major weakness of the system is its reliance on averages, and this is one major reason for the situation in which MMC finds itself. "The payment for a DRG is an adjusted average cost," McDowell explains, "and bears no relation to the amount of care actually rendered to a specific patient. The same DRG assignment -- and therefore payment -- is made whether the patient is in the hospital two days or fifteen days (except in certain outlier cases), and regardless of the number of tests, intensity of nursing care, number of physician visits, number of pills and injections, and other specific services rendered to a particular patient.

"Obviously, all patients are different," McDowell says, "even within the same DRG. Nonetheless, Medicare pays MMC the same amount for every patient within a DRG -- again, except for certain outliers. As an example, all lung cancer patients are in the same DRG (#082, Respiratory Neoplasms), whether they're admitted for a short diagnostic workup, a lengthy chemotherapy treatment, or terminal care. Obviously, we're going to spend more than we're paid on some patients, and be paid more than we spend on others."

## ENGINEERING, from page one

mately 500,000 square feet," Hollidge says, "as well as another 300,000 square feet of parking facilities and grounds." Hollidge's department has overall responsibility for the hospital's physical plant, and for much of its clinical and computer equipment. Some of the other facts presented:

- Engineering Services is divided into two divisions. *Plant Engineering* has over 50 carpenters, painters, mechanics, electricians, groundskeepers, and operational maintenance staff. *Clinical Engineering* has two dozen technicians responsible for maintaining and repairing everything from patient beds to intravenous pumps, and operating room tables to computer hardware.

- Plant Engineering handles about five dozen repair work orders each week and fields another forty calls each day for minor repairs.

- about 120 fluorescent light tubes are replaced each week at MMC.

- extensive preventive maintenance is practiced on all hospital equipment, including 80 ventilation units and 600 electric motors.

- energy conservation is also practiced throughout the complex. For the

last five years, our fuel use has continually decreased.

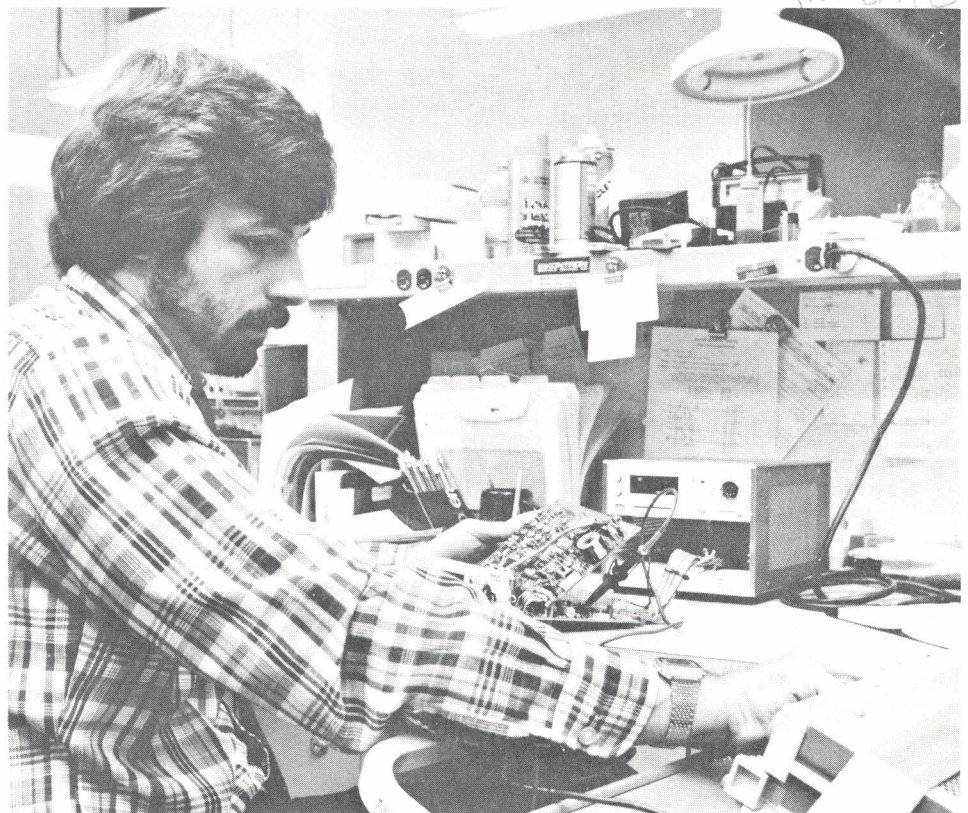
- the repair budget for the hospital each year is about \$1.25 million.

- the hospital's three boilers produce about 90 million pounds of high pressure steam each year, used for heating, cooling, sterilizing, and cooking.

- part of Clinical Engineering's responsibility is the maintenance and repair of the 154 video matrix terminals and 71 printers connected to the Medical Information System computer. About 30 more VMTs and printers will be added when the new wing opens.

- most of the clinical equipment in patient care areas is calibrated, maintained, and repaired by our Clinical Engineering personnel. The savings are tremendous; for example, the hospital saves about \$10,000 a year by performing its own maintenance on the computerized arrhythmia monitoring systems in Cardiac Intensive Care and Telemetry.

- the maintenance and repair of 540 patient beds and numerous wheelchairs, stretchers, and operating room tables by in-house personnel saves well over \$15,000 each year.



**MMC Biomedical Electronics Technician James Leighton, part of the Engineering Services Department, is one of the people behind the scenes at MMC. (A/V Photo)**



# Marketplace

**FOR RENT:** 1 BR apt. Hospital area. Wall/wall carpeting, stove/refrig. \$335/mo. heat included. Avail. immediately. Call 772-5151.

**FOR RENT:** Western Prom. 3 large rms., heated, hot water, newly decorated, pecan kitchen with appliances, ceramic bath. Single person or married couple. No smoking or pets. \$125/wk. For apt. to see call 773-0123 from 8 AM - 3 PM, or 998-2373 from 6 - 8 PM.

**FOR RENT:** Small efficiency apt. Western Prom. Ceramic shower, appliances, heat, hot water, parking. No smoking. \$55/wk. Call 773-0123 from 8 AM - 3 PM, or 998-2373 from 6 - 8 PM.

**ROOMMATE WANTED:** Female, non-smoker. Old Port area. Modern 2 BR. \$200/mo. plus util. Call 775-2243.

**ROOMMATE WANTED:** Professional woman, 32, seeks same to share 2 BR townhouse in Yarmouth. Non-smoker. \$200/mo. plus 1/2 utils. Call 846-5207.

**ROOMMATE WANTED:** Share lake home in Windham with young professional woman. Includes garden, garage, laundry, yard, etc. Non-smoker, 23-35 yrs. old. Pets o.k. Call Jean at 892-5480 or 775-3491.

**ROOMMATES WANTED:** Two females to share 3 BR apt. at Apt. 2, 39 Pine St. Non-smoker preferred. Have 2 cats. \$122/mo. plus util. Call 774-3151.

**FOR SALE:** 1977 Kawasaki 750 motorcycle. Has Vetter Windjammer IV fairing with lowers. Vetter detachable saddlebags. Vetter radio housing with 5" coaxial speakers. 2 new tires. New battery. Extras. \$1,600. Contact Al Rumery at 282-1895 after 5 PM.

**FOR SALE:** Pa's firewood, guaranteed all hardwood, good measure, written receipts, references, cut, split, delivered, 20 mile radius from woodlot. 16", 22" and 25", \$85 per cord and 4', \$65 per cord. Call 892-6351 or 655-7745.

**FOR SALE:** 1978 Honda Civic 1200, new brakes, new exhaust, no rust (Rusty Jones), 4-sp., burns regular, \$2,000 or best offer. Call 775-0851 after 4 PM.

**FOR SALE:** 1974 AMC wagon. Automatic, power steering and brakes. 60,000 orig. miles. Has rust but runs well. \$550 or best offer. Call 797-8900 after 6 PM.

**FOR SALE:** Brother correct-o-matic I typewriter, Pica type. \$125 or best offer. Call 854-4005 after 5 PM.

**FOR SALE:** IBM electronic typewriter model 60 in excellent cond. \$800 or best offer. Call Kim at 774-1651.

**FOR SALE:** Fireplace insert, Fuego III A, \$325. Fireplace guard with mesh pull screen, 38" x 31", \$15. Call 799-6452.

**FOR SALE:** Regency 10-channel 6-band scanning monitor radio, brand new. \$149. Call 989-3236 anytime.

**FOR SALE:** Sears-opedic full size sleep set with frame on extra wide casters in exc. cond., \$375 or best offer. Call 829-5035 after 6 PM.

**FOR SALE:** Vermont maple syrup in gallons, 1/2 gallons and quarts. Call 829-5035 after 6 PM.

**FOR SALE:** Large home entertainment center by Magnovox. American console with stereo, color TV, AM/FM radio. Best offer. Call 761-4547.

**FOR SALE:** Queen sofa bed. Rust, in exc. cond. Must sell. Best offer. Call 775-3064.

**FOR SALE:** Kenmore sewing machine, model 1941, zig-zag, free-arm with attachments. In excellent condition. Call 799-5183 after 6 PM.

**FOR SALE:** Complete audiophile's stereo, 1984 TEAC V-505X, 1980 Yamaha P-350, 1980 Yamaha CR-2040, 1979 TEAC A-2300 SX, 1979 E V interface C. All excellent cond. \$1,900 firm. Call 773-5577 or contact David Morang, Security for audition.

**PAINTING AND WALLPAPERING:** Free estimates. Call Joe at 773-0934.

## what's happening

WHAT'S HAPPENING is published every Wednesday at Maine Medical Center, Portland, Maine for members of the Hospital community and for friends of the institution throughout Maine and northern New England. Comments, questions and suggestions may be addressed to Public Information Office, MMC, Portland, ME 04102. Barbara Burns, Editor.

Contributors to this issue:

Wayne L. Clark, Public Information  
Lidia Conti, Public Information  
Larry Gorton, A/V Resources  
Charlotte Hurd, A/V Resources  
Judy MacKenzie, A/V Resources  
Leigh Whittemore, A/V Resources  
George A. Drew, Print Shop  
Henry J. Guiod, Jr., Print Shop  
Jim Stewart, Print Shop

**MOVING SALE:** Must sell 2 Oriental rugs, assorted chairs, brass headboard and footboard, box spring and mattress, brass bookends, space heater, walnut mirror, crushed velvet bedspread, Chinese lamp, wrought iron hanging lamp and other items in exc. cond. Call 863-3628 and keep trying.

**HOUSEKEEPING:** Come home from work to a clean house. Reliable, references, reasonable rates. Buxton/Hollis area. Call Kathy at 727-3687.

**HOUSE CLEANING:** Two reliable women. Local references furnished. Everything from dirty refrigerators to dusty baseboards. Will also clean offices. Call AM or evenings after 8 PM. Will clean only in the Portland area. Call 773-3079.

**PORTRAITS BY WINDOW LIGHT;** and wedding photography. Call Don Brown at 865-6071 eves.

**WANTED:** Men's or women's bicycle. Preferably 10-speed but will consider other. Call 774-7539 after 4:30 PM.

**WANTED:** Housesitter. Person to take care of nice home in Cape Elizabeth during the first two weeks of June. Will also be responsible for supervision of mature 8th grader. Call 799-0663 after 4 PM.

**WANTED:** Babysitter. Near Woodfords church. Responsible, neat, loving woman to care for my 2 children ages 10 and 5 in our home, bake cookies, play games, tidy up. Occasional sitting, day, eves., some weekends and school vacations. Call 772-0666.

### AN EXPERT IS:

*A person who knows more and more about less and less until he eventually knows everything about nothing.*

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