

NORTHEAST

NOTES

2001/2002 ISSUE FIVE

Patient Financial Services

by Susan Dwyer

The February 21st meeting was a great success with a turnout of over 140 people! It was a joint meeting of the HFMA of Northeast Ohio Chapter and the American Association of Healthcare Administrative Management (AAHAM). The topic of the meeting was Patient Financial Services, with speakers on HCAP Reimbursement, Electronic Imaging, and Personality Profiling.

Anna spoke about the importance of each hospital's costs in the distribution process. As Medicare reimbursement has moved from cost-based to the prospective payment system, hospitals have focused less attention on the cost allocation. However, the allocation continues to have a significant impact on HCAP. The cost-to-charge ratio is an important factor used in determining Medicaid cost, Medicaid FFS and HMO shortfalls and DA/UC costs.

Dr. Russell is President of Paul Russell and Associates, Inc. a psychological consulting firm offering a wide-range of services in areas of employee evaluation and development. Dr. Russell's topic was the use

(con't on page 3)



Glen Lair & Anna Sulewski spoke together regarding HCAP Reimbursement.

Anna Sulewski, CPA and Glen Lair, CPA presented the first topic of the program, HCAP - Balancing Reimbursement and Compliance. Anna is Director of Financial Planning for UHHS/CSAHS Cuyahoga, Inc. Glen has been a shareholder and Executive Vice President of Unicare Corporation since 1986.

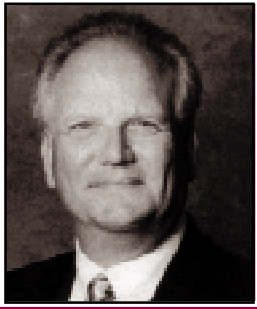
Glen began the program by explaining the background of HCAP. The total eligible dollars for 2002 are \$560.4 million and the net distribution will be \$329.4 million. HCAP represents a profit or loss for many hospitals. For this reason, it's necessary that hospitals educate themselves about the program and what drives the distribution. The three drivers behind the distribution are Medicaid Costs and Shortfall, Disability Assistance and Uncompensated Care data, and the OBRA Cap.

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Leading
@ the speed of light



President's Message

from Richard J. Fox

Many thanks to you...

This is my last message as President of the NEO Chapter. As I look back, the 2001/02 year has gone by quickly but has been a very good for our chapter. Membership has grown, monthly meeting attendance has been strong, the newsletter continues to be very informative and professional, our web-site was enhanced, the Gerry Haggerty Annual Leadership Institute was outstanding and the chapter treasury is strong, all of which enables us to have an effective chapter.

The major reason for the chapter success is

YOU, the membership. YOU have given your time and talents to make all the events of the chapter top shelf.

My many thanks to all of you for making the NEO Chapter of HFMA the best chapter in Ohio and for making my time as your president a very rewarding experience. Under the leadership of Jim Hutchinson as your new president, along with his officers and directors, I can say that the NEO Chapter is in good hands for the future. I encourage you to continue your personal commitment and become involved in the NEO Chapter under Jim's leadership. Join a committee and consider being a chair or co-chair for HFMA, your reward will be given back ten-fold.

It has been a personal pleasure to represent you as NEO Chapter president. Thank you to all the officers, directors, chairs, co-chairs and friends for supporting me this year. I look forward to my Chairmanship and working with the new officers and directors in 2002/03.

And the Winners Are...

Congratulations to Lee Sealfon, Bob Kaliszewski and Brian Quinn. They are the winners of the 2002 Annual Membership Survey drawing. Lee and Bob won two tickets to the

Rock and Roll Hall of Fame and Museum and Brian won a \$25.00 Mall Gift Certificate. Thanks to all members who participated in the survey. Your input is greatly appreciated.

Mark Your Calendars

Listed below are the dates, events, and times for the 2001/2002 program year. All meetings will be held at the Hilton-South, Independence, Ohio, unless noted otherwise.

<u>Date</u>	<u>Event</u>	<u>Time</u>
May 16, 2002	Meeting: Medical Group Practice	AM
June 25, 2002	Meeting: Past Presidents/Volunteer Appreciation (Glenmoor CC)	AM
July 2002	Meeting: Information Technology	AM

Patient Financial Services... (cont'd from cover page)

of psychological evaluations in the hiring process.

Finding the right candidate in today's job market involves more than focusing on the job description. Employers must ask questions, such as whether a candidate's personality and work ethic match with the organization.

It is important to assess a candidate's character in order to select the person who has the most likelihood for success on the job. Employers have a moment of opportunity to achieve a successful hire with someone that can "hit the ground running" and help grow their organization.

Dr. Russell discussed the application of employment testing in a healthcare organization. Employment assessments can assist organizations in the selection of employees that are enterprising leaders, which are needed in today's environment of reduced revenue and more regulatory burdens. The healthcare industry is dominated by two personality types: clinicians and physicians that tend to be driven, independent-minded and prefer autonomy; and administrative personnel that tend to be very analytical, cautious individuals with a high need for structure. Processes such as employment testing can assist in selecting personnel that deal effectively with both groups.



Paul Russell, Ph.D. spoke on Personality Profiling.

A challenge for all businesses today is determining how to best organize and control information that is needed on a day-to-day basis. Integrated document management (IDM) or "imaging" has become the solution for many organizations, allowing them to comprehensively manage digital documents and unstructured content. With IDM, there are tools to organize and control the storage and delivery of documents. IDM can be utilized with virtually all types of documents: images, application files, text reports, video and audio, emails and HTML. It provides the processes to capture, store, retrieve, annotate/revise, distribute/publish and route documents in ways that will streamline operations and increase efficiency. Integrated document management also has uses for HIPAA compliance. This includes information access control, context, role-based and user-based access, audit controls, password and authorization controls.

Ed challenges providers to *imagine* the uses of imaging. From the reduction of paper to the immediate retrieval of information, there is no end to the applications for integrated document management.



Ed McQuiston spoke on Electronic Imaging.

The final speaker was Ed McQuiston, Industry Manager for Healthcare Markets for Hyland Software. Ed's primary responsibility is to assist Hyland in providing Integrated Document Management solutions to healthcare organizations, specifically in the patient accounts and medical records areas.



Attendees enjoy a poolside lunch.

Kudos...

Kudos goes out to **MaryBeth Shamrock** who was promoted to Audit Manager, Healthcare at KPMG and **Louis Galich** who was promoted to Healthcare Senior at KPMG.

Kudos also goes out to the following employees at Unicare Corporation. **Frank Giganti** has been hired as Director of Strategic Community Initiatives. **Jill Spencer** is the Director of Medicare and Medicaid Services. **David Delost** is the Director of Appeal's Management Services and **Elizabeth Wagner** is a Marketing Specialist.

Have you accepted a new position, published an article or received an award? Let your colleagues know what you're doing! Send YOUR news by email, phone, fax or letter to Susan.Dwyer@UHHS.com, phone (216) 983-1503 or fax (216) 983-1550. Mail address is Susan Dwyer, Manager of Reimbursement, University Hospitals Health System, 11100 Euclid Avenue, Mailstop WLK 6056, Cleveland, Ohio, 44106-6056. Please include your name, title, employer and phone or email address. Remember KUDOS is YOUR news!

Your Voice Counts!

Listed below are the overall ratings from the 2002 Membership survey. Based on your feedback from last year, we were able to allocate resources to make improvements to the website and we added HIPAA-related programming. Your participation in this survey will continue to help Chapter leadership assess how well our Chapter is meeting your needs.

	Exceptional	Satisfactory	Improvement Needed	Not Used Unaware of Service	Not Used No Interest
Educational Seminars					
Location	23	39	1	1	2
Facility	15	46	1	1	1
Topics	18	38	7	1	1
Cost	14	46	4	1	1
Networking opportunities	20	31	7	2	2
Membership newsletter	14	43	7		1
Membership directory	42	22	2		
Special placement	6	21	6	14	12
Certification mentoring		17	4	12	24
Weekly Update e-mail	18	29	3	8	4
Chapter website	6	32	6	8	11
Annual Institute:					
Location	19	25	1	7	16
Facility	19	26		7	17
Topics	13	30	1	7	16
Cost	13	26	6	5	16
Activities	18	26		7	16

Discovering Supply Chain Cost Management

by Randy O'Donnell



David C. Ricker from Broadlane.

The March 26, 2002 monthly program focused on reducing hospital supply expense. David C. Ricker, COO, and Kevin Connor, Managing Director, both of Broadlane, Inc. explained how their firm assists healthcare clients in better managing the second largest expense

category in most provider P&L's: supply expense. The speakers challenge all providers, even those with currently acceptable bottom lines, to compare their key supply benchmark ratios to industry best practice performances. They identified the ratio of supply expense to net revenue as a key indicator of potential supply cost savings and cited a ratio of 14% achieved by the Tenet and HCA chains. A small variance in this large expense category may indicate a significant cost reduction opportunity.

Mr. Ricker and Mr. Connor provided insights into purchasing pitfalls that they avoid in managing client purchasing departments. New technologies such as drug coated stents and the latest pacemakers are expected to significantly increase supply expense in the coming budget cycles. Consignment contracts, bundling unrelated supplies, and rebate programs all contain hidden costs that cloud clear analysis of the true cost of supplies. Leases are the most expensive method of acquiring equipment and should be avoided.

Mr. Ricker offered three "fundamentals" for decreasing supply costs. First, strive for "contract coverage" for every supply purchase. This means a provider is never forced to pay "retail" in purchasing major supply items. Second,



Kevin Connor from Broadlane.

develop "clinical strategies" with your physicians that standardize supplies to single models and insure the use of moderately priced models whenever clinically appropriate. Lastly, "data management" permits administration and physicians to identify the financial impact of each purchase and clinical decision. Detail supply data management is key as it provides the analysis tools that allow contract coverage and clinical strategies to actually occur.

Maura King, Vice President of Product Management for McKesson's Healthcare Resource Planning Solutions Group, continued our supply cost saving theme in her presentation titled "Best Practices-Supply Chain Leveraging E-Commerce". She stated that scheduling for shared resources



Maura King from McKesson's Healthcare Planning Solutions Group.

should be coordinated to allow increased "throughput". Ms. King explained that increases of one patient per day in resource bottlenecks like surgery suites often significantly enhance the bottom line. Improved patient scheduling using enterprise wide systems gives managers a prospective look at potential shortfalls in materials and labor. She cautioned that replacing systems "without understanding what you're trying to fix" does not usually solve the actual problem.

Ms. King also feels that addressing apparent staffing shortages by providing EDI access to all clinical areas pays big dividends. Electronic requisitioning, standardized resource lists, and global data sharing all reduce non-clinical time spent by clinical staff and allow more time for benchmarking, protocols, prospective/retrospective analysis, and "what if" modeling. Ms. King emphasized that strong senior management support is the key to success for any supply chain cost management initiative.

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Three	November 1, 2001
Four	January 4, 2002
Five	March 28, 2002

Northeast Notes strongly encourages submission of material for publication. Articles should be typewritten and double spaced, and submitted to the editor by the deadlines listed above. The editor reserves the right to edit materials and accept or reject contributions whether solicited or not. HFMA Founders points are granted for any articles published in *Northeast Notes*.

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