TRUMAN MED. CENTER

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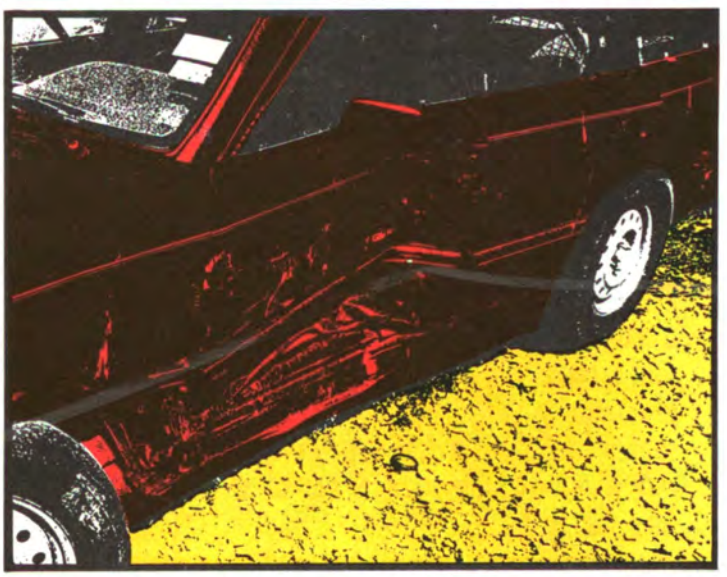
MAST and TMC present

TALES OF TRAUMA!

I'M A DOCTOR IN TRUMAN MEDICAL CENTER'S EMERGENCY ROOM. THIS ***TALE OF TRAUMA*** IS THE KIND OF THING I SEE EVERY DAY. DEVAREAU JAMES BROWN (D.J. TO HIS FRIENDS), A NEW DRIVER WHO THOUGHT WEARING A **SEATBELT** WASN'T COOL, STARTED ON A TRIP TO THE STORE WITH HIS LITTLE BROTHER WILLIE, AND DROVE STRAIGHT INTO ANOTHER ***TALE OF TRAUMA!*** WHEN THE MAST AMBULANCE SHOWED UP WITH D.J. AFTER HIS CAR CRASH, WE WERE FACED WITH THE CASE OF . . .

THE UNBUCKLED SEAT BELT!



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UNIVERSITY OF MISSOURI-KANSAS CITY
SCHOOL OF MEDICINE

PRN

*PRO RE NATA
*AS CIRCUMSTANCES REQUIRE

VOL. 22 NO. 5 SEPTEMBER/OCTOBER 1993

INSIDE

Dean James J. Mongan, M.D., talks to students, staff and faculty about health care reform on Sept. 23.

What about Health-Care Reform?

Dean Mongan discusses Clinton plan and potential outcome

Will the plan result in health-care rationing?

How much choice will people have in selecting their own doctors?

Will the plan really reduce paperwork and bureaucracy?

What if the Democrats lose the presidential race in '96?

The questions are endless, and UMKC School of Medicine Dean James J. Mongan, M.D., is among those on the frontlines trying to interpret the Clinton Administration's preliminary health-care reform plan and foresee the resulting future of health care in the United States.

He shared his thoughts with School of Medicine students, doctors and staff at a forum on Sept. 23, the day after the plan was released to the public. The Clinton Administration and its health-care reform task force has maintained contact with Dean Mongan throughout the planning process. He was one of the health-care officials who attended a Sept. 20 breakfast at the White House for the plan's unveiling. Since then, Dean Mongan has been responding to the media and local groups who want more insight into not only the plan, but other possibilities for reforming today's health-care infrastructure.

Dean Mongan noted the problems motivating the health-care reform issue, outlined general approaches to health-care reform, defined the Clinton approach, and speculated about possible outcomes and their effects on the medical school and its primary teaching hospital, Truman Medical Center (TMC).

The lack of universal health-care coverage is one factor urging health-care reform, he said.

"It is the problem that I have always been interested in, so it is the thing that has attracted me to this debate most strongly over the past 20 years," said Dean Mongan.

But the second problem—increasing health care costs—is the primary concern of many politicians and business people, he said.

Theorists and politicians have adopted four general approaches to health care reform:

- Incremental change created by expanding Medicaid and creating health insurance pools for small employers.
- Voucher system that would issue "vouchers" to people at, below or slightly above the poverty level for mandatory purchase of health care coverage.
- Single-payer systems, such as Canada's, which would extend Medicare to cover everyone through a governmentally financed but privately operated program.
- Middle-of-the-road approach that mixes public and private support through an employer mandate and expansion of Medicaid to cover the uninsured or unemployed. The Clinton plan is most like this approach because it includes an employer mandate and covers the unemployed.

Control of health-care costs has advocates supporting two competing schools of thought: Government regulations putting ceilings on fees charged and government-motivated free-market competition. The Clinton proposal essentially adopts a combination, managed competition under a global budget. It would be administered at the state level through approximately 200 "alliances" nationwide that would serve as large insurance purchasing cooperatives. A seven-member national health board would review the alliances and their premium rates.

The Clinton proposal would allow people to enroll in one of three health care plans: fee-for-service, a health maintenance organization (HMO), and a preferred provider organization (PPO) that allows people to opt out of the group to see a particular physician.

Dean Mongan gives the Clinton proposal high marks for its eligibility and benefit provisions, but gives its financing structure a weak grade. Besides the employer mandate, the plan calls for increased "sin" taxes, likely on alcohol as well as tobacco, and reductions in Medicare and Medicaid.

The proposal's complexity and its restrictions in choosing your own doctor are other cons. Because of the drawbacks, Dean Mongan predicts that any resulting health-care reform bill passed by Congress will be a highly diluted version of the Clinton plan.

"There may be something that looks recognizably like this plan at the end of this process," he said. "My own view is that this is going to get whittled away substantially before something passes."

If the plan does pass as is, Truman Medical Center's collection rate could go up from the current 50% to eventually almost 100 percent. TMC may also experience reduced patient volume.

From the medical school's standpoint, the plan emphasizes the need for more primary physicians. Dean Mongan said there is strong bipartisanism to persuade half of medical students to become generalists, by either raising generalists' income or restricting specialist residency openings.

"I think that goal is very much imbedded in this plan and is likely to survive in some form regardless of what happens," he said.

Hospital Hill Center Dedicated

Dean James J. Mongan, M.D., at left in photo at right, was one of the officials who spoke at the official building dedication of Hospital Hill Center on Sept. 18. The Center, located adjacent to UMKC School of Medicine at 2310 Holmes, provides additional clinic, office and parking space for the medical school's Department of Ophthalmology, Truman Medical Center, Children's Mercy Hospital, and the Hospital Hill Health Services Corporation.

WHO WE ARE / WHO WE SERVE

	Admissions	Births	Outpatient Visits
Truman Medical Center TMC-East and TMC-West	17,100	3,600	433,000
Children's Mercy Hospital	7,000	—	185,000
Samuel U Rodgers Health Center	—	—	107,000
Swope Parkway Health Center	—	—	134,000

- We serve 24,000 Medicaid patients under a prepaid capitated program
- We serve as the primary teaching hospitals for the University of Missouri at Kansas City

REACTION TO PRESIDENT'S HEALTHCARE PROPOSAL

- We are strongly supportive of the efforts to achieve universal access

  — This is a health problem — not just an insurance problem for our patients

IMPACT OF PRESIDENT'S PLAN ON OUR INDIGENT CARE NETWORK

- It will relieve us of the financial burden of unsponsored care
- As a group of institutions we are already functioning as an accountable healthcare plan for the state's Medicaid program and the indigent
- The freedom of choice for the people we serve to go anywhere both pleases and challenges us

SAFETY NET PROVIDER CONCERNS

- Disproportionate share hospital payments cannot be eliminated until universal coverage is a reality
- Undocumented aliens and prisoners are two populations that will require ongoing support for the safety net institutions that serve them
- A need for an appropriate transitional plan to protect both the vulnerable population and the safety net institutions that serve them from over-promising competition as market forces are introduced

THREATS TO UNIVERSAL ACCESS

- **Delay mandate**
- **Dilute mandate**
- **Derail mandate with contingencies**
- **Drop mandate**

One Moral Test of Success or Failure at End of Debate

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TODAY'S HEALTH REPORT

TRUMAN MEDICAL CENTER • TRUMAN MEDICAL CENTER EAST

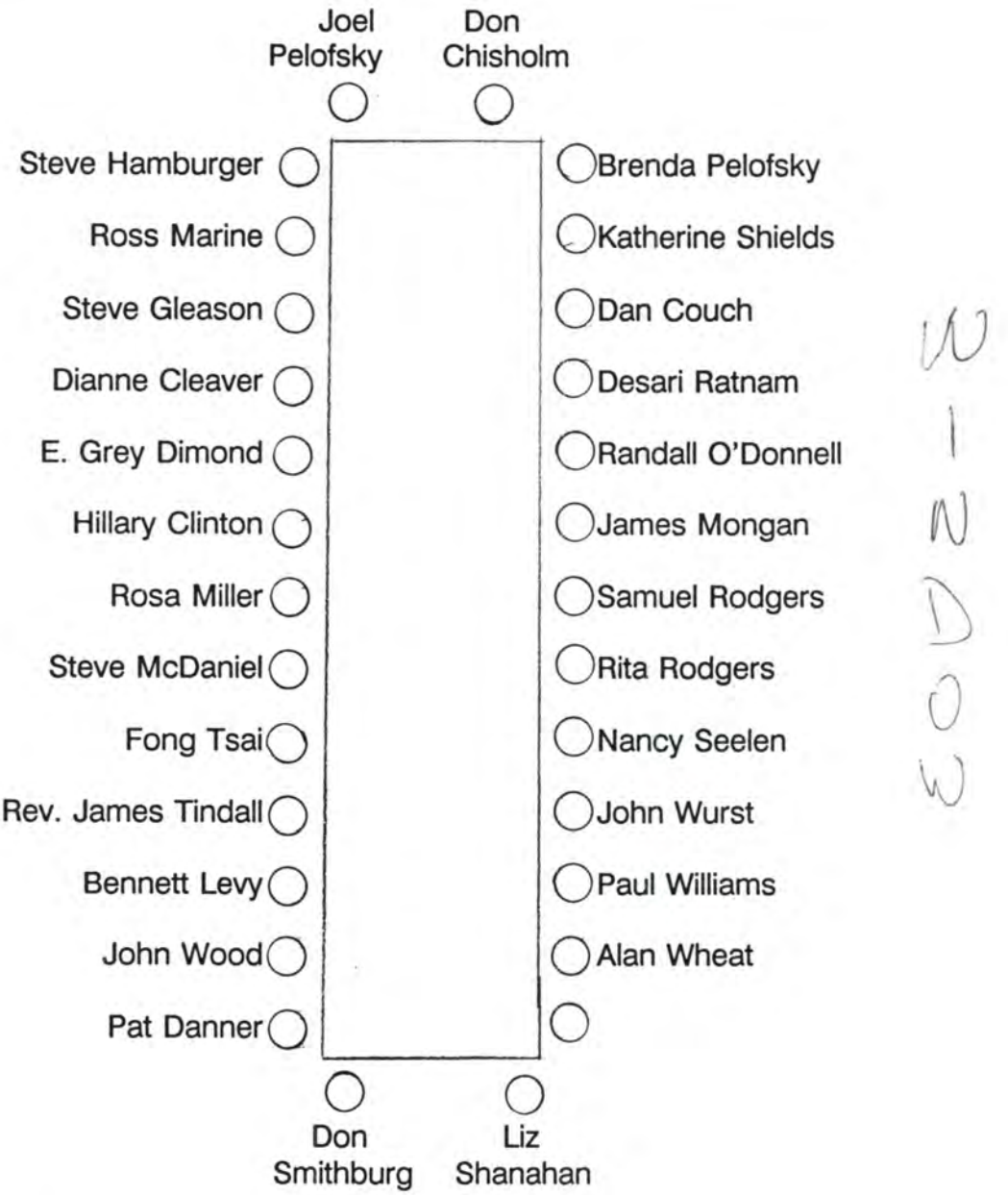
- 800 000 pts / yr. 3500/day
- prepaid cap. program for State medicaid → AHP
- primary teaching hospitals

- universal coverage
- health problem not just insurance/money problem

Impact of plan:
+ pts burden of indig. coverage Collection rate from 50-60% to → 100%
+ organized better to move to AHPs
? all pts. will have choice + some may leave
  ↓ pt volume drops 10% + collection up to 100% ok
  but ↓ drops 30-40% →

? DSH payments important Critical during transition
? some transitional support for such facilities
? political pressures to drop/delay univ. coverage

BOARD ROOM SEATING



GUEST LIST:

Hillary Clinton
Steve McDaniel
Bennett Levy
Fong Tsai, M.D.
Dan Couch
Ross Marine
Pat Danner
Liz Shanahan
Alan Wheat
Dr. Steve Gleason
James J. Mongan, M.D.
Nancy Seelen
Joel Pelofsky
Paul Williams, M.D.
Rosa Miller
Rev. James Tindall
Samuel U. Rodgers, M.D.
Brenda Pelofsky
Desari Ratnam, M.D.
Dianne Cleaver
John Wurst
John Wood
Don Chisholm
Stephen Hamburger, M.D.
Donald R. Smithburg
Katherine Shields
Rita Rodgers, M.D.
Randall O'Donnell, Ph.D
E. Grey Dimond, M.D.

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NEWS RELEASE

10/28/93

ATTACHED:

Background information for First Lady Hillary Rodham Clinton's visit to Truman Medical Center

FOR FURTHER INFORMATION CONTACT:

Connie Brockert
Director of Marketing & Public Relations
Truman Medical Center
816/556-3151
PAGER 346-3542

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& PUBLIC RELATIONS
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KANSAS CITY, MO 64108
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A Tradition of Excellence

FACTS

James J. Mongan, M.D.
Executive Director of Truman Medical Center and
Dean of the University of Missouri-Kansas City School of Medicine

• served as Assistant Surgeon General and Associate Director for Health and Human Resources on President Jimmy Carter's Domestic Policy Staff from 1979 to 1981.

• was Deputy Assistant Secretary for Health Policy and Special Assistant for National Health Insurance from 1977 to 1979 in the Department of Health Education and Welfare (HEW).

• was a professional staff member for the U.S. Senate Finance Committee from 1970 to 1977.

• served as a member of the U.S. Congress Prospective Payment Assessment Commission from 1983 to 1989.

• has been a member of the U.S. General Accounting Office's Health Advisory Committee, the Pew Health Professions Commission, the Kaiser Commission on the Future of Medicaid, Kaiser Foundation Board, the Commission on the Future Structure of Veterans Health Care, Department of Veteran Affairs, and trustee of the American Hospital Association.

• as Executive Director of Truman Medical Center since 1981, has been responsible for addressing issues related to sky-rocketing patient volume and diminishing resources, and was instrumental in rallying the community toward support of the public health delivery system during a 1989 Health Levy campaign.

• as Dean at UMKC's School of Medicine since 1987, led the effort to merge residency programs with those at Saint Luke's Hospital of Kansas City, and developed a plan to begin stabilizing the medical school's financial position.

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FACTS

Truman Medical Center Corporation

Mission: To provide care to all patients, regardless of their ability to pay, and to train healthcare professionals to serve the community.

Truman Medical Center and Truman Medical Center East of Kansas City, Mo...

- are 618-bed combined hospitals and the largest health-care provider for the medically indigent population of Kansas City and Jackson County, Mo.
- have served Kansas City and Jackson County, Mo., as public-supported facilities since 1870.
- serve as the primary teaching hospitals for the University of Missouri-Kansas City School of Medicine.
- admit 20,000 patients and handle 375,000 clinic visits annually.
- treat approximately 60,000 emergency room patients annually.
- deliver approximately one-third of babies born in Kansas City.
- serves as a prepaid capitated plan for 15,000 recipients of AFDC.

Truman Medical Center...

- is located on Hospital Hill, a campus of health care and health education facilities.
- operates most medical departments of the University of Missouri-Kansas City School of Medicine.
- is a 308-bed facility.
- provides a broad range of acute and outpatient care.
- has a Level-3 (highest designation) nursery with 59 bassinets.
- has a Level-1 (highest designation) trauma center.
- has specialized services including a sickle cell center, hemophilia center, drug information center, AIDS research consortium, high-tech radiology and ophthalmology departments, and high-risk obstetrics facilities.

Truman Medical Center East...

- is located in the eastern outskirts of Kansas City in Jackson County, Mo.
- functions as the Department of Community Medicine and Family Practice for the University of Missouri-Kansas City School of Medicine.
- has a 212-bed long-term care unit.
- has an 88-bed inpatient facility.
- operates the busy Bess Truman Family Practice Clinic.
- operates satellite clinics in rural areas of the county.
- operates the Jackson County Health Department.

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FACTS

The University of Missouri-Kansas City School of Medicine...

- is a unique six-year, combined baccalaureate-doctor of medicine program.
- accepts students directly out of high school.
- accepted its first class in 1971.
- emphasizes small-group learning and early, regular clinical experience through docent teams of students and health care and medical education professionals who are guided by docent-physicians.
- integrates the humanities and clinical sciences in a team approach to learning.
- includes a preceptorship program requiring students to spend at least one month practicing family medicine in a rural Missouri setting.
- encourages student interaction through junior-senior partnerships in which advanced students mentor younger students.
- has primary affiliations with Truman Medical Center hospitals, Western Missouri Mental Health Center, Children's Mercy Hospital, and Saint Luke's Hospital.
- has affiliations with other medical centers in Kansas City and working relationships with many health care institutions throughout Missouri.
- has graduated nearly 1,300 medical students who are in medical practice or postgraduate training at medical centers of the highest caliber located throughout the United States.
- is directed by an executive leadership team that also governs Truman Medical Center.

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Summary and Analysis of 10 Years' Performance at

Truman Medical Center

(Both EAST and WEST Facilities)

A Retrospective Review of Key Financial and Service Indicators

All data shown on a fiscal year basis ending April 30 of year indicated
All dollar amounts are shown in thousands (000)

Financial Statements

Statements of Revenues and Expenses (from audited financial statements)

Years ended
April 30, 1991
and 1990

	Dollars in Thousands 1991	1990
Patient service revenues	$ 125,602	$115,608
Deductions from revenues	60,980	58,072
	64,622	57,536
Other operating revenues:		
Subsidies from State, City and County	30,928	31,067
Medicaid Incentive – Note	7,255	—
Reimbursement of expenses	5,039	4,632
Cafeteria and miscellaneous	622	386
	43,844	36,085
Total operating revenues	108,466	93,621
Operating expenses	103,135	90,967
Operating revenues over (under operating expenses)	5,331	2,654
Non-operating revenue	678	616
Revenues over expenses	$ 6,009	$ 3,270

Note: The Medicaid Incentive (UCACI) program for disproportionate share hospital providers is anticipated to exist for only two years. As a result the TMC Board of Directors has restricted these funds to be used entirely for designated capital projects and equipment.

Financial Statements

Patient Service Statistics

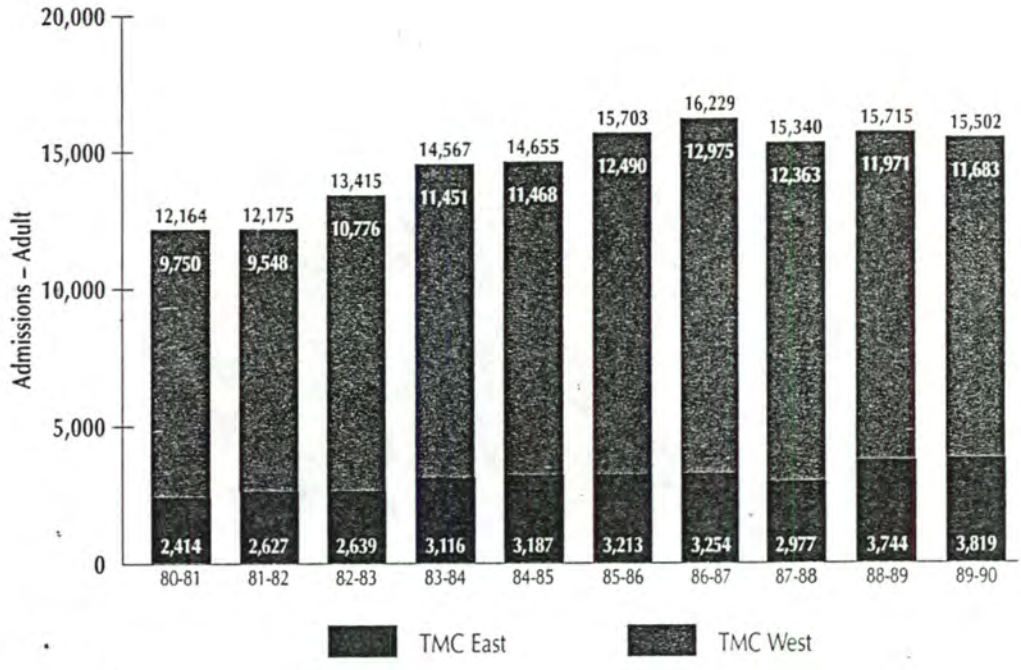
		1991	1990
Bed Capacity	— Acute Care	301	301
	— Long Term Care	212	212
	— Nursery	63	63
Admissions	— Acute Care	15,429	15,502
	— Long Term Care	128	128
	— Nursery	4,240	4,039
Inpatient Days	— Acute Care	89,455	93,927
	— Long Term Care	75,184	75,518
	— Nursery	14,357	14,018
Clinic Visits		290,652	282,391
Emergency Room Visits		59,417	54,168
Number of Employees (FTE's)		1,921	1,851

Patient Care Volume

Acute Hospital Adult Admissions Have Increased By 27% Over The Past Nine Years

East 58%

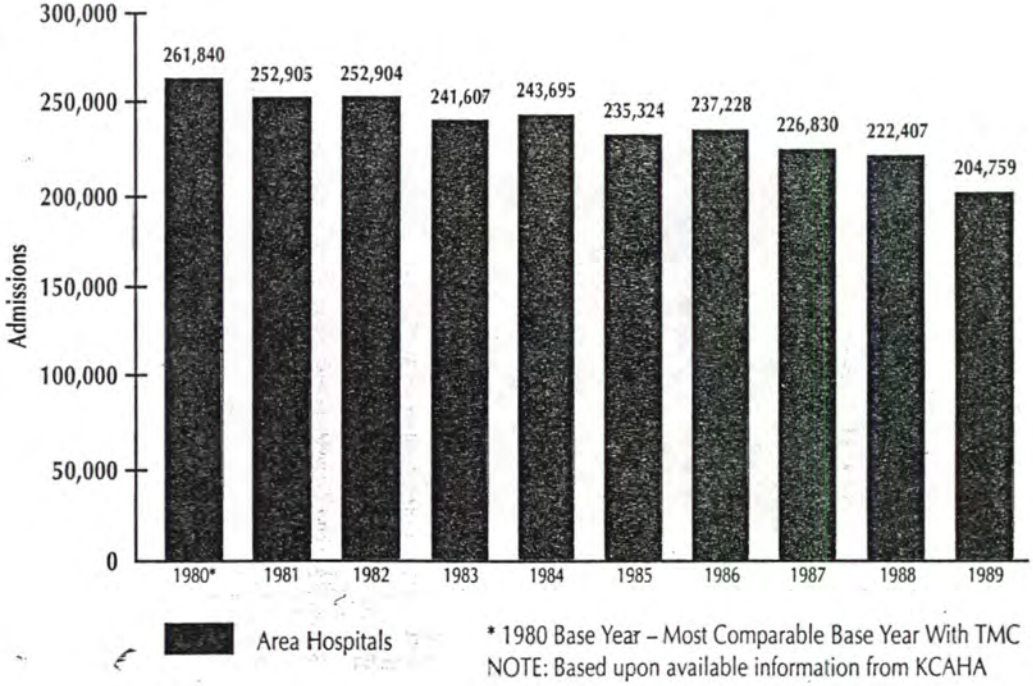
West 20%



(Based on Fiscal Year)

Patient Care Volume

Admissions at Area Hospitals Have Decreased 21.8% Over the Same Period



* 1980 Base Year – Most Comparable Base Year With TMC

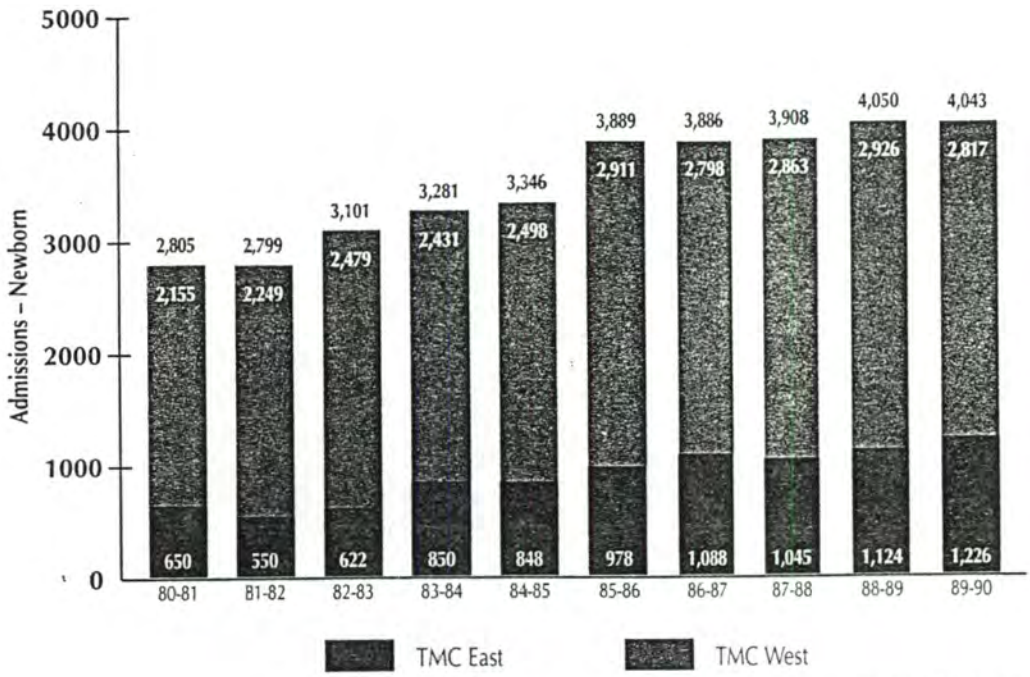
NOTE: Based upon available information from KCAHA

Patient Care Volume

Hospital Newborn Admissions Have Increased By 44% Over The Past Nine Years

East 89%

West 31%



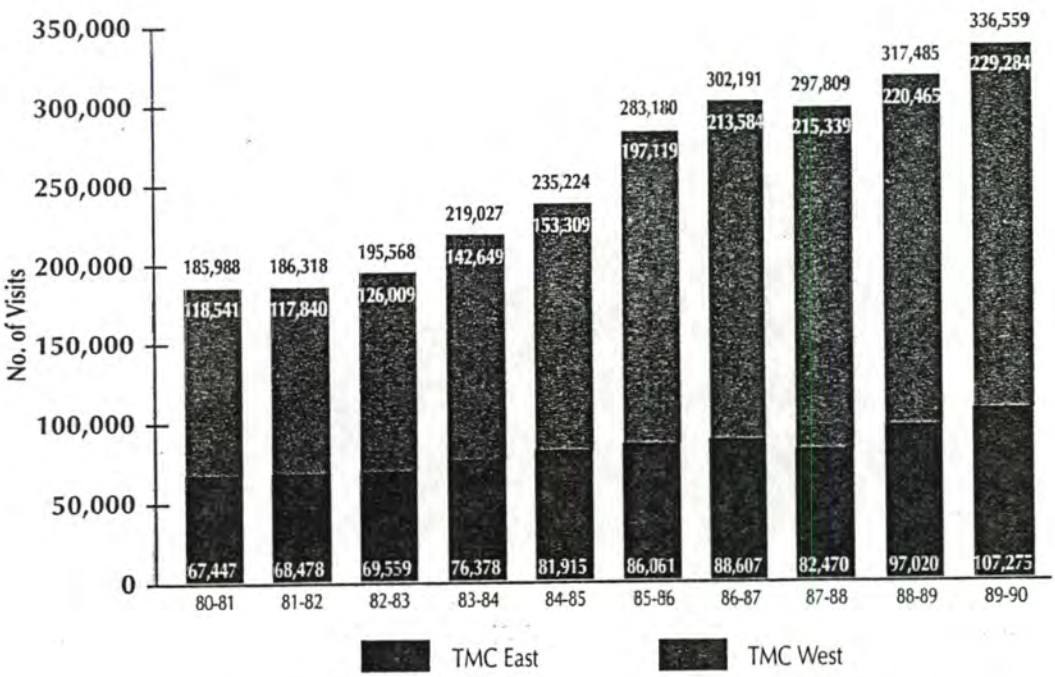
(Based on Fiscal Year)

Patient Care Volume

Outpatient Visits At TMC Have Increased By 81% Over The Past Nine Years

East 59%

West 93%

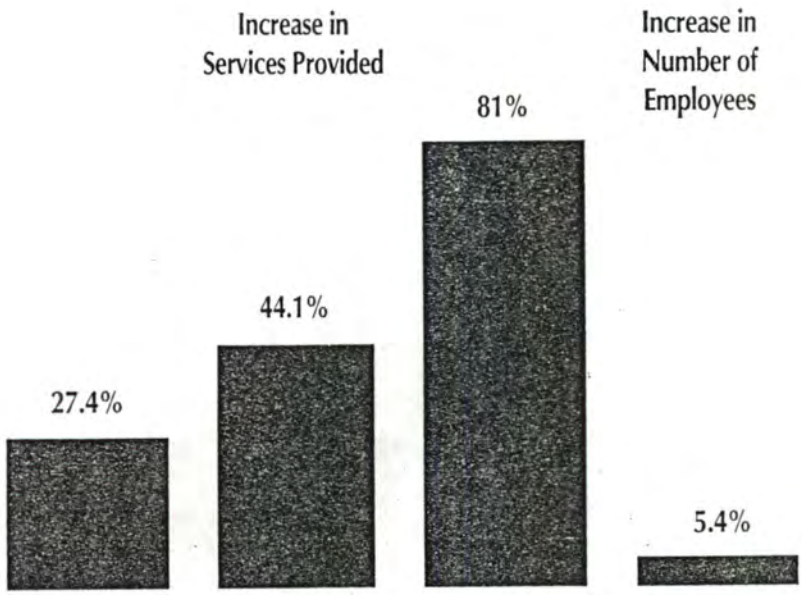


(Includes WIC & ER)

(Based on Fiscal Year)

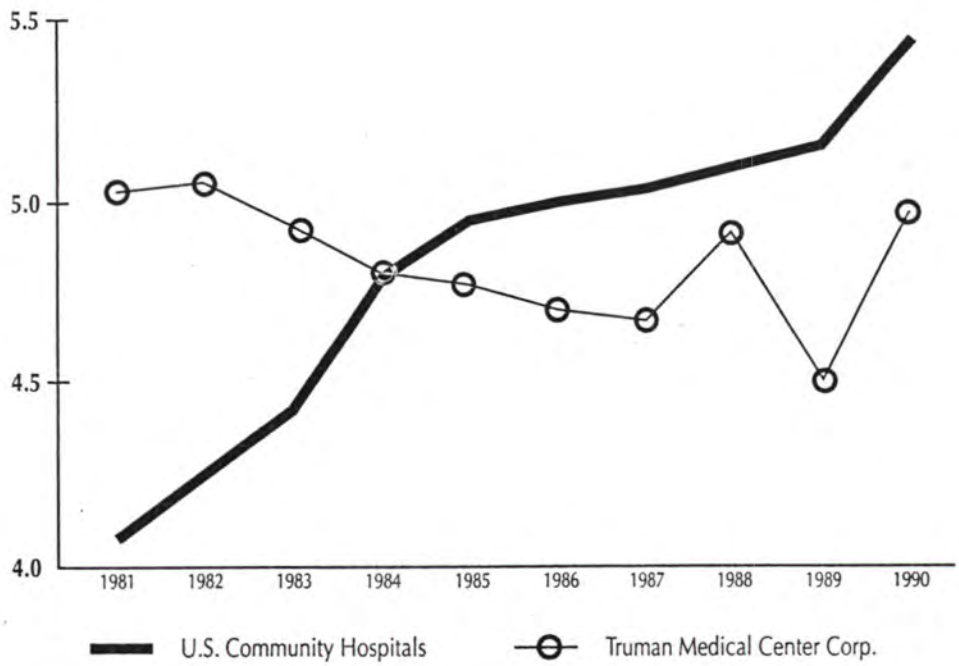
Cost Containment

Increased Productivity From TMC Employees Has Been The Key To Success In Containing Costs For Past Nine Years



Growth From Base Year 1981 to 1990

Cost Containment



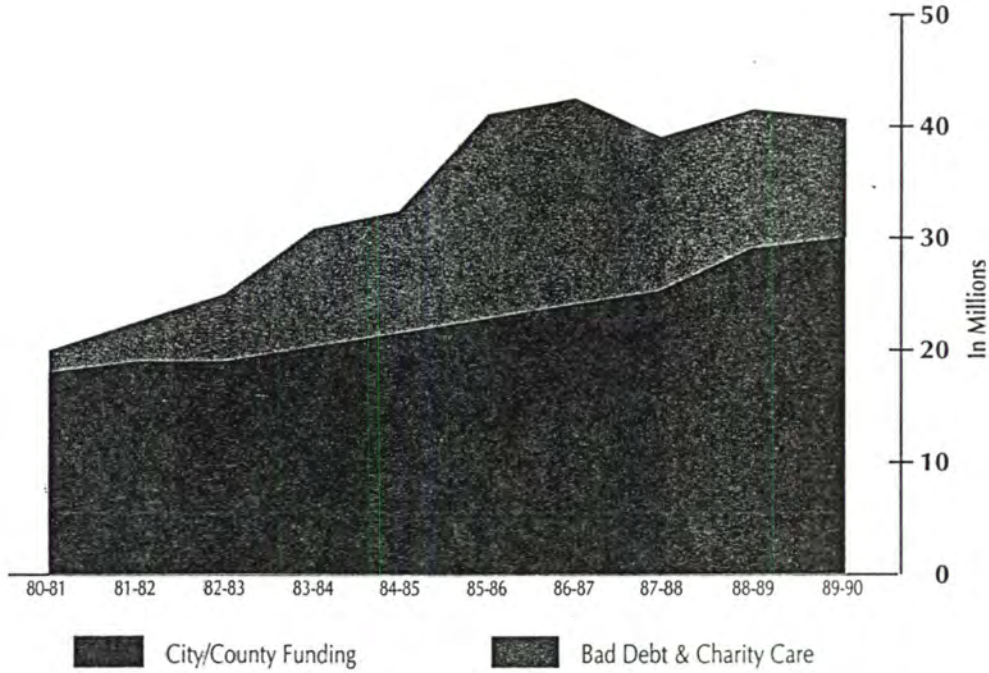
Comparison of Truman Medical Center To Other U.S. Community Hospitals

FTE's Per Adjusted Occupied Bed

Source for U.S. Community Hospital Data is AHA National Hospital Panel Survey

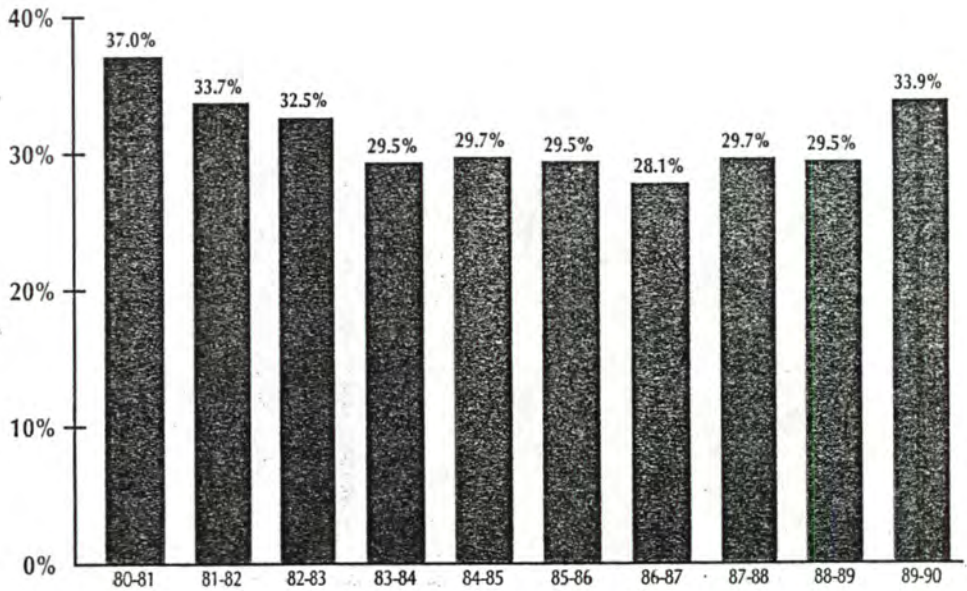
Funding From Kansas City & Jackson County

Truman Medical Center Corp. Bad Debt & Charity Care City/County Funding



Funding From Kansas City & Jackson County

Over The Past Nine Years The Portion of TMC's Actual Expenses Funded By The City and County Has Decreased By 3.1 Percentage Points

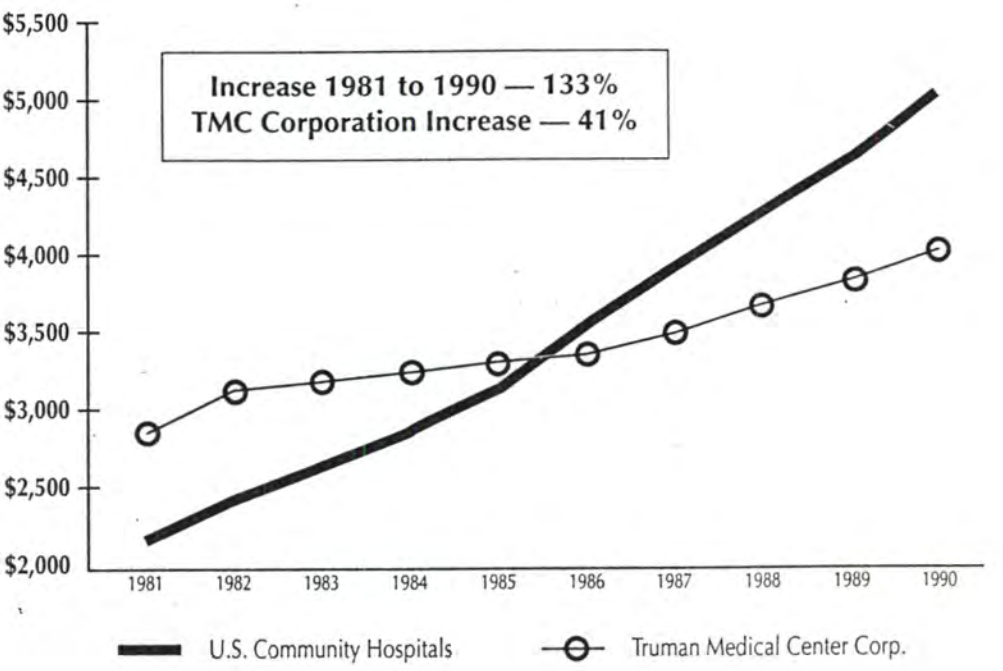


County & City Funding Percentage of Cash Expense Budget

(Based on Fiscal Year)

Cost Containment

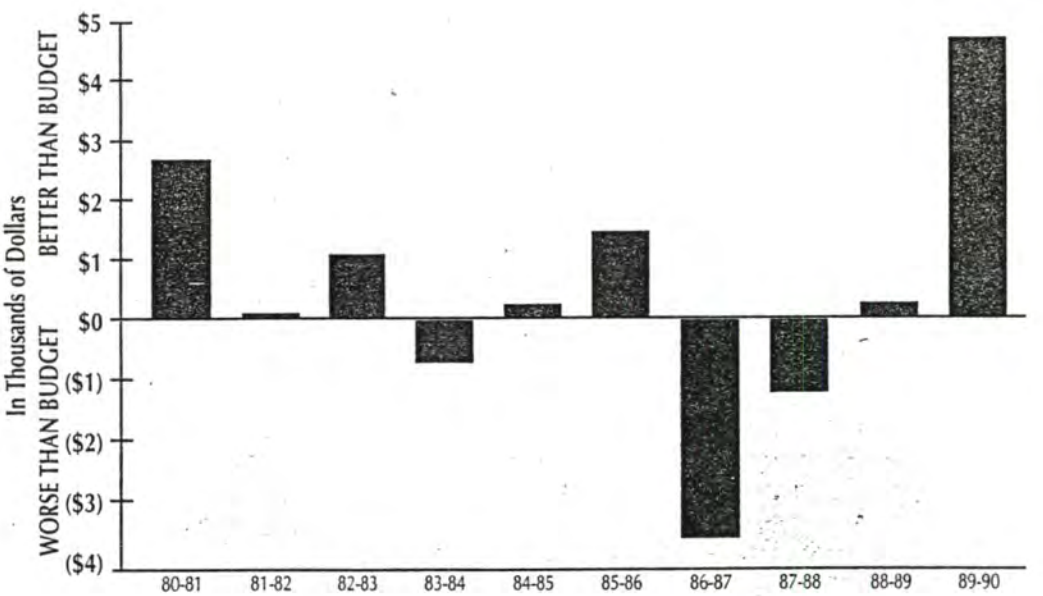
Comparison of Truman Medical Center To Other U.S. Community Hospitals
Cost Per Case (Expense Per Adjusted Admission)



Source for U.S. Community Hospital Data is AHA National Hospital Panel Survey

Operating Performance

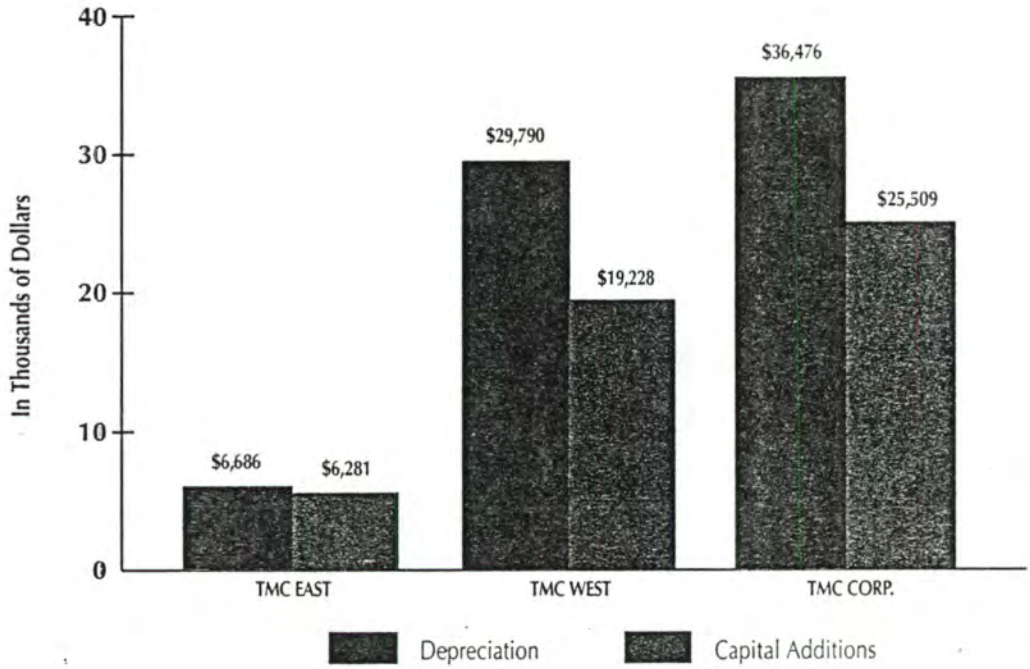
Truman Medical Center Corp. Decade of Comparison: Actual Performance To Budget



(Based on Fiscal Year)

Reinvestment In Plant

Truman Medical Center
Decade of Comparison:
Depreciation to
Capital Additions



Local Comparative

Truman Medical Center
Market Share
In Metropolitan
Kansas City Area
1970 and 1990
Admissions, Births and
Expense Dollars