

Layoffs possible at UPMC

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TRIBUNE-REVIEW

Wednesday, September 24, 2008

1. After a steep decline in profits last year, the University of Pittsburgh Medical Center wants to slow the growth of its \$7 billion budget, an official said Tuesday.
2. The health care giant plans to reduce the increase of its salary-related costs to 5 percent from 10 percent last year, spokesman Paul Wood said.
3. "It isn't a cut," Wood said. "It is a prudent slowing of salary costs."
4. Asked if the move will lead to reductions in the system's 50,000-member work force, Wood said it would be "up to individual managers to determine how they will limit growth." UPMC added 6,200 employees last year, he said.
5. Wood declined to say whether UPMC officials are looking to contain spending in other parts of the budget.
6. Profits at UPMC, whose massive network includes 20 hospitals in the region, last year dropped to \$5 million from \$612 million the year before.
7. "We're looking at opportunities to further integrate and redesign functions," Wood said.
8. The region's largest hospital network, which includes a health insurance unit, last year moved its corporate headquarters to the U.S. Steel Tower. Earlier this year, UPMC officials said they want to open 25 cancer centers in the Middle East and Europe within the next decade.
9. Even as UPMC looks to reduce the growth of its expenditures, it likely will spend more this year than last, Wood said. The company's operating expenses increased by \$783 million last year, according to a quarterly statement filed in June. Its annual revenue, meanwhile, reached the \$7 billion mark for the first time.
10. The hospital system lost \$128 million on its investments after factoring in costs. Its operating income from patient care remained relatively steady at \$184 million, down from \$220 million in fiscal year 2007.
11. UPMC's cost-cutting efforts come as Americans, in general, are spending less on health care, the Wall Street Journal reported Monday.
12. One in five consumers has cut back the number of times they see the doctor because of the economy, according to the National Association of Insurance Commissioners. One in 10 has cut back the number of prescription drugs they take or the dosage to make them last longer.

Descriptive Outline of "Layoffs Possible at UPMC"

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