

ical Council, but they are transmitted by the director of the hospital, as orders from the Medical Council.

There is, of course—and very important indeed—the development of monthly meetings of the various services. This cannot help but be productive of great good.

X-Ray Laboratory and Special Therapies

In the next division I am going to include X-ray laboratories and special therapies. These facilities are a definite part of the hospital service, developed as an aid to the clinical staff in the diagnosis and treatment of disease, and can in no sense of the word be considered as primary services. They are merely supplementary to the clinical staff. It is my sincere hope that the day will soon come when they will be included in the cost of room service, just the same as the nursing and dietary cost.

Social Service

The development of medical and hospital social service is probably the newest development in the hospital field. Very few of our institutions have in any sense realized the potentiality for good of such a service. There are untold advantages and avenues of service. I am not going to attempt to give them in any kind of detail. I am just going to mention the two which any organization can start with: first, the follow-up of interesting cases, and next the affording of material relief and the assuaging of the anguished minds of some patients in the hospital in regard to the condition of those upon whom they are dependent. We have found a very great field for this latter type of work in our own institution.

Out Patient Department

If the hospital is to be the health center of the community it serves, and if by this example it is to assist in the formulation of better medical practice, then the biggest avenue of service that it has is the operation of an efficient Out Patient Department. By the very nature of the work that it does, an Out Patient Department reaches many times the number of people that the hospital proper reaches, and reaches them in a way that can be of great therapeutic value.

I realize that I have talked longer than I probably should. I should like to crystallize the comparison of a hospital and an industrial establishment as follows: both of them have a board of trustees, the policy-forming financial group; both of them have a general manager—one may be called president, the other superintendent; both of them have department heads, in one group they may be called production manager, sales manager, *ad infinitum*, in the other they are called Principal

of the School of Nurses, Dietitian, *ad infinitum*; both of them should have, if they have not, laboratories for research and checking; both of them, if they are to be efficient, must have regular channels of disseminating information and instructions, to the end that the top may know what the bottom does, and that the bottom may understand the problems of the top. In this way only can we get that efficiency that is so desirable. You may say that I am building for you a mountain of red tape. I answer you by saying that when it becomes red tape, it becomes inefficient. But so long as it is virile, so long as it produces results, the procedures that have been outlined will produce the more efficient plant.

QUESTIONS

Following his paper Mr. Chapman answered questions, addressed to him from the floor, as follows:

Q. Do you keep any running record or inventory of supplies?

A. We have a perpetual inventory that will tell at the close of any night's business where anything went. For a 250 bed hospital, that is kept by half the time of one individual.

Q. Do you have any idea how many items you have?

A. Over seven thousand.

Q. Do you feel that it is quite possible to have a perpetual inventory of your supplies?

A. It is very easy. There are several essential things: You have to get your personnel to believe in you, to believe the things you are trying to do are the right things; you have to forget the old time issuance of supplies and accept the principle that the consumer at no time shall control; you must issue requisitions for everything you issue. Then you have control of the supplies, will be able to keep an inventory and you will save on supplies. There should be no indiscriminate issuance from stores.

Q. Are the terms medical director and superintendent interchangeable? Is there a medical director and a superintendent in the same institution?

A. I don't believe I can answer. I should hope not. A medical director holds a position similar to the superintendent. There are some places where there are business managers and resident physicians and a lot of scraps; but there are just a very few of those places.

Q. How do you hold individuals responsible for the goods that are issued to them properly on requisition?

A. We divide commodities into three different type—equipment, usable supplies and consumable supplies. On the equipment and consumable supplies there are inventories taken every thirty days. On usable supplies there are definite standards set up for certain commodities and they are replaced by requisition. We do once in a while make people pay for something.

Q. How about instruments and equipments?

A. Those are consumable supplies and they are definitely charged to the unit. There is a psychology in making somebody pay for something every once in a while.

Q. Do you have them pay for something that is lost?

A. Every once in a while we have an epidemic of loss and then we will start charging for loss and breakage. I wish I had time to give you some interesting figures on that. I disagree in principle with charging for breakage, but the amount became so large at one time that we had to do something, and so we decided we would charge for breakage. As a result the breakage in a given period dropped 74 per cent as compared with the previous period; but the next month we took off the charge and it went up 80 per cent. Those are absolute facts in terms of dollars and cents over a period of three months. The third month the breakage was worse than the first, so we did not gain anything by charging.

Q. Can you tell us how you charge meats?

A. I can only tell you the system. We charge directly. Meats are checked through stores and go directly to the dietitian's cooler. She has a supply cooler and a working cooler. The meat is received by the storeroom but is handled directly through the cooler.

Q. What is charged as received?

A. The amount received is charged into the supply account directly; but with bacon, or things of that kind of which we carry a stock, any inventory of that at the end of the period is carried over. Fresh meats we currently consume and do not carry over.

Q. Is one person responsible for that meat after it is left in the storeroom?

A. The dietitian alone carries a key to her stores.

Q. Suppose you buy a whole beef, how would you charge it?

A. I would carry it in the 473, or the supplies account, and if that were bought on the last day of the month, such part of that beef as was not used would be carried in the inventory and deducted from the expenses of that month. The inventory as of the first of the month, plus the receipts for that month, minus the

inventory as of the end of the month, is the expense of the period.

Q. Have you any suggestion to make in charging to those different departments?

A. The only suggestion I have is this: What I believe is workable is the form of accounts outlined in the report of the Committee on Forms, which I have shown. I think it is as simple as you can get. If you get it any more simple you lose the value of segregation.

DISCUSSION

ROBERT J. PATTERSON:¹ While the prime object of a hospital is the relief and cure of disease, the training of nurses and the study of disease, incidental to these is the acquiring and spending of funds, the custody of and accounting for property, and records of the efficiency of the use of resources. Therefore there is much in common between a hospital and a business enterprise.

A hospital has no right to go out into the community and request financial assistance if it cannot give a statement, based on adequate records, of the use to which it has put its resources, of the condition of its properties, and of the cost of its operations in terms of classified activities.

It is no wonder that hospitals have been lax in business methods. They have been administered generally by individuals trained for other activities than, perhaps temperamentally not fitted for, the conduct of business affairs.

A hospital is a trustee of resources devoted to a public service. Its business affairs should be administered with as great technical competence as any business enterprise. That requires business ability and experience in the executive responsible for funds, property, purchasing, and the records of the application of these.

DR. JOSEPH C. DOANE:² I should like to follow out this line of thought: What is the thing which is costing us \$2.00 or \$3.00 or \$5.00 a day? A per capita cost of \$1.00 or \$2.00 or \$10.00 means nothing, unless there is some inquiry into the manner in which the money has been spent.

There are so many different varieties of hospitals and services, and so many different degrees of efficiency, that the mere fact that one hospital spends \$2.00 a day, and another \$1.75, means nothing. I am inclined to be-

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