

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: University of Michigan Hospitals (UMH)
University Hospital Bed Utilization Plan

Action Requested: Project Approval and Approval to Appoint Architect

Background:

The adult inpatient units on levels 4 through 8 of University Hospital consist of three 32-bed, general care units and two 10-bed intensive care units (ICU). Several years ago, due to changes in patient volume and the anticipated effect of managed care pressures, the bed allocation was adjusted for University Hospital by taking two 32-bed units (4A and 7B) out of service to be held in reserve.

However, inpatient activity has increased at a rate higher than anticipated, and is expected to continue to rise based on trend and demographic analyses. Inpatient discharges have increased from approximately 33,800 in fiscal year 1996 to 37,100 in 1999. Inpatient discharges and patient days are expected to continue to increase at approximately 4% for 2000 and 2001.

Maximum operating efficiency begins to be compromised when occupancy rates consistently exceed 80%. Given the inpatient forecast for the next two years and the fact that actual experience has been close to projections over the past 10 months, the return of 64 beds into service is essential to provide flexibility to accommodate the increase in patient activity. Based on statistical modeling, it is predicted that even with the opening of 64 beds, the Hospitals' inpatient occupancy will be greater than 80% in less than 24 months, despite ongoing reductions in the average length of stay.

In addition, there is a need to realign clinical services to improve patient care efficiencies. Our strategy for realignment is to integrate medical and surgical disciplines to coordinate the care for specific patient populations. For example, creating a logical and functional home for an interdisciplinary Heart Care Program would provide integrated care and clinical coordination of heart and vascular patients by co-locating all thoracic, cardiac and vascular patients on level 4 of University Hospital. An integrated Heart Care program would provide other tangible benefits, including:

- facilitating communication, increasing interaction and collaborative care on the Cardiac Surgery, Cardiology, Vascular Medicine, and Vascular Surgery services;
- creating more flexible physical space to handle an anticipated and significant increase in cardiac patients;
- maximizing utilization by combining the intensive care units, and;
- decreasing the number of multiple bed transfers during a single patient admission.

APPROVED BY THE REGENTS ON

SEP 17 1999

Comparable benefits can be achieved by co-locating other compatible services, such as Neurology-Neurosurgery-Otolaryngology on level 7 to facilitate multidisciplinary patient-centered care.

In order to accomplish the proposed co-location, a four-phase project has been developed which includes opening thirty-two beds on level 7 and renovating selected units to prepare for the relocation of patient units between levels 4 and 7. The relocation of units will allow compatible clinical services to be adjacent to one another, improving efficiency of care. A separate project to open the other thirty-two beds on unit 4A is already underway.

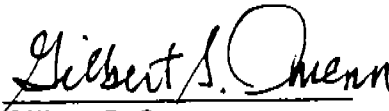
The capital expense estimate is \$2,147,000. Funding will be provided from Hospitals and Health Centers' reserves. The project duration is estimated to be approximately two years. We currently have sufficient patient/visitor parking capacity to manage the additional demand.

We recommend the Regents approve the project as described.

Respectfully submitted,



Robert Kasdin
Executive Vice President
and Chief Financial Officer



Gilbert S. Omenn
Executive Vice President
and Chief Executive Officer,
University of Michigan Health System

September 1999