MonteWatch is here to shed light on vital issues impacting the New York City and Westchester neighborhoods where Montefiore Medical Center hangs its blue and red shingle.





TUESDAY, OCTOBER & 2002

Who Wins and Who Loses from Premier's Relationship with Montefiore?

By Nicholas B. Rudikoff

roup Purchasing Organizations - or GPOs - are hospital creations that currently control more than \$60 billion a year in health care institution purchases. The Greater New York Hospital Association (GNYHA) and Montefiore Medical Center have been included in a New York Times series about the underlying business practices of these huge buying groups currently being probed by New York State and Federal regulators.

The decision to keep Montefiore in a contractual relationship with Premier, the giant GPO that services the member hospitals of the Greater New York Hospital Association raises a number of important questions:

- Do Premier's exclusionary policies which some manufacturers allege keep their technologically innovative products out of hospitals serve the best interests of non-profit academic medical centers like Montefiore? And to what extent do these practices interfere with the medical center's long tradition of advancing medical innovation?
- Does the MMC-Premier relationship place health care workers at risk for avoidable needle stick injuries? (See "Sharps Injuries May be Linked to Unsafe Products" in this issue).
- Are the millions of dollars paid out through Premier's purchasing arrangements really well spent during a time of growing austerity within New York State's fiscally-constrained health

The Greater New York Hospital Association, headed by Kenneth Raske, argues that GPOs are well-managed bulk purchasing arrangements that

A Region's Hospital Supplies: Costly Ties

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July 19, 2002 Che New Hork Times

Questioning \$1 Million Fee in a Needle Deal

By BARRY MEIER with MARY WILLIAMS WALSH

Business Dav

A group that buys medical supplies for a third of the nation's hospitals received two highly unusual payments totaling \$1.1 million from a company that had received the exclusive right to market hypodermic needles and other products to the group's hospitals.

however, present a different view. State and federal regulatory authorities are exploring the degree to which GPOs may limit competition and stifle innovation while failing to fulfill their major purpose: saving hospitals money. In fact, some hospitals that

had participated in Premier have since left because they were not benefitting from savings.

save hospitals money by

leveraging greater pur-

chasing power. Others,

The U.S. Senate Sub-Committee on Anti-Trust and the U.S. General Accounting Office have expressed concern that more than 75 percent of hospital beds nationally are presently serviced by a handful of GPOs. Together, the two largest -Premier and Novation — control more than twothirds of all health care purchases nation-wide. The concentration of purchasing control in so few hands, some experts say, may already pose real dangers to consumer and patient care interests.

Poor Purchasing Decisions Coming Straight From the Top

By participating as a shareholder in Premier, the nation's second largest GPO, Montefiore also takes part in a complex relationship between Premier and the Greater New York Hospital Association (GNYHA), of which Montefiore is a member. According to the New York Times, Premier paid the GNYHA \$11.9 million in commissions in 2001, a figure representing a full third of the GNYHA's total revenues. Because such a large proportion of the hospital association's total income is derived from Premier's paid commissions,

concerns have been raised about potential conflicts of interest. New York State Attorney General Elliot Spitzer has made public his office's inquiry into the practices of GPOs like Premier.

Stifling Innovation

Many experts believe that GPOs stifle innovation by creating adverse market conditions for small medical device entrepreneurs. Elizabeth



robing GPOs' impact on the



Dr. Spencer Foreman may or may not have fully weighed the plusses and minuses of Monteflore's GPO relationship.

Weatherman, a managing director of Warburg Pincus, an investment firm run by Montefiore board member Lionel Pincus, has testified before the Anti-trust Subcommittee of the U.S. Senate Judiciary Committee that firms like hers were reluctant to finance new medical technology companies because of the "anticompetitive" business practices of big buying groups. She testified that "collusion" between the buying groups and large manufacturers keeps out smaller, innovative manufacturers.

The problems accompanying GPOs become even more alarming when one realizes that their practices may potentially contribute to health-care worker injuries and illnesses. As Senator Herb Kohl (D-Wisconsin) underscored during a series of hearings on GPOs last April, "It doesn't do anyone any good to invent the next great pacemaker or safety needle if you can't get it to patients because the GPO stands in your way." Senator Kohl, who is the ranking member of the Senate Subcommittee on Antitrust and its Chairman Mike DeWine (R-OH) have just announced that they will continue their inquiry into GPOs to ensure that America's hospitals, caregivers, and patients "get the best possible medical equipment and supplies at the best possible prices.

Sharps Injuries May Be Linked to Unsafe Products



2002 Montefiore Medical Center had 292 reported sharps injuries, a 7.3% increase from the year before. The previous year, 2001, Montefiore saw a 5% jump in reported sharps

injuries. This compares poorly with sharp injury performance at Iacobi Medical Center, where the municipal hospital reduced its reported sharps injuries by 38% between 2001 and 2002.

Based on information from the Bloodborne Pathogen Standard Control Plan provided at the

Moses Division in late January, Montefiore may be violating a number of requirements within the OSHA-mandated standard. According to health and safety experts at the Service Employees International Union (SEIU), Montefiore may be remiss in

- Not revising its OSHA-mandated Bloodborne Pathogen Standard plan annually.
- Not providing a complete list of safety needles used in the medical center.
- Failing to provide documentation for evaluating exposure incidents.
- Failing to provide documentation of considering safer medical devices.
- Not providing documentation of solicitation of non-managerial employees input.

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Is Montefiore Really Saving Money?

A study by the U.S. General Accounting Office showed that hospitals buying safety needles and pacemakers through their GPOs often paid higher prices than if they had purchased these devices independently. Three-fifths of the pacemakers reviewed in the study cost up to 39 percent more when purchased from GPOs. Safety needles cost between one and five percent more.

The GAO study found that using a buying group "did not guarantee that the hospital saved money." In fact, prices negotiated by buying groups "were often higher than the prices paid by hos pitals negotiating directly with

To date, there appears to be no indication that Montefiore has examined whether its shareholder role in Premier has resulted in it paying more for medical supplies and devices than it would outside of Premier.

Finally, and most importantly, Montefiore's group purchasing relationship may be having adverse impacts on Montefiore's front-line providers. When important purchasing decisions are made not primarily on the basis of quality and safety but rather on closed relationships between manufacturers and

GPO's then clinicians, patients, board members, and the community at large ought to pay careful attention.

Safety syringe with

To read the NY Times articles in their entirety log onto ww ontefiorewatch.org

Safer needles

are available

for mere pen-

nies more than

conventional

needles

Purchasing Decisions That Can Hurt You

vendors," the study reported.

Needle injuries at Montefiore may be higher than they need be, owing to possible violations of OSHA standards and questionable purchasing decisions regarding the current supply of needles at the medical

Any issue with such a direct impact on the workforce's health and safety is a red flag that deserves prompt atten-

Every day health care professionals at Montefiore grab a syringe,

a pair of latex gloves or a blood collection kit from among dozens of supply closets across the MMC system and set out to routinely pierce the veins of their patients. As routine a practice as this is, some front-line providers believe they are not being supplied with the best and safest tools for this potentially risky procedure. They may be right.

What's going on with needles at Montefiore? At least one manufactur-

er of safety needles says its products are kept out of the medical center because of Montefiore's shareholder role in the Premier group purchasing organization.

The needle device manufacturer, Retractable Technologies Inc. (RTI) makes highly-rated syringes and blood collection tubes engineered with a springloaded needle that retracts from the

Story continues at top of page

patient's body back into the syringe. RTI's needles were shown to be 100% effective in a study that compared the effectiveness of

syringes in preventing accidental needle sticks. (Duesman K. and Ross J. Journal of Healthcare Safety, Compliance, and Infection Control 1998;2(3):111-114.)

Why then can't RTI needle stick or other small manufacturers with good, safe products find a market at Montefiore or other member hospitals participating in the Greater New York Hospital Association's GPO?

Dr. David Kotelchuck of the Center for Occupational and Environmental Health at the City University of New York told MonteWatch that in areas where there is a need for innovation, GPOs often restrict the choice of products that a hospital can use. A

number of companies have had difficulty introducing safer needles into hospitals because of hospitals' exclusive agree ments with particular companies, he says

According to RTI spokesman Phil Zweig, GPO contracts at medical centers like Montefiore

have encouraged monopolistic relationships that can result in safety compromises. Zweig told MonteWatch that large manufacturers like Becton, Dickinson pay hefty commissions to Premier and other GPOs to maintain their exclusive access to America's hospitals. "This is all about money," said Zweig. "These people have no concern for the safety of health care workers."

When compared with other available devices, the Becton, Dickinson products available at Montefiore may be inferior based on critical health and safety criteria. For example, Montefiore purchases the B&D Luer Lock Needle (Model

Number BD309643), a syringe without any safety features. This needle has a base cost of \$.32, whereas the safer

Every day

thousands of

health care

workers suffer

preventable

injuries

Why can't small

manufacturers

with good, safe

products find a

market at

Montefiore?

Vanishpoint Syringe by Retractable Technologies costs only slightly more. Why then is the Vanishpoint or comparable safety devices not in supply at Montefiore?

In an article published in Medical Laboratory Observer, Robyn Gershon, the lead researcher on a Johns Hopkins University study

on cost effectiveness of safety needles writes: "You must consider the direct and indirect costs of treatment when a worker is stuck, and when you factor these things in, safety needles pay for themselves." As an example, the Emergency Care Research Institute, an independent non-profit health services research agency, reported a 1997 case involving Yale

> New Haven Hospital in which a jury awarded \$12.2 million to a worker who became HIV-infected after receiving a needle stick injury.

Needle safety becomes a cause for concern in light of the fact that every day thousands of health care workers across the country suffer

preventable needle stick injuries that can transmit diseases like hepatitis and HIV. "Safer needles with integrated safety features are available for mere pennies more than conventional needles and can help stop this epidemic of preventable injuries and diseases," says Bill Borwegen, MPH, Director of Occupational Health and Safety at the Service Employees International Union. "We urge management to work with their employees to evaluate and purchase better, safer needles," Borwegan says, adding, "Health care workers at Montefiore deserve no less for themselves and for their patients."



Where Are The Checks and Balances?

Ruth Potee, M.D., CIR President

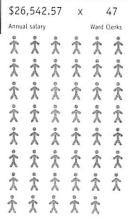
this MonteWatch we consider some of the effects of Dr. Spencer Foreman's business plan. By emphasizing bottom line considerations over core values like teaching, research and quality of care, he appears to be straying from Montefiore's mission

No one can argue with the need to manage Montefiore with a careful eye on the bottom line. Yet when that line drives a not-for-profit health care organization away from its mission, it is only fair to ask, where are the checks and balances? Having an informed and involved medical community is critical to assuring the best care, best practices, and the kinds of public-spirited policies that are consistent with protecting patients and providers in these challenging times. MonteWatch is here to raise important questions. Without questions there can be no solutions - nor real opportunities democratic and effective workplaces where health care providers can perform at their best. For more about these issues, please log on to www. Montefiorewatch.org or call us at CIR. Your comments are always welcome.

Spencer Foreman's Annual Compensation Equals 47 Ward Clerks

\$1,632,787







Up and Coming!

Look for these and other issues in MonteWatch:

- · Why Montefiore's physicians seek a union
- · Dr. Foreman's Anti-Unionism: Do the Trustees Agree?
- · Are Monte's Hemodialysis Services Going Private?
- Excessive CEO Compensation in a Time of Cuts

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MonteWatch is here to shed light on vital issues impacting the New York City and Westchester neighborhoods where Montefiore Medical Center hangs its blue and red shingle.

elcome to MonteWatch, we hope you'll find it informative and useful. Monte Watch is offered in support of the organizing efforts among 1,700 physicians at Montefiore. Published by CIRISEIU and the Doctors Council|SEIU, it will soon be available on line at www.montefiorewatch.org

Serious, informed discussion about important dayto-day local issues as well as national trends impacting the quality of care, training, and research at Montefiore are in short supply. Monte Watch will speak to these and report on key issues head on.

In the months ahead, we will take a closer look at the policies and directions being advanced by the medical center's executive staff. We will examine vital areas of interest to all who depend on the medical center, including:

- MMC's business plan and how it impacts Montefiore's core mission and various service constituencies.
- The Board of Trustees' performance in meeting their fiduciary and other oversight responsibilities, including whether conflicts of interest may be interfering with their governance.
- Examining the kinds of measures used to evaluate President Spencer Foreman, whose annual compensation exceeds \$1.6 million.
- Montefiore's "shareholder role" in Premier, the Group Purchasing Organization (GPO) which sells millions of dollars in supplies to the medical center. According

to recent news reports, including those in the New York Times, health care dollars may be being wasted through questionable and possibly illegal GPO practices across the nation. Is the MMC-Premier relationship really as cost-effective as Dr. Foreman contends?

The retention of talented physicians, nurses, and other front-line health care providers on whom Montefiore depends

Patients here and across the country want nurses and doctors who have adequate time and resources to provide them with expert, responsible care. There's no skimping on the quality of this essential one-to-one relationship. The nurses' story, reported here, makes that very point.

As MMC engages new strategies to expand its market share and lower its costs to become more profitable, Monte Watch will examine how accountable the executive and board leadership are in safeguarding the medical center's mission as they attempt to deal with the economic challenges facing Montefiore.

Our beat encompasses the many New York City and Westchester neighborhoods where MMC hangs its blue and red shingle. There's a lot of ground to cover. What better time to get started than at the beginning of a New Year. We're interested in hearing from you. Please email your letters and comments to info@montefiorewatch.org and let us know what you think.

A Look at **MMC' Trustees**

Montefiore's Board of Trustees are appointed by their peers to serve as the ultimate stewards of the medical center's finances and mission. They are empowered to hire and fire the chief executive, and they are obligated to regularly review and evaluate Dr. Foreman's performance. The Board is also responsible for upholding the mission of the organization and ensuring that it fulfills its trust to the public at large. In this and subsequent issues. MonteWatch will profile a variety of board members, shedding light on their interests, business affiliations, and contributions to the community at large. All of the information provided here is available and verifiable through public sources.

Jay B. Langner, Chairman of the Board of Trustees

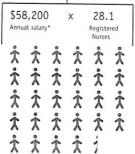
Mr. Langner is the forme Chair of Hudson Gener Corporation, an airport services and land development giant in which he originally invested in 1961 and headed until 1999. He is a director of PetroQuest Energy, a Gulf Coast oil exploration and production company and serves on the Board of Gregorian University Foundation, in addition to the A.L. Mailman Foundation, of which he is a family member. Mr. Langner's financial interests are intertwined with that of Cramer Rosenthal McGlynn, a moneymanagement firm (with investments in the medical/health industries) in which he has a beneficial interest and whose principals also serve on Montefiore's Board. He can be reached at Hudson General Corporation, 111 Great Neck Road, Great Neck, NY 11021 tel: (516) 487-8610 fax (516) 487-4855

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\$1,632,787 Spencer Foreman)







Spencer Foreman's Executive Compensation: When Too Much Isn't Enough

hile economic troubles reverberate across the city, state and nation, health care consumers are being asked to pay more for their care. As cost-shifting impacts families' budgets and services become ever more diluted, patients have become savvy about the uses to which their health care dollars are put. Non-profit health care

executives who live and behave like proprietary captains of industry in the post-Enron age do little to instill public confidence and trust in our troubled health care system

Here at Montefiore. CEO Spencer Foreman's executive compensation package tops \$1.6 million annually. In a time when New York City and West-

chester Counties are drastically cutting back; when the nation has witnessed executive excesses; and as philanthropic gifts to Montefiore dip in response to a slow economy, how is it that Montefiore's Board of Trustees keeps increasing Dr. Foreman's salary and perks?

A sampling of comparative chief executive salaries at major academic medical

centers, for-profit health service corporations, foundations, and among Bronx and New York elected officials shows just how excessive Dr. Foreman's compensation is and raise questions as to whether Monte's Board of Trustees is making appropriate, publicly-defendable decisions concerning Dr. Foreman's compensation and benefits.

















Executive	Spencer Foreman, MD CEO	Jack O. Bovender, Jr. CEO	Herbert Pardes, MD CEO	Ronald R. Peterson CEO	Gordon Conway President	Steven A. Schroeder, MD CEO	Senator Hillary Clinton	Adolpho Carrion
Organization	Monteflore Medical Center	Hospital Corporation of America (HCA)	NY Presbyterian Hospital	Johns Hopkins Hospital	Rockefeller Foundation	Robert Wood Johnson Foundation	U.S Senate	Bronx Borough President
Compensation and Benefits in 1999	\$1,632,784	\$1,283,350	\$1,004,816	\$986,665	\$636,064	\$520,002	\$145,000	\$135,000
Source	2000-990	2000-SEC 14-A	2000-990	2000-990	2000-990	2000-990	US Government	Savy Voter.com

Montefiore's Proud History

Ruth Potee, MD, CIR President

eading through historian Dorothy Levenson's 1984 book MONTEFIORE: The Hospital as Social Instrument, I was struck by just how long Montefiore has served as a vital community resource, rooted in both medical science and social concern.

Monteflore's contributions to the city date back to the middle of the 19th century. Originating in the philanthropy of New Yorkers who sought to help sick people whom other hospitals of the day could not help, or turned away, Monteflore's story, as told through Levenson's centennial history, recalls gener-



ations of philanthropists, physicians, nurses, social workers, and health academ ics who clung tenaciously to its founding spirit. During many times of challenge they acted as the conscience of Montefiore, ensuring that Montefiore's social mission continued to thrive.

Past the decades Levenson wrote of, through the 1990s, and to this day, Montefiore has forged a unique and broad spectrum nity-based programs.

Lead-poisoning prevention, child protection, and neighborhood redevelopment. It has done this while attempting to maintain its commitment to excellence in patient care, teaching and research, all in the face of growing economic pres-

Today, as medical centers across the nation are challenged to balance their mission against a health care financing environment that excludes tens of mil-

sures.

"Logically,

you can only

safely take

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number of

patients."

certain

Showing the Italian-born Sir Moses Montefiore, one of the greatest philanthropists of the 19th Century, this seal dates back to Montefiore's beginning.

lions of citi zens, Montefiore's past takes on special meaning.

Will it forge ahead as a medical care system that continues to embrace the values of its founders?

At the end of her book, looking at the sweeping changes facing Montefiore in the mid 1980s, Levenson saw the hospital striving to remain a social instrument amidst vast new challenges, like HIV/AIDS. Today, more than 20 years after it was written, Montefiore's history has immense relevance. I'm

taking a page from it. Page 307 to be exact. She writes of a respectful time when, "The Trustees were free to...listen to the voices of all the groups at Montefiore - the physicians, the nurses, the administrators, the workers, the patients." It was a time when all who had a stake in the mission of the hospital were freely heard by its leaders. That's a vision we at CIR support and one that we think today's leaders will want to cling to if future proud chapters of Montefiore's history are to be written.

Monte's RNs Win Greater Control Over Quality of Care Issues

Ns here accomplished a major feat this fall, bringing key patient safety issues to public attention and ultimately securing their right to help determine how nursing units are staffed and winning nurse-patient ratios that are enforceable through their collective bargaining agreement.

Committed to rectifying unsafe conditions by

RN Judy Sheridan-Gonzalez. Photo: Mark Genovese/NYSNA

ensuring a real voice for themselves on staffing, Monte's RNs prevailed against an administration that sought to stall and side-track on the issue. By reaching out to both the community and major news organizations, they struck a resonant chord with a public increasingly concerned over bedside conditions.

"Our victory demonstrates that our issues aren't just local matters but part of a larger context in which today's front-line health care professionals are struggling to operate responsibly," explains RN Judy-Sheridan Gonzalez, a 20-year-veteran. "Our issues have national significance because they impact millions of patients and health care providers."

James Boyle, President of Mutual Housing Association, which houses a large elderly population in the Van Cortlandt Village section of the Bronx, says the RNs' campaign was quickly grasped in his community. "We house hundreds of retired professionals," he explains. "Many are concerned — no, make that worried — about shortstaffing, long waits, and other problems there."

The new three-year contract between 1,880 RN members of the New York State Nurses Association includes significant economic gains, but more than anything it speaks to the importance of waging campaigns to secure greater professional

control over front-line working conditions and quality of care issues.

The NYSNA success followed more than a year of strenuous negotiations during which the administration downplayed and sought to deflect the nurses' arguments. While Monte's executives often refused media comment, the RNs spoke with a clari-

ty that was not lost on reporters. RN Simone Evans told NY1's Dean Meminger, "We cannot be the best nurses with 8,10,12, sometimes 15 patients. It cannot happen."

Mary Ann Flanagan, RN, underscored," I could be taking care of six patients who are all on monitors. At any time, something could go bad."

As NY1's crisp images of 1,000 nurses standing tall

on a picket line reached thousands, Flanagan's words were simple and compelling: "We need to have enough nurses..."

When the legally enforceable nurseto-patient ratios take effect in April, RNs on Med-Surg units who had cared for up to 12 or more patients will have responsibility for seven. In Telemetry, where nurses were often required to meet the needs of seven patients, new contract limits will hold the line at five.

"Logically," says Sheridan-Gonzalez, "you can only safely take care of a certain number of patients. In attempting to set fair and reasonable standards for staffing levels, we continually asked ourselves, 'If it was my mother in that bed, how many other patients should my mom's nurse have to care for?' This became our mantra."

"When patients need something and we simply can't give it to them, it chips away at the essence of nursing. This happens daily to every nurse at Montefiore," she says.

"The destructive erosion of the nurse-patient relationship, feeds our activism in waging this important struggle, "she adds. "We have made huge strides, but the battle continues."

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Trustees continued from front

Edward J. Rosenthal is Vice Chair of Cramer Rosenthal McGlynn, which he co-founded in order to manage the money of a select few wealthy families, including the Rockefellers (for whom his father, also a Monte trustee, worked). He is a director on the Board of Astro Communications, Inc., a lighting and special effects company, and has a variety of investments — personally and through Cramer Rosenthal McGlynn — in companies that serve the medical/health industry. Mr. Rosenthal has stated that "Montefiore has a profound social mission. I am honored to help further it in any way that I can." He may be contacted at Cramer Rosenthal McGlynn, 707 Westchester Avenue, White Plains, New York 10604; tel (914) 948-2590 fax (914) 682-0028

Jay B. Abramson, Cramer Rosenthal McGlynn's Executive VP and head of research, was recruited by Edward Rosenthal to serve on Monte's Board. A graduate of Wharton Business School, Mr. Abramson applauds fair disclosure reforms for investment research and analysis. His business address: Cramer Rosenthal McGlynn, 520 Madison Avenue, New York, NY 10022 (212) 838-3830 fax (212) 644-8291

Look for additional profiles and stories about the Board in February's MonteWatch.



Look for these and other issues in MonteWatch:

- •Who Wins and Who Loses From Premier's Relationship with MMC?
- •The Rights and Wrongs of Monte's Business Plan
- •What Voice Does the Community Have in Monte's Future?
- Profiles in Excellence: A Look at Monte's Frontline Providers

 Building A Healthier Doctor-
- Administrator Relationship at MMC
- And, of course, responses from you, our readers!



