

Public Hearing for the
Subcommittee on Department Operations, Oversight, Nutrition and Forestry
U.S. House of Representatives

Wednesday, August 5, 2009

Good Morning.

My name is Glenn A. Fosdick and I am President and Chief Executive Officer of The Nebraska Medical Center. It is my intention this morning to share with the Committee what healthcare providers are doing in prevention and wellness practices to better to control healthcare costs. With this in mind, I would like to share the experiences of The Nebraska Medical Center and highlight specific examples where costs have been significantly reduced and our employees have improved their overall health.

The Nebraska Medical Center is a 689-bed academic medical center providing the most sophisticated tertiary and quaternary care in the region. The largest hospital in the state, we employ over 5,700 FTEs within a budget of over \$750 million. With the escalating challenges of declining reimbursement and increasing costs, we experience the same fiscal concerns that all healthcare providers do. Accordingly, our budgetary process is very sensitive to the costs associated with the provision of healthcare benefits for our employees.

As a good employer, it is our goal is to provide the best possible services and ensure the overall good health and well-being of our employees and their families. Because of the complexities of care that we provide, our employees have a thorough understanding of the healthcare delivery system and expect high quality care. Like all employers, we have experienced the challenge of the inflationary increases associated with healthcare benefits however it has been our commitment to identify opportunities to better control these costs without compromising the service provided to our employees.

Our efforts in this area focus on the basic philosophy of improved health and a proactive process to identify and address medical issues early (the cause). This, we believe, is dramatically more efficient and cost effective than treating the inevitable medical problem (the result) when it has become a significant and expensive clinical issue.

Employee Wellness

Included in our preventive process is a dedicated program for employee wellness. This collaborative approach which began in 1991, incorporates a variety of methods of connection and communication with the employee to educate and influence them and their dependents on effective and realistic approaches to prioritize the individual's personal well-being. These include specific initiatives in weight management, fitness, cholesterol monitoring and health prevention, including providing an on-site fitness center for employees. It has received numerous awards, including the 2003 and 2006 Platinum Level Well Workplace of America Award, the 2003 Institute for Health and Productivity Management National Award, the 2007 American Heart Association (Start! Fit Friendly) National Award, and the 2008 Nebraska Governor's Excellence and Wellness Award.

A second area that I would like to discuss is our employee screening process – SimplyWell, initially developed here in Omaha, which we believe has had substantial impact on our success.

SimplyWell

In 1998, the SimplyWell program was developed under the leadership of Dr. James T. Canedy, an orthopaedic surgeon from The Nebraska Medical Center, who recognized that the long-term improvement in healthcare quality depended on the implementation of an effective screening and risk reduction program. The unique capability of this organization is that it provides a turnkey operation with components in place, ready to implement for all types of businesses in size and scope. It incorporates an on-line health risk assessment which helps identify priorities unique to each individual. In addition, it combines the traditional blood pressure, height, weight, and flexibility screening mechanisms with a lab blood draw analysis which allows for greater problem recognition and detail.

SimplyWell has developed an on-line personal health record for each participant. It utilizes healthy lifestyle coaching which includes a minimum of one telephone call annually per participant or more often as needed, as much as one call per month when needed, as well as a 24-hour nurse call line for follow-up questions and information. Of particular interest is the capability of the personal health record which provides on-line access to laboratory test results and identifies areas of concern above and below appropriate ranges, as well as providing over 1300 individual 5-minute or less educational modules on specific health areas that may be of interest or concern to the individual. While this

individual record is not available to the employer, SimplyWell examines collaborative data throughout the organization to identify trends or particular areas of concern.

The Nebraska Medical Center has utilized a conservative and positive approach to encouraging enrollment, including a \$50 check for employee participation. This will be enhanced this coming year with a required \$500 contribution for non-participating employees.

The program currently serves over 33,000 members nationally, including over 200 employers in banking, manufacturing, medicine, retail, agriculture and higher education in all 50 states and 20 countries. It has demonstrated an audited and consistent return on investment of 1 to 1 in year one and as much as 3 to 1 by the third year.

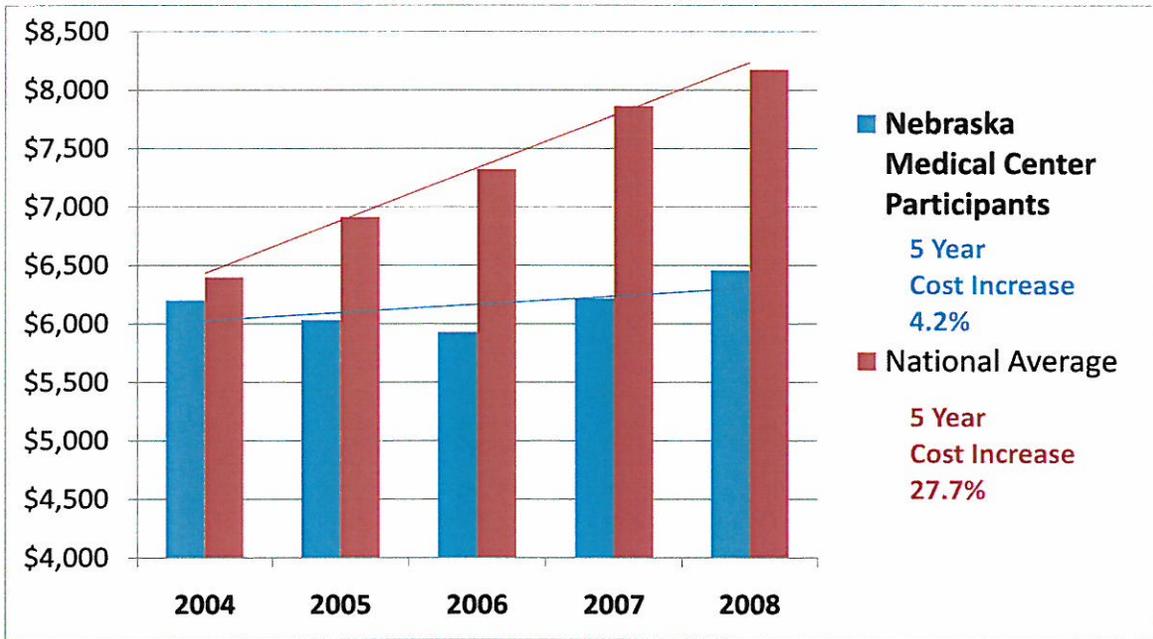
The individual value of this program is reflected to us annually as we identify specific problems associated with our employees in a pre-emptive time frame. These include, for example, the identification of employees who are in a pre-diabetic status and who without proper lifestyle management will face the clinical liabilities of diabetes. This area in itself is significant given that medical expenditures incurred by diabetics in the United States are estimated at \$116 billion per year. The American Diabetes Association has estimated that people diagnosed with diabetes on average, have medical expenditures approximately 2.3 times higher than those without diabetes.

In addition, each year we identify other significant risks. These include obesity, pre-leukemic status, heart disease and a variety of other medical problems of note. Government scientists and the non-profit research group, RTI International, recently identified the annual costs of obesity related patients to be \$147 billion per year.

Results

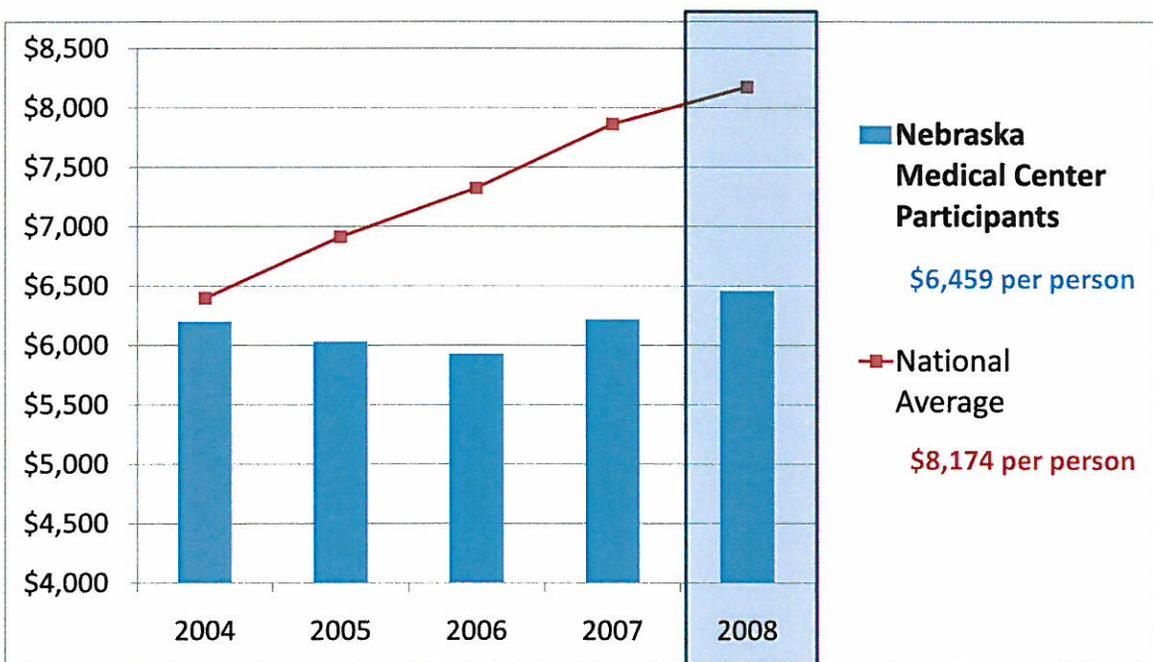
The comparative value of these efforts has been substantial for The Nebraska Medical Center. In examining the average participant cost associated with employer-sponsored health plans for 2004 through 2008, there has been a national increase of 27.7%. By comparison, The Nebraska Medical Center cost has increased only 4.2% during this 5-year period.

Increase in Health Care Cost NMC Participant vs. National Ave.



The result is that our average participant cost (\$6,459) is 20% below the national average (\$8,174).

Health Care Costs Comparison (\$4.3MM less or 20% lower than national average)



The impact on our budgeting process is significant. Our ability to control our costs has neutralized the inflationary impact of healthcare.

Summary

The challenges of controlling healthcare costs by both employers and government are formidable. Our culture has defined the standard for the critically ill as immune to financial limits. We must not compromise our commitment to utilize all of our skills and abilities to address their needs. This is economically possible if we recognize and take advantage of opportunities in other areas including wellness and preventive screening on an annualized basis. The results speak for themselves.

Finally, this effort is one of four specific areas of opportunities I would submit can positively influence the control of healthcare costs.

1. Wellness and Screening.
2. Participant Contribution – The need to mandate some portion of financial obligation by the patient is required. Free services are hard to control.
3. End-of-Life Control – Recognizing that the last 60 days of life are the most expensive in your healthcare history. There are substantial opportunities with increased palliative care intervention to reduce inappropriate and valueless costs.
4. Malpractice / Defensive Medicine – With the expense associated with defensive medicine estimated as much as 10% of healthcare costs, this cannot be ignored.

It is my belief that these four areas provide the greatest and most realistic opportunities for enhancing control of healthcare costs. They focus on positively influencing the need and utilization, instead of the restriction or limitation of payment of these services. It may not be the easiest, but it can be the most successful.

Thank you for allowing me to share these thoughts.

CURRICULUM VITAE

GLENN A. FOSDICK, FACHE

9805 Harney Parkway South
Omaha, NE 68114

Marital Status: Married

2 children

Business Phone: (402) 552-3452

Home Phone: (402) 397-7007

E-mail Address: gfosdick@nebraskamed.com

EDUCATION

May 1976 Master of Health Services Administration, Program in Hospital Administration, University of Michigan, Ann Arbor, Michigan.

December 1973 Bachelor of Science in Business Administration (Management), State University of New York at Buffalo, Buffalo, New York.

PROFESSIONAL WORK EXPERIENCE

The Nebraska Medical Center

987400 Nebraska Medical Center

Omaha, NE 68198-7400

August, 2001 to Present **President/Chief Executive Officer**

The Nebraska Medical Center is a 687-licensed bed acute care teaching hospital, comprised of the former Bishop Clarkson Memorial Hospital and the former University of Nebraska Medical Center hospital. It includes over 300 outpatient clinics in four (4) states in its \$750 million/year budget. The organization also owns 49% of and manages the Nebraska Orthopaedic Hospital, a 24-bed free-standing facility. Construction started in the fall of 2007 for a general 100-bed community hospital in Bellevue, NE.

The regional health system maintains a world-class reputation for excellence and innovation, particularly in the areas of solid organ transplantation, burn care, wound care, neurosciences, bio-containment unit, geriatrics, bone marrow (stem cell) transplantation and other cancer care treatments.

March 1, 2002 to Present **Senior Associate Dean for the Health System**

University of Nebraska, College of Medicine, Omaha, NE

Hurley Medical Center

One Hurley Plaza

Flint, MI 48503

June 1995 to August 2001 **President/Chief Executive Officer**

The Hurley Medical Center includes a 495-bed teaching hospital and regional referral center that provides tertiary services including regional centers for neonatal intensive care (Level III), pediatric intensive care, burn, renal transplant, and trauma (Level I). In addition, specialized programs in high-risk obstetrics, in vitro fertilization, pediatrics and geriatric services are available. Educational programs include academic affiliation for ACGME residency programs with the Michigan State University School of Human Medicine and the University of Michigan (95 residents), a School of Nursing affiliated with the University of Michigan-Flint and programs in nurse anesthesia, radiology technology, medical technology and cystotechnology. Hurley Medical Center also included a 221-bed nursing home, a Physician Hospital Organization with 275 physicians and over 51,000 covered lives and a 46 primary care physician subsidiary. Total annual budget \$300 million, 3,150 FTE's.

1992 to 1995 **Executive Vice President/Chief Operating Officer**

Corporate responsibility for all operational services representing approximately 2,700 FTEs (\$200 million annual operational budget).

The Buffalo General Hospital
100 High Street
Buffalo, NY 14203

The Buffalo General Hospital is a 1,100-bed not for profit multi hospital system that provides high level tertiary and multi quaternary services in an academic teaching environment. It is affiliated with State University of New York at Buffalo School of Medicine with approximately 200 house staff and fellows. Specific areas of specialty include cardiology (1,300+ cardiac surgeries, 4,500 cardiac catheter procedures/year including a heart transplant program, oncology, nephropathy (kidney transplant program) ob/gynecology, orthopedics and neurology/neuro surgery. Annual budget (1992) \$270 million, 3,200 FTEs.

1987 to 1992 **Senior Vice President of Operations**

Corporate responsibility for all operational departments including nursing, diagnostic, ambulatory, support and professional services. Also responsible for free standing 65-bed psychiatric facility. These areas incorporate over 2,750 FTEs with an annual budget that exceeded \$120 million.

1984 to 1987 **Senior Vice President for Patient Care**

Corporate responsibility for patient care and diagnostic services including the departments of admission, clinical laboratories, radiology, angiology, EEG, EKG, ECHO cardiology, nuclear medicine, oncology, rehabilitation medicine (physical therapy, occupational therapy, speech therapy), respiratory therapy, pharmacy, GI laboratory, and dialysis.

June 1984 to **Administrator, Buffalo General Hospital Division**
November 1984

Promoted to administrator of a 620-bed acute care medical/surgical teaching hospital with corporate operational responsibility for clinical laboratories, communications, rehabilitation medicine, dialysis, EEG, EKG, environmental services, maintenance, and pharmacy. Primary administrative responsibility for development of heart transplant program.

1981 to 1984 **Administrator of Deaconess Hospital Division**

Promoted to administrator of a 380-bed acute care medical/surgical, ob/gynecology, and pediatric service teaching hospital. Maintained corporate organizational responsibility for clinical laboratories, nuclear medicine, communications, gastro-intestinal laboratory, dialysis, respiratory therapy, EEG, EKG, and (chairmanship) computer committee.

September 1980 to **Assistant Administrator**

October 1981

Responsibility for all clinical laboratories, nuclear medicine, gastro-intestinal laboratory, EEG, EKG, admissions, and communications. Chairman of the corporate computer committee.

Genesee Memorial Hospital

Batavia, New York

1976 to 1980 **Assistant Administrator**

Coordinated daily operations for 140-bed community hospital located in a city of approximately 20,000 people. Direct responsibility for dietary, materials management, housekeeping, medical records, medical library, EKG, inhalation therapy, physical therapy, social services, emergency room, outpatient services, and public relations.

PROFESSIONAL AFFILIATIONS

- Fellow, American College of Healthcare Executives
- Nebraska Regent, American College of Healthcare Executives (2009-2011)
- Member, Board of Directors, Nebraska Hospital Association (Chairman 2008)
- Member, Governing Board, University HealthSystem Consortium (2002-2008)
- Member, Board of Directors, Griffith Leadership Center, University of Michigan, School of Public Health
- Alternate Delegate, American Hospital Association Regional Policy Board 6 (2009-2011)

AWARDS

- University of Michigan, School of Public Health, 2007 Distinguished Alumnus Award
- Outstanding Leadership in the Healthcare Industry Award, School of Management and School of Management Alumni Association, State University of New York at Buffalo, 2002
- ACHE Management Excellence Regents' Award, State of Michigan, 1998
- AFL-CIO Partnership Award, Flint AFL-CIO, 1999
- Michigan Career Alliance 1998 Partner of the Year Award

MILITARY EXPERIENCE

- | | |
|------------------------------|---|
| September 1974
to 1991 | Major, Hospital Administrative Officer, Medical Specialty Corps, USAR |
| September 1974 | Commissioned 2LT. USAR as Medical Administrative Officer, Medical Specialty Corps |
| June 1968 to
January 1971 | Active Duty, United States Army
Honorably separated: SGT E5-Military Police |

EDUCATIONAL APPOINTMENTS

Senior Associate Dean for the Health System, University of Nebraska, College of Medicine
Omaha, Nebraska
Member, Board of Governors of the University of Michigan School of Public Health
Alumni Society, Ann Arbor, Michigan (1999-2005)
Member, Deans Advisory Council, School of Management, State University of New York at
Buffalo, Buffalo, New York
Member, Community Advisory Board, University of Michigan, Flint Campus (1994-2000)
Member, Board of Directors, Baker College, Flint, MI 1999-2001
Member, Clarkson College Board of Directors, Omaha, Nebraska

PUBLICATIONS

Borrowed Best Practices, HealthCare World, Winter, 2007.

Designing a Biocontainment Unit to Care for Patients with Serious Communicable Diseases: A Consensus Statement, Authors: Philip W. Smith, Arthur O. Anderson, George W. Christopher, Theodore J. Cieslak, G. J. DeVreede, Glenn A. Fosdick, Carl B. Greiner, John M. Hauser, Steven H. Hinrichs, Kermit D. Huebner, Peter C. Iwen, Dwan R. Jourdan, Mark G. Kortepeter, V. Paul Landon, Patricia A. Lenaghan, Robert E. Leopold, Leroy A. Marklund, James W. Martin, Sharon J. Medcalf, Robert J. Mussack, Randall H. Neal, Bruce S. Ribner, Jonathan Y. Richmond, Chuck Rogge, Gary A. Roselle, Mark E. Rupp, Anthony R. Sambol, Joann E. Schaefer, John Sibley, Andrew J. Streifel, Susanna G. VonEssen, Kelly L. Warfield; *Biosecurity and Bioterrorism: BioDefense Strategy, Practice and Science*, November 4, 2006, Vol. 4, No. 4, ©Mary Ann Liebert, Inc.

Best Practice, Corporate Spotlight, Health Executive, June 2006, Volume Two, Issue Six.

Adopting Cross-Industry Best Practices, Healthcare Executive, March/April, 2005.

CEOs Bolster Supply Chain, Materials Management in Health Care, November, 2005, Volume 14, Number 11.

Getting On Board With Quality, Board Room Press, a publication of The Governance Institute, February, 2005, Vol. 16, No. 1.

Adopting Cross-Industry Best Practices: A Case Study, Chief Executive Officer, a publication of the American College of Healthcare Executives CEO Circle, Fall, 2004; Volume 9, Issue 4.

Workforce Reduction: Hillside County Medical Center, The Tracks We Leave: Ethics in Healthcare Management, Edited by Frankie Perry, R.N., M.A., FACHE, Health Administration Press - 2001, Chapter 5, pp125-142.

Leading a Turnaround with the Help of Unions, The Challenge of Healthcare Leadership, Edited by Earl A. Simendinger, Ph.D., American Hospital Publishing - 1997, Chapter 3, pp. 33-50,

The Challenge of Healthcare Leadership, Case Study User's Guide, Edited by Earl A. Simendinger, Ph.D., American Hospital Publishing - 1997, Chapter 2, pp. 6-10, Chapter 7, pp. 30-34.

Committee on Agriculture
U.S. House of Representatives
Information Required From Non-governmental Witnesses

House rules require non-governmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: Glenn A. Fosdick, FACHE

2. Business Address: 987400 Nebraska Medical Center
Omaha, NE 68198-7400

3. Business Phone Number: (402) 552-3452

4. Organization you represent: The Nebraska Medical Center

5. Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee:
Thirty-three (33) years experience as a Hospital Administrator

6. Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee:

7. If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:

PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF TESTIMONY.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2006.

Name: Glenn A. Fosdick, FACHE
Address: 987400 Nebraska Medical Center, Omaha, NE 68198-7400
Telephone: (402) 552-3452
Organization you represent (if any): The Nebraska Medical Center

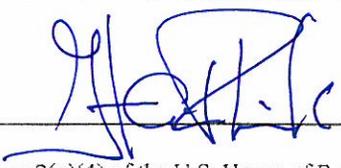
1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2006, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: N/A Amount: _____

Source: _____ Amount: _____

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2006, as well as the source and the amount of each grant or contract:

Source:	FY 2009 Dollars Received	
	<u>Medicare</u>	Amount: <u>\$134,098,125</u>
Source:	<u>NE Medicaid</u>	Amount: <u>\$ 46,961,011</u>
	<u>IA Medicaid</u>	Amount: <u>\$ 8,741,693</u>
	<u>Outstate Medicaid</u>	Amount: <u>\$ 17,348,357</u>

Signature: 

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.