

ASSESSMENT OF THE GUAM MEMORIAL HOSPITAL

Prepared by: U.S. Department of Health & Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

FEB 5 1988

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Region IX
Office of the Regional
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50 United Nations Plaza
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The Honorable Joseph F. Ada
Governor
Territory of Guam
Agana, Guam 96910

Dear Governor Ada:

This letter transmits the final report entitled "Assessment of the Guam Memorial Hospital" prepared by a Public Health Service team in August, 1987. I would like to commend the staff of your Office and the Hospital for their excellent cooperation and support during the assessment.

As you know, our intention from the outset was to respond to your request for technical assistance in a manner that would help determine the scope and nature of the problems to be addressed. We now have a document which will enable the hospital leadership and those providing technical assistance to focus their efforts in making improvements in the facility's operations.

During my visit to Guam last October, I had an opportunity to visit the hospital and observe first hand many of the improvements that had begun as a result of the team's oral debriefing and your receiving an early draft of the assessment report. I believe that many of the problems identified in the report have been corrected or are in the process of resolution. I understand that the Public Health Service nurse consultant and facility maintenance specialist assigned to GMH in January provided technical assistance which has further addressed problems outlined in the assessment report. Their reports will be transmitted to you in the near future and will provide a more current update of portions of the August assessment report. I will endeavor to arrange for additional technical assistance, as needed, in the future.

The problems you and your administration face in assuring the operation of the Guam Memorial Hospital meets acceptable standards and provides high quality care to patients are ones of long standing. Your commitment to the goal of resolving these problems is highly commendable and I will continue to support your efforts.

Sincerely,

Sheridan L. Weinstein
Sheridan L. Weinstein, M.D.
Assistant Surgeon General
Regional Health Administrator

Enclosure



ASSESSMENT OF THE GUAM MEMORIAL HOSPITAL

BY

U.S. PUBLIC HEALTH SERVICE

AUGUST 3 - AUGUST 18, 1987

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INTRODUCTION AND OVERVIEW

Governor Joseph F. Ada contacted the Department of Interior and the Department of Health and Human Services requesting technical assistance for the Guam Memorial Hospital. The request specified seven areas of concern:

- Operational Assessment,
- Data Processing,
- Fiscal Management,
- Facilities Maintenance and Preventive Maintenance,
- Quality Assurance/Risk Management,
- Medical Records, and
- Materials Management.

Responding to this request, an Assessment Team composed of Commissioned Officers of the Public Health Service (PHS) was assigned to make a 2 week site visit to Guam. They were joined by a computer financial management specialist from the Department of Interior (DOI). Composition of the PHS Team was 2 RN's experienced in operation of hospital nursing departments, quality assurance/risk management assessments and medical records administration; a hospital administrator experienced in all aspects of hospital administration including the design and construction of hospital facilities; a health care administrator familiar with health care on Guam, experienced in management of health care operations and financing of health care systems.

Team members visited various Hospital Departments to assess the effectiveness of operations and identify operational deficiencies. The visit included interviews with staff, a tour to view the physical environment and equipment, and the review of operational policies and procedures. The depth of department analysis was possible because of the Hospital staff's willingness to work cooperatively with the Team.

The Team findings are presented in the seven categories which the Governor requested assistance plus one additional category (Hospital Accreditation) which warranted specific attention. Alternative Considerations for resolution of the hospital's problems are presented with suggested immediate action items.

This Assessment Report identifies the most critical operational deficiencies of the Hospital, however, it is not a complete/comprehensive evaluation. Such an evaluation would have required more time than available. The Hospital should strive to complete internal comprehensive reviews similar to this assessment periodically. Such reviews should provide both an educational experience for the staff plus a means for maintaining insight into the effectiveness of Hospital operation.

GENERAL FINDINGS AND RECOMMENDATIONS

The Hospital, Governor, Legislature, providers and major buyers of health care services must decide: how to operate the Hospital and how to finance hospital services, which must include determination of how Hospital services to the indigent population will be financed. Possible alternatives are:

- Privatization of the Hospital,
- Changing the Hospital back to being a line Agency,
- Purchasing the services of an experienced hospital management company under a "Turn Key" arrangement,
- Placement of PHS Commissioned Officers or private individual contractors at the Hospital with specialties in selected aspects of hospital management.

The following are brief comments addressing these options:

Privatization: GMH is the only non-military hospital on the Island. It is possible that privatization of the Hospital would not accomplish the desired improvements and could create additional problems to deliver hospital services on Guam. Under private ownership the Hospital might be forced to turn away those patients who do not have evidence of the ability to pay for their care. This would put pressure on the Government to expand the MIP Program and to fund the Program at a level adequate to cover the full cost of the MIP Program. This is the same kind of pressure currently being exerted on the Government, but with the added threat to refuse patient access to Hospital services. The Government will eventually have to deal with the issue of funding the cost of care for those unable to pay for their services regardless of whether the Hospital is privatized or not. Efficiency of operations which could be achieved with the private hospital should be also attainable by the GMH's current position as an autonomous Agency of GovGuam.

Line Agency: Returning the Hospital to a line Agency will expedite action plans laid out by the administration. However, important hospital functions in the areas of accounting, payroll, data processing, procurement, personnel, and budget should remain in-house under the direct control of the Hospital Administration. In addition, there is a strong possibility that staff attention could be more oriented to quality of care issues if the hospital becomes a line Agency. If the hospital becomes a line Agency, the existing Hospital Governing Board of Trustees can then continue to function as an Advisory Board.

Turn Key: There are several large, well-organized hospital management firms with international operations capable of providing good management services while training local people to assume management responsibilities. In the late 70's GMH was administered with a turn key management arrangement with a mainland hospital management firm. The arrangement did not work, however, this approach to resolve the Hospital's operational problems continues as a viable consideration. Bringing top management personnel from a hospital management firm in the U.S. who are unfamiliar with Guam politics may pose potential problems.

Placement of Specialists: An alternative to a turn key operation is the utilization of individual private contract specialists or PHS Commissioned Officers. PHS has Officers experienced in all aspects of hospital management which potentially could be detailed to the Hospital to assist Hospital management and provide training to local staff on a short-term, one to three month basis. The benefit to use PHS Officers is they will have access to an extensive hospital support network which individual private consultants might not have. Private contract specialists could also provide targeted specialized assistance for situations where PHS staff are not available or where longer term assignments are needed.

When the new hospital administration assumed management, the Hospital was plagued with numerous financial and operational problems. However, with the support of the Legislature and the new administration, significant improvements in the financial and operational problems were made. For example, the Hospital has received approximately \$8 million in FY 1987 General Fund supplemental subsidies to address the anticipated cash shortfalls and accrued cash deficits of approximately \$10-\$12 million. Basic life support equipment and basic necessities such as drugs and medical supplies were met. Further, there has been an intense orientation to fiscal concerns which has had an adverse impact on the quality of care provided in the facility. Applying Indian Health Service standards for facilities of similar type and size, the Team found evidence of overstaffing in some areas and excessive budgeting in some departments. However, this apparent overstaffing and overbudgeting may be justifiable until such time as the hospital is brought to a state of normalcy. The uneven distribution of manpower resources within some departments and units needs to be verified and rectified as a first step in addressing the overall overstaffing problem of the hospital. The Team found some highly motivated and qualified Hospital staff attempting to carry out their duties and responsibilities in spite of the difficulties being experienced by the Hospital. While resolution of the long term organization and management problems is a critical activity, there is need to take immediate action:

1. A comprehensive review should be made of the quality of care provided at the Hospital. This review should be made by a qualified medical review organization from off-island. The Medicare program utilizes the services of medical review organizations called Professional Review Organization (PRO). Some of the PRO's have the capability of doing comprehensive medical audits while others do not. Should it be determined to utilize a PRO, GovGuam should clearly specify the kind of audit required, i.e., a hospital-wide comprehensive medical care audit and not just a routine Medicare review. Also, verification should be made that the PRO has the capability to accomplish such an audit. Two Scope of Work examples utilized for medical audits performed by a PRO for the Indian Health Service are attached. These audits were directed to identify inappropriate medical care and admissions plus inaccuracies in the hospital billings. This may be adequate for GMH's medical audit however, emphasis is needed to assess quality of medical care rather than the accuracy of the billing process. Such an audit should also evaluate the operational

effectiveness of the various medical committees.

2. Quality Assurance activities by the QA Department should be augmented. The QA Committee should formulate timely goals and action plans that respond to the findings of the QA Department. The Committee must develop a means to track effectiveness of all corrective action plans assuring all deficiencies are corrected, and document and monitor the plans to assure continued compliance. This is only possible if full support of the medical staff and Hospital management is given to QA activities.
3. A facility maintenance plan should be developed.
4. An overall procurement plan for the hospital needs development. As part of this activity the Standardization Committee on Hospital Supplies must be activated, and a standard list of supplies created to reduce duplication.
5. The Pharmacy and Therapeutics Committee should be activated to develop a standard formulary.
6. Account Receivables from prior fiscal years should be separated from the current year activities. Processing of prior year receivables can be completed by a temporary staff team.
7. A system should be implemented to verify payment ability for hospital services either prior to or at the time of admission. Eligibility for public assistance and appropriate program enrollment needs to occur prior to admission.
8. The computer system should be modified: accounting, collection, inventory, payroll, payable and accounts receivable functions should be made prior to the beginning of the fiscal year. Accepting the Department of Interior offer to provide funding, systems design (hardware & software), training and support services should be contingent on assurance that all costs for hardware installation is included in the financial assistance package. The written agreement with DOI should specify the continued support of DOI until the complete systems package (including Management Information System) is fully operational.
9. The Assistant Administrator and Comptroller positions need to be filled. Minimum qualifications for the Assistant Administrator position should include a Masters degree in administration or health services administration and 5 years experience as an assistant administrator or comptroller of an acute care hospital. The Comptroller position should have minimum qualifications of at least 3 years as a Comptroller of an acute care hospital or 5+ years experience as an assistant Comptroller of an acute care hospital. If such qualifications cannot be found for the Comptroller position the qualifications would need to be modified to require extensive experience in private industry with budgets of \$15 million or more.

10. Plans for addition of new medical services or significant expansion of current services should be discontinued until the current hospital operations are functioning effectively and within reasonable standards for quality medical care.
11. Immediate assistance should be requested from the PHS and DOI for the short term assignment of:
 - Nurses to assist Nursing Department with operational improvements. This could take up to 4 months.
 - Individuals experienced in hospital facility maintenance, equipment maintenance and material management systems for a period of up to 1 month.
12. A Committee should be established to evaluate all findings of this Report and develop a corrective action plan for implementation of all necessary changes in Hospital operations. Consideration should be given to have all hospital personnel give input to develop the corrective action plan. Any such action plan should include a means to bring staffing in line with Mainland standards.

SPECIFIC FINDINGS AND RECOMMENDATIONS

A. Operational Assessment

1. Leadership:

Overview: There is a traditional selection process for Board of Directors and Chief Administrative Officers of the GovGuam Autonomous Agencies. Where turnover in membership of a Board, Administrator, and Assistant Administrator routinely occurs, middle management must be able to carry on the majority of functions necessary to the administration of the Hospital.

Observation: There are vacancies in such critical management positions as Hospital Comptroller and Support Services Administrator. Additionally, the Associate Hospital Administrator position has been temporarily filled by a physician who has several years of administrative experience. Although crisis management of hospital operations has existed for years, significant improvements have been made within a relatively short time frame through better communications by holding Management Team meetings and initiating efforts in developing a three-year plan for GMHA.

Additionally, the Hospital Administrator created an Accreditation Committee to expedite the regaining of the accreditation lost in 1983. The recommendations made by the Team will be included in the Accreditation Committee responsibilities.

The Hospital Board has 2 Directors with previous Hospital Board experience. The Board is not structured according to JCAH requirements. The Governing Board bylaws have already been revised to comply with current JCAH standards and will be submitted for Board action by the end of 1987.

Recommendations:

1. Hire an Assistant Administrator experienced in upper level management of acute care hospitals,
2. Bring on-island a training program for the Board of Directors,
3. Structure Board to be in compliance with revised JCAH,
4. Hire an experienced Comptroller, and
5. Strengthen management team.

2. Employee Health:

Overview: Employee Health is monitored by the Infection Control Department. This department is in its genesis and recently commenced entering employee information to track and monitor employee health and risk data. The department anticipates computer identification of employees needing annual physicals, tetanus boosters or additional health maintenance requirements. A panel of data will be registered and monitored on the employee's anniversary date to insure employee health data is current.

Observations:

1. Computer entry of employee data has commenced.
2. The personnel consists of one RN, one LPN and one ward clerk, adequate to meet the needs of this department and Infection Control.
3. The department lacks an Employee Wellness Program.
4. The computer equipment is adequate for the tracking system.
5. The office space is cramped and uncomfortable for three employees.

Recommendations:

1. Find adequate office space for the department.
2. Annual monitoring of employee health needs (physicals) must be monitored by the medical director for completion.
3. Review on-the-job worker injury claims.
4. Institute a stay well program. The hospital should offer their employees access to routine diabetic, hypertension monitoring, weight control and exercise programs. Also, this program should be expanded to the cafeteria and include foods for the diabetic, hypertensive or weight conscious employee. Currently the cafeteria does not offer a selection of low calories or low cholesterol foods.

3. Medical Staff:

Overview: The Hospital has 83 physicians which have been given privileges. Of these physicians 47 are board certified. There is concern regarding the absence of all physicians having malpractice insurance.

Observations:

1. Committees: The Executive Committee met on a monthly basis, but other committees met on a varied basis - from monthly to longer periods which were not documented.
2. Clinical Privileges: Policies are in place. Quality assurance program for physicians is inadequate. Utilization Review Committee met only twice in 1987. The chart reviews were not signed or dated. No program goals existed to identify QA issues through problem identification or reduce cost of patient care through better utilization of resources.
3. By-Laws: Medical staff by-laws were revised in 1985. They were approved in November 1986 by the By-Laws Committee and forwarded to the medical staff. In January 1987, the by-laws were presented to the medical staff which approved them in June, 1987, and forwarded

them to the Hospital's Board of Trustees. By-Laws are currently under review by the Board's Policy Committee and are expected to be submitted to the Board by the end of 1987.

4. Physicians Profiles: Policy requires all physicians to have a physician profile reflecting quality assurance, peer review activities and case review outcomes. This function should be performed with direction by the Chief of Staff for medical staff reappointment and delineation of privileges. This policy is limited in scope. Physicians are concerned that they lack legal protection when they participate on peer reviews. Specialty departments conduct limited physician profiles, however they do not become part of the physician's permanent record.

Recommendations:

1. Medical staff committees should meet on a regular basis. The committees should maintain accurate records of the meetings.
2. Medical staff should evaluate the quality of care practiced. The QA activity should be a continuous, goal oriented program.
3. More meaningful protocols for the care delivery should be developed.
4. Develop and implement a staff medical education program.
5. Physician profiles need continuous review and maintenance. Such profiles should follow a model acceptable to the medical staff. The Hospital attorney should review Federal and Guam laws to determine if protection is provided physicians who participate in peer reviews (Oregon had recent cases pertaining to this issue).
6. Medical staff by-laws modifications need to be more timely. All changes need to be provided to the medical staff.

4. Staffing:

Overview: The Team is of the opinion that GMH is possibly overstaffed by 83 FTEs based on the total currently filled positions for FY 1987. However, this assumption is based on the total staffing and resources required to run GMH using a computer model developed by the Indian Health Service (IHS), Public Health Service. It, however, must be understood that in view of the enormous financial and operational problems confronting GMH which were inherited from previous administrations, a gradual reduction of staffing should be effectuated beginning in FY 1988 until such time as GMH is gradually brought back to normalcy.

When compared to IHS mainland hospitals, the budgeted drugs and supply costs appear disproportionate to the facility workload. These costs normally would approximate 12 to 15 percent of the total budget or about \$3 million. The Guam budget is between \$4 and \$5 million.

The cost for inpatient dietary service appears excessive. GMH costs include 18 FTEs (\$336,722) plus contract cost of meals (\$923,000). This exceeds the usual standard found in IHS hospitals.

PHS will provide on-going assistance to GMH in reviewing and analyzing the hospital's staffing patterns, manpower reallocation plans and the appropriate budgetary considerations. There appears to be an uneven distribution of personnel which needs to be addressed prior to formulating action in resolving any overstaffing problem.

Observations:

1. Total FTEs are out of line when comparing 585, the number resulting from applying the IHS model standard, to 668, the total number of filled positions at GMH for FY 1987 - a difference of 83 positions. Care should be exercised, however, in making these comparisons. The IHS model was developed for mainland facilities where there are substantial differences in geographical, systems and cultural circumstances from the situation in Guam.
2. Further in-depth analysis should be conducted hospital-wide for proper manpower re-allocation.
3. The appropriate mix of technical vs. non-technical staff plus appropriate skill levels needs review.
4. The actual budgeting of \$630,000 for overtime needs review since overtime is used by the overstaffed departments and this could be prevented by proper scheduling.

Recommendations::

1. Conduct in-depth analysis and make changes where warranted.
2. Review drug and supply budget costs. (see section materials management)
3. Conduct contract negotiations to reduce the cost of food services. Also, consideration should be given to reducing dietary FTEs and in-house dietary operation and direction.
4. If overtime needs and expenditures are excessive, avenues should be explored for possible reduction through proper scheduling and reduction of absenteeism.

B. Data Processing:

Overview: The Data Processing Department has a staff of twelve (12) responsible for programming and system analysis, user coordination, computer operation, data-entry and intradepartmental administrative activities. Direct data services are provided to: financial/business side of the hospital, admissions and entry of ancillary services provided to patients, plus drugs and some hospital supplies.

Currently, the system used was rewritten by the data department staff from an off-the-shelf soft ware extended care package.

Observations:

1. The data processing staff is extremely competent and it is rare to have a technically qualified group in this size facility. Due to their expertise the group has stretched the existing hard ware and operating system to its limit and has a system that can satisfy numerous hospital needs.
2. The existing system has reached its limit. It is not a data basis system and does not allow the necessary interchange of medical and financial information
3. GMH received several reports from the Inspector General's Office (DOI) and a private public accounting firm disclaiming reliability for financial information presented in the annual financial statements.
4. The hospital made two major efforts, different computer systems and hard ware, to install a financial management system and a management information system that have not succeeded. The second effort started with off island consultants and an inappropriate basic soft ware package and limited hard ware which is the genesis of the present system.
5. The outside pressures as well as the in house management needs are of such magnitude it is imperative that the hospital develop and implement a new generation data based hospital system that will meet their financial management, management information and medical care needs.
6. The United States Department of Interior, Territorial and International Affairs office has reviewed the data processing needs of GMH quite extensively and found that their needs are very similar to those of other governments in the region.
7. The Department of Interior has a technical assistance office on Saipan that provides services to other governments in the region and supports eight or nine other successfully implemented automated financial management systems.

Recommendations:

1. The hospital should accept the DOI proposal relative to the computer system for the following reasons:
 - a. The DOI has implemented the system in other territories and can install the system in a timely fashion.
 - b. The DOI has the technical expertise in their Saipan office to back up the hospital ADP staff. This support should continue to

be available as long as the DOI is servicing the other governments in Micronesia.

- c. The ADP staff of GMH as well as the DOI staff have the technical expertise to develop the management information and hospital/medical data phase.
 - d. The development of the Management Information System could be tailored to GMH needs.
 - e. All development and implementation cost would be funded by DOI.
2. When completed financial/management information system could be transported by DOI to the other hospitals in Micronesia. This will not only save DOI the cost of designing separate systems for each hospital, but will facilitate the sharing of information between the Island governments. Cooperative referral arrangements between the governments will also be enhanced.
3. Modifications to the computer system as it relates to the accounting, collection, inventory, payroll, payable and accounts receivable functions should be made prior to the beginning of the fiscal year. Accepting DOI's offer should include up-front funding for phase one and two. The written agreement with DOI should include the continued support of DOI until the complete systems package is fully operational.

C. Financial Management:

Overview: Financial management is receiving attention necessary to identify and begin resolution of operational problems. Studies by Touche Ross & Company (GMHA Revenue Cycle Improvement Plan, GMHA Cost of Services Study) identify deficiencies impacting the ability to receive an acceptable audit report, set rates, generate accurate billings, and make timely payments to vendors.

Hospital billings in comparison to the medical record are not always accurate. Consequently, the Hospital and many of its major buyers of health care services (HMO's, MIP, Medicaid etc.) have to track numerous billings adjusted by the buyers for charges considered unjustified or in need of documentation. These billings have been returned to the Hospital and are being held pending review by Hospital staff of adjustments made to them by the buyers and reconciliation with the buyers.

This situation is not different from the practice by Mainland hospitals and buyers of health care. It has become standard operating procedures for buyers of hospital services to review hospital billings for accuracy. The Hospital has encountered difficulties in performing timely reviews of the adjusted billings and reconciling them with buyers.

Inability to produce accurate bills is becoming a common problem with Mainland hospitals. The AMA's Medical News published an article summarizing a study of some 13,000 hospital bills which had been reviewed for accuracy of charges.

The study found 98% of the billings to be inaccurate. More than 200 corporations provide hospital billing review services to buyers of hospital services (insurance companies, self insured employers, etc.). These review organizations claim a cost savings for the buyer between \$3-\$15 for every \$1 for doing the reviews.

Many mainland hospitals are avoiding the reconciliation process and improving cash flow by discontinuing fee-for-service billing with major buyers of care. Hospitals and buyers are agreeing to alternative approaches to traditional billing such as flat daily rates, all inclusive per diem rates, capitation agreements or various payment methodologies oriented toward charging by diagnostic categories (Medicare's DRG - Prospective Payment System).

The Hospital had capitation agreements with the HMO's several years ago which did not work out to the benefit of the Hospital. The Hospital should reevaluate the benefit of going to a non fee-for-service billing system. Improvements being made in the financial accounting systems will make alternative billing methodologies more attractive and beneficial.

By converting to a non fee-for-service billing system the Hospital is not freed from having the capability to generate an accurate itemized bill. A cost accounting system to accurately determine the cost of providing service will still be necessary. This information will be used internally to determine the pricing structure of the non fee-for-service billing methodology adopted by the Hospital. The large buyers of services will wish to review Hospital financial figures, and the Legislature would continue to have approval authority over price changes when changes are proposed. The necessity to reconcile each patient billing would be eliminated to a great extent.

Recommendations: Assessment to identify further actions which can be taken to improve financial position and avoid future problems. Suggestions are oriented to avoid delays in billing and collections caused by current billing methodology:

1. The Hospital should explore discontinuing the current fee-for-service system. This should be done in consultation with the major buyers of Hospital services, and applied to all patients hospitalized. Consideration should be given to adopting a methodology similar to that used by Medicare and several States. This methodology (commonly referred to as Diagnostic Related Groups) is based upon billing/payments being made according to patient diagnosis rather than the specific services provided.
2. The Hospital currently has a waiver from Medicare for its participation in the DRG payment methodology (Prospective Payment System). A comparative analysis should be made of the revenues being received under the current payment system to receipts with the DRG payment methodology. There is a possibility that HMSA, which is the Medicare Fiscal Intermediary for Guam, may provide this comparison without the need for additional information. Should the Hospital find that greater revenues could be received using DRG payment methodology, a revised payment agreement with HCFA would need to be made.

3. An analysis should be completed to determine the feasibility to increase sale of ancillary services to non-hospitalized patients. The current charge structure does not make the Hospital ancillary services attractive to the major care buyers. Lowering of ambulatory care charges for the ancillary services would increase use of these services and generate additional revenue. Current ancillary service departments staffing could accommodate an out patient increase. If the Hospital would work with the major care buyers they might be able to obtain contractual arrangements with the buyers which would enhance the hospital's profitability.
4. The Hospital and Department of Public Health and Social Services should work together to identify persons who are, or should be, on MIP. It is most likely that many of the people identified by the Hospital as self pay are eligible for MIP.

This problem may be resolved by assigning a MIP eligibility worker to hospital admissions to evaluate all persons seeking care without third party coverage. An alternative is to utilize social workers trained and certified as MIP eligibility workers to enroll persons in the MIP Program. This would eliminate sending the patients to Public Health to determine eligibility.

A list identifying users of Hospital service eligible for MIP should be available to periodically run against the Hospital accounts receivables to identify MIP eligible patients who were not identified at admission.

5. The Hospital may wish to separate their current financial operations from those activities related to resolution of the account receivables from prior to the beginning of the fiscal year. Only by separating current operations from the prior year account receivable problems will the Hospital be assured that current operations are effective. Consideration should be given to the temporary hiring of a team to deal specifically with the resolution of the backlog of receivables. This team should not be involved with current operations.
6. Patient payments and account receivables should not be a separate activity from the Hospital Accounting activity. If Accounting is not in control of all accounting procedures there is less likelihood that the Hospital books will be accurate and that there will be an audit trail between the account receivable subsidiary ledgers to the general ledger account.
7. Regardless of which billing methodology the hospital uses there is need to automate the billing process between the Hospital and the major buyers of Hospital services. The billing process should be a tape to tape transfer of information rather than the submission of computer generated printed bills.

D. Facility Maintenance:

Overview: The Department is organized into eight (8) units or work areas: general repair; painting; plumbing; HVAC; boiler operator; electrical; biomedical; and carpentry. Supervision is provided by the Support Services Administrator and three Project Managers. The department uses a work order system and is staffed with fifty four (54) employees.

Observations:

1. The department is not supervised by an administrative engineer.
2. Department work is scheduled and completed by work orders or special projects assigned by the Support Services Administrator. A traditional style of work scheduling system is not followed.
3. Hospital department heads initiate all work orders and are responsible for signing cost estimates, but the final approval for authorization to proceed is made by the Hospital Administrator.
4. Planned preventive maintenance is not readily apparent for all equipment or building maintenance. However, contract maintenance is available for elevator equipment and radiology equipment.
5. Project work is performed on a crisis basis and not planned as part of long range facility or space utilization planning.
6. Presently, all space changes and remodeling are performed with in house staff.
7. An annual work plan is not prepared.
8. Building equipment can not be identified through a numerical system.
9. Building equipment maintenance does not become apparent until it is inoperative, then effort is made to repair or replace the equipment.
10. There are no management criteria measuring department or staff performance.

Recommendations:

1. A professional engineer should be hired to administer the department. The individual should have a degree in mechanical, electrical, or civil engineering.
2. The department should develop a scheduling system to identify maintenance work as:
 - a. Preventive maintenance: Labor and materials used to inspect, adjust, calibrate, clean, and repair a piece of equipment on a planned schedule to prevent breakdowns.

- b. Emergency maintenance: Labor and materials used to make immediate repairs on a vital piece of equipment that has unexpectedly broken down.
- c. Routine maintenance: Labor and materials used to make non-urgent repairs on a routine basis. Usually includes such activities as painting, replacing tiles, and fixing stuck doors, etc. which can be deferred until scheduling is possible.
- d. Project work: Labor and materials used for completion of one-time-only projects or for the installation of a piece of equipment.
- e. Contract maintenance: Contracted labor and materials from outside sources used to make repairs to equipment and the building.

Criteria should be developed to identify response time managing priorities of work requests. Completed work orders should be quantified for resources expended to measure staff and department performances.

- 3. All project work should be identified at the beginning of the budget year to receive priority and budgeted.
- 4. A preventive maintenance system needs to be developed and utilized (manual or automated) for building equipment and physical facilities .
- 5. Professional consultation should be arranged to inventory all building equipment and physical plant needs. This would identify the back log of needs so corrective action can be budgeted and carried over several years.
- 6. An annual work plan should be prepared by the hospital. This work plan should be part of a long range plan for the facility including space utilization.
- 7. An inventory system needs to be developed that will account for maintenance supplies.
- 8. Performance criteria need development to measure maintenance staff output.
- 9. Consideration should be given to contracting out special projects dealing with the physical plant such as large painting projects, etc.
- 10. Overall department staffing seems to be excessive. Use of overtime could be prevented by proper scheduling.

The following aspects of facility maintenance were considered important to warrant specific attention:

Equipment: The Joint Advisory Committee of the Board of Trustees and the

Hospital Administrator, with input provided by the appropriate hospital staff, developed a list of basic life-support equipment as well as other necessary medical equipment totalling \$5 million. This list was given to the Dept. of Interior for possible funding as well as to the Government of Guam. In addition, for the last twelve to eighteen months all purchased equipment has been placed on the fixed asset account reflecting purchase price. Currently, about \$900,000 shows in the equipment account.

Observations:

1. Recently, the hospital hired an employee to manage the fixed asset accounts.
2. A hospital equipment committee does not meet regularly or is there support service to provide staff work for the management of property.
3. Repair costs such as in-house staff, parts and out side repair services can not be tracked to individual pieces of equipment. This information would assist decision making relative to replacement and budgeting estimates.

Recommendations:

1. The hospital recognizes the need for a property function which would include the following activities: accountable inventory, classification, life cycle, repair costing, and biomedical needs.
2. The hospital should develop an active equipment committee with representation from the department heads, medical, biomedical, facility maintenance and supply. This committee would develop priorities for equipment needs to include replacement, new or additional. Also, it would function as a standardization committee for equipment.
3. Information developed by the committee would be used for planned budgeting and procurement of equipment and this would eliminate crisis budget requests and crisis procurement.
4. Numerous automated equipment software programs exist which can be used for program management. The hospital should look into this possibility
5. Biomedical engineering should work with property to maximize efforts.

Housekeeping: Organizationally, the Housekeeping Department is aligned in the Support Services group and is staffed by forty (40) employees. The department is supervised by a departmental supervisor and a work leader. The department does not clean the following work areas: cafeteria, maintenance, and supply.

Observations:

1. Patient corridors and food preparation areas on the inpatient floors are noticeably clean.

2. Patient rooms are clean, however the condition of the walls and floors could be improved.
3. Janitor closets are filled with bulk items and some unknown cleaning supplies.
4. Mop heads are discarded when dirty and no attempts are made to wash them. Laundry service does not offer this service.
5. Storage of bulk items is inadequate and needs to be corrected.
6. There is little or no interaction between housekeeping and infection control.
7. Public and staff rest rooms need further cleaning and have an accumulation of trash.
8. Communications with the admitting office is not apparent.

Recommendations:

1. Staffing is more than adequate and should not require the large overtime expenditures.
2. Priority of staff assignments relative to daily cleaning verses project work needs evaluation. Project work needs planning and not reaction to complaints by management.
3. Bulk storage of housekeeping items should be a warehouse function thus eliminating frequent floor deliveries from store stock.
4. Trash removal needs to be done properly by incineration of pathological wastes and proper dirty material bagging.
5. Consideration should be given to combining housekeeping and laundry which would reduce administrative overhead and better coordination of service.
6. Housekeeping should work very closely with the admitting office and nursing to assist the departmental efficiency and effectiveness.
7. All items in the janitor closets should be labeled.
8. Consideration should be given to purchasing mop heads that can be laundered.
9. Management needs to develop departmental performance standards so goals can be met. It would also be helpful for department supervisors to walk the plant to monitor work.

Laundry: The Laundry Department is organized in the Support Services group and is staffed by ten (10) employees. The department is supervised by a laundry supervisor. Laundry processing is contracted to laundry in town at

annual cost of \$180,000. for six (6) days service.

Observations:

1. A cart system is used for the distribution of clean linen.
2. Clean linen is scheduled for delivery by the contractor between 8:00 to 8:30 AM. On the day of observation the delivery was made between 9:30 and 10:00 AM.
3. Supplies of clean linen on the floors are some times depleted prior to the exchange of carts.
4. Little attention to the management of linen inventory is apparent.
5. Collection of soiled laundry from points throughout the hospital is inconsistent regarding the proper bagging of infectious disease patients linen

Recommendations:

1. The contract laundry should deliver the laundry on time.
2. The distribution schedule of clean linen carts should be adhered to prevent the using departments from running out of linen.
3. Attention needs to be placed on the replacement of active inventory of linen. A method that works is to calculate a loss factor and replenish the active inventory on a regular basis, weekly or monthly from store stock. This method eliminates large periodic buys which can not be budgeted for and large warehouse stocks that tie up capital.
4. Policies relative to the collection of soiled linen must be implemented and adhered.

E. Quality Assurance/Risk Management:

1. Quality Assurance:

Overview: A systematic approach to Quality Assurance is not clearly evident. The RN coordinator has attempted to pursue a Quality Assurance program but has met resistance from physicians. Morbidity and mortality of recent cases may be discussed in selected departments, however, no formal system is observed. The ESRD Unit has attempted a quality assurance approach to auditing care. However, their attempt lacks reported outcomes or implemented changes from the review. Policies or procedures particular to GMH were not available to review.

Observations:

1. The Quality Assurance department lacks policies and procedures particular to GMH needed to direct the department activity. Goals

for the audit outcome were not available to address quality care.

2. A well qualified registered nurse is acting as the Quality Assurance/ Risk Management department director. The nurse needs the support of administration to draft policies and procedures.
3. There are no physician quality assurance profiles generated.

Recommendations:

1. Design policies and procedures to address a Quality Assurance program. These policies must address: Coordinator scope of activities, committee goals, and direction for action utilizing quality assurance activity results.
2. Computerize the department for easy monitoring and tracking.

2. Risk Management:

Overview: The Registered Nurse acting as the Risk management coordinator has generated excellent statistics and information delineating the population and hospital areas at risk. However, this work has been a result of her creativity since policies and procedures were not available.

Observations:

1. The Medical Staff is very reluctant to review and implement changes to enhance patient care due to lack of a Discovery Law and legislation granting immunity to physicians serving on a Peer Review Committee..
2. Policies or procedures were not available.
3. The coordinator position is vacant.
4. High risk cases are not identified by the department.
5. Medication error identification lacks tracking to monitor medical implication or patient response to the error.
6. Patient, staff or visitor falls are not monitored for injury outcome.
7. The department lacks computer assistance for tracking and monitoring.

Recommendations:

1. The Medical staff should be included in monthly review of risk management activity.
2. Develop policies and procedures to define the scope and use of risk management information.
3. Fill the position with a permanent risk management/quality assurance coordinator.

4. Use the statistics to implement staff adherence to the established policies.
5. Establish a policy to track medication error cases.
6. Establish a functioning risk management committee to formulate goals from the data generated.
7. Obtain a software package designed to track high risk cases, medication errors and falls.

F. Medical Records:

Overview: The Medical Records Department is staffed by twenty-three employees covering a twenty-four hour shift. The Department Head is an ART and has integrated an in-house trained staff to function in all capacities of the department.

The physical environment is cramped and cluttered with stacks of records. During the second week of this review three additional employees were hired and housed in this already crowded department.

The file system is antiquated and lacks computer support. The shelves housing the retained records are stuffed tightly. The passage between the stacks is so narrow that it is almost impassable to retrieve a record.

The department reports a six (6) month backlog of incomplete medical records and attributes this problem to inadequate transcription equipment and staff. Again, inadequate space impedes successful workflow.

There is no policy governing retention of medical records, therefore few records are culled from the stacks for destruction. A microfilm process was commenced over a year and a half ago to store dated record, however, this process was stopped when the microfilm camera broke and no repairs have been made.

The Medical Record Department lacks security. There is free access to records as evidenced by the department entry door remaining open and unlocked. Visitors freely walk into the department requesting documents and third party pay or auditors have free access to the department. These auditors are domiciled in the center of the department to conduct their 100% review procedure. This hampers the department since space is devoted to these reviewers plus they sit in the center arena of daily activity.

Observations:

1. The Department reports a six (6) month backlog of incomplete medical records and attributes this problem to frequent transcription machine breakdowns.

2. The computer is inadequate to meet the needs of the department.
3. The number of transcribers is inadequate to meet the backlog of dictations. Frequently the dictation date is two (2) months prior to typing date.
4. A policy must be drafted to direct chart culling.
5. The microfilm camera needs repair to facilitate chart retention.
6. The number of coders and screeners is inadequate to meet the demands of the department.
7. Timely completion of the medical record is a problem and can hamper bill payment.
8. The system to retrieve a medical record by physician, or disease specificity is not universally known to the staff. The department head has only recently devised a system to retrieve a record with reference to disease specificity.
9. Transcription equipment is inadequate and several machines are in need of repair.
10. Space is a major problem. The work areas are cramped, cluttered and inadequate.
11. The department lack security in these areas: the physical area of medical records, the handling of a medical record, and the storage of the record once it leaves the hospital.
12. The review auditors domiciled in the medical record department impede the workflow and security of the department.

Recommendations:

1. Strong leadership by a Registered Record Administrator (RRA) to direct and supervise the department. The RRA must display knowledge of intradepartmental communication, delegation of duties and communication.
2. Increase the number and hours for transcribers to meet the demands until the backlog is deleted. Some suggestions: run two shifts (16 hours), hire high school typing students, hire part-time personnel.
3. Integrate admissions with medical records. Admissions is a function of medical records. This integration will streamline data collection and patient tracking systems.
4. Repair outstanding broken equipment (microfilm camera and transcription equipment) to facilitate department efficiency.

5. Relocate review auditors to another area of the hospital to protect the integrity of the other records and the department.
6. Institute computer capacity to locate a record by diagnosis and physician specifics.
7. Reduce record completion time. Draft a policy to govern outstanding records when a physician is deficient in completion.
8. Remodel existing shelving units to include a "space-saver" style of record storage system. This will assist record security, location and retrieval.
9. Secure the department with a Dutch-door style entry door. The lower half will remain locked. Staff the open portion with a clerk to facilitate public and staff requests.

G. Material Management:

Overview: The department is organized into three (3) work areas: purchasing; warehousing; and distribution.

-Purchasing is responsible for the acquisition of all supplies, leases, rental arrangements and most of all of the contracts for service. This exception for contracts are the ones processed for audits and legal consultation and a few others.

-Warehousing involves the storage of hospital materials and supplies, some equipment storage and inventory control.

-Distribution is involved with the delivery and pickup of goods and supplies.

-The Department is staffed with twelve (12) employees which are assigned to the three functional areas as identified above.

Observations:

1. There is no apparent plan or envisioned system for materials management.
2. Warehousing is performed in the central warehouse, central sterile supply, pharmacy, operating room and presumably other departments. The warehouse maintains an inventory of supplies but there is no management policy as to dollar value or length of time, i.e., number of days thirty (30), sixty (60), ninety (90), one hundred and twenty (120). This is further complicated by other departments warehousing supplies and stockpiling. This practice is impossible to manage but is wasteful because of lack of supply turnover thus creating out dating of supplies and the unnecessary encumbrance of capital.

3. The warehousing system has three thousand plus items in the system and does not come close to covering all of the material needs of the hospital. In comparing these numbers of items to the Indian Health Service's central warehouse for Oklahoma, the IHS warehouse has some twenty-six hundred items for a total health system covering all ambulatory care, public health, dental services, inpatient services (7 hospitals) and dietary. The point is a need for standardizing of stocked items achieved through a standing committee.
4. Buy outs accrue frequently thus raising the inventory above normal Economic Order Quantity (EOQ'S).
5. Broken boxes and loose items are present in bulk storage.
6. The general warehouse space is inadequate: location, function and environment.
7. The warehouse space in the new hospital is well organized and clean.
8. Distribution is done on a weekly basis to cost centers, the exceptions are central sterile supply and pharmacy which is done more frequently. This distribution is supplemented with special order items. Presently, management has no information available to verify the percent of filled orders verses requests.
9. Staff knows what needs to be done. The present Wang produced reports are satisfactory as far as they go, however, there is need for more management information not currently available.
10. The purchasing department placed their first order to Perry Point (GSA Bulk Ordering Unit) and will realize a large savings.
11. Numerous local vendors are used for supply purchasing which does not take advantage of bulk purchasing or reduced costs. This is due to lack of prompt payment policies which prevents use of other sources of supplies.
12. Equipment purchasing results from an ordering department's requisition. Presently, there is neither an active equipment committee nor a method to prioritize equipment needs. Additionally, there is no staff work devoted to tracking life cycling or accumulated maintenance costs associated with replacement equipment.
13. In the majority of cases supply deficits can not be attributed to transportation problems.

Recommendations:

1. Develop a hospital-wide materials management plan which

includes acquisition, warehousing and distribution. The plan should include:

Warehousing: Central warehousing for all materials including drugs, hospital supplies with a 90 day inventory and a set number of items to be carried in store stock. All other items should be purchased on the open market with a set value identified by management. The dollar value of the central warehouse inventory should be a percentage of annual expenditures. A 98% fill rate should be expected from the warehouse to the hospital cost centers. Paletizing of the warehouse space should be considered as well as strict security practices.

Acquisition: Bulk purchasing arrangements should be developed such as Perry Point and large hospital supply groups to take advantage of cost savings and reduced the potential for individual arrangements and kick backs. The payment policy should be changed to take advantage of these arrangements and offered discounts.

Distribution: A daily, hospital-wide cart exchange system should be considered to reduce floor inventory, improve stock rotation and reduce pilfering and hoarding. Pharmacy issues could be done on a weekly basis. Central Supply should be studied for space requirements and organization. Consideration might be given to reorganizing this department with materials management. Consideration should be given to requiring Pharmacy to separate issue and warehouse stock for better management control.

2. A hospital standards committee should be formed to determine hospital supply items that should be stocked in the warehouse and those purchased on open market.
3. The inventory account for the warehouse and stores stock needs to be managed.
4. Hospital management needs to develop performance requirements for the materials management operations.
5. Materials management needs to be a part of all equipment procurement planning in order to estimate the impact on supply usage and thus costs of operation.
6. Consideration should be given to using bar coding for inventory management, warehousing, purchasing and issuing patient items. This process could be started in stages beginning with the warehouse.

H. Accreditation:

Overview: JCAH Accreditation is a priority objective of the Government of Guam. However, accreditation is problematic until operational improvements are achieved. The current focus on HCFA and JCAH reports should be expanded to include deficiencies identified in this Assessment Report.

The staff must concentrate on bringing the Hospital to a level of operational effectiveness which would maximize both efficiency of operation and quality of care. Once this operation level is achieved GMH will be ready to seek accreditation as a by-product.

Recommendations:

1. Reactivate Hospital and Medical Committees,
2. Insist physicians be involved in Committees and in identification, resolution and monitoring of deficiencies,
3. Seek accreditation when operational and facility related issues are addressed.