

VOLUME 15, ISSUE 4

APRIL 2011

HFMA NEPA NEWSFLASH

A Newsletter from the
Northeastern Pennsylvania Chapter of HFMA

HFMA NEPA CHAPTER REMAINING EDUCATIONAL SESSION 2010/2011 YEAR GOLF Tournament

Monday, June 20th

Location: The New Irem Country Club
Dallas, PA

For more information, visit nepahfma.org, navigate to
the left side of page to Golf Registration Form

Full Day Event

If you have any questions, please call Al Forlenza at 570-655-1587



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PRESIDENT'S MESSAGE

From the Desk of Frederick Jackson



May 31st marks the end of the HFMA fiscal year. Why any fiscal organization would want to end a fiscal year mid quarter is beyond the scope of this accountant's knowledge, but such is life. We had hoped at this time to have much greater clarity in the direction of both the national government and the entire healthcare reform process. What has seemed to be solidified is that the ongoing fights in the political arena over the status of healthcare reform and finance will continue. Payment reductions are likely, and ACOs - Accountable Care Organizations appear to be the one solid piece of the reform package that will continue.

My position as HFMA President ends with the fiscal year. BreAnn Meadows will take over the reins of the Northeastern Pennsylvania Chapter at that time. BreAnn is a consultant with IMA Consulting Group and formerly worked at both Blue Mountain Health System and Moses Taylor Hospital. She has been a huge asset to the Chapter, bringing her vast experience and expertise to bear, helping to develop speakers and programs for our meetings.

New board members coming on in the coming year will be as follows:

Andrea Andre, CPA, Board Secretary

Louis Shiber, MBA, Board Member

Andrea is the Controller for Blue Mountain Health System and Lou is a Consultant with Larson Allen's Senior Living Services Unit.

Additionally, we are seeking to finalize the formalization of a board member emeritus status for certain longstanding board members. **Thomas Sokola Chief Administrative Officer, Geisinger Medical Center** will become our first emeritus Board member. I can not think of a better choice to be the charter emeritus board member. Tom has many years of active service on the board of NEPA HFMA and has been instrumental in its success. The emeritus status was developed so that there was more room on the board for new directors and upcoming members who would like to share in the leadership experience of HFMA. Board diversity is essential to success and our goal is to add more Gen X'ers and millennials to our leadership without losing the knowledge base of the long serving baby boomers. HFMA board positions are a great experience builder, help increase networking opportunities and foster career growth. If you would like to learn more about getting involved in the Chapter, please contact either myself or any of the other board members to discuss opportunities.

In other Chapter news, we have had five members this year, who have achieved certification as HFMA members. They are:

Karen M. Cooke CHFP, CPA

Erin M. Fitzgerald, CHFP

Nicole Moscatelli, CHFP

Christy L. Pehanich, CHFP

Tina L. Westover CHFP

We would like to congratulate these members on their efforts. Their certification brings our total to 14 out of 166 members who are certified.

June 20th is the annual Chapter Golf Tournament. Whether you are a low handicapper or, like myself, are handicapped by your swing, this is a good opportunity to get out, enjoy the summer weather and golf with colleagues and friends. We encourage you to consider joining us for the day. Once again, I would like to thank both the Board and the Executive Committee for their help provided me during the president's year. I have appreciated the experience and look forward to working with the chapter for years to come.

HFMA Leadership 2010 – 2011

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MEMORIAL DAY HISTORY

Memorial Day, originally called Decoration Day, is a day of remembrance for those who have died in our nation's service. There are many stories as to its actual beginnings, with over two dozen cities and towns laying claim to being the birthplace of Memorial Day. There is also evidence that organized women's groups in the South were decorating graves before the end of the Civil War: a hymn published in 1867, "Kneel Where Our Loves are Sleeping" by Nella L. Sweet carried the dedication "To The Ladies of the South who are Decorating the Graves of the Confederate Dead" (Source: Duke University's [Historic American Sheet Music, 1850-1920](#)). While Waterloo N.Y. was officially declared the birthplace of Memorial Day by President Lyndon Johnson in May 1966, it's difficult to prove conclusively the origins of the day. It is more likely that it had many separate beginnings; each of those towns and every planned or spontaneous gathering of people to honor the war dead in the 1860's tapped into the general human need to honor our dead, each contributed honorably to the growing movement that culminated in Gen Logan giving his official proclamation in 1868. It is not important who was the very first, what is important is that Memorial Day was established. Memorial Day is not about division. It is about reconciliation; it is about coming together to honor those who gave their all.

Memorial Day was officially proclaimed on 5 May 1868 by General John Logan, national commander of the Grand Army of the Republic, in his [General Order No. 11](#), and was first observed on 30 May 1868, when flowers were placed on the graves of Union and Confederate soldiers at Arlington National Cemetery. The first state to officially recognize the holiday was New York in 1873. By 1890 it was recognized by all of the northern states. The South refused to acknowledge the day, honoring their dead on separate days until after World War I (when the holiday changed from honoring just those who died fighting in the Civil War to honoring Americans who died fighting in any war). It is now celebrated in almost every State on the last Monday in May (passed by Congress with the National Holiday Act of 1971 (P.L. 90 - 363) to ensure a three day weekend for Federal holidays), though several southern states have an additional separate day for honoring the Confederate war dead: January 19 in Texas, April 26 in Alabama, Florida, Georgia, and Mississippi; May 10 in South Carolina; and June 3 (Jefferson Davis' birthday) in Louisiana and Tennessee.

Traditional observance of Memorial day has diminished over the years. Many Americans nowadays have forgotten the meaning and traditions of Memorial Day. At many cemeteries, the graves of the fallen are increasingly ignored, neglected. Most people no longer remember the proper flag etiquette for the day. While there are towns and cities that still hold Memorial Day parades, many have not held a parade in decades. Some people think the day is for honoring any and all dead, and not just those fallen in service to our country.

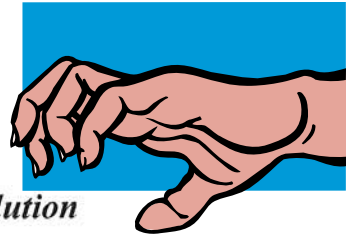
There are a few notable exceptions. Since the late 50's on the Thursday before Memorial Day, the 1,200 soldiers of the 3d U.S. Infantry place small American flags at each of the more than 260,000 gravestones at Arlington National Cemetery. They then patrol 24 hours a day during the weekend to ensure that each flag remains standing. In 1951, the Boy Scouts and Cub Scouts of St. Louis began placing flags on the 150,000 graves at Jefferson Barracks National Cemetery as an annual Good Turn, a practice that continues to this day. More recently, beginning in 1998, on the Saturday before the observed day for Memorial Day, the Boys Scouts and Girl Scouts place a candle at each of approximately 15,300 grave sites of soldiers buried at Fredericksburg and Spotsylvania National Military Park on Marye's Heights (the [Lumina Program](#)). And in 2004, Washington D.C. held its first Memorial Day parade in over 60 years.

To help re-educate and remind Americans of the true meaning of Memorial Day, the "[National Moment of Remembrance](#)" resolution was passed on Dec 2000 which asks that at 3 p.m. local time, for all Americans "To voluntarily and informally observe in their own way a Moment of remembrance and respect, pausing from whatever they are doing for a moment of silence or listening to '[Taps](#).'"

To read the article in detail, please visit <http://www.usmemorialday.org/backgrnd.html>

Grabbing the Reins of Your Self-Pay Population

By Shawn T. Lane, MBA with CSI Financial Services



While Patients and Hospitals Struggle with Debt, There is a Win-Win Solution

The term “Perfect Storm” has been used many times during the current economic downturn. It is especially true when referring to the increasing challenges patients are facing while trying to afford healthcare.

Consider this: Employers are offering fewer benefits, which results in employees paying higher deductibles and more out-of-pocket medical expenses. Despite reduced insurance coverage, healthcare costs continue to increase, exacerbating the burden of medical expenses on the patient. The [Milliman Medical Index](#) reports that healthcare costs for a typical family of four increased 7.2 percent in 2009 to an all-time high of \$18,074.

With unemployment at a 27-year high, fewer patients have any form of health insurance, forcing more patients to use their rapidly dwindling savings to pay for the majority, if not all, of their healthcare expenses. Patients are doing their best to pay their obligations and avoid being sent to collections, however, there are fewer lenders in the market and the [Credit CARD Act of 2009](#) has made it more difficult for most consumers to obtain credit.

Patients who are not able to meet the provider’s minimum payment guidelines are being referred to collections, which in turn contributes to a deteriorating hospital-patient relationship.

The Perfect Storm shows no signs of letting up. As Health Care Reform becomes reality, insurance companies will be required to insure more people, resulting in even higher deductibles and additional strain on patients and the hospitals that will have difficulty collecting payment from the patients. A survey by [AMN Healthcare](#) revealed that approximately 70 percent of healthcare executives believe reform will hurt their facility’s financial stability.

[ClearBalance by CSI Financial Services](#), which provides patient-friendly loan programs, reports that the volume of loans being processed has risen dramatically over the past few years while the average loan amount has dropped from approximately \$1,500 to \$850 per patient. This statistic demonstrates that the rising cost of healthcare combined with challenging economic conditions makes it difficult for patients to pay a lump sum payment of nearly any size.

Grabbing the Reins of Your Self-Pay Population (Article Cont'd)

While the Perfect Storm continues, the sun is beginning to shine on self-pay patients and hospitals. Healthcare providers are embracing with greater enthusiasm patient financing programs that give patients the ability to pay out-of-pocket expenses over time, which also can help reduce their bad debt and, importantly, also reduce their A/R days.

The relationship between a healthcare provider and patient is critical to the provider, the patient, and the community at large. Giving patients a financing option with greater flexibility to pay their self-pay balance will not only help preserve that relationship and improve the revenue cycle, but also increase census as patients continue to look for affordable healthcare.

For more information about ClearBalance, visit www.ClearBalance.org or contact Shawn T. Lane via slane@clearbalance.org / (858) 200-9232.



HFMA's 2011 ANI – The Healthcare Finance Conference

Gaylord Palms Resort and Convention Center
June 26th to June 29th

Highlights at ANI 2011:

- Powerful Keynote Speakers, which include:
 - Peter Orszag
 - Maureen Bisognano
 - Mike Krzyzewski
 - Mark Thompson
- Highly Rated Featured Speaker Track
- 27.5 CPEs, 82 Best Practice Sessions
- Networking with 400 solution providers in ANI's Exhibit Hall

To register please visit the hfma.org, clicking on the Education & Events and navigating to the ANI advertisement.



Henry J. Franey: Mergers Should Create Economic Value

Source: HFM Magazine

Publication date: April 01, 2011

Executive Interview

In a merger, finance should be a key participant on the leadership team that sets strategy, identifies business objectives, consolidates services, and develops new clinical programs, says Henry J. Franey, CPA, executive vice president and CFO at the University of Maryland Medical System (UMMS), a 12-hospital health system that is moving from an affiliation to a full asset merger with another not-for-profit health system. Franey recently shared with hfm his insights into how mergers can achieve efficiencies in administration and care delivery, and the role finance plays.

hfm: Recent reports show an increase in hospital merger and acquisition activity in the face of healthcare reform. In 2009, UMMS entered into an affiliation agreement that is expected to lead to a full merger with the Upper Chesapeake Health System (UCHS) by 2013. What are your organization's merger strategy and objectives? How are you working to achieve those objectives?

Franey: To understand the UMMS's strategy, it is helpful to understand the Maryland hospital market. With only 46 acute care hospitals and revenues just under \$14 billion, Maryland's hospital industry is relatively small. However, it does include two strong academic health centers. It is also home to the only all-payer hospital rate-setting system in the country.

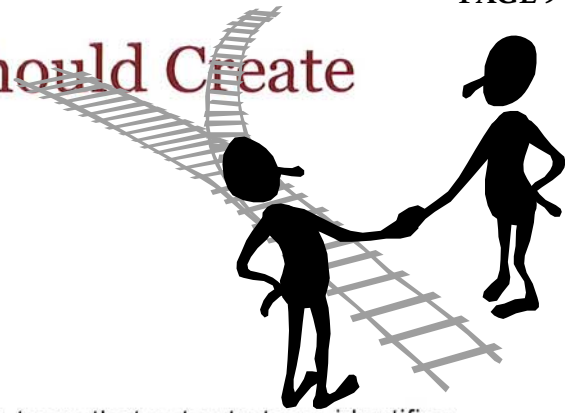
UMMS is a private, not-for-profit health system consisting of 12 hospitals, including an academic medical center (our flagship tertiary care provider), eight community hospitals, and three specialty hospitals. Our overall merger strategy is designed to expand geographic reach, increase market share, and create scale sufficient to be indispensable to patients and purchasers of health care in the state of Maryland. To successfully execute this strategy, we must create value for both UMMS and our potential affiliation or merger partner.

Certainly, our partners want to benefit from our large scale, access to capital, and corporate services. However, a more significant goal of our partners is to develop or enhance the clinical capabilities of their hospitals. With the help of our physician partner, the University of Maryland School of Medicine, we work to identify and implement those programs that can create the greatest value for our hospital partners. One of UMMS's goals in an affiliation or merger is to create the opportunity to develop a relationship with the community hospital physicians to earn the tertiary referrals.

If we enter into an affiliation agreement as opposed to a full asset merger, we are able to work with a hospital to develop select clinical programs and to identify other opportunities to create value. As the relationship proves its value to both parties and trust is established, then a full asset merger can be an option to further solidify that relationship. UCHS has developed such a history and relationship with UMMS, and we are moving toward a full merger in 2013-14.

As with all UMMS affiliations or mergers, our partnership with UCHS is expected to demonstrate value for both organizations. Fortunately, there was a high degree of trust immediately among the UCHS and UMMS senior management teams. The challenge for the management teams was to take action quickly and effectively to create the expected value. A dedicated team of senior executives worked to identify the high-volume, high-impact program development opportunities and develop realistic implementation plans.

hfm: What role is finance playing in implementing the merger at UMMS? Is it strictly an accounting and negotiating role (which is crucial), or are there other areas where finance is involved?



Mergers Should Create Economic Value (Article Cont'd)

Franey: It is important for finance to play an expanded role in the development and implementation of an affiliation or merger. Finance should assume a key leadership role with other members of the combined executive management teams to develop the overall strategic and business objectives of the partnership. The plan will then guide the implementation and define the goals and expectations of the merger. Finance, as a member of an implementation team, will work to identify, evaluate, and implement opportunities that maximize the partnership. Of course, the team will evaluate opportunities to consolidate select support functions, such as finance, IT, supply chain, clinical quality management, legal services, and others. But the work extends beyond those functions and focuses on the development of key clinical programs at our partner's hospital, and the establishment of new physician relationships between our partner and our academic medical center.

hfm: What should healthcare finance executives do to prepare for a merger involving their organization?

Franey: Affiliations and mergers are challenging to both parties. A lot seems to be at risk, so although you may be relaxed about the transaction, your partner might not be. CFOs should be prepared to:

- Define and focus the executive team on the value the affiliation or merger brings. Don't lose sight of that value; keep it alive throughout the negotiation and implementation process.
- Develop trust with your new partner's leadership team.
- Know the past successes of your new partner's organization.
- Understand the cultural differences of the organizations. This understanding will affect realization of the value of the partnership.
- Do your due diligence to prevent surprises.

hfm: What lessons have you learned from your experiences in planning to centralize and standardize services and to merge the corporate cultures?

Franey: Each organization is different. Cultures are different, and those cultures will determine the speed with which your plans to consolidate or standardize services will occur.

A key to a successful consolidation is to keep everyone focused on the goals of the overall merger. Certainly one of those goals is to create economic value. Change is difficult for most people, but smart people will recognize the organization has made a strategic long-term decision and understand there is work to be done.

You must prioritize the work. Recognize that everyone on the transition team already has a job and they are busy doing it. You don't need to consolidate or centralize everything. Get some early wins. Include hospital executives in the leadership roles of the consolidated services. For example, if you are consolidating the finance function, identify the CFOs with the strong talents in a specific area and appoint them as the corporate executive of that area.

Stay focused and be patient.

Henry J. Franey Executive Vice President and CFO University of Maryland
Medical System Baltimore

Publication Date: Friday, April 01, 2011





HFMA Webinars



EVENT CALENDAR

HFMA’s Webinars offer you an easy way to get the information you need on pressing healthcare finance topics. From the comfort of your office, you can participate in a Webinar and find the strategies and tools you need to help your organization achieve success

UPCOMING WEBINARS

May 10, 2011

Employer Implications of Federal Health Reform

May 11, 2011

Uncovering Hidden Costs and Financial Risks of Supply Chain Spend “Bad Data”

This webinar will reveal how to find the bad supply chain spend data and associated hidden costs that are putting hospitals at financial risk.

May 12, 2011

Implications of Proposed Rule on Accountable Care Organizations

HFMA’s CEO Dick Clarke will lead a panel of experts from organizations who are considering forming an ACO in a discussion of the rule’s implications.

May 25, 2011

Hospital Strategies for Electronic Payment

This webinar will review some of the barriers organizations have faced that prevented them from implementing an electronic AP system, how one provider overcame those barriers and lessons learned about implementing an electronic payment system.

May 26, 2011

Evolving to an ACO: Better Outcomes and Lower Expenditures

This session will show how the fundamentals to ACO formation, HIE and clinical decision support tools improve quality of care, cost efficiencies, and overall patient and physician satisfaction.

July 27, 2011

Engage Healthcare Reform Attitude at High Altitude

