

Memorandum

To: Donna Sollenberger, President and CEO
From:
Date: 6/15/2004
Re: Programs to Improve Societal and Employee Relations

Executive Summary

As you know, the University of Wisconsin Hospital and Clinics has adopted the ambitious vision, “to be the foremost health care provider and employer in Wisconsin, serving as a statewide and national leader for patient care, education, research, and community service.” In July 2001, part of this vision became a reality when we were ranked among the top three percent of the nation’s major medical centers in twelve medical specialties.¹ As we continue to make strides towards the expansion and improvement in health care, research, and education, we cannot ignore the needs of society or those of our employees. Until we offer programs that focus on increasing our service to the community and improving workplace conditions for our employees, our vision cannot be fully realized.

Our services and specialization in medical care have benefited many patients and their families, bringing healthier lives to many. We now need to specialize in caring for the needs of society and our employees. As our core strategies indicate, we want to increase service to the community, take a proactive role in shaping and supporting sound legislative and public policy agendas, and improve employee retention and recruitment. Below are three strategies that will help us reach out to society and our employees, support our core strategies, and realize our ultimate vision. An analysis of each recommendation follows.

- Convert current paper medical records to electronic recording to reduce operating expenses and increase operating efficiencies.
- Offer child care for employees’ moderately ill children to increase human and intellectual capital.
- Introduce corporate yoga programs to increase revenue.

Paperless Patient Recording

The University of Wisconsin Hospital and Clinics currently shares paper medical records with all eight of its satellite clinics, each located within the Madison area. Provided that a medical record

¹ U.S. News and World Report, “America’s Best Hospitals,” July 2001.

is not lost, it can take between five minutes and three days to be delivered from the time the order is placed. Based on the 19,440 inpatient admissions, over 446,000 outpatient visits, and over 32,000 emergency department visits recorded during the 2001 fiscal year, over 490,000 patient charts are accessed and/or created each year. In addition, because each patient visit can generate a clinic note, procedure note, and/or lab results, it is estimated that more than 1,000,000 pieces of paper are added to these medical records each year. It is important to note that this is a conservative estimation because it does not include the clinic notes that are mailed or faxed between specialty and primary care, nor does it include the shadow charts that individual physicians often keep.

Below is an analysis of the costs currently incurred by the UW Hospital as a result of paper medical records and those costs associated with introducing electronic medical reporting. Following this analysis, I will discuss the benefits of electronic medical records and show how they will increase our operating efficiencies.

Cost of Paper Medical Records

According to a study performed by Beth Israel Deaconess Medical Center, at Harvard Medical School, it costs approximately \$1 per paper medical record requested at their institution's main campus.² Reuters Health in New York estimates that it costs approximately \$5 per paper medical record requested at their institution.³ Neither cost estimate includes the indirect costs of poor patient care that results when a paper record is not delivered quick enough, is not legible, or is incomplete. What is included in these costs however, are the costs associated with retrieving, tracking, delivering, and refiling. Given the eight satellite clinics, the University of Wisconsin Hospital's medical records' cost structure would closely match that of Reuters Health. For the purpose of this argument however, I will use a conservative cost estimate of \$3 per paper medical record. This represents a cost to the UW Hospital of more than \$3 million per year.

Another cost associated with paper medical records is that of the physical printing supplies. Beth Israel estimated that they print 367,000 sheets of paper annually. Their printing supplies cost \$20,000 annually⁴. Given our estimated paper usage, our costs, if comparable to Beth Israel would be approximately \$54,500.

Lastly, the Medical Economics magazine has estimated a \$40,000 to \$50,000 annual loss to physicians who routinely down-coded patient bills due to paper records. Given that coding continues to be a chronic problem for our hospital's billing department, it is assumed that our costs would be comparable to this approximation. It is estimated, therefore that our 709 physicians incur billing losses due to down-coding of more than \$28 million annually. The UW Hospital's estimated costs of paper medical records is therefore more than \$31 million annually.

² "Going Paperless: Can It Be Done?" Agency of Health Care Policy Research and the National Library of Medicine.

³ "Electronic Medical Records Save Money," <http://www.laurushealth.com/HealthNews/reuters/News>.

⁴ "Going Paperless: Can It Be Done?" Agency of Health Care Policy Research and the National Library of Medicine.

Cost of Electronic Reporting

The costs associated with electronic reporting are widely variable. In January 2001, the Physician's News Digest reported that cost-effective options were available at a moderate cost of \$2,000 per physician plus the cost of scanners and software maintenance. Additional costs can later arise from additional components, such as voice recognition, if a company chooses to upgrade. A moderate total cost would therefore be equal to \$1.418 million plus the cost of scanners and software maintenance. For the purpose of this analysis, it is assumed that costs will be no more than \$6 million.

Benefits of Electronic Reporting

Electronic recording will not only reduce the natural resources and waste generated by our hospital, but strong evidence suggests it will also have a positive effect on our operating efficiency. For instance, Reuters Health reported that electronic medical records decreased billing errors by 15 percent and increased the capture of charges for procedures performed, but not documented, by 15 percent.⁵ The time necessary for claims correction and post-processing will also be minimized. Although benefits will vary depending upon the organization, an e-commerce company called e-MDs states Electronic Medical Records (EMRs) will streamline patient flow and improve documentation accuracy. Charting will be completed in real-time, at the point of the patient encounter. It also suggests that physicians will spend less time completing clinic and procedure notes given the ability to save personalized versions of templates. Collaborating with other area health care providers, each offering electronic access to authorized medical records will increase these benefits.

In summary, electronic recording will minimize the harm we inflict on society by reducing our use of natural resources and waste. In addition, it will increase our operating efficiency by cutting costs of more than \$25 million. This savings will allow us to increase our quality of care and/or make health care more affordable to our patients.

Child Care for Moderately Ill Children

According to the 1998 U.S. Census Bureau report, families with children in which both spouses worked have become a majority (51 percent.) A telephone survey conducted by the Planning Council for Health and Human Services found that parents stay home with their sick children an average of seven days each year⁶. Of the 2,169 parents interviewed, 84% of the parents said they would use a child care setting for their children who are ill, if available. A majority of these individuals stated that they would be more willing to use it if located within a hospital.⁷

⁵ "Going Paperless: Can It Be Done?" Agency of Health Care Policy Research and the National Library of Medicine.

⁶ "Child Care for Children who are Mildly Ill: A Description of Perspectives from Child Care Providers, Parents, and Employers, July, 2000.

⁷ Ibid.

Sick child care programs provide both medical treatment and child care for children who are mildly ill or recovering from a healthcare problem. In Wisconsin, along with many other states, ill children are not allowed to attend regular child care programs, therefore forcing parents to locate other care options. This often presents challenging and expensive obstacles for employers like the University of Wisconsin Hospital. Below is an analysis of the costs and benefits associated with offering an in-house sick child care facility for our employees' children.

Cost of Child Care for Moderately Ill Children

Child care for moderately ill children can vary widely in costs due the different options that exist. One option is to create a sick-bay area in the UW's existing child care facility. If such space is available, the cost would only include the cost of medically trained child care providers. Another alternative would be to use the area where paper medical records are currently stored, assuming the conversion to Electronic Medical Records is approved. Expenses associated with this option would include construction, painting, cots or beds, toys, and staffing.

Although we can expect some of these items to be donated, we can also attempt to get subsidies through collaboration with the UW campus, and/or other businesses. Companies may be interested given the following benefits.

Benefit of Child Care for Moderately Ill Children

According to the Employee Benefits Research Institute, dependent child care is emerging as a valuable employee benefit. Offering this program offers both a recruitment and retention tool. According to "A win-win paradigm for Quality of Work, Life and Business Performance, benefits to employees increase employee morale, thus increasing employee retention and generating more committed employees."⁸ In addition, according to Short Term Child Care Services, when employee stress is reduced, there is greater productivity and higher morale in the workplace. One person was quoted as saying "it removes the stress of unexpected absence from work and makes me feel like my employer is interested in the wellbeing of myself and my family."⁹

A child care program, such as this, will not provide benefits merely to our employees. By offering this program, the University of Wisconsin Hospital will increase its human and intellectual capital. When employees use sick leave to care for their ill children, employers have to rely on other employees to perform the necessary tasks. In fact, bad training can cost a 1,000-worker firm \$14.5 million annually.¹⁰ This child care program will not only decrease the amount of dependency on trained employees, but will also improve individuals' willingness to provide better training.

⁸ "A win-win paradigm for Quality of Work Life and Business Performance", R.S.M. Lau & Bruce May, Human Resource Development Quarterly, Vol. 9, No. 3.

⁹ <http://www.stcc.on.ca/services.html>

¹⁰ Business Week, 01/03/99, pg. 8.

Corporate Yoga Program

According to the National Science Foundation, over 30 percent of American adults experience enough daily stress to impact their performance both at work and at home. Yoga, the art and science of reducing mental and physical stress, can offer a simple, safe, and useful technique to reduce tension and stress in the employees at the University of Wisconsin Hospital and Clinics. Following is an analysis of the cost and benefits of offering yoga classes to employees.

Cost of Corporate Yoga

The costs associated with offering Yoga classes within the University of Wisconsin Hospital will be minimal. Many yoga centers offer corporate programs, providing the mats and all necessary supplies. The only thing needed from the company itself is space, which can easily be arranged at the UW Hospital. Although prices vary, a moderate cost would be \$10 per employee, per class. A small fee could be passed down to the employees if needed to supplement the cost. Many companies charge employees up to \$7 per session to help supplement the costs, which is still less than they would pay for yoga classes outside of the work place.

Benefits of Corporate Yoga

The Journal of Occupational and Environmental Medicine reports that workers with high levels of stress have 50 percent higher health care expenses than workers that have moderate to low levels of stress. In addition, according to the Yoga for Life Organization, stress impacts the work environment by reducing productivity and morale and increasing turnover, the cost of employee benefits, and workers' compensation claims. Although the University of Wisconsin Hospital is non-profit, revenue is vital to our continued survival. The Human Resource Quarterly shows that companies identified as the best companies to work for have higher sales and asset growth than their counterparts.¹¹ Offering a corporate yoga program can not only improve our reputation as a good company to work for, but it can also help reduce stress and anxiety in the work place and improve employee concentration.¹²

Conclusion

It is vital that we take the steps necessary to sustain our current business operations. As noted, we will increase our operating efficiencies, human and intellectual capital, and revenues by following the suggestions outlined above. Secondly, we will be moving toward more environmentally friendly operations, paving the way for a societal leadership role. Lastly, we will be improving the work place conditions for more than 3,900 employees. We need to fight for corporate leadership by continuing to do what is right for society and our employees.

¹¹ "A win-win paradigm for Quality of Work Life and Business Performance", R.S.M. Lau & Bruce May, Human Resource Development Quarterly, Vol. 9, No. 3

¹² <http://www.yogarelaax.ca/workplace.htm>