

# THE BOTTOM LINE

The Newsletter of the San Diego/Imperial Chapter

Summer Edition - August 2011

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## Message from the President

By: **DEB HAGEN**

**President San Diego / Imperial Chapter of HFMA**

Welcome 'back to the future' of healthcare. The 1985 film about traveling back in time, followed by a sequel about future travel, was about change. Although change in any era is constant, it seems as if healthcare changes are occurring at breakneck speed. As new rules, regulations, 'reforms' and technology mandates are pushed out even faster, we are often required to do much more in order to comply....with less.

Although we cannot go back in time to prepare for our present and future challenges, we can set in motion the ability to connect the dots in healthcare. I've chosen the theme **"Connecting the Dots"** for our Chapter this year as it expands upon Margie's successful theme last year of **"Coming Together"**.

### 2011-2012 Chapter Leadership

Deb Hagen — President  
 Pia Labos — President-Elect  
 Carl Hill — Vice President  
 Jim Sprague — Secretary  
 Shannon Vanderbilt — Treasurer  
 Cheryl Hendershott — Program Chair  
 Jennifer Sievers — Membership Chair  
 Chris Udell — Newsletter  
 Michelle Valencia — Jackson-Sponsorship Chair  
 Andrea Jacoby — Social Chair  
 Margie Drobatschewsky — Past President  
 Tim Nguyen — Certification Chair  
 Bob Hemker — CHA Liaison 2011-2013  
 Bryan Webster — Webmaster  
 Rina Patel — Program Co-Chair  
 Carl Reyes — Membership Co-Chair  
 David McNulty — Founders Contact  
 Julie Haluska — Awards Chair  
 Dave Epstein — Past Region 11 Executive

Our Chapter did a great job of coming together last year to voice our needs for educational events and networking opportunities. As a result, our Chapter saw an increase in membership, educational hours, certification, and the beginnings of coalition building with other healthcare organizations. (See *more in the Awards article*).

In this fast-changing landscape, it is even more imperative that we continue to expand our reach to connect with those who have time, talent, and the resources available to meet our mutual goals. In looking at our future success for this year and beyond, we have established a FY 2011-2012 strategic and succession plan. Before the end of this year, with the talent and vision of our Chapter leadership, input from our members, and review from National's Chapter Advancement Team [CAT], we will have a solid 5-year plan. The eight (8) areas of our written FY 2011-2012 strategic plan include:

- Education enhancement (e.g. Regular events plus HCPPro program; joint July SOHL/HIMSS/San Diego-Imperial (SDI); September SDI/Southern CA Fall Conference; Northern/Southern/SDI CA Chapters webinars; November National San Diego location event; January Region 11 Symposium; February Full Day Chapter education; April Full Day Healthcare reform update including a CFO/CEO panel; several Webinars, et al.)

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## Message from the President (Continued)

By: DEB HAGEN

President San Diego / Imperial Chapter

- Membership growth and retention (e.g. new member recognition, new member events, and membership drawings at Chapter events)
- Increase networking opportunities (e.g. Social events)
- Financial targets (e.g. new sponsorship recognition and opportunities)
- Volunteerism growth and leadership opportunities (e.g. Committees, mentorship)
- Enhance chapter communications (e.g. LinkedIn, enhance Website)
- Enhance business processes (e.g. VP for strategic and succession planning)
- Certification increase (e.g. Certification Chair and Region 11 collaboration)

### Minimum Specific Chapter Balanced Scorecard (CBSC) targets for 2011-2012:

Education Hours:	14.2 hour per member
Membership:	270 members
Certification Exams:	7
Newsletters:	Quarterly

As you can guess, the San Diego-Imperial Chapter's success is not due to any one person. It's a combination of the Chapter member response to the annual National survey in October from which the leadership uses as part of developing the strategic plan, it's the interaction and feedback from members at Chapter events, it's the Volunteers that assist at one event or events throughout the year, it's the sponsors that make our education and networking events possible, and it's the dedication of our Board of Directors, Committee leaders, and Past Presidents.

I am honored to serve as your FY 2011-2012 Chapter President – and with such a talented and committed Board and leadership team. Please feel free to contact me directly or any member of the Board with questions, ideas, to be a sponsor, or to learn of Volunteerism positions for any amount of time you can provide. Contact information for the entire leadership team is listed on the chapter website at <http://www.hfmasandiego.org>.

In closing, I will be "Connecting the Dots" of this first article by summarizing our program expansion, collaboration, and growth expectations via the following humorous quote:

***If my calculations are correct, when this baby hits eighty-eight miles an hour, you're going to see some serious stuff...***

Let's achieve some serious goals this year together!

-Deb

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## MEMBERSHIP UPDATE

By: Jennifer Sievers

Hello All!!!! We are starting our 2011-2012 year off with a BANG!!!! We are excited to be starting the new fiscal year with such a great group of professionals in our chapter. The benefits of an HFMA membership can help you grow both personally and professionally. With an HFMA membership, you gain immediate access to the largest network of healthcare finance professionals. The resources are numerous including:

- Practical tools and ideas that increase performance
- Essential industry news and information
- A breadth of career-related tools, resources and relationships
- Practical solutions and breakthrough approaches from healthcare's leading financial professionals

**Don't Forget** our **National Member-Get-A-Member** program:

**( Show me the Money! \$\$\$\$\$\$ )**

Helping grow membership is now easier and more exciting to do with our **HFMA National Member-Get-A-Member program**. HFMA is giving out great new prizes as incentives to help us grow our San Diego Chapter membership – **Prizes such as:**

- Apple iPad ....**ohhh** 
- Visa Prepaid Card ranging from \$25 to \$150.....**ahhh** 
- \$ 1,000 Cash ....**Ka-pow!**
- \$ 2,500 Cash.... **Super!**
- The Grand Prize of \$3,000  cash and \$2,000 donation in your name to the charity of your choice... **AWESOME!!!!**

Please see the HFMA National website for incentives and more details on our Member-Get-A-Member program: <http://www.hfma.org/membership/rewards/>.

### JOIN US!!!

Remember we are always looking for our members to become active with our chapter and you can do so by joining the membership committee. We have so much fun interacting with our members and we would love for you to join in on the fun. If you would like more information please feel free to contact me via phone: 619-798-7404 or email: [jsievers@acclivityhealthcare.com](mailto:jsievers@acclivityhealthcare.com)

### Welcome Aboard New Members

April 2010- June2010

**Jesse Klick**- Director of Business Operations – Healthcare Anytime  
**Sarah Harrington**- Manager PFS- Sharp Healthcare  
**Nan Budge**- Director- Jean McLaughlin Women's Center for Health  
**Rick Shunka**- Managing Director- Berkley Medical  
**Brian Scott**- CFO- AMN Healthcare  
**Alice Nicanor**- Department System Analyst- Palomar Pomerado Health

Our goal for this fiscal year is to increase our total membership from the prior year, so please take a moment and consider if there are any individuals in your organization who are not yet members. Please invite them to join our organization by letting them know about our **New Member Discount** and **Member-Get-A-Member Program**, as well as our Educational and Social Networking opportunities.

Also, when renewing your membership for the year, please check your profile on the HFMA website to ensure that we have your most current demographic information,

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## EDUCATIONAL EVENTS



### Upcoming Events

Save the Dates!

**September 11th - 13th Long Beach**  
**HFMA's 2011 California Chapters Fall Conference**

**November 8-10, 2011 National HFMA Seminar event in San Diego**

For information regarding the November San Diego HFMA Seminar please visit our website at  
[www.hfmasandiego.org](http://www.hfmasandiego.org)

**November 16, 2011 1:00 – 5:00 p.m.**  
More information to come

**January 29 - February 1, 2012**  
Region 11 Symposium  
Ceasar's Palace, Las Vegas

**February 16, 2012 8:00 a.m. – 5:00 p.m.**  
Revenue Cycle featuring Day Egusquiza, President of AR Systems, Inc

**April 13, 2012 8:00 a.m. – 5:00 p.m.**

Healthcare reform update including a CFO/CEO panel and featuring James Malone, Medical Group Administrator of Southern California Permanente Group who will present, Growing Service ... What Happens When Leaders Get Involved

This year we will also be offering webinars (topics to be announced) in partnership with the Northern and Southern California chapters of HFMA  
Watch your mail for more information

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## HFMA's 2011 SDI \ SoCal FALL Conference



Hold these dates! September 11-13, 2011!

This year's Fall Conference, returns to the beautiful Hyatt Regency Long Beach! Our format will be slightly different in 2011 as Conference attendees who historically paid extra to attend Sunday pre conference sessions will now be able to attend Sunday afternoon sessions as part of the regular conference session fee. **15 breakout sessions and multiple general sessions make this conference an educational bargain for all attendees!**

This year's keynote speaker will be **James Robinson, Ph. D., Kaiser-Permanente Distinguished Professor of Health Economics, University of California, Berkeley**



Dr. Robinson is a nationally known expert on healthcare delivery. His presentation is entitled "Results to Date of ACO Implementation and PPACA In California and Nationally". The national health reform law presented Accountable Care Organizations (ACOs) as one of its key elements for promoting quality and coordination of care while controlling costs. Dr. Robinson will report on ACO development and progress to date.

Back by popular demand our panel of health care experts will tackle the issue of healthcare reform in a panel presentation entitled: "California State and Provider Responses to ACOs and Health Care Reform" The Patient Protection and Affordable Care Act (PPACA) will have a huge impact on state governments, and virtually all participants in the healthcare delivery system: health plans, hospitals, managed care medical groups, individual physicians and ancillary care entities Our distinguished panel of industry experts will comment on and discuss Accountable Care Organizations and other impacts of healthcare reform.

Our panel consists of **David-Maxwell Jolly**, Ph. D., Deputy Secretary, California Department of Health and Human Services, **Wells Shoemaker**, MD, Medical Director, California Association of Physician Groups, **Duane Dauner**, CEO, California Hospital Association, **Patrick Johnston**, CEO, California Association of Health Plans, and **Lisa Folberg**, Vice President, Medical and Regulatory Policy, California Medical Association.

Another general session will include a California regulatory update from **Ed Heidig**, Chief Deputy Director, Department of Managed Health Care (DMHC); **Dave Jones**, Commissioner, Department of Insurance (DOI)

The final general session speaker is **Cheryl Mann** President, Goals Insight, whose presentation is entitled "Be the Change: Lead Your Team to Health Care Reform Success. Cheryl will discuss the challenges of leadership facing HFMA members.

The winning formula of MANY breakout sessions (15 in all) provides our attendees with tools to be used back at the office. The breakout sessions are divided into three tracks; Patient Financial Services, Finance and Managed Care. All our courses are designed to enable our attendees to return to their health systems with ideas and tools that can be implemented to complete our work better and faster!

Register on line at [www.hfma-cafallconf.org](http://www.hfma-cafallconf.org). See you in September!

Jim Moynihan Fall Conference Chair

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## HFMA's 2011 ANI - The Healthcare Finance Conference

2010-2011 Chapter Awards Recognition Announcement



The 58th Chapter Awards meeting and dinner, for the 2010-11 DCMS year, was celebrated the evening of Tuesday, June 28, 2011, at ANI in Orlando, Fl. The San Diego-Imperial (SDI) Chapter, under the FY 2010-2011 presidential leadership of Margie Drobatschewsky won an impressive seven (7) awards. The Committee leaders and volunteers are to be commended for their hard work and commitment which resulted in overall member benefits and the following awards:

1. C Henry Hottum Award for Educational Performance Improvement
2. John M. Stagl Award for Excellence in Education
3. Bronze Award of Excellence for Membership Growth and Retention
4. Gold Award of Excellence for Certification
5. Helen M. Yerger Special Recognition for Multi-Chapter Recipients: The thirteenth Annual Region 11 Symposium with Northern CA, Hawaii, Nevada, Oregon, Southern CA, and Washington-Alaska Chapters.

Helen M. Yerger Special Recognition for Individual Chapter Recipients:

6. Education – Building coalitions with other healthcare organizations (HIMSS and HFMA Southern CA)
7. Improvement – 61% Increase in Certified Chapter members

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## AN AGUARAL PROGRAM FOR SOHL, HFMA AND HIMSS

On July 20, 2011, a joint program was held on the construction site of the new Palomar Pomerado Health System campus of Palomar Medical Center West. This was a tremendous opportunity to present a program on Emerging Innovations in Healthcare followed by a tour of the new facility. This was also the first joint program for San Diego's Chapter for ACHE, HFMA and So CA HIMSS.

"The event was an incredible success with over almost 210 in attendance" says Wendy Cohen, Chair of the 7/20 program planning committee. Cohen continues, "It has been a dream of SOHL (San Diego Organization of Healthcare Leaders) to partner with HFMA (Healthcare Financial Management Association) and HIMSS (Healthcare Information and Management Systems Society) providing collaboration and networking opportunities for healthcare professionals in the San Diego area."

The education program centered on a moderated panel of top healthcare leaders. Paul Peabody, CIO of Palomar Pomerado Health (PPH) moderated the panel that included:

- Ben Kanter, M.D., CMIO, PPH
- Lisa Thakur, VP Operations, Scripps Health
- Chris Pryor, IT Director/Clinical Systems, Sharp Healthcare
- Ash Shehata, Director Cisco Systems
- Tim Vanderveen, VP Carefusion
- John Curin, VP Burwood Group

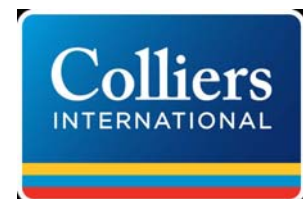
Opening the program, Paul Peabody set the stage for the audience by comparing major milestones of the past with how rapidly innovation is progressing today. Ben Kanter, M.D., described the many leading edge projects that PPH has implemented or are working on. Ben indicates that PPH is using their access to the highly innovative healthcare environment afforded by San Diego companies. Ash Shehata described how Cisco was applying many of the innovations developed for retail and other organizations into the healthcare field. Tim Vanderveen described the many innovations related to IVs and bar coding for increased validation of dosing and drug verification.

John Curin of the Burwood Group described integrating process improvement with the implementation of technology innovations. Chris Prior described the role IT plays at Sharp to accommodate clinical system considerations with the clinical needs of the end users. And Lisa Thakur discussed the financial and operational considerations when evaluating IT solutions at Scripps.

Ron Nowosad, FACHE, President of the SOHL Chapter described the event "as a tremendous success, beyond any expectation." Deb Hagen, President of the San Diego/Imperial County HFMA Chapter says "what an incredible realization of intentions we have had for years." And Sam King, President of So CA HIMSS remarked, servicing our San Diego Chapter members has helped our Chapter truly meet the needs of our Chapter members.

The Program Planning Committee are already discussing possible topics for the 2<sup>nd</sup> annual joint program and realize they will need to find a venue that holds at least 250.

**Thank you to the Sponsors of this incredible event!**



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## INAGRUAL PROGRAM FOR SOHL, HFMA AND HIMSS



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## 2011 HFMA Leadership Training Conference - New Orleans



Our HFMA San Diego Imperial Chapter was off to a great start for the 2011-2012 year. While the Chapter's new fiscal year officially kicked off June 1<sup>st</sup>, there was plenty of behind-the-scenes activity going on well before that date.

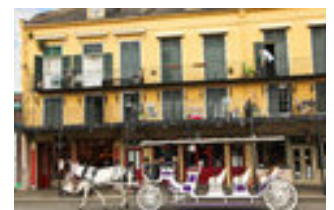
As early as April, several board members attended our chapter's ½ day mini-LTC meeting held on April 28<sup>th</sup>, to help us prepare for our new year and for the HFMA Leadership Training Conference that we attended from May 14<sup>th</sup> through May 17<sup>th</sup> in New Orleans.

The HFMA Leadership Training Conference is sponsored by HFMA National and provides each attendee with the opportunity to learn tools of the trade for their upcoming position, to network with peers from across the states who will be in the same position, and to develop a Chapter plan.

The HFMA LTC conference is a great way for our board members to learn and exchange ideas with four hundred of their peers from around the country. As you may notice in the coming months, some of those ideas will be incorporated into our Chapter in various ways to help increase our membership, and to continue providing you with exciting and valuable educational and social/networking events. Chapter volunteers on our various committees are already well into planning this year's programs and events. For example, our most recent educational program event was held jointly with HIMSS and SOHL, and turned out over 200 attendees! And we cannot forget one of our most successful social events, the ever popular Del Mar Day at the Races, where we had another record year of 90 attendees gather where the surf meets the turf!

Through highly interactive and creative team-oriented sessions at LTC, our board members and other LTC participants were able to bring new skills, strategies, and successful practices back to our chapter. We left our days of hard work and play spent at LTC in New Orleans feeling energized and ready to lead HFMA in the 2011-12 chapter year!

Pia Labos, President-Elect



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## DEL MAR DAY AT THE RACES



HFMA San Diego Chapter kicked off another exciting year with the traditional “Day at the Races” at the Il Palio Restaurant at the Del Mar Races on Friday July 22<sup>nd</sup>!

**On Behalf of the HFMA San Diego Chapter, We Thank You for making this event so successful!**

**Thank you to the sponsors of this event!!!**



The HFMA Social Committee  
2011/2012 Season  
Upcoming Events



Vendor Sponsored Social Happy Hour end of Sept at the House of Blues  
Hornblower Social Happy Hour  
Wine Tasting

Please be sure to watch your email for additional information about these events.

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## Update on California Hospital Association Activity



**Robert A Hemker, CFO, Palomar Pomerado Health**  
*HFMA California Chapters' Representative on the*  
*CHA Board of Trustees* (RAH4@PPH.ORG)

Through the collective efforts of the: Northern California, Southern California, and San Diego-Imperial chapters, HFMA has a voice and vote on the CHA Board. On a rotational basis, SD-I for 2011 and 2012, each chapter appoints a representative to the CHA Board. Please know that I will utilize my best efforts to reflect our collective perspectives on the various policy and programmatic discussions and decisions made by the Board.

The CHA Board has been focusing significant efforts on the existing and new Hospital Fee Program. This program has brought substantial additional monies to California hospitals. I encourage you to read below for details of these efforts. In addition, the Board has discussed and taken action on many other pressing topics including ACOs, Health Benefit Exchanges, and various other matters and proposed legislation. These efforts are detailed in the article.

Thank you for your involvement in HFMA and providing the best quality services to your communities. Do not hesitate to contact me at [rah4@pph.org](mailto:rah4@pph.org) with any questions, concerns, and input of ideas so I can be sure to reflect these during our board discussions.

### CHA Board Acts on New Hospital Fee Program

The CHA Board of Trustees discussed the future of the Medi-Cal hospital fee program on June 15th, and concluded that **SB 335** (Steinberg, D-Sacramento) should be supported as the vehicle for a new hospital fee program. The Board evaluated options on several issues and essential components of a fee proposal.

At the Board meeting, the CHA Board adopted a motion to: "Approve legislative movement of SB 335 as amended as the vehicle for a one-year Medi-Cal hospital fee and other non-federal share matching programs based on the model recommended by the CHA workgroup, provided that management brings to the Board as soon as reasonably possible amendments to SB 335 for approval and subsequent adoption in the Assembly that address: length of the program for 30 months ending on December 31, 2013; maximization of federal funds to hospitals solely through supplemental fee for service, managed care and other payments; comprehensive permanent (to the degree possible) protections for hospitals; equity among the membership; and coordination if feasible with coverage transition programs; further, management is requested to present a package that is politically viable with the membership and externally, and financially feasible for hospitals and the state."

**SB 335** (Senators Ed Hernandez, D-Los Angeles and Darrell Steinberg, D-Sacramento). This CHA sponsored bill proposes a new Medi-Cal hospital fee and supplemental payment program for the period July 1, 2011 through June 30, 2012 that is generally modeled on the structure of the previous fee and supplemental payment program, except that it relies on more recent data. SB 335 is expected to be amended later in the legislative year after the CHA Board approves a final plan, model and protections for hospitals at the July Board meeting. SB 335 was originally set to be heard in the Senate Health Committee on June 15th; however, due to prolonged budget floor sessions, all committees were canceled for that day. The bill will likely be heard June 22, where several amendments will be made.

The CHA workgroup has held numerous meetings to develop a framework for a preliminary model for a 2011-12 fee program. While there are no model results to share at this point because several technical issues must be completed including the calculation of the maximum upper payment limit and determination of the maximum actuarially sound managed care rates. Those two important elements will drive the final outcome. It is anticipated that the program will provide a net benefit in excess of \$1.5 billion to hospitals.

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## Update on California Hospital Association Activity (continued)

### Hospitals Will Receive Second Supplemental Payment under the 6-Month Hospital Fee Program

Hospitals will receive their second Medi-Cal fee-for-service supplemental payments Monday, June 27th, under the six-month hospital fee program. Hospitals will receive approximately 98.8 percent of their projected amounts based upon current participation and funding received from hospitals. DHCS will withhold Medi-Cal payments for hospitals that did not make their second fee payments. Any additional fees collected will be matched, and then increased supplemental payments will be made at a later date.

Hospitals paid their second cycle fee payment on Friday, June 10th, to the Department of Health Care Services (DHCS). It is not yet known if all amounts were paid but it will have a direct impact on the amount of the second supplemental payment that will be made to hospitals June 27th. The first supplemental payment was 91 percent of what was estimated because not all hospitals paid the fee in full and on time, resulting in fewer funds to draw down federal matching funds. Past due fees paid to DHCS will be matched at the non-enhanced federal matching rate of 50 percent.

DHCS is preparing the package to the Centers for Medicare and Medicaid Services (CMS) to obtain approval of the managed care payments. The package contains the fee-funded increases and the managed care increases to designated public hospitals and non-designated public hospitals that are funded by intergovernmental transfers. It is impossible for the managed care approvals to be provided by CMS by June 30th for the managed care component of the fee program. Because the two programs are combined, it adds to the level of complexity and will likely be subject to additional review by CMS. As with the prior fee program, the managed care payments are made to health plans based on dates of service so the enhanced federal match rate will apply.

### Public Hospital (Designated and Non-Designated) IGT Program (McLeod)

The NDPH IGT program for supplemental fee-for-services payments is pending final approval from CMS. CMS has reviewed the program and all issues have been resolved thus far. We will continue to work with DHCS and CMS to attain final approval as soon as possible. CMS indicated to DHCS that the IGT payments are related to dates of services, therefore the enhanced matching will apply to at least a majority of the funds, even if payments are not made until after June 30.

### CHA Comments on ACO Proposed Rule and Waiver Designs

CHA applauded CMS' effort to articulate a system of care delivery that is patient-centered and seeks to achieve the triple aim of better health, better care and lower costs. However, CHA expressed concerns that the proposed regulation will not incentivize providers to participate in the program.

Among CHA's main concerns with the proposed rule are retrospective beneficiary assignment; the volume of proposed quality measures; the significant upfront financial investment required to form an ACO; and the short three-year period of the agreement, which may not allow providers to recoup the upfront costs through savings. CHA also requested that the program process, structures and requirements not be changed until after the first three-year agreement is complete.

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## Update on California Hospital Association Activity (continued)

### CHA Meets With Obama Administration Official on Exchanges

CHA President/CEO C. Duane Dauner and Senior Vice President, Health Policy, Anne McLeod met with Joel Ario, director of the Center for Consumer Information and Insurance Oversight, on June 14 to discuss issues related to the California Health Benefit Exchange. Mr. Dauner and Ms. McLeod discussed several matters with Mr. Ario including concerns over implementation of a basic health program in California, and the potential for concentrated risk in the exchange that could lead to higher cost and adverse selection.

Mr. Ario asserted that exchanges should result in a competitive marketplace, bringing together a large number of purchasers and insurers to compete over quality products at competitive prices. Mr. Ario also shared information with CHA about federal activities surrounding the readiness for state exchange implementation, including developing a federal hub where states can access income and citizenship information from the Internal Revenue Service and other agencies. Federal agencies also are planning for a fallback solution for states that do not have a certified exchange within deadlines imposed by Affordable Care Act.

CHA also raised concerns with Mr. Ario about the level of influence the exchange could have on health insurance premiums, beyond normal competitive market forces, as a means of attempting to control health care costs. Mr. Ario indicated that exchanges are intended to serve as a mechanism for coverage, and delivery system reforms are a mechanism for reducing costs. Exchanges can be a partner in reforming how care is delivered and paid for.

### CHA Comment Letter on 2012 IPPS Proposed Rule Available for Member Review

In CHA's draft comment letter regarding the fiscal year 2012 inpatient prospective payment system (IPPS) proposed rule, CHA expresses concerns about proposed changes that would result in cuts totaling more than \$60 million for California hospitals.

Although the Medicare Payment Advisory Commission recently recommended that hospital inpatient payments be increased by 1 percent, the Centers for Medicare & Medicaid Services (CMS) has proposed a negative .55 percent market basket update that would further burden financially struggling hospitals.

CHA also raises concerns about the current methodology and calculation of the coding and documentation adjustment. However, because CMS has maintained this position over several rulemaking cycles, CHA urges CMS to lower the negative 3.15 percent prospective coding adjustment and phase in the complete 3.9 percent prospective cut over two years to help mitigate multi-year volatility in the payment system.

CHA also made several comments regarding the quality measures in the proposed rule, including the Medicare per-beneficiary spending benchmark and a new proposed hospital-acquired condition, Acute Renal Failure after Contrast Administration. Further, CHA believes the 73 separate measures would be difficult for hospitals to successfully report in the absence of national implementation of health information technology.

Finally, CHA expresses serious concerns about the three 30-day all-cause readmission measures included in the proposed rule. California hospitals are committed to reducing the rate of hospital readmissions; however, CHA is concerned about the measures as currently constructed. CHA believes that CMS has not adequately addressed Congress' intent of excluding planned and unrelated admissions, and that this revision should be made before implementation.

### CHA Informs Hospital Financial Executives about Optional IRS Reporting

Section 9007 of the Affordable Care Act (ACA) created a new federal code Section 501(r), which imposes four new requirements on charitable hospitals to maintain their tax-exempt status. Part V of Section B of the 2010 Schedule H of Form 990 addresses the new Section 501(r) requirements, including community health needs assessment, financial assistance policy, billing and collections, and charges for medical care. The Internal Revenue Service (IRS) announced last week that reporting will be optional for tax year 2010 to provide the hospital industry with additional time to become more familiar with the type of data to be collected to comply with ACA requirements. The IRS also indicated that because the form and its instructions have been extensively revised, it recognizes the need to address remaining ambiguities and improve the clarity.

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## Update on California Hospital Association Activity (continued)

### Notable Legislation

#### **AB 377 Solorio (D-Santa Ana)**

Would allow hospital systems to have a central pharmacy located outside a hospital in either another physical plant on the same premises or on separate premises located within a 100-mile radius of the hospital as long as it is regulated under a hospital's license within the system.

Passed Senate Business and Professions Committee June 13th

#### **SB 751 Gaines (R-Fair Oaks)**

Would prohibit contracts between hospitals and insurance companies from containing provisions that restrict the ability of plans to furnish information to patients on the cost range of procedures or quality of services; would allow for hospitals to review and comment on the cost and quality data provided; would require plans to provide a link to hospital comments on the plan website; would require risk adjustment of quality data.

Passed Assembly Health Committee June 14<sup>th</sup>

#### **AB 1136 Swanson (D-Oakland)**

Would require employers to have a safe-patient handling policy for patient-care units and to provide trained lift teams or staff trained in safe lifting techniques in each general acute-care hospital.

Passed full Assembly June 2<sup>nd</sup>

#### **SB 554 Yee (D-San Francisco)**

Would include an inspection for adherence to the nurse-to-patient ratio requirements during a compliance survey; would require filing and posting of a plan of correction; would impose administrative penalties.

Two-year bill.

#### **AB 824 Chesbro (D-Eureka)**

Would establish a 10-year demonstration project that would give physicians the choice to be employed by rural hospitals that meet specified conditions to employ up to 10 physicians; would require the Medical Board of California to provide a report to the Legislature regarding the demonstration project by Jan. 1, 2019.

Two-year bill.

#### **AB 926 Hayashi (D-Hayward)**

Would enact a 10-year pilot program ending in 2022 to allow district hospitals that meet requirements specified in the bill to directly employ physicians, subject to a statewide limit of 50 physicians for the entire pilot program.

To be heard in Assembly Business, Professions and Consumer Protection Committee.

#### **AB 1360 Swanson (D-Oakland)**

Would authorize health care districts and clinics owned or operated by a health care district to employ physicians and surgeons if the health care district's service area includes a Medically Underserved Area or Medically Underserved Population, or has been federally designated as a Health Professional Shortage Area.

Failed passage in Assembly Health Committee May 3. Reconsideration granted.

#### **AB 574 Lowenthal (D-Long Beach)**

Would establish Programs for All-Inclusive Care for the Elderly (PACE) as a Medi-Cal benefit.

To be heard in Senate Health Committee June 29<sup>th</sup>

#### **AB 510 Lowenthal (D-Long Beach)**

Spot bill to provide seismic relief to hospitals that would otherwise have to close due to noncompliance with the seismic mandate.

Two-year bill.

#### **AB 375 Skinner D-Berkeley)**

As amended, would establish a presumption in the workers' compensation system for hospital employees; would relieve direct-care hospital employees from having to demonstrate that blood-borne infectious disease or MRSA infection was caused by employment relationship when any part of the condition develops or manifests itself during employment or for a specified period after employment ends.

To be heard in Senate Labor and Industrial Relations Committee June 22nd.

# THE BOTTOM LINE

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## CHFP CERTIFICATION

**By: TIM NGUYEN, CHFP Certification Committee Chair**

Obtaining your HFMA certification (CHFP) is a significant accomplishment and the benefits can range from professional growth, career enhancement and higher salaries. A growing number of organizations are requiring HFMA certification for their finance leaders.

HFMA's certification programs enable you to demonstrate a mastery of a variety of topics within the healthcare finance industry. HFMA certification is widely recognized with healthcare finance professionals. Becoming certified also distinguishes you as a leader as well as a role model in the healthcare finance community.

HFMA's certification programs lead to the designation of Certified Healthcare Financial Professional (CHFP) and the Fellow of the Healthcare Financial Management Association (FHFMA).

The HFMA Board of Examiners has restructured the program for 2011, the Certification requirements now include:

A minimum of 3-5 year's healthcare financial (provider) management experience recommended.

Successful completion of one (1) comprehensive certification examination is required.

Candidates must hold HFMA membership. No time duration prior to becoming certified is required.

The CHFP examination is delivered via the Internet by Castle Worldwide. Registration and all scheduling arrangements will be handled through Castle Worldwide's website, including payment for the exam. CHFP certification costs are \$395. This includes all application, testing, and processing fees. Contact the Castle Worldwide main support desk with any questions at 1-919-572-6880.

On Thursday, August 11th, the Southern California Chapter of HFMA will be offering a Certification Coaching Session in Irvine. It will be held at the Hyatt Regency Irvine, 17900 Jamboree Road, Irvine, CA 92614. The session will begin at 8:00 am and will end at 4:00 pm. For more information and to register please visit <http://www.cvent.com/d/WRyZwk1SOE2kv2e8j0Rz9Q/mnv2/P1/1Q?>

There are also a number of exam resources and study guides available such as the Online Healthcare Core Finance Curriculum. <http://www.hfma.org/certificationselfstudy/>. This is recommended for the CHFP exam preparation. The cost is \$195.

HFMA has even developed a sample exam to help familiarize candidates with certification testing. <http://www.hfma.org/Education-and-Events/Certification/CHFP/Sample-CHFP-Certification-Online-Exam/>

In addition to the CHFP program HFMA is now offering another opportunity for healthcare finance professionals to expand their skills and knowledge with the HFMA Advanced Technical Study Certificate programs. While these programs are not certification programs like the CHFP or FHFMA, they can help you prepare for them. These Advanced Technical Study Certificate programs are online educational programs that award a certificate after completing one of the programs listed below.

- [Mastering Patient Financial Services](#)
- [Mastering Healthcare Accounting and Finance](#)
- [Mastering Managed Care](#)

Passing the certification exam is not easy. It will take hard work and dedication, however the rewards are numerous. Earning your Certification demonstrates your comprehensive understanding of healthcare financial management overall.

"Remember, if you are not constantly learning and improving, then you are actually falling behind"

Should you have any questions you can email me directly at [tim.nguyen@pph.org](mailto:tim.nguyen@pph.org), send an email to [HFMA at certification@hfma.org](mailto:HFMA at certification@hfma.org) or visit the HFMA certification webpage at <http://www.hfma.org/certification/>.

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## WASTE NOT, WANT NOT

### Tuning Up The Revenue Cycle For Healthcare Reform

Victoria Bergmans, MBA, CHPF

Are the people, processes and technology that make up your revenue cycle functions ready to take on healthcare reform? As we are all aware, the Patient Protection and Affordable Care Act includes a mandate that will require 30 to 40 million, currently uninsured individuals, to obtain health insurance coverage. With approximately 95% of the U.S. population covered by private or government-administered health insurance in 2015, the revenue cycle will be strained with the anticipated growth and expansion of healthcare demand. At the same time, healthcare delivery systems will be adapting to health insurance exchanges, payment reform initiatives, increased regulation and the transition to ICD-10-CM. It is now more critical than ever to examine and identify less than optimal revenue cycle workflows. Efficient infrastructure and processes, to ensure timely submission of a clean claim, which is paid in full on the first transmission, will be crucial for cash flow.

Lean Manufacturing (Lean) is the perfect tool to actively engage team members to seek out and eliminate waste in the revenue cycle workflow. Lean is often mischaracterized as being a cost reduction strategy when, in actuality, it is a continuous process improvement system, that quite often reduces cost. I was exposed early in my career to the ideas of Dr. W. Edwards Deming, an American statistician and quality guru, whose principles became the foundation of the Toyota Production System (TPS) or Lean. Having attended graduate school in western Michigan, the headquarters for worldwide furniture manufacturers, Steelcase and Haworth, I had the opportunity to gain first hand insight into process improvement methodologies. As a Practice Administrator working in the healthcare sector, I had no idea how much value stream mapping and measurement of outcomes, in the manufacturing sector, would influence my approach to providing financial leadership to healthcare entities.

The main objective of TPS /Lean is to provide the best possible service to the customer through the elimination of all forms of waste. Let's start out by defining waste as anything that adds cost or time without adding value. Defining value is a little more difficult, so for the sake of simplicity, we will use the TPS definition of value, which is defined as something the customer is willing to pay for. The first step in eliminating waste from the revenue cycle is to develop a process map of how the current process **really** flows, starting with patient access through account resolution. Once you have a true depiction of the current process, each activity in the current process is identified as a value adding task or non-value adding task. There will be some non-value adding tasks that are necessary to meet business or regulatory requirements but do not add value. For example, submitting claims electronically through a clearinghouse is a necessary part of the revenue cycle but does not add value to the customer. Sending paper claims directly to the payor, when electronic submission is an option, does not add value to the customer or to the practice and would be considered waste.

So what exactly constitutes waste? Waste is identified as a non-value added task, not necessary for business or regulatory reasons. Lean philosophy breaks waste down into 8 categories. Once team members understand the 8 categories of waste, they can begin to identify and eliminate waste from the revenue cycle workflow.

The 8 categories of waste are:

• OVERPRODUCTION	• OVERPROCESSING
• WAITING	• UNNECESSARY INVENTORY
• EXCESS MOTION	• DEFECTS/ERRORS/RE-WORKS
• TRANSPORT	• UNDERUTILIZED PEOPLE

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## WASTE NOT, WANT NOT (CONTINUED)

- **Overproduction** refers to producing work or providing a service before it is required or requested. Examples of overproduction include redundant work, such as entering repetitive information on forms, printing extra copies of documents, and multiple team members performing the same task due to lack of clear ownership of the function.
- **Waiting** includes anything that interrupts the workflow and causes a delay in the next processing step. Examples include patients waiting to see the provider, insufficient number of software licenses and waiting for charges to be entered in the EPM/EMR. Backlogs and bottlenecks in the process are usually associated with waiting.
- **Excess Motion** is any movement that does not add value or reverses the process flow. Examples include patient registrars walking to the copy machine to make copies of patient information, looking for misplaced documents and inconsistent changing between computer screens when inputting data in EPM/EMR.
- **Transport** waste in the revenue cycle involves less than optimal flow of data and people. Examples include re-entering data between incompatible systems (EPM and clearinghouse); work being passed back and forth for clarification and outdated procedures/lack of clarity.
- **Overprocessing** waste occurs when more steps than necessary, to add value to the customer, are included in the process. Examples include excessive paperwork, gathering irrelevant information and submitting duplicate claims to the payor.
- **Unnecessary Inventory** includes the usual inventory items, as well as inefficient use of time. Examples include outdated forms/manuals, unnecessary e-mail/paperwork, and work in progress (outstanding encounters and discharged but not final billed claims).
- **Defects/Errors /Re-works** are mistakes that were not corrected at the source and require additional attention. Examples include not obtaining the correct patient demographic information, not setting up payors in the clearinghouse and submitting claims to the incorrect payor.
- **Underutilized People** are defined as not using team member skills to their potential. Lean work teams are seen as a resource to be developed and well trained in their functions (1). Examples of underutilization include the supervisor correcting patient insurance information in EPM, management not including the team members responsible for a task when evaluating process improvements opportunities and supervisor not training team members to use the functionality of EPM.

Teamwork and a common focus are essential elements to streamlining your revenue cycle workflow. Lean helps you look at your revenue cycle workflow from a holistic point of view, as opposed to individual steps. By mapping out your current process, you are able to see the interaction between all activities and identify where insufficient processes result in delays, duplication of efforts and errors or “waste.” Applying Lean to your revenue cycle workflow will eliminate waste, which will accelerate cash conversion and liquidation of accounts receivable.

### References

1. Dibia, I. and Onuh, S. (2010). “Lean Revolution and the Human Resource Aspects.” Proceedings of the World Congress on Engineering 2010 Vol III WCE 2010, June 30 - July 2, 2010, London, U.K.

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With the Sponsors ongoing financial support, the Chapter can in turn continue providing local economical education, and our members benefit from the education and meeting the Sponsors.

For Sponsorship Opportunities please contact [Michelle.Valencia@pph.org](mailto:Michelle.Valencia@pph.org)

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- Health Advocates is a Public Advocacy organization whom assist individuals to qualify for insurance benefits.
- Progressive Management Systems is an employee owned Accounts Receivables Management company.
- Triage Consulting Group is one of the nations leading hospital revenue review consultancies.
- CBB/MBS provides a full range of receivables management programs including pre-collect, billing, follow-up and collection services, as well as backlog/clean-up projects.

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## Benefits of Sponsorship

	Presidents \$ 5,000	Gold Plus \$3,000	Gold \$2,000	Silver \$1,000	Bronze \$ 500
Annual amount from payment date					
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Sponsor recognition in all future education program events flyers	YES	YES	YES	YES	NO
Sponsor recognition at all education events	YES	YES	YES	YES	YES
Free admittance for (x) for (y) event (s)	4 for all	3 for all	3 for all	2 for 2	2 for 1
<b>Newsletter</b>					
Opportunity to insert article in each newsletter	YES	NO	NO	NO	NO
Special recognition in one newsletter with brief description of company	YES	YES	YES	NO	NO
Recognition in newsletter	YES	YES	YES	YES	YES
<b>Website</b>					
Higher level of recognition	YES	YES	NO	NO	NO
Description of company services	YES	YES	YES	NO	NO
Sponsor recognition with logo and hyper link on SDIC Chapter website	YES	YES	YES	YES	NO
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Sponsor recognition	YES	YES	YES	YES	YES
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## FINANCE UPDATE

### HFMA - San Diego Imperial Chapter Financial Performance Twelve Months Ended May 31, 2011



<b>Balance Sheet</b>	'May 31, 2011	May 31, 2010	
Assets	\$143,713	\$134,697	
Liabilities and Fund Balances	\$143,713	\$134,697	
<b>Income Statement</b>	<u>YTD 05/31/11 Act</u>	<u>YTD 05/31/11 Bud</u>	<u>Variance</u>
Revenue	\$107,592	\$116,450	(\$8,858)
Expenses	<u>\$96,206</u>	<u>\$121,509</u>	<u>(\$25,303)</u>
Net Income	<u><u>\$11,386</u></u>	<u><u>(\$5,059)</u></u>	<u><u>\$16,445</u></u>

For more information go to our website at [www.hfmasandiego.org](http://www.hfmasandiego.org)

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For any questions or comments, regarding this newsletter, please contact Chris Udell at [Christopher.udell@pph.org](mailto:Christopher.udell@pph.org)

***This is going to be a great year!***