



Room service boosts patient satisfaction scores and staff productivity.

FSD RESEARCH

Hospitals fight costs

With daily food cost increases outpacing growth of retail check averages, officials agree—patient satisfaction is paramount.

Food costs per-patient-day rose 5% from 2004 to 2005 in hospitals self-operating foodservice and participating in *FSD*'s Industry Census Report, and rose nearly 7% in their contract-managed counterparts. The increases come as little surprise to a marketplace experiencing, like all segments of the foodservice industry, immediate and long-term cost increases for such basics of the business as food and fuel.

However, retail check averages in self-op hospitals went up incrementally—1.7%, to \$3.59—while checks in contract units, at \$3.52, recorded almost no movement. So with no significant increase in revenue to help offset the cost increases, foodservice officials find themselves in a tailspin that, due to even higher fuel costs, isn't expected to wane any time soon.

"This year [2005] has been extremely tough with the [increases in] the costs of fuel," says Sharon Cox, director of food and nutrition at Memorial Sloan-Kettering Cancer Center in New York and president of the National Society for Healthcare Foodservice Management. "Everyone in the industry felt the impact with increases in product costs. I think we'll [continue to] see that as we go forward."

More for patients: Self-ops saw the larger increase in total food costs last year: 3.1%, compared to the less than 1% bump experienced by the 50 contract-run units in the *FSD* census. Regina Toomey-Bueno, director of food, nutrition and transport at The Valley Hospital in Ridgewood, NJ, and president of the American Society for Healthcare Food Service Administrators, attributes some of the cost-increase issue to how hospitals in general are trying to improve the patient experience.

"Patient satisfaction will continue to be extremely important," she says. "In recent years there's been a bit less emphasis on cost control and more on patient satisfaction. Of course,

it's a greater challenge to increase patient satisfaction if you're spending less."

Yet, Toomey-Bueno agrees with Cox that times are tough. "Having just

PERFORMANCE REPORT FOR TOP SELF-OP HOSPITALS

HOSPITAL (location)	2005 FOOD PURCHASES	AVG. DAILY CENSUS	PER PATIENT, PER DAY RAW FOOD COST	AVG. MEAL CHECK IN CASH OPS	% patients	% cafeteria	% catering	% sfs, etc.	2005 MEAL COUNTS
Continuum Health Partners (New York, NY)	\$7,500,000	1,175	\$8.25	\$2.46	67	28	3	2	4,090,348
Alta Bates Summit Medical Center (Berkeley, CA)	\$5,480,938	700	\$5.91	NA	73	14	13	0	2,981,716
Mount Sinai Hospital (New York, NY)	\$4,500,000	880	\$6.50	\$5.20	70	30	0	0	1,750,000
NYU Health Network (New York, NY)	\$4,300,000	850	\$4.45	\$4.00	34	55	11	0	2,500,000
UCLA Medical Center (Los Angeles, CA)	\$4,300,000	500	\$16.00	\$4.50	15	69	14	2	3,900,000
Via Christi Regional Medical Center (Wichita, KS)	\$4,000,000	600	\$4.85	\$4.57	33	50	5	12	2,650,000
The Ohio State Univ. Medical Ctr. (Columbus, OH)	\$3,834,594	655	NA	\$2.94	49	50	1	0	1,730,831
Hartford Hospital (Hartford, CT)	\$3,800,000	634	\$5.90	\$3.07	28	56	6	10	4,100,000
BryanLGH Medical Center (Lincoln, NE)	\$3,580,000	350	\$5.25	\$3.40	27	67	5	1	1,466,000
Jewish Home & Hospital (Bronx, NY)	\$3,100,000	800	\$5.86	\$2.65	70	20	10	0	1,500,000
Laguna Honda Hospital (San Francisco, CA)	\$3,000,000	1060	\$2.00	\$4.00	90	8	2	0	1,300,000
Sparrow Health Systems (Lansing, MI)	\$2,925,000	550	\$5.00	\$3.95	30	65	2	3	2,225,000
DCH Regional Medical Center (Tuscaloosa, AL)	\$2,600,000	360	\$5.83	\$2.85	27	63	10	0	1,300,000
Hermann Memorial Hospital (Houston, TX)	\$2,200,000	600	\$2.00	\$3.75	60	40	0	0	1,000,000
Tinley Park Med. Health (Tinley Park, IL)	\$2,200,000	1000	\$4.83	NA	100	0	0	0	1,500,000
Univ. of North Carolina Hospital (Chapel Hill, NC)	\$2,168,000	677	\$6.12	\$3.75	75	15	10	0	1,250,000
North Mississippi Medical Center (Tupelo, MS)	\$2,100,000	375	\$4.56	\$3.25	47	43	10	0	1,500,000
Fairview Development Center (Costa Mesa, CA)	\$2,000,000	760	\$7.00	NA	100	0	0	0	715,000
Clara Maass Medical Center (Belleville, NJ)	\$1,900,000	344	\$5.97	\$2.70	30	25	10	35	1,100,000
Connecticut Valley Hospital (Middletown, CT)	\$1,800,000	580	\$6.84	NA	70	10	20	0	900,000
Meritcare Hospital (Fargo, ND)	\$1,750,000	325	\$4.80	\$4.60	20	65	10	5	1,100,000
Bethesda Memorial Hospital (Boynton, Beach, FL)	\$1,639,000	255	\$12.15	\$3.50	45	45	5	5	907,000
Bloomington Hospital (Bloomington, IN)	\$1,500,000	200	\$7.25	\$4.00	30	55	10	5	810,000
Christ Hospital (Cincinnati, OH)	\$1,500,000	425	\$12.64	\$3.00	50	45	5	0	550,000
Holy Cross Hospital (Ft. Lauderdale, FL)	\$1,500,000	350	NA	\$3.70	30	60	10	0	900,000
Southwest General Health Center (Middleburg, OH)	\$1,475,420	270	\$5.70	\$2.85	37	60	13	0	871,260
Providence Alaska Medical Center (Anchorage, AK)	\$1,400,000	260	\$6.38	\$4.55	50	40	10	0	650,000
Altru Health Systems (Grand Forks, ND)	\$1,300,000	226	\$5.21	\$3.00	50	40	10	0	590,000
Cabrini Medical Center (New York, NY)	\$1,300,000	245	\$5.00	\$4.75	65	25	10	0	500,000
Via Health Rochester General (Rochester, NY)	\$1,280,000	501	\$1.85	\$3.20	40	50	5	5	1,800,000
Greenwich Hospital (Greenwich, CT)	\$1,200,000	130	\$9.66	\$4.50	30	55	15	0	519,674
Holy Family Hosp./Resurrection Med. Ctr. (Chicago, IL)	\$1,200,000	340	\$6.90	\$3.55	22	63	15	0	1,040,000
Overlake Hospital Medical Center (Bellevue, WA)	\$1,200,000	180	\$6.60	\$3.20	25	70	5	0	930,000
Presbyterian North Village (Dallas, TX)	\$1,200,000	632	\$8.85	NA	100	0	0	0	500,000
John Mather Memorial Hospital (Port Jefferson, NY)	\$1,173,900	227	\$5.67	\$2.50	50	42	0	8	611,500
Baptist Medical Center (San Antonio, TX)	\$1,100,000	380	\$5.00	\$3.25	56	40	2	2	850,000
Grand Strand Regl. Medical Center (Myrtle Beach, SC)	\$1,100,000	219	\$4.70	\$2.74	45	35	20	0	650,000
Central Mississippi Med. Ctr. (Jackson, MS)	\$1,000,000	190	NA	\$3.70	40	45	15	0	620,000
Medical College Hospital of Ohio (Toledo, OH)	\$850,000	180	\$4.50	\$3.25	25	67	5	3	585,000
Mercy Hospital (Wilkes Barre, PA)	\$745,000	125	\$5.95	\$3.50	33	63	4	0	334,000
Florida Hospital (Zephyrhills, FL)	\$680,000	85	\$2.31	\$2.25	27	66	7	0	325,000
Central Alabama Veterans Center (Montgomery, AL)	\$650,000	360	\$5.20	NA	95	0	0	5	420,000
Doctors Hospital (Shreveport, LA)	\$600,000	60	\$6.50	\$3.25	30	65	5	0	420,000
Nanticoke Memorial Hospital (Seaford, DE)	\$575,000	100	\$5.50	\$3.20	25	40	5	30	400,000
Beloit Memorial Hospital (Beloit, WI)	\$544,000	64	\$7.66	\$3.60	30	60	10	0	235,000
Clay County Medical Center (West Point, MS)	\$500,000	45	\$4.75	\$5.00	55	35	10	0	220,000
Newport Hospital (Newport, RI)	\$500,000	95	\$5.35	\$4.75	35	60	5	0	325,000
Shands Alachua General Hospital (Gainesville, FL)	\$490,000	230	\$3.65	\$3.25	40	60	0	0	700,000
Rosewood Center (Owing Mills, MD)	\$425,000	198	\$4.50	NA	100	0	0	0	199,296
New England Sinai Hospital (Stoughton, MA)	\$400,000	165	\$5.50	\$4.60	30	60	10	0	595,000
TOTALS/AVGS.	\$98,065,852	410	\$6.02	\$3.59	48	42	7	3	1,172,333

The Hospital F/S Market

Sales	\$7.06 billion
Industry Market Share	1.5%
Food Purchases	\$3.5 billion
Industry Market Share	2.1%
Potential Contact Points	5,850
'06 Nominal Growth	4%

SOURCE: Technomic

come out of my own budget meetings, I can tell you that cost control continues to be a big issue and with the number of natural disasters [in 2005] and the high cost of fuel, we'll expect to face an even greater challenge than in recent years," she explains.

Making room: Top methods for achieving these kinds of patient satisfaction goals include room service and keeping menus on-trend. "The main operational trend is still room service," Cox notes, "plus now there's talk about a liberalized patient diet. That means you can give patients a regular diet after counseling."

Statistics suggest room service will only grow in acceptance across the healthcare market: HFM says 17% of its members do room service and half are planning to implement it within two years; while the *FSD* census puts room service implementation at 27% of participants. Two-thirds of them offer it hospital-wide—something contract-run operations (78%) are more likely to do than self-ops (54%).

Menus make a difference: Meal counts rose 1.5% at self-ops

'Technological advances such as computerized medical records change the way we do business...and cashless payment makes a big difference for us.'

—Regina Toomey-Bueno,
The Valley Hospital, Ridgewood, NJ

and stayed flat at contract units in 2005, prompting officials to reiterate the importance of menus keeping in line with trends. In retail operations, "I certainly think the emphasis on 'fast' and 'fresh' will continue to be important," Toomey-Bueno says, "as well as dis-

play cooking and made-to-order [meals].

"Beverages continue to be strong—juice drinks, nutraceuticals, coffees," she adds. "No matter what we bring in, it sells—so it's a growing market we haven't tapped out [on]. I'm also seeing a 'carb backlash' and I expect desserts will be big."

At Sloan-Kettering, whole-grain products figure more prominently on the patient menu and there's a new vegetarian burger available, Cox says. "On the retail side, there are more Latin, Caribbean and Mexican dishes, as well as sushi—and, of course, comfort foods."

Looking ahead: Though all hospital directors face continuing cost increases, only 14% of *FSD* census participants expect their food budgets to increase this year; and those that do say the increase will average around 4%. To Toomey-Bueno, that only underscores the importance of retail. "With the renewed emphasis on cost-cutting," she says, "it will be very important to explore new avenues of revenue generation and ways of maximizing those resources we have."

Technology will only increase as a tool to help hospital foodservice officials capitalize on patient feeding and retail foodservice opportunities. "Technological advances such as computerized medical records change the way we do business in nutrition care areas," Toomey-Bueno notes.

"And, cashless payment systems and ordering food over the Internet are making a big difference for us."

Other data from the *FSD* Hospital Census show that:

- Non-patient meals account for 55% of total meal volume, somewhat lower than HFM data that show meals served in cafeterias, catering and other programs such as congregate/senior feeding account for two-thirds or more of meals.

- Retail transactions averaged 2,216 per day in all hospitals—2,207 in self-ops and 2,223 in contract units. Total retail sales averaged \$2.35 million per hospital (\$2.33 million in self-ops, \$2.37 million in contract-run units).

PERFORMANCE REPORT FOR TOP CONTRACT HOSPITALS

HOSPITAL (location)	2005 FOOD PURCHASES	AVG. DAILY CENSUS	PER PATIENT, PER DAY RAW FOOD COST	AVG. MEAL CHECK IN CASH OPS	% patients	% cafeteria	% catering	% sfss, etc.	2005 MEAL COUNTS
Univ. of TX/MD Anderson Cancer Ctr. (Houston, TX) ARA	\$5,100,000	480	\$6.50	\$4.75	12	78	10	0	2,850,000
Yale New Haven Hospital (New Haven, CT) SOD	\$4,956,983	688	NA	\$3.81	38	53	9	0	2,886,441
Carolinas Medical Center (Charlotte, NC) MOR	\$4,500,000	710	\$4.00	\$3.50	25	70	5	0	3,675,000
Pinnacle Health Care System (Harrisburg, PA) SOD	\$4,100,000	625	\$4.90	\$4.35	42	57	1	0	1,350,000
Riverside Methodist Hospital (Columbus, OH) ARA	\$4,000,000	670	\$5.25	\$3.50	50	45	5	0	1,750,000
Henry Ford Hospital (Detroit, MI) ARA	\$4,000,000	550	\$6.00	\$3.75	52	48	0	0	1,250,000
Stanford University Hospital (Stanford, CA) SOD	\$3,800,000	640	\$5.80	\$4.02	28	62	10	0	468,000
Wake Forest Univ. Med. Ctr. (Winston-Salem, NC) SOD	\$3,600,000	620	\$8.00	\$4.25	38	32	9	21	2,000,000
Tampa General Hospital (Tampa, FL) MOR	\$3,500,000	785	\$1.50	\$3.75	50	20	30	0	2,500,000
Med. Univ. of South Carolina (Charleston, SC) SOD	\$3,500,000	480	\$6.10	\$3.50	30	70	0	0	2,000,000
Children's Hospital (Boston, MA) SOD	\$2,900,000	376	\$4.25	\$3.85	45	50	5	0	1,900,000
Cedars-Sinai Medical Center (Los Angeles, CA) SOD	\$2,587,708	773	\$9.18	NA	98	0	0	2	906,311
Inova Fairfax Hospital (Falls Church, VA) SOD	\$2,800,000	725	\$5.80	\$3.85	50	40	8	2	3,900,000
Huntsville Hospital (Huntsville, AL) MOR	\$2,750,000	510	\$3.85	\$3.50	24	67	7	2	1,650,000
Mobil Infirmary Med. Ctr. (Mobile, AL) MOR	\$2,700,000	407	\$6.90	\$3.50	30	60	10	0	1,450,000
South Miami Hospital (Miami, FL) SOD	\$2,700,000	340	\$4.90	\$3.00	20	75	5	0	2,113,000
St. Thomas Hospital (Nashville, TN) SOD	\$2,650,000	343	\$4.20	\$4.10	40	58	2	0	1,275,000
Grady Hospital (Atlanta, GA) MOR	\$2,640,000	461	\$4.02	\$3.25	40	50	10	0	1,450,000
West Virginia Univ. Hospital (Morgantown, WV) SOD	\$2,500,000	385	\$5.50	\$2.30	20	78	2	0	1,815,000
Univ. of Tennessee Medical Center (Knoxville, TN) MOR	\$2,300,000	350	\$5.60	\$3.90	28	64	8	0	1,300,000
Baptist St. Vincent Health System (Jacksonville, FL) SOD	\$1,845,000	355	\$4.35	\$3.50	50	45	5	0	600,000
Essex County Hospital (Cedar Grove, NJ) GDS	\$1,800,000	200	\$3.50	NA	100	0	0	0	400,000
Florida State Hospital (Chattahoochee, FL) MOR	\$1,764,736	1,130	\$4.00	\$1.75	93	6	1	0	1,300,000
Richland Memorial Hospital (Columbia, SC) SOD	\$1,750,000	460	\$4.10	\$3.05	46	38	16	0	1,100,000
Presbyterian Hospital (Charlotte, NC) MOR	\$1,700,000	410	\$5.25	\$4.25	60	35	5	0	650,000
Methodist Hosp. (Dallas, TX) MOR	\$1,600,000	335	\$5.50	\$3.80	45	45	10	0	950,000
Moses Cone Health System (Greensboro, NC) SOD	\$1,600,000	500	\$4.70	\$3.10	46	48	2	4	1,100,000
Jackson Memorial Hospital (Miami, FL) MOR	\$1,500,000	890	\$3.90	\$4.25	75	25	0	0	2,000,000
Women & Infants Hospital (Providence, RI) SOD	\$1,500,000	115	\$9.80	\$2.85	10	60	30	0	945,000
Memorial Medical Center (Savannah, GA) SOD	\$1,400,000	482	\$4.75	\$3.50	42	56	2	0	1,300,000
Allegent Bergen Mercy Medical Ctr. (Omaha, NE) MOR	\$1,382,000	240	\$6.22	\$5.00	65	30	5	0	1,096,000
Aventura Hospital (Aventura, FL) SOD	\$1,300,000	320	\$5.25	\$3.50	45	55	0	0	850,000
Western Baptist (Paducah, KY) MOR	\$1,300,000	300	\$2.50	\$4.50	30	65	5	0	990,000
Centinel Hospital Medical Ctr. (Englewood, CA) SOD	\$1,280,000	245	NA	\$4.10	65	30	5	0	66,000
CMC Mercy Hospital (Charlotte, NC) MOR	\$1,250,000	167	\$11.90	\$3.20	40	40	20	0	390,000
Wayne Memorial Hospital (Goldsboro, NC) SOD	\$1,200,000	210	\$5.90	\$2.45	30	55	15	0	672,000
Baylor Medical Center (Irving, TX) ARA	\$950,000	205	\$3.00	\$2.50	84	16	0	0	210,000
Conway Hospital (Conway, SC) MOR	\$890,000	130	\$3.53	\$2.50	55	20	5	20	606,000
Sacred Heart Hospital (Allentown, PA) SOD	\$750,000	150	\$4.20	\$4.50	30	70	0	0	190,000
St. Mary's Health Center (Jefferson City, MO) MOR	\$724,000	117	\$5.48	\$3.00	22	78	0	0	763,292
Cullman Regional Medical Center (Cullman, AL) MOR	\$682,655	81	\$22.97	\$3.93	32	39	29	0	550,000
Provena Covenant Medical Center (Champaign, IL) SOD	\$655,000	175	\$3.85	\$3.10	50	30	15	5	550,000
McLean Psychiatric Hospital (Belmont, MA) MOR	\$640,000	160	\$5.25	\$3.50	58	27	15	0	410,000
Skyline Medical Center (Nashville, TN) SOD	\$640,000	130	\$2.45	\$3.50	20	75	5	0	610,000
Desert Springs Hospital (Las Vegas, NV) SOD	\$610,000	160	\$4.60	\$4.25	38	58	4	0	381,000
Falmouth Hospital (Falmouth, MA) SOD	\$485,000	70	\$5.25	\$2.85	30	65	5	0	211,000
University Specialty Hospital (Baltimore, MD) ARA	\$330,000	150	\$5.42	\$2.70	75	15	10	0	290,000
South Bay Hospital (Sun City, FL) SOD	\$315,000	112	\$3.24	\$3.30	45	45	5	5	300,000
Corpus Christi Medical Center (Corpus Christi, TX) SOD	\$300,000	130	\$2.15	\$3.50	20	70	10	0	300,000
Huron Hospital (East Cleveland, OH) SOD	\$300,000	135	\$5.35	\$2.50	50	30	20	0	220,000
TOTALS/AVGS.	\$100,028,082	384	\$5.43	\$3.52	44.22	46.96	7.6	1.22	1,169,781

LEGEND

NC = no change; ARA = Aramark;
GDS = Gourmet Dining Svcs.; MOR = Morrison
Mgmt. Specialists; SOD = Sodexho