

The report of a committee on the financial condition of the Massachusetts General Hospital.

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Wellcome Collection
183 Euston Road
London NW1 2BE UK
T +44 (0)20 7611 8722
E library@wellcomecollection.org
<https://wellcomecollection.org>

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THE REPORT OF A COMMITTEE ON THE FINANCIAL CONDITION OF THE MASSACHUSETTS GENERAL HOSPITAL.

THE Committee appointed by the Trustees to consider the condition of the Hospital beg leave to submit the following Report:—

They have gone into a careful and thorough examination of all matters appertaining to the daily conduct and management of the house, and are of opinion that it is faithfully, efficiently, and economically administered under the general system which for many years has been established for the guidance of the officers; and that, without some essential alterations in the system itself, there is no reasonable ground for belief that any considerable saving in the yearly expenditure can be made, unless it be brought about by a material reduction in the prices of the various articles which it is necessary to purchase. The number of persons employed; the amount of wages paid; the quantity, character, and cost of the articles furnished; and the variety and quality of the food given to the patients, or provided for the several tables of the resident physician, subordinate officers, and employees,—have all been carefully examined and considered; but nothing has been discovered that by a change, either in quality or quantity, would materially diminish the present expenses, without, at the same time, injuriously affecting what we deem to be the highest and best interests of the institution.

That the very highest degree of economy practicable is at all times attained, and especially that some greater regard to cost in the daily orders for special diet given by the physicians and surgeons might not properly be paid, they do not wish to be understood as affirming; but they are well satisfied that both the resident physician and matron, to whom the economical interests of the establishment are intrusted, are faithful and efficient officers, and have earnestly striven to promote these objects. In their judgment, neither the number of persons employed, nor the amount of wages paid, nor the quality or quantity of food furnished to the patients or to the various tables, can justly be called extravagant, or beyond what is necessary and appropriate in an institution of this sort; and they do not recommend any material change in them at this time. Indeed, the amount, character, and proportions of these several matters,—in other words, the scale according to which the whole internal arrangements of the house should be conducted,—was adjusted and settled in the first years of its history, and has been, from time to time, examined and considered by successive committees; but no one of them has recommended any material alteration: and, though the present excessive cost of labor and of all articles of consumption have been strong inducements with your Committee to reduce this scale, and they cer-

tainly expected to be able to do so, further inquiry and reflection have compelled them to forego the attempt as unwise and inexpedient. Before leaving this part of the subject, they make the suggestion, that, in future, the resident physician should be required to so make up his accounts as to show the number of pounds of solids, or quarts of liquid, that may be bought for the house, as well as the cost; and that he report the same quarterly to the Trustees.

Having come to the conclusion, that, so long as the cost of labor and of articles of consumption remains as it now is, no material diminution in the annual expenses of the Hospital can reasonably be looked for, your Committee turned their attention to the question of what could be done to increase the annual income. Two modes only suggested themselves as possible: the one being an appeal to the public for contributions sufficient to meet the yearly deficiencies; the other, the adoption by the Board itself of some measure that would tend to increase the number of paying patients.

With respect to the first mode, whilst neither the acknowledged claims of this time-honored institution to public regard and support, nor its past experience of the munificent liberality with which they have always been met whenever presented to the community by the Trustees, would permit your Committee to doubt that a proper application, at this time, to the public for assistance, would very speedily result in a generous subscription, they nevertheless, on due consideration, came to the conclusion that any such measure would, after all, in the present state of our affairs, afford only temporary, and not permanent, relief; and that, in view of the present condition of the country, and especially of the many pressing claims—national, state, and domestic—which are daily made upon the patriotism and benevolence of the public, and which the pecuniary resources of even the wealthiest and the most generous are unable fully to answer, it is the duty of the Corporation to make every possible effort to keep its annual expenses within the limit of its annual income; and to refrain from any such proposed appeal at this time, if, by resort to any other course of proceeding, the desired result can be finally attained, or even approached.

At the same time, they are of opinion that one step in this direction might be taken which would not be liable to the objections above suggested, and might enure to the permanent benefit of the Hospital. They refer to the charitable action of the public in the form of devises and bequests, which, in fact, have been the sources from which almost the whole of the fixed capital in land and buildings, as well as the invested funds, have been derived.

In a community like this, it cannot be doubted that there must always be a considerable number of individuals who design, upon their decease, to devote a portion of their estate to charitable uses, and are seeking for appropriate objects upon which to bestow their bounty; and it is certainly in every way desirable and proper that such persons should have within easy reach all possible facilities for forming a correct

opinion of the condition and needs of an institution so likely to attract their good will as this. From the very circumstance of its long existence among us as a permanent establishment, — doing a great deal of good doubtless, but doing it quietly and without attracting public attention ; and from the just impression, so generally prevalent, of the many munificent gifts made to it in earlier and later years, — the greater part of which, however, is absorbed in land and buildings that afford shelter and comfort essential to our patients, but produces no income with which to maintain them, — it very naturally falls out of public view, or is regarded as amply endowed, and capable of meeting its necessary expenditures.

They would, therefore, especially recommend that some earnest effort should be made at once by the Trustees in this direction, by the publication of a circular containing a clear and brief statement of the condition and wants of the institution, that should be sent to such persons as may be deemed likely to be influenced by it, or are in a position to advise and influence others in the disposition of their property ; and by personal action and endeavors by the Trustees themselves, through the friends and acquaintances of individuals presumed to be favorably disposed in this regard, and through such other indirect methods of operation as may seem to them judicious.

In regard to the second mode proposed, — that of increasing the number of the paying patients, — your Committee have unanimously come to the conclusion, that, whilst it is the most simple and appropriate method of meeting the requirements of the case at this particular time, it is the only one that is likely to meet them fully and permanently ; and they, therefore, invite your attention to a few facts which will put the matter in a clear light.

In the early years of the institution, as is well known, the wards of the Hospital were filled with patients from the industrious classes of our native population, who, with few exceptions, were able and disposed to pay a reasonable board ; and, so long as this state of things continued, the Corporation, with the help of its income from invested funds and occasional donations, was enabled to secure and maintain a comfortable financial position. Subsequently, however, a material change in the social and pecuniary condition of the laboring classes in the city took place, in consequence of large immigrations from abroad ; and soon afterwards, the Trustees, moved by a sense of duty and humanity, opened their wards to suffering and destitution that could find no relief elsewhere. From that day to this, more and more free patients have been admitted to the Hospital, till the result is seen in the fact that for some time past the cost of maintaining this class of persons has far exceeded the total receipts from all sources within its control. During the last five years, 7,668 persons have received medical or surgical treatment in its wards ; and of these, 1,601 only have paid any thing towards defraying the necessary expenses incurred in maintaining them, and but very few of them the actual cost. In the same five years, 24,515 individuals have received medical or surgical treatment or advice, as out-door patients, and all

opinion of the condition and needs of an institution so likely to attract their good will as this. From the very circumstance of its long existence among us as a permanent establishment,—doing a great deal of good doubtless but doing it quietly and without attracting public attention; and from the fact impression so generally prevalent of the many unutilized gifts made to it in earlier and later years,—the greater part of which, however, is absorbed in land and buildings that afford shelter and comfort even to our patients, but produce no income with which to maintain them,—it very naturally falls out of public view, or is regarded as a simply endowed and capable of meeting its necessary expenditures.

They would therefore, especially recommend that some earnest effort should be made at once by the Trustees in this direction by the publication of a circular containing a clear and brief statement of the condition and wants of the institution that should be sent to such persons as may be deemed likely to be influenced by it, or are in a position to advise and induce others in the disposition of their property; and by personal action and endeavor by the Trustees themselves through the friends and acquaintances of individuals presumed to be favorably disposed in this regard, and through such other indirect methods of operation as may seem to them judicious.

In regard to the second mode proposed,—that of increasing the number of the paying patients,—your Committee have unanimously come to the conclusion that whilst it is the most simple and appropriate method of meeting the requirements of the case at this particular time, it is the only one that is likely to save them fully and permanently; and they, therefore, invite your attention to a few facts which will put the matter in a clear light.

In the early years of the institution, as is well known, the wants of the poor were filled with patients from the inferior classes of our native population, who, with few exceptions, were able and disposed to pay a reasonable board; and so long as this state of things continued, the Corporation with the help of its income from invested funds and occasional donations, was enabled to secure and maintain a comfortable financial position. Subsequently, however, a material change in the social and pecuniary condition of the laboring class in the city took place, in consequence of large numbers of persons being removed from abroad; and soon afterwards the Trustees, moved by a sense of duty and humanity, opened their wards to suffering and destitute patients that could find no relief elsewhere. From that day to this more and more the patients have been admitted to the Hospital, till the result is seen in the fact that for some time past the cost of maintaining the classes of patients has far exceeded the total receipts from all sources within its control. During the last five years 7,000 persons have received medical or surgical treatment in its wards; and of these, 1,000 only have paid any thing towards defraying the necessary expenses incurred in maintaining them, and but very few of them the actual cost. In the same five years 24,515 individuals have received medical or surgical treatment or advice as out-door patients, and all

without any charge whatever. From a statement drawn up by the Treasurer, it appears that the expenses incurred at the Hospital in supporting this number of patients, and maintaining its condition, have, in these same five years, exceeded its entire income from all sources that can be legally applied to the benefit of this department, and therefore including all payments of board by patients, subscriptions for free beds, income from funds specially devoted to the maintenance of free patients, and the entire income of its general and unappropriated funds, by the sum of \$60,827.04; being a yearly average excess of expenditure over income of \$12,165.40. During the last year, this excess, in consequence chiefly of the greatly increased cost of labor and of all articles of consumption, has swelled to the very large sum of \$26,299.56.

It appears, also, that the cost of maintaining sixty-two free patients, the last year, has actually consumed the entire income of the Hospital, except that which is derived from the board of paying patients, whilst the number in fact supported has been an average of one hundred and fourteen; and that the total amount received from paying patients does not equal the expenditure incurred by them, by more than twenty-five hundred dollars.

For the purpose of greater particularity, we add the following tabular statements:—

HOSPITAL EXPENSES IN FIVE YEARS.

1860.	1861.	1862.	1863.	1864.	
\$42,580.87	\$38,954.30	\$42,114.81	\$47,421.71	\$60,159.55	= \$231,231.24

HOSPITAL INCOME IN FIVE YEARS; VIZ.:—

	Hospital Life Ins. Co.	General Funds.	Special Funds and subs. for free beds.	Board of Patients.	
1860.	\$20,000.00	\$3,346.34	\$17,497.37	\$5,209.85	= \$46,053.56
1861.	5,000.00	2,946.35	14,760.03	5,347.27	= 28,053.65
1862.	5,000.00	2,759.82	17,589.77	5,853.89	= 31,203.48
1863.	5,000.00	1,913.27	18,007.00	6,312.25	= 31,232.52
1864.	5,000.00	1,666.02	19,480.43	7,714.54	= 33,860.99
	<u>\$40,000.00</u>	<u>\$12,631.80</u>	<u>\$87,334.60</u>	<u>\$30,437.80</u>	<u>170,404.20</u>
				Deficit,	\$60,827.04
1864.	Expenses,	.	.	\$60,159.55	
1864.	Income,	.	.	33,860.99	" \$26,299.56
Average deficiency for 5 years,					\$12,165.40
Average board from paying patients for five years,					6,087.56
Average number of patients treated each year, for five years,					1,533.00
Total number of paying patients during five years,					1,601.00
Average number of patients in Hospital at all times for five years,					135
Average number of free patients " " " " " "					115
Average number of paying patients " " " " " "					20
Average amount of expenses for five years,					\$46,246.25
Average amount of income applicable to the Hospital for five years,					34,080.84

without any charge whatever. From a statement drawn up by the Treasurer it appears that the expenses incurred at the Hospital in supporting the number of patients and maintaining its collection, have, in these same five years, exceeded its entire income from all sources that can be legally applied to the benefit of the department, and therefore including all payments of board by patients, subscriptions for food, books, income from funds specially devoted to the maintenance of the patients, and the entire income of its general and unappropriated funds, by the sum of \$88,827.00, being a yearly average excess of expenditures over income of \$12,164.40. During the last year this excess in expenditures chiefly of the greatly increased cost of labor and of all articles of consumption, has reached to the very large sum of \$20,290.56. It appears also that the cost of maintaining sixty-two physicians the last year has actually consumed the entire income of the Hospital except that which is derived from the board of paying patients, whilst the number so that supported has been an average of one hundred and fourteen; and that the total amount received from paying patients does not equal the expenditures incurred by them, by more than twenty-five hundred dollars.

For the purpose of greater particularity, we add the following tabular statement:—

HOSPITAL EXPENSES IN FIVE YEARS.

1850-51 \$20,290.56 1851-52 17,741.32 1852-53 14,800.00 1853-54 12,500.00 1854-55 10,000.00

HOSPITAL INCOME IN FIVE YEARS: viz.—

Year	Board of Patients	Subscriptions	Income from Funds	General Income	Total
1850-51	20,290.56	1,000.00	1,000.00	1,000.00	23,290.56
1851-52	17,741.32	1,000.00	1,000.00	1,000.00	20,741.32
1852-53	14,800.00	1,000.00	1,000.00	1,000.00	17,800.00
1853-54	12,500.00	1,000.00	1,000.00	1,000.00	15,500.00
1854-55	10,000.00	1,000.00	1,000.00	1,000.00	13,000.00

Year	Board of Patients	Subscriptions	Income from Funds	General Income	Total
1850-51	20,290.56	1,000.00	1,000.00	1,000.00	23,290.56
1851-52	17,741.32	1,000.00	1,000.00	1,000.00	20,741.32
1852-53	14,800.00	1,000.00	1,000.00	1,000.00	17,800.00
1853-54	12,500.00	1,000.00	1,000.00	1,000.00	15,500.00
1854-55	10,000.00	1,000.00	1,000.00	1,000.00	13,000.00

From the above statements, it is not difficult to account for the existence of a debt at this time, as appears by the Treasurer's Annual Report, of \$86,698.47; nor for its increase, during the last year, in the sum of \$13,138.97; and, during the last five years, in the sum of \$42,283.97, notwithstanding a general increase of \$37,038.43, during the same space of time, in the amount of the General Funds of the institution. The present deficiency, without doubt, has been largely augmented by the rapid increase of price in labor and all articles of consumption; but this circumstance only serves to show, more strikingly than would otherwise be possible, the ruinous policy of admitting into the wards so many free patients as have been treated there in recent years, and the utter hopelessness of any attempt to supply, whilst it continues, our annual deficiencies by any voluntary contributions that a generous public might be induced to make for our relief.

Your Committee are of opinion that a just regard for the real interests of the public, as well as a proper sense of their own obligations and duties, require the Trustees at this time to bring the expenses of the Hospital, if possible, within the limit of its average yearly income. And they are strengthened in this conviction by the fact, that, within the last year, a large and commodious Hospital has been provided by the City expressly for the relief of the poorer classes of the city, and may very properly be expected to receive a large portion of our free patients; and that, in addition to these, there is a large and growing class of respectable and deserving persons, both men and women, who have no families here, and no suitable lodging-places in case of accident or sickness, and to whom, in such an event, the comforts and advantages of a hospital like this, at reasonable rates of board, would be a very great blessing.

They would therefore recommend, not that free patients should be excluded from the wards, but that the number in future should be limited to a point that should enable the Trustees to maintain them from the average annual income which can be devoted to their benefit from the funds and free-bed subscriptions; and for this purpose they advise that the Hospital should be divided into two equal departments, each of which shall be held and maintained for the exclusive use and benefit of distinct classes of patients. That into one shall be admitted free patients, and persons paying half board: the number of the former at any one time not to exceed fifty; and that of the latter, twenty. And that, in the other department, such patients only shall be admitted as shall pay a weekly board that shall, at least, be equal to the average cost of their maintenance. They also recommend that the weekly price of all private rooms be raised and re-adjusted.

That such a change of system, if adopted, will at once free the institution from its present pecuniary embarrassments, your Committee do not expect; indeed, they are convinced that it must be very gradually brought about, and that probably a year or two will transpire before its real effects will be seen: but they confidently believe that

I think the above statement is not sufficient to warrant for the extent of a debt at this time as appears in the Treasurer's Annual Report of 1886-87; nor the increase during the last year, in the sum of \$1,158,975 and during the last 5 years in the sum of \$1,233,007, notwithstanding a general increase of \$370,000 during the same space of time in the amount of the General Fund of the institution. The present deficiency without doubt has been largely augmented by the rapid increase of price in labor and all articles of consumption; but this circumstance only serves to show more strikingly than would otherwise be possible, the wisdom and policy of admitting into the wards so many free patients as have been treated there in recent years and the utter futility of any attempt to supply whilst it continues one annual contribution by any voluntary contributions that a permanent public might be induced to make for our relief.

Your Committee are of opinion that a just regard for the real interests of the public as well as a proper sense of their own obligations and duties require the Trustees at this time to bring the expenses of the Hospital, if possible within the limit of its average yearly income. And they are strengthened in this conviction by the fact that within the last year a large and commendable Hospital has been provided for the City, expanded to the relief of the poorer classes of the city and now very properly be expected to receive a large portion of our free patients, and that in addition to these there is a large and growing class of respectable and deserving persons, both men and women, who have no families here and no suitable lodging place in case of a short or absence and to whom, in such an event, the comforts and advantages of a hospital like this at reasonable rates of board would be a very great blessing.

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whilst it will assimilate the establishment to that at Somerville, so far as its general plan of conduct is concerned, it will ultimately be the means of putting the Hospital, equally with the Asylum, upon a satisfactory and permanent basis, and will be found to confer as great, if not greater benefits than heretofore upon the classes for whose advantage it was established.

HENRY B. ROGERS,	} <i>Committee.</i>
JAMES M. BEEBE,	
GEORGE HIGGINSON,	
J. THOMAS STEVENSON,	
WILLIAM S. BULLARD,	

Boston, Feb. 15, 1865.

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Committee.	{	HENRY B. ROGERS,
		JAMES M. DEBBIE,
		GEORGE HIGGINSON,
		J. THOMAS STEVENSON,
		WILLIAM S. BULLARD,

Boston, Feb. 12, 1866.