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Annual Report, 1978

Aurora Health Care

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Progress and Promise
1928-1978

A
Half Century
of
Service

St. Luke’s Hospital, Milwaukee/Annual Report 1978
On December 2, 1928, a group of Lutheran laymen founded St. Luke's Hospital, formerly the Hanover Hospital at Hanover (now 3rd Street) and Madison Streets on the near south side.

Wartime delays in construction hampered building on a new site purchased in 1941 at 29th Street and Oklahoma Avenue. The new 177-bed hospital was dedicated and opened in 1952.

After six years of operating hospitals at both locations, a cross-wing was completed on Oklahoma Avenue in 1958 and the Madison Street hospital was closed and demolished.
Burgeoning demands for medical services prompted a further expansion to 500 beds and an increase in other services, such as emergency, outpatient, psychiatric, and physical medicine and rehabilitation.

With growing needs for specialized as well as general care, the Knisely Building was opened in 1975 with 63 intensive care beds and other specialized facilities, bringing the bed complement to 600.
Progress and Promise in a Time of Turmoil... the President’s Message

There’s a certain nostalgic pleasure in looking back at the record of achievement the people of St. Luke’s Hospital built during the first half century of existence. There is a deep sense of pride in accomplishment that goes with it as well. The progress is notable; the promise is yet to come.

Today, as we grapple with the major problem of cost containment in a society floundering in the midst of economic turmoil, we must focus on facts and be about the job of meeting the challenges as a hospital, a community, and a nation.

The costs of most goods and services have doubled in the past 10 years; the costs of hospital care and service have had to absorb these increases. Yet, our service sector has been singled out for undue criticism by those legislators and regulators who seem most anxious to promote nationalized health care as a cure-all for the current public condition.

Little has been said in these quarters about effective cost containment programs initiated by hospitals such as St. Luke’s that date to the early part of the decade when the roots of today’s rampant inflation became evident to us. The programs we’ve initiated in that time have actually kept hospital care cost increases well below the levels we have experienced in many areas of our economy.

Moreover, hospital costs are being attacked unfairly because of a misunderstanding of the reasons for their steady increase. Inflation usually is defined as an increase in the cost of goods or services which are essentially unchanged. Hospital costs, on the other hand, reflect primarily the changing nature of the hospital product. You are paying more today, but what you are getting for your hospital dollar is a more complex, more sophisticated, more intensive kind of hospital care than we provided last year, or five years ago, or at any time in the past.

Hospital costs, therefore, have not represented inflation in the usual definition of that term. They actually reflect a steady increase and improvement in the amount and kinds of care we deliver.

A look at the record of the last decade bears out the cost pressures we face without letup. Just as in all other sectors of our economy, inflation, encouraged by government deficit spending among other factors, has created the major reason for the loss of purchasing power society faces today.

For these critical voices to single out hospital care, without adequate comparison to other more inflationary causes, is a meaningless exercise. Comment will only become useful when the facts of cost containment hospitals such as ours are practicing, against tough odds, become fully known to the public we serve.

Our promise is to continue as we have — with prudent management and defined goals. We will provide the quality of care our patients have come to expect. We will make a dedicated effort to hold the cost line even though these factors beyond our immediate control make it increasingly difficult.

G. Edwin Howe, President
Cost Containment . . . Progress and Promise on a Tough Challenge

It came as no great surprise when recent reports confirmed to most people that the cost of goods and services has doubled in the past decade. That fact is a reality with us — costs of hospital supplies, from electricity to food to bedpans, have gone up year after year as have costs of services and staffing.

There is also a greater demand for services. Within 20 years, the number of patients treated in America's hospitals increased by 50 percent. These patients tend to be more acutely ill and require more intensive services, many that were not available less than a generation ago.

What is St. Luke's in particular doing to contain costs? In conjunction with other hospitals, we have taken a number of major steps. First, we support area health planning and have been involved since 1966. We participate in the joint planning process and submit our major requests for capital and service improvements to the area planning agency.

Second, the merging of facilities and services is important in reaching savings goals. St. Luke's made a substantial move in this difficult and time-consuming process when it merged its obstetric services in 1976 with St. Francis Hospital.

Third, in the last four years, outpatient services in the nation have increased 24 percent, a figure comparable to Milwaukee's experience. Many area hospitals have expanded their outpatient capabilities. Procedures which only a few years ago required several days of hospitalization can now be done without the patient ever occupying a bed.

Fourth, the Wisconsin Hospital Association and Blue Cross of Wisconsin initiated a hospital rate review program in 1972. The program, which has saved an estimated $40 million, examines all Wisconsin hospital budgets annually, among other items, to determine if the charges are reasonable.

In 1978, the St. Luke's Hospital Board of Directors and the Medical-Dental Staff made a major ongoing commitment to savings. A cost containment committee for cardiac services, comprised of 13 physicians and 12 key personnel, began work in May on ways to reduce costs to heart patients. In November, recommendations pertaining to laboratory tests, intensive care practices, X-ray procedures, and a number of other practices were submitted and are now being implemented at an estimated cost savings of several hundred thousand dollars.

In August, the cost containment advisory committee was formed to encourage and document cost cutting ideas. It also formalized many efforts already in place to eliminate unnecessary costs. These consolidation plans have already realized savings of more than $400,000.

A more efficient lighting system was installed, a gas-burning incinerator was shut down, and a computer-monitored energy control system was put on line. Total savings from these and other measures were placed at $120,000 annually.

During 1978, the purchasing department increased competitive bidding practices, renegotiated many contracts, and refined its procedures so that, from June through December, savings totalled nearly $185,000.

Other actions, such as materials management's reduction of inventory items by 15 percent, added up to savings of $50,000. Computer services have increased efficiencies and provided annual savings in key punching, programming, and supply costs equal to $28,000. Many thousands more have been saved through productivity gains such as in the mail room operations and in personnel where efforts were initiated to reduce absenteeism rates and employee turnover.

Besides these accomplishments in 1978, the committee set a goal in new savings of a half million dollars in 1979. All employees, doctors, and volunteers are being encouraged to pass suggestions along to the committee so every possible cost can be contained while maintaining or improving our high health care standards.

Installation of a more efficient lighting system along with other energy control measures brought annual savings to $120,000.

The purchasing director reviews a contract with a salesman. In seven months of 1978, refined purchasing practices saved nearly $185,000.
Medical Services and Patient Care . . . Where Quality is the Number One Priority

One of the first moves of the year in medical services improvements involved reorganization of the nursing department. Units with similar functions were joined under a single manager, improving operations, providing better communications, and increasing the efficiency and quality of patient care. Now there are assistant directors of surgical nursing, medical nursing, cardiac nursing, and special nursing in addition to surgery and evening and night shifts.

With the addition of a second nuclear medicine physician and more technologists plus new equipment, nuclear cardiology studies at St. Luke's advanced significantly in 1978. Studies are valuable in detecting if a heart attack has occurred. Also, thallium scanning is widely used to detect the presence or absence of coronary artery disease, and, with the help of an electrocardiogram, gamma camera, and computer, photos of the beating heart provide a number of heart action measurements.

A peripheral vascular diagnostic laboratory was opened in March. The laboratory provides a non-invasive means of measuring blood flow by recording the pulse volume. This information is helpful in determining circulatory problems in the upper and lower extremities.

To expand diagnostic capabilities, the surgical room designed for special X-ray procedures was converted to accommodate all general angiographic procedures. The renovation allows the circulatory dynamics laboratory's room originally used for these procedures to be used more for cardiac catheterizations — as one of four cardiac cath labs — while also remaining available as a backup to the surgical special procedures room.

**Admitting Process Simplified**

To speed and simplify the admitting process, the outpatient admitting area converted to a computer records system in April with the emergency admitting area going on line in September. The inpatient admitting area will be placed on a compatible computer system in July of 1979.

The long range goal is to develop a hospital-wide data base so that those who require it will have access to the latest patient information available. Ultimately, the computer system will link communications among the admitting areas, the laboratories, pharmacy, medical records, and the nursing floors.

Because of increased efficiency, our patient utilization review program was reported to have the lowest cost per patient of all Milwaukee area hospitals in 1978. While some area hospitals review patient occupancy only when required by law, i.e., by Medicare and Medicaid regulations, St. Luke's reviews all patients. Regional reports show that many of our patients have a shorter length of stay for their particular illness than the average stay, testifying to the effectiveness of both patient care and the utilization review program.

Expanded use of the hospital's closed circuit television in 1978 gave patients an alternative to daytime commercial television during their hospital stay. Closed circuit bingo was introduced in March, and a weekly schedule of health-related programs was introduced a short time later.

Videotapes include information on such topics as breast self-examination, the Pap smear test, emphysema, the risk of smoking, hypertension, general nutrition, arthritis, pre-surgical preparation, and pediatrics hospitalization.

Effectiveness and intensity of care resulted in a less than average hospital stay for many of St. Luke's patients.

Nuclear cardiology advances grew in 1978, aiding in the diagnosis of patients with heart disease.
With the addition of a full-time academic chairman of internal medicine in late 1977, St. Luke's began an affiliated program in internal medicine with the Medical College of Wisconsin in mid-1978. In addition, there were 42 doctors in training in other residency programs.

These programs include surgery, underwritten as the Walter Schroeder Chair of Surgery; radiology; pathology; family practice; and nuclear medicine. Also, affiliations with the medical college continued in otolaryngology, thoracic surgery, cardiology, and physical medicine and rehabilitation as well as for medical students.

Special arrangements with the Republic of China's Navy were made in 1978 for two residents from Taiwan to begin a full year's residency training in hyperbaric medicine. As in past years, that facility also trained other medical and paramedical specialists from around the nation.

The Family Practice Residents' Center spent its first full year in its new location at 2331 West Voseau Place. It grew in its service to residents of the near south side, proving to be a valuable resource to the community.

St. Luke's began the second post-graduate School in Neuro-Cardiovascular Special Procedures in the nation in 1978. By July, a year-long training program was in place for registered X-ray technologists, making available the latest technological advances in diagnostic procedures for brain, heart, and circulatory anomaly diagnosis.

A major addition to our educational program was completed in spring with the addition of a 169-seat auditorium made possible by a gift of $225,000 from Mrs. Olive L. Stiemke. It drew immediate requests for use from the day it was opened, and these have continued.

In November, the facility was dedicated as the Walter H. Stiemke Auditorium in a ceremony honoring Mr. Stiemke. A former president of the Trackson Co. and general manager of the Caterpillar Co. plant in Milwaukee, Mr. Stiemke was long affiliated with St. Luke's. He served on the hospital's board from 1955 until his death in 1967 and supported financially a number of programs during his lifetime.

The new facility extended St. Luke's ability to provide a wide number and variety of educational conferences. Besides its importance to doctors and staff personnel, the auditorium provides a means to extend its programs to the general public through our longstanding series of community health programs.

These programs were held at Alverno College three times a year, but with our commitment to emphasizing the many things people in our community can do to maintain good health, the programs began a monthly schedule last fall, a frequency that has proven most popular.

The September program on exercise and jogging was such a success that it was repeated two weeks later to an auditorium filled for a second time. Other subjects presented during the year included diving safety, good eating, and immunization. The series is sponsored by the St. Luke's Hospital Educational Foundation.

Other training programs in 1978 concerned cardiopulmonary resuscitation, smoking, weight reduction, diabetes, and heart disease.

Examining his young patient, a family practice resident is one of many doctors in training at St. Luke's.
Facilities Expansion and Upgrading . . . Long Range Promise for Better Service

Ground was broken in November, beginning a three-year construction project for our $25 million addition at the southeast corner of the hospital. Approved unanimously by the Southeastern Wisconsin Health Systems Agency in May and the State Division of Health in June, the new facility will connect with the south and middle buildings and extend east over 29th Street bordering Oklahoma Avenue. While the four floor, 163,000 square foot structure will add no more new beds to the existing 600, it will resolve longstanding needs in key service areas.

The basement will house a radiation therapy department, a central processing area, and mechanical equipment. Clinical laboratories will be on the first floor. Emergency, outpatient, outpatient-emergency radiology, orthopedics services, and a special diagnostic area are planned for the second floor. The third floor, which will extend eastward over the emergency entrance and drive, will contain surgery and a surgical processing area.

According to Dr. John A. Walker, president of the St. Luke's Medical-Dental Staff, “The new operating and emergency areas will conform to the modern standards of our intensive care facilities, and the new outpatient area will answer the increased need to provide less costly care by treating more patients without overnight stays.”

Expansion and modernization in surgery were recommended by area health planners as early as 1971. In addition, emergency, outpatient, the laboratories, and radiation therapy have experienced major increases in services during the 1970's which have created overcrowded conditions in each of the areas. Construction of the southeast addition could not begin, however, until other major construction and renovation were finished.

Areas experiencing acute space shortages will be relieved when departments occupying the new building vacate space in the existing buildings. Nuclear medicine, physical medicine and rehabilitation, medical education, dietary, and other service areas will all receive substantial space gains.

Gilbane Building Co. of Cleveland is construction manager of the project. Schmidt, Garden & Erikson of Chicago is the architect. Hamilton Associates, Inc., of Minneapolis, a firm used in the last two St. Luke's expansions, serves as consultant. In addition, because of the highly technical aspects involved in planning for the clinical laboratories, the firm of Moss, Garikes & Assoc., Architects, Inc., of Birmingham, Ala., was retained as consultant and architect in that area.

In a key move prior to receiving approval for the project from health planners, St. Luke's agreed to relinquish 90 of its beds from its planned complement of 690 as a first step in the Milwaukee area to reduce the problem of overbedding in hospitals.

Before groundbreaking for the construction began, shrubs and trees from the construction site were transplanted at the northwest corner of the hospital, at the Family Practice Residents' Center, at the Research Building, and at other St. Luke's properties in a plan to save them and beautify the properties.

In further upgrading of facilities, several patient floors of the middle building — the oldest portion of St. Luke's — were renovated and reopened. Completion of the middle building's renovation program is planned for 1979 at which time the hospital will complete the staffing for full utilization of its 600 beds.

An architectural drawing shows the southeast addition (right) connected to the existing building as viewed from Oklahoma Avenue.
Financial Data

The Source and Use of Funds 1978

WHERE DID THE MONEY COME FROM?

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Income from patient services</td>
<td>$56,517,838</td>
</tr>
<tr>
<td>Coffee shop, gift shop, cafeteria, and other income</td>
<td>1,081,213</td>
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<tr>
<td>Donations</td>
<td>177,751</td>
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<tr>
<td>Investment income</td>
<td>534,059</td>
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<tr>
<td></td>
<td><strong>$58,310,861</strong></td>
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Less Medicare, Medicaid, other allowances, and the inability of some patients to pay their bills in full 2,567,293

Total: **$55,743,568**

WHERE DID THE MONEY GO?

<table>
<thead>
<tr>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Wages, salaries, fees, and fringe benefits</td>
<td>$34,178,254</td>
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<tr>
<td>Medical and surgical supplies</td>
<td>8,728,679</td>
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<tr>
<td>Laundry, linen, housekeeping, and general supplies</td>
<td>4,219,935</td>
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<tr>
<td>Food and dietary supplies</td>
<td>907,393</td>
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<tr>
<td>Fuel, water, electricity, and telephone</td>
<td>1,225,397</td>
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<tr>
<td>Interest on indebtedness</td>
<td>1,319,780</td>
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<tr>
<td>Payment on long-term indebtedness</td>
<td>1,566,000</td>
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<tr>
<td>New equipment and remodeling</td>
<td>2,993,219</td>
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<tr>
<td>Increase in receivables, inventories, etc.</td>
<td>604,911</td>
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<tr>
<td></td>
<td><strong>$55,743,568</strong></td>
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Comparative Service to the Community

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<th></th>
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<tbody>
<tr>
<td>Adult Admissions</td>
<td>16,588</td>
<td>16,448</td>
<td>16,638</td>
<td>16,522</td>
<td>16,331</td>
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<td>Emergency Visits</td>
<td>43,524</td>
<td>45,714</td>
<td>46,233</td>
<td>49,450</td>
<td>50,692</td>
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<tr>
<td>Laboratory Tests</td>
<td>1,438,326</td>
<td>1,674,584</td>
<td>1,829,205</td>
<td>1,833,406</td>
<td>1,860,715</td>
</tr>
<tr>
<td>Total Drug Doses Dispensed</td>
<td>1,162,655</td>
<td>1,108,750</td>
<td>1,290,723</td>
<td>1,654,413</td>
<td>1,774,739</td>
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<tr>
<td>Radiology Diagnostic Tests</td>
<td>98,583</td>
<td>101,469</td>
<td>110,539</td>
<td>116,560</td>
<td>114,574</td>
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<tr>
<td>Physical Medicine Treatments</td>
<td>71,882</td>
<td>67,838</td>
<td>75,613</td>
<td>81,801</td>
<td>73,070</td>
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<td>Electrocardiograms</td>
<td>23,191</td>
<td>23,440</td>
<td>26,345</td>
<td>27,774</td>
<td>27,376</td>
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<td>Pulmonary Function Studies</td>
<td>5,048</td>
<td>8,125</td>
<td>9,966</td>
<td>10,451</td>
<td>9,723</td>
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<tr>
<td>Surgical Procedures</td>
<td>8,337</td>
<td>7,986</td>
<td>7,858</td>
<td>7,897</td>
<td>7,960</td>
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<tr>
<td>Open Heart Surgery Procedures</td>
<td>825</td>
<td>864</td>
<td>1,133</td>
<td>1,173</td>
<td>1,173</td>
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<tr>
<td>Cardiac Catheterizations</td>
<td>1,901</td>
<td>1,883</td>
<td>2,201</td>
<td>2,306</td>
<td>2,099</td>
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<tr>
<td>Kidney Dialysis Treatments</td>
<td>1,348</td>
<td>1,806</td>
<td>2,967</td>
<td>3,842</td>
<td>3,371</td>
</tr>
</tbody>
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*The 1977 accounting year totals were based on 53 weeks.
HONORARY STAFF
L. Babby
E. A. Bachhuber
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T. Koh
V. Kovacevic
W. E. Mateicka
J. R. Relacion
B. B. Romberg
J. R. Warsh

*Deceased