

Botsford is expecting higher profit margin

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Officials. Profits vary at hospitals statewide, but most are feeling financial pinches and can expect to in the future, said Donald Potter, Southeast Michigan Hospital Council president.

"It's not a good story. Hospitals are increasingly searching for ways to cover their costs. They have to make an operating margin," said Steve Simmons, hospital council spokesman.

Problems that cut profits are decreasing patient hospitalization — prompted by cost-based reimbursement of the DRGs (diagnostic related groups) — and eroding reimbursement programs from health care payors such as Medicare, Medicaid and private insurers.

DRGs have curtailed hospital income — based on patient days in the hospital — because the financial tool regulates how much the hospital will be reimbursed for a particular service.

"Before DRGs, the more you did, the more you got paid. Because of the cost-based reimbursement approach and because maintenance in America was indemnified (insured), there wasn't the market constraints and there were no caps then. There was nobody to say, 'that's excessive,'" Cooper said.

AND HOSPITALS automatically lose money on Medicaid and are losing on Medicare because inflation is increasing faster that payments are increasing, according to hospital council spokesmen.

Hospitals also are faced with increased indigent care costs. Last year, Botsford was unable to collect on \$1.5 million in services, Cooper said.

Following the industry trend, Botsford is diversifying and expanding services to improve the financial bottom line. Under the cost-based reimbursement approach, hospitals are reimbursed more by insurance payors for providing services to outpatients rather than for hospitalized patients.

Service diversification and expansion has increased the hospital's costs, but the additional services will increase patient volume. "The greater the volume, the greater the opportunity to spread fixed costs," Cooper said.

Outpatient services have increased 25 percent each year; 50 percent of all surgery is done on an outpatient basis. Some of the hospital's diversified and expanded services are a new cardiac catheterization lab, inpatient and outpatient rehabilitation and geropsychiatric units. Several years ago, the hospital also bought the Farmington Nursing Home, Cooper said.

In order to expand, Botsford bought Plymouth General Hospital, closed it and, in turn, received state approval to expand the hospital by 36 beds.

The real stickler, Cooper said, is that those now admitted to the hospital are sicker — and that increases costs. "We're spending more to care for patients and relying less on payments so we have reduced profit margins."

Council opposing state control on day care plan

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to the council's resolution, a "worst case scenario" under the Senate bill could allow several child care facilities in homes on a single block.

"The local legislative body would be powerless to impose any restrictions on numbers, hours of operation, noise levels. They would be prohibited from taking into account any local conditions needing mitigation to make the facility compatible with the neighborhood," according to the attachment.

But Feldman still stands by her original argument that the city's zoning ordinances force professional baby sitters underground at a time when good child care is needed. "If (the Senate bill) would legitimize day care as a residential use, I don't see that it would cause the city any problems."

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Shoplifting law strengthened

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Michigan Merchants Council and Associates. "It's... costing the consumer in the form of higher prices."

Stores increase prices from 5 to 7 percent to cover their losses. "That \$25 shirt you bought last week, probably included a \$1.70 charge for shoplifting losses," he said.

"Nationally, it's a \$33.3 billion crime. That's 500 times the amount taken in U.S. bank robberies — and most people think those are pretty serious."

THE STATUTE is part of a 68-bill crime package, which passed the state legislature this year; the last two bills were signed into law July 13.

Merchants and business groups are just becoming aware of the new laws, as groups such as the Michigan Merchants Council distributes information.

Locally, the Farmington/Farmington Hills Chamber of Commerce, which represents businesses throughout the area, has not received information, according to executive director Jody Soronen. Neither has the Downtown Farmington Business Association, which has downtown retail merchants as members.

Jerry Wingenter, downtown merchant and president of the DFBA, said his group would concentrate any educational efforts this fall, before the start of the busy holiday shopping — and shoplifting — season.

Improved shoplifting laws will tie in with an already implemented Business Watch program, Wingenter added. These programs are already implemented in both Farmington and Farmington Hills, because of theft concerns.

EACH YEAR, \$2.4 billion is taken from Michigan shelves. One national retailer made 7,000 shoplifting arrests in Michigan alone last year, Kindsvatter said.

The statute makes adults answer for their actions civilly, and also makes parents financially responsible for the actions of their children.

"The civil recovery statute probably has more potential for the retailer today than the criminal side," said Philip Way, director of loss prevention for the Troy-based K mart Corp. "It should... help keep costs down."

"They're trying to place the burden on those that do it, and maybe

give them a penalty that fits the crime."

The main change for police is that they "used to write tickets, now we bring them in and process them, fingerprint them," said Lt. Norman Kilmer of the Farmington Hills police. Although the new procedure takes more time, "our volume has not been that great, it hasn't hurt," he added.

Packs more punch with civil penalties

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mum penalty of two years in jail and/or a \$1,000 fine.

• Stolen items of less than \$100 constitute retail fraud in the second degree, a misdemeanor with a 93-day maximum sentence and/or a \$100 fine. This 93-day sentence was a legal technicality which allows law enforcement officers to fingerprint.

• A second offense of the retail fraud misdemeanor automatically becomes a felony, regardless of the dollar amount.

The laws give retail merchants new rights and more authority in dealing with accused shoplifters. A merchant, store employee or security guard can now detain and arrest a person if they have probable cause and reasonable grounds. Previously, this could only be done on a felony; under the new laws, misdemeanor offenses also apply.

If an arrest is made, the law gives the merchant, or agent, immunity from damages.

In a transaction separate from criminal proceedings, a merchant can seek restitution of up to 10 times the value of a stolen item up to a maximum of \$100. This money may be collected from parents of juvenile offenders.

Faxon's law regarding credit and debit cards carries both felony and misdemeanor violations for fraudulent card use.

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