

## MEMORANDUM

CONCERNING CHARGES TO SERVICE PATIENTS  
IN THE MONTREAL NEUROLOGICAL INSTITUTE.

Before discussing the question of rates, the following points are presented to clarify our position:

The Montreal Neurological Institute is not a profit-making organization. That part of the Institute concerned with the hospitalization of patients operates with an annual deficit, usually between \$35,000 and \$40,000. A fixed annual donation of \$35,000, intended to cover the loss entailed in the care of public charity patients is granted to the Institute by the City of Montreal and the Province of Quebec. Our constant aim is to prevent the annual deficit from over-reaching this figure, but at present it is running in excess and drawing upon general University funds.

The scientific and teaching activities of the Institute are financed out of the income from separate endowments specifically for this purpose, and do not draw upon revenue obtained from hospital charges. Scientific expenditures have never been included in hospital costs.

The members of the professional staff supervising the care of patients receive any income from the hospital charges. Their professional fees are collected directly from paying patients, and are not included in hospital costs.

Records of hospitalization costs do not include any provision for the cost of operating the building, or for depreciation. The present building was financed by special donations for that purpose, and it is maintained out of income from these endowments. If rates in the Annex are to be comparable with those in the present building, the cost of the Annex should be treated as an expendable war measure, in the same way as the Defence Department has treated extensions built at other hospitals in Canada (Chilliwack, B.C. and Prince Rupert, B.C.). The Department of Veterans' Affairs has similarly treated the extensions constructed at the Ottawa Civic Hospital, in Regina and in Edmonton, as well as other Sanitoria and hospitals in Saskatchewan and Prince Edward Island. Equipment and

furnishings should be treated in the same way, and revert to the Government when the building is torn down, if it is so desired.

With regard to the contribution made by the assignment of Army Medical Officers: At present there are no Army Medical Officers performing any function or replacing any individual at the Institute normally included in hospitalization costs. Captain H. H. Jasper is seconded for research from N.D.H.Q., A.M.D. 8, working partly under a grant from the National Research Council. Lieut. R.H. Johnson, assisting Captain Jasper in experimental work, is not a physician. Surg. Lt. Commander Preston Robb has been seconded from the Navy against the strength of the Combined Services Special Centre at the Montreal Neurological Institute. The salary for the position he is occupying is not normally charged against patients' costs, but he charges no professional fees to Service patients as do civilian physicians. A possible exception is Surg. Lt. Commander C. Campbell, who is carrying out routine anaesthesia, and in his case the Institute would be willing to consider a suitable rebate. If Senior Army Officers are seconded to this Unit, they, too, would charge no professional fees; but since civilian physicians derive no income from hospital charges to patients, the contribution of Army physicians cannot be accepted as part of the cost of hospitalization. When Junior Officers are sent for training, they would not fill any pre-existing positions included in hospitalization costs.

With regard to the specific question of rates\* , our figures normally cover bed, board, routine nursing and medical (house-staff) care. Extras vary with each case, but may include x-rays , special laboratory studies (chemical or bacteriological ), electroencephalography, pneumoencephalography, myelograms, operating room and anaesthesia charges, etc.

The original basic daily charges of \$3 for public and \$6 for private patients (without extras) in effect more than a year ago are now quite inadequate. The present cost of handling charity patients in Montreal hospitals is recognized by the Provincial Government to be in excess of \$4.50 per day, and in fact is close to \$6.00, so that, after allowing for income from grants and endowments, basic rates to civilians in the Montreal Neurological Institute are now \$3.25 to public patients from the City of Montreal, \$3.75 to those from the Province of Quebec outside Montreal, and \$4.00 to others. The concession to patients from Montreal and Quebec is owing to the above-mentioned donations - which cannot be taken into account in the case of Army patients. Basic daily rates for private patients are \$7.00 to \$7.50, depending on the room. The daily charges to the Department of Veterans' Affairs, inclusive of all extras mentioned above, are \$5.50 for Other Ranks and \$11.00 for Officers.

There has always been exactly the same medical and hospital care for all classes of patients, the only difference being that the accommodation for private patients provides for more individual nursing care and less crowded quarters. The difference in the basic and extra charges between public and private patients is in accord with the usual hospital custom by which private patients make up the loss entailed in the care of public patients. As long as Officer patients occupy rooms in the Montreal Neurological Institute and compete with private civilian patients for our revenue, we can only charge them on a similar basis. It is conceded that when Officer patients are accommodated in the Annex, this consideration becomes invalid. However, it is intended that there will be a free interchange between the patients in the Annex and the patients in the Institute, because of the continual use of facilities in the Institute, and if they are in the Institute we must expect an equivalent revenue as from the paying public and the Department of Veterans' Affairs. In any case, if the deficit produced by the care of public patients is not made up in the manner described above, the charges to public patients must be increased when the charges to private patients are lowered.

To avoid the criticism that there is too big a spread between the charges for Officers and Other Ranks, without reducing operating expenses to the point where the Institute would incur a serious deficit, an inclusive daily rate of \$6.00 for Other Ranks and \$8.00 for Officers is suggested as a starting point, instead of the \$5.50 and \$11.00 mentioned above. At the present ratio of one Officer to six Other Ranks the gross income would be the same for each such group of seven patients. If the relative proportion changes, these rates may need to be revised.

The Department of Veterans' Affairs rates were estimated on the basis of costs computed at the end of 1942, and beginning of 1943, and represented charges necessary to cover our costs at that time. They provide no profit to the Institute, and, as a matter of fact, these charges did not include building maintenance (heat, light, power, steam, telephone and janitor service), since these were already being paid for from a separate fund. However, the cost of heat, light, power, steam, telephone, etc. for the Annex is clearly an additional cost which must be borne by the Institute and should be added to the charges to the patients who occupy the Annex. It has been calculated that this will amount to an additional 53 cents per patient per day.

The Department of Veterans' Affairs rates were subject to revision up or down depending on our costs. We have calculated that in 1944 costs per patient per day increased 20.8% over 1943, and we will be forced to increase our charges to the Department of

Veterans' Affairs as we have already done to civilian patients. That this upward trend is general is evidenced by the fact that the Province of Quebec, which set their charity rate at \$4.50 per patient per day, is now considering increasing this to \$6.00.

In order to facilitate an agreement being reached, the Montreal Neurological Institute is prepared to make the following concessions:

1. We will add only 15% to the \$6.00 and \$8.00 daily inclusive charges, instead of the 20.8% increase in costs during the past year. We would try to absorb nearly 6% of the increase, - about \$5,700 a year, ourselves. \$5,700
2. The Institute will absorb the cost of heat, light, power and steam within the Annex, estimated at about \$4,350 per year. 4,350
3. The Institute will absorb the cost of insurance; the maintenance of the first floor of the Annex (not occupied by patients); the cost of increased telephone, elevator and administration services resulting from the use of the Annex (estimated at about \$2,500 a year. 2,500
4. Routine medical supplies will be provided in the inclusive rates, and will not be an extra charge to the Department.

This 15% increase would bring the proposed inclusive rates to \$6.90 per day for Other Ranks and \$9.20 for Officers.

It is, of course, understood that members of all the Services are included.

These concessions amount to much more than the possible rebate for the services of Surg. Lt.-Commander C. Campbell (estimated at not more than \$4,000.).

The Institute has made no provision for anticipated further increase in costs during the year 1945, and these rates should be subject to revision, and increased, or decreased, depending upon changes in our costs after a period of six to twelve months.

The question of professional fees is a matter which should be discussed, separately from that of per diem rates, and any one of the following types of arrangement could be worked out satisfactorily:

1. To continue on the same basis as the present Department of Veterans' Affairs allowances for professional fees.

2. To use a per diem rate for the treatment of Service cases (as outlined in Dr. Penfield's letter to Colonel J.C. MacKenzie).

3. To call up certain individuals for full time or part time Army Duty and pay, with appropriate rank.

4. To assign Senior Army Officers to do part of the work at the discretion of the Director, Dr. Penfield.

The staff of the Montreal Neurological Institute is prepared to cooperate fully with any plan that is the most feasible for the Department to carry out.

January 20, 1945.