

Citizens to Save Healthcare

Dedicated to Ensuring Quality Healthcare in Northern MI

**Statement to:
MI Health and Safety Coalition
MI Commission on Patient Safety**

**November 30, 2004
Traverse City, Michigan**

**Presented by:
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Executive Summary

Citizens to Save Healthcare (CSH) is a group formed during the nurses' strike at Northern Michigan Hospital (NMH) in Petoskey, Michigan. Our purpose has been to monitor health services at the hospital during the strike and to seek solutions to end the labor dispute. The strike is now two years old and is the longest running nursing strike in U.S. history.

We are a diverse group from Northern Michigan. We include professionals, white-collar workers, blue-collar workers, ministers, retirees, former teachers, retired nurses and lawyers. We are not affiliated with the Teamsters in any way, although some of us have striking nurses in our families. We are also not a professional health care group – although many of us are former health care workers. We are simply very concerned citizens who have learned much about what a hospital should be doing to make “intensive caring” more than a marketing slogan. We have learned that good health care is not just procedures, medicine and new equipment: Motivated and experienced health care providers who have dignity, self respect and job security are perhaps the most important ingredient in the health care mix. Unlike Northern Michigan Hospital, we have always believed that one of the most important goals of any hospital should be to keep its experienced nurses at work.

We are not here to recommend new hospital procedures and techniques. But our experience with Northern Michigan Hospital has taught us that fundamental changes have to be made if the State of Michigan is really serious about protecting patient safety. Our hospital's function and operation are at serious risk, and we therefore request you to consider serious structural improvements. We think the solution for better healthcare calls for **drastic legislative action.**

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Governor Granholm's Blue Ribbon Panel recommended mediation and binding arbitration more than a year ago. NMH has adamantly refused and more recently even refused a request from a group of local ministers to take all the strikers back if the strike ends. Unlike Northern Michigan Hospital, we have always believed that one of the most important goals of any hospital should be to keep its experienced nurses at work. But we are not here to seek a solution to the strike. We are not here to recommend new hospital procedures and techniques. But our experience with Northern Michigan Hospital has taught us that fundamental changes have to be made if the State of Michigan is really serious about protecting patient safety. Our hospital's function and operation are at serious risk, and we therefore request you to consider serious structural improvements. We think the solution for better healthcare calls for drastic legislative action.

1. NON-PROFIT HOSPITAL BOARDS SHOULD HAVE APPOINTMENTS FROM COMMUNITY AND EMPLOYEE ORGANIZATIONS

The State of Michigan grants non-profit status to hospitals. This is a great financial and tax benefit for the hospital. It comes with the responsibility that the hospital board of trustees must

serve the public interest. But the reality at NMH and other hospitals is that almost all hospital board members are biased and serve the hospital administration's interests. Study after study shows that administrators control the agenda, massage the facts, and steer the recommendations for a board of trustees to approve. When openings on hospital boards occur, the board handpicks the replacements.

One of our members applied to the nominating committee when openings on the NMH Board occurred. He is a semi-retired attorney with 30 years experience in labor law and two years experience as the chief administrative officer of a federal agency with more than 2,000 employers and an annual budget of 240 million dollars. He was clearly qualified, but also obviously not a rubber stamp. He was never even interviewed. NMH apparently didn't want a dissenting voice or a boat-rocking trustee who asks real questions on their hospital board. But we believe the citizens of Northern Michigan do!

To further insulate themselves from the community, NMH even eliminated its corporate board of about 200 business owners who had historically some limited oversight functions over the Board.

The distressing NMH experience demonstrates there is no requirement that membership on hospital boards be tied to the public interest, or even that identifiable segments of the community be represented. To correct this, we suggest mandating community input on hospital boards. Let entities outside the present board have the power of appointment, at least for a minority of the positions. City council, county boards, health care boards and certified collective bargaining agents all have a stake in the success of the hospital and the interest of the community at large. Such appropriate community or employee-based organizations should have the ability to appoint at least some Board members. If you have real community input on the composition of the board of trustees, it stands to reason that hospitals will be run for the best interests of the community, rather than the personal interests of hospital administrators.

This recommendation is based on our experience in the Petoskey strike at NMH. The nurses voted for teamster representation twice, most recently by a margin of 288-211 after being on strike for a year with no movement on the hospital's final offer during that year. The hospital, of course, never intended to enter into a collective bargaining agreement with the Teamsters. The hospital denies this, but we know NMH never intended to honor the votes of its nurses because of three undisputable facts:

- A. NMH's attorney at the bargaining table advertises as specializing in and has engaged in the same style of union busting for hundreds of other employers. You don't use someone who specializes in union avoidance if you want a collective bargaining relationship.
- B. The NMH final offer contains, as noted by the Governor's Blue Ribbon Commission, ideological proposals, which NMH knows the Teamsters, could never accept. NMH's refusal to accept the security clause of union shop as part of their "final offer" again demonstrates their unwillingness to reach an agreement. Unfortunately, our labor laws say that the duty to bargain in good faith is satisfied as long as any offer is on the bargaining table.

- C. NMH has adamantly refused to submit any bargaining disputes to binding arbitration, as recommended by the Blue Ribbon Panel. Arbitrators select whichever proposal is more in line with similarly situated locations. NMH knows that, even if the arbitrator rules in favor of the hospital on each unresolved issue, the outcome would be a collective bargaining agreement.

Contrary to the claim made by NMH CEO Tom Mroczkowski, it has not been “business as usual” at NMH during the strike. Patient census rates are down as reported in NMH’s current Certificate of Need application. Occupancy rate went from 62.2% in 2002 to 59.5% in 2003. Patient discharges dropped from 10,033 in 2002 to 9,702 in 2003. In-patient bed day statistics are down by roughly 2,000 from 2002 to 2003. Of the approximately 275 nurses that went on strike, only about 70 nurses have returned to work at NMH. The striking nurses’ determination and resolve to educate the public on improper and dangerous patient conditions at NMH is self sacrificing and courageous. It is obvious that they have chosen to work in their profession not so much for wages and benefits, but because they sincerely want to help people. Unions don’t organize nurses, hospital administrators do.

According to striking nurse and bargaining committee chairwoman Julia Hulderman, staffing lists of striking and working nurses provided to the union indicate that the hospitals’ contention it has hired nearly 200 new nurses is off by dozens of nurses. NMH is understandably having a difficult time with nurse recruitment and retention as this board’s intransigence has damaged NMH’s reputation, disrupted the lives of hundreds of nurses and their families and divided the community. And, in the context of this commission hearing, it has put patients’ health at risk. We are convinced that a board composed of at least some members representing the community at large would never have embarked on such a deplorable union busting strategy.

Citizens to Save Healthcare secured over 5,000 signatures from the northern Michigan community in favor of the Blue Ribbon Panel’s recommendation that the parties in this strike submit to arbitration. We submit that these signatures showed the real interest of the community in finding a solution which would return experienced, dedicated workers to be the health care workers at NMH. NMH ignored our petitions. NMH is the poster child for our proposal on community appointments. A hospital board that does not have trustees selected by the community will never represent the best interests of the community.

2. HOSPITALS SHOULD PUBLISH INFECTION RATES ON A QUARTERLY BASIS

Our society claims to foster competition and openness as essential elements in improving the general welfare. But the reality is much different. Those with the power are usually more concerned about their own welfare than fostering competition and providing information that can be assessed by the public. Instead, we see millions of health care dollars spent on ‘feel good’ advertising that contributes not one iota to patient safety and healthcare. Information about safety issues in hospitals is treated as top-secret information. Is safety really the issue? If it is, then no one would challenge our proposal that infection rates be a matter of public information.

Publication of infection rates would force hospitals to compete while providing citizens with relevant information. Patients should have fundamental rights to such comparative information.

Every hospital administrator will tell you that safety is a top priority, but mandatory publication of infection rates would give real meaning to such lip service.

3. REQUIRE DETAILED FINANCIAL DISCLOSURE FROM NON-PROFIT HOSPITALS

Currently non-profits are required to submit basic income and expenditure information on the IRS 990 form. These statements provide very little detail, and come out months after the close of the fiscal year. The 990 forms and current NMH Certificate of Need application specify that NMH spent over 13 million dollars for rotating visiting nurses in 2003. They show that expenses exceeded revenues by over \$11 million; we know that advertising costs went from \$6,000 in 2002 to over one million dollars in 2003. The most proven and effective advertising should be by word-of-mouth from contented and satisfied patients. Legal fees for their union busting lawyers cost over one million dollars. John Fischer, the hospital boards' former finance committee chair, claims the hospital's finances are far better in comparison to the national picture, where hospitals are closing or cutting personnel costs. However, had NMH not spent millions of dollars for strike costs, imagine how much they could have invested in technological advances, facility improvements and equipment to enhance patient safety. Had NMH chosen to bargain and heed nurses' concerns, this medical institution could have returned to being a premier regional health facility, and financially solvent.

NMH currently has over 45 million dollars in outstanding debt through the Petoskey Finance Authority and it is requesting additional funds. According to the specifications of the present loan agreement, NMH (recorded as "Northern Michigan Hospitals Obligated Group") has agreed to maintain its tax exempt status, maintain a ratio of income available for debt service to the annual maximum debt service requirement of at least 1.5 to 1, and to maintain a "cushion ration" of at least 2 to 1. In the overall grand picture, if NMH cannot meet its current requirements for its outstanding loans and ends the year in red, how will they meet their obligatory loan accounting policies? Present and future patient care and safety will be jeopardized due to insufficient funds. {Financial Audit, Petoskey Hospital Finance Authority}

CSH believe the community has a right to know what portion of limited health care resources are being spent on the strike. When you couple expenses with the fact that a visiting nurse is not familiar with hospital routines and procedures, there is an obvious concern about both the misuse of resources and patient safety.

4. MINIMUM NURSE/PATIENT RATIOS SHOULD BE ESTABLISHED

There has been a nursing crisis for many years. Nursing care is a huge variable labor cost for hospital administrators to squeeze in an effort to reduce expenses. The public outcry over rising health care costs has caused every hospital to trim to the bone. One of the easiest ways to 'save' is to assign more patients to fewer nurses. The result is burnout, turnover, union organizing and yes, mistakes with regard to patient safety. This harsh fact has been well documented. According to Susan B. Hassmiller, Ph.D., R.N. from a report produced by The Robert Wood Johnson Foundation in 2002, Health Care's Human Crisis: The American Nursing Shortage: "A nurse trying to care for too many patients can't answer the call bell quickly, can't counsel the patient about medications, can't take time to go on rounds with the doctors, can't do a lot of

things. If they work too long – and shifts longer than 12 hours are common – the number of errors goes up. When you are tired, you make mistakes”. If you talk to the Petoskey nurses you hear the same themes over and over again. They selected union representation as a last resort. Their attempts to have a voice in hospital matters were always ignored and rejected. At the same time, the hospital’s administration steadily increased patient loads.

Indeed, you hear identical stories throughout Michigan, and more and more nurses are leaving the profession because of job dissatisfaction. Source, The Robert Wood Johnson Foundation in 2002, Health Care’s Human Crisis: The American Nursing Shortage: “The Foundation’s interest in the nursing shortage stems from our interest in the bigger problem of quality health care in our country. As a nurse, I know that nurses are essential to quality, and now the Institute of Medicine has said so, too. If hospitals cannot find ways to create better work environments so that they can recruit and retain good nurses, then we are not going to get the quality agenda. So, as it turns out, the nursing initiative is really working on inpatient quality of care”.

We submit that hospitals should not compete in a race to the bottom by squeezing nurses with increasingly unmanageable patient loads. Nurses are the front-line troops in the healthcare battle; they know what is really going on; they know what procedures are working and when someone is not doing his or her job. From Susan B. Hassmiller, Ph.D., and R.N.: “When the nursing department is short staffed, managers have just a couple of options. They can assign more patients to each nurse. They can ask – or require – those nurses they do have to work longer hours. Or they can hire “agency” nurses – people who come in much like temporary office help. Overworked, tired and rushed caregivers make errors. All of these strategies diminish quality”, thus endangering patient safety.

With minimum staffing standards, hospital administrator would no longer be able to squeeze nurses by overworking them. Administrators will no doubt whine that such an approach reduces flexibility and ties their hands. There are ways to deal with these concerns.

CONCLUSION

We believe that a strong correlation exists between patient safety and the tendency of hospital administrations and boards to insulate themselves from the health concerns of the communities they serve. This insulation permits these institutional insiders to be biased toward administrative and financial issues, which often result in sacrifices of patient safety. Publication of infection rates; financial disclosure of all pertinent corporations, i.e. Healthshares, Northern Michigan Hospitals, Inc. Northern Michigan Regional Health System, Inc., Foundation and Real Estate, Inc.; community involvement and nurse/patient ratios; would compel the administrators of our hospital to focus on patient safety.

Thank-you for the opportunity to address this commission. Citizens to Save Healthcare is willing to help in any way we can to enhance the healthcare of all Michigan residents.