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Frisbie Memorial Hospital
Rochester, NH



Full Service for the Friendliest Hospital in New England

A FRIEND IN NEED

"Frisbie is the friendliest little hospital you'll ever see," muses John Marzinzik, Frisbie Memorial Hospital's CFO.

Frisbie Memorial Hospital is located in Rochester, a community tucked in the southeastern region of New Hampshire. There are six competing hospitals located half an hour's drive to the north, south, and east. Frisbie has carved a niche in acute hospital care with its unique emphasis on friendliness and patient satisfaction while providing quality and expert health care.

Since January 2001, Crothall has managed Frisbie's Environmental Services, Plant Operations & Maintenance, Patient Transportation, and Linen services for all 480,000 square feet on the main hospital campus and at the twelve off-site locations. In addition, Crothall provides Clinical Equipment Services and oversees the Communication and Security departments.

Frisbie saved an estimated
\$250,000 per year

In the spring of 2009, Frisbie experienced financial woes that resulted in a painful round of reductions in staff, hours, and benefits, including laying off 25 employees, the suspension of

pension matching funds, and suspended merit increases. "We had a very rough 2009," acknowledged Marzinzik. Frisbie's operating capital was heavily affected by the adverse change in bond market liquidity. As a result, letters of credit were scarce. Medicaid reimbursements were reduced by 37%, and charity care spiked.

Though the reductions provided some relief, "we had to do more," Marzinzik said. He enlisted help from managers for cost-saving ideas, and Crothall POM Director Marc Tetreau suggested a modest proposal. "Marc said to me, 'Would you be willing...?'"

WORKING TOGETHER

Tetreau recommended Frisbie switch from a partial service contract to a full service contract, moving all 90 hourly employees (55 full-time and 35 part-time) in the support service departments to Crothall's payroll. As a result, there would be no staffing or compensation cuts. Moreover, this change made a significant difference in employee health insurance costs. Like many community non-profit hospitals, Frisbie had incurred substantial costs by self-insuring.

In direct payments, Frisbie saved an estimated \$250,000 per year, plus overhead expenses and licensing costs. In addition,



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Crothall Director Marc Tetreau (L) and Frisbie Memorial Hospital CFO John Marzinzik

the change transferred every employee health claim from a liability into a revenue source as employees who received care at the hospital were now covered by Crothall's insurance plan.

Yet the transition had to be handled carefully. Frisbie has a long-standing reputation in Rochester. "Frisbie is a family atmosphere," Tetreau said. "Employees regarded Frisbie as their home. It had been considered for many years as one of the most stable employers in the area. The staff had seen other contractors come and go."

EVS Operations Manager Cindy Abbott, who has been an employee at Frisbie for over 25 years, had an immediate reaction when she first heard the news of becoming a full-time Crothall employee: "It was fear. I had been so comfortable at Frisbie for so long."

That fear resonated with all 90 employees. Shawn George, Crothall's EVS Assistant Director, said Crothall and Frisbie put forth every effort to keep employees from feeling abandoned and isolated. "We kept the pay rates, differentials, and benefit packages the same. We tried to ease their fears," he said.

Also, Frisbie agreed to bridge the difference in health insurance benefits for a full 18 months after the transition. "Moving away from their previous health care plan could be devastating," Crothall Regional Manager Tom Sevcik explained. Crothall is the only company in the industry committed to bridging employee benefits to prevent that hardship, and Frisbie was eager to participate.

BRINGING STABILITY

The cost-saving efforts did not end with the switch to full service. Other savings included:

- **Combining all summer and winter landscaping into a single competitive contract.** This saved Frisbie \$25,000 in the first year and \$65,000 in each of the next 3 years (\$220,000 total).

- **Converting from traditional string mops to microfiber.** This improved infection control, reduced water and chemical usage, and improved ergonomics. By eliminating the mop rental program and purchasing microfiber and an in-house washer and dryer, the hospital saved \$20,000 a year.

- **Laundering cubicle curtains.** As an unexpected benefit of the new laundering capability, Frisbie can now process curtains in-house, eliminating \$9,000 a year in outside laundering costs.

Marzinzik is happy with the changes. "It was a really substantial amount of money we were saving."

The most rewarding and promising result of the change has been the positive employee response. The Crothall employee retention rate through the transition was 100%, in part, because by becoming Crothall employees, they avoided the probable merit freeze Frisbie employees were about to face.

Because Crothall systems and training were already in place, there were no additional operational adjustments. While the transition was relatively seamless, the outcome had very positive results including improved patient and visitor experience. This was indicated in the 2010 Press Ganey EVS score—a strong and stable 92.9%, compared to the 2008 and 2009 scores, which fluctuated several points each month. In addition, HCAHPS cleaning scores skyrocketed to 92%, raising Frisbie to #2 in the state for hospital cleanliness.

On average, Crothall clients see a 10% productivity gain when switching to full service. At Frisbie, Tetreau says the Crothall employees have a renewed commitment to performance. "We have a vested interest in meeting our goals."

The culture at "the friendliest hospital" has stayed the same. "I still enjoy working here," Abbott said. "Crothall treats their employees very well. They treat us like Frisbie did."