

The Buckeye Connection

December 2004

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 **hfma** central ohio chapter
healthcare financial management association

beyond
the number

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Interested in assisting with the
newsletter? Please contact Tara-Ann
McElhearn (614-232-7165) or Mark
Kosarko (614-232-7138).

This fall HFMA announced that the Central Ohio Chapter received the C. Henry Hottum Award for Educational Performance Improvement!

President's Message

By John Miller, Chapter President

The first half of the chapter's year has been busy and productive. Your chapter leaders, committee chairs and co-chairs, and committee members have been active in trying to respond to what you told us through last year's chapter survey.

The program committee has been working diligently to finalize this year's program calendar. Responding to the results of the chapter survey, we have increased the frequency of education events. Programs offered during the first half of the year included:

- Hospital/Physician Joint Ventures and Stark II presented by Mike Gire and Diane Signoracci of Bricker & Eckler
- Co-sponsorship of the OHA Regulatory Update (a.k.a., the Larry & Larry Show)
- Capital Financing presented jointly by representatives of National City and Peck, Shaffer, & Williams
- And co-sponsorship of the Ohio Society of CPA's Health Care Conference

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MAY 31, 2005

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President's Message (continued)

We have some exciting events on the program calendar for the second half of the year. On February 15, 2005 we will host a conference on the Uninsured and Underinsured Crisis. Also, on March 1st we will host the Health Care Advisory Board for two sessions discussing the state of our industry and trends in healthcare.

Our chapter is co-sponsoring the Gerry Haggerty event with the Northeast Ohio Chapter. The event will be held at the Glenmoor Country Club May 19th and 20th. More details will be forthcoming.

Social committee activities included two happy hours and the fall golf outing. My thanks to Preston Belding, Brad Chelton, and Ron Bachmann for their efforts in successfully moving the fall golf outing to the Marion Country Club. The social committee continues to look for new ideas to provide networking opportunities. Please contact Preston Belding or Brad Chelton if you are interested in assisting the social committee.

Jackie Nussbaum and Ken Stoll are coordinating this year's Sponsorship Committee efforts. This year's efforts included revamping our sponsorship solicitations making them more sponsor friendly.

Thanks to the efforts of Margaret Schuler, our chapter website www.centralohiohfma.org is up and running. Please visit the site for chapter program information, to contact chapter leaders, and for links to our chapter sponsors.

I hope you all have a chance to relax and spend time with family and friends this holiday season. GO BUCKS!

Are You Preparing for Internal Control Reporting?

By John Miller, President, Central Ohio Chapter

In August 2002, Congress passed the Sarbanes-Oxley Act in response to concerns in the capital markets about corporate governance, the reliability of financial statements, and the role and responsibility of independent auditors following the scandals involving Enron, WorldCom, and others. March 2005 will mark the first wave of internal control reporting for public companies under the Sarbanes-Oxley Act. Many public companies were slow to come to grips with the level of detailed documentation and testing that is required to support an attestation by management on the effectiveness of internal control. Accordingly, much of the documentation and testing may not be completed until the fourth quarter of 2004 leaving virtually no time for remediation of control deficiencies identified. Leaders in the accounting profession are now trying to prepare the market place for the certainty that some companies will be reporting significant deficiencies and material weaknesses in internal control.

Not-for-profit health care providers continue to evaluate the possibility that some version of the internal control reporting requirements of the Sarbanes-Oxley Act may become applicable to not-for-profit organizations with public debt. Certain state attorneys general and legislatures have indicated they believe the requirements of the Sarbanes-Oxley Act should be applied to not-for-profit organizations. It is unclear whether rating agencies may encourage or require internal control reporting. However, in today's environment of heightened awareness of governance issues and Board responsibility, Boards of Directors may be most likely to require reporting on internal control.

Some of the nation's largest not-for-profit health care providers expect that internal control reporting will become a requirement within the next several years. To prepare for internal control reporting, these organizations are:

- Educating the Boards and Audit Committees regarding the time and resources that will be required;

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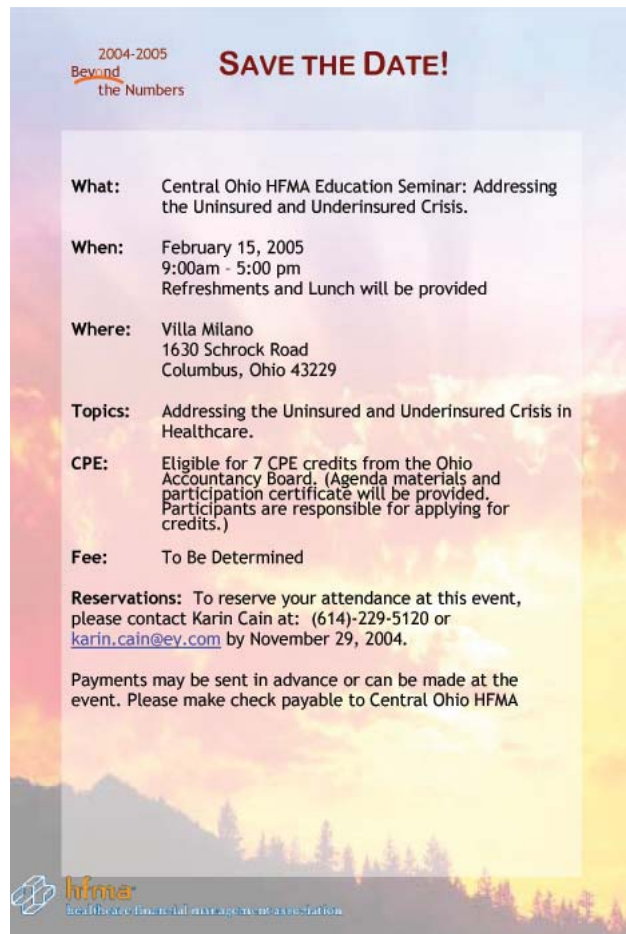
Are You Preparing for Internal Control Reporting? (continued)

- Hiring professionals with the needed accounting and auditing backgrounds;
- Developing a strategy for documenting internal control from entity level controls to controls over processes effecting significant financial statement accounts;
- Preparing a timetable for accumulating the necessary documentation of processes and controls to avoid the time and resource crunch faced by public companies today.

Because they are not currently subject to a requirement or imminent deadline for internal control reporting, not-for-profit health care providers have an opportunity to leverage the experience gained by their public company counterparts. Part of leveraging this experience may include learning from the significant deficiencies in internal control identified in public companies. Examples of deficiencies in internal control that may constitute significant deficiencies in internal control, as defined by the Public Company Accounting Oversight Board, include:

- Identification of audit differences, whether recorded or unrecorded;
- Inability of management to prepare financial statements and footnote disclosures in accordance with Generally Accepted Accounting Principles; and
- Ineffective information technology controls over program or code changes and user access.

Regardless of whether a health care provider is publicly traded, privately owned, or not-for-profit, what is clear is that internal control is receiving a renewed emphasis. What is also clear is that concern about internal control has been expanded beyond the prevention of misappropriation of assets to include internal control over financial reporting. This emphasis is driven by the desire of analysts, rating agencies, investors, lenders, and Boards for complete, reliable, and transparent financial information.



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SAVE THE DATE!

What: Central Ohio HFMA Education Seminar: Addressing the Uninsured and Underinsured Crisis.

When: February 15, 2005
9:00am - 5:00 pm
Refreshments and Lunch will be provided

Where: Villa Milano
1630 Schrock Road
Columbus, Ohio 43229


Topics: Addressing the Uninsured and Underinsured Crisis in Healthcare.

CPE: Eligible for 7 CPE credits from the Ohio Accountancy Board. (Agenda materials and participation certificate will be provided. Participants are responsible for applying for credits.)

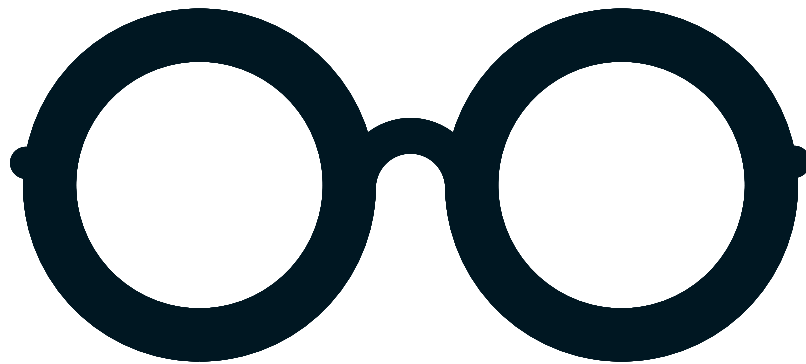
Fee: To Be Determined

Reservations: To reserve your attendance at this event, please contact Karin Cain at: (614)-229-5120 or karin.cain@ey.com by November 29, 2004.

Payments may be sent in advance or can be made at the event. Please make check payable to Central Ohio HFMA

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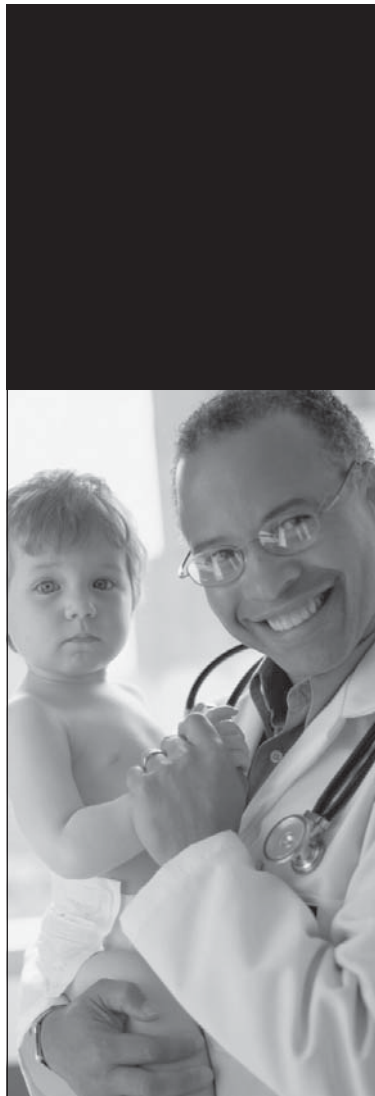
For more information, contact Lynne Parrott at (614) 229-5110 or lynne.parrott@ey.com; or Mark Bainbridge at (614) 229-5002 or mark.bainbridge@ey.com.

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GME Affiliated Group Audit Instructions Issued

On November 5, CMS issued to fiscal intermediaries (FIs) additional clarification on the redistribution of unused resident positions and audits of hospitals that are part of a graduate medical education (GME) affiliated group. This most recent transmittal, one of three since the spring, includes a description of the process for identification of GME affiliated groups; discusses an audit program to be used for the groups' cost reports; spells out communications that are to take place between the FI, CMS, and hospitals; and notes an April 15,



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PROGRAMMING CALENDAR

Date	Topic	Speaker	Location	Program Length	Attendee/ Org. Fee
February 15, 2005	Uninsured/ Underinsured - Co-sponsored with COPAM	TBD	Villa Milano	Full- Day 8am - 5 pm	TBD
March 1, 2005	Trends in Healthcare- The Great Unfunded Mandate and Beyond Reactive Growth	Healthcare Advisory Board	OSU, Ross Heart Hospital	Full- Day	TBD
March 18, 2005	Reimbursement Law & Managed Care Contracting/ NCAA Tournament	Reimbursement Law - AHC Managed Care Contracting -Ernst & Young	Buckeye Café	Full-day 8am - 5 pm	\$500- organization \$60 - per person
April 2005	Professional Leadership Training Seminar	Diane Egbers	Mt. Carmel East	Full-day 8am - 5 pm	\$500- organization \$60 - per person
May 19-20, 2005	Co- Sponsorship of Gerry Haggarty Event	Various	Glenmoore Country Club-	2-day	\$300 + room
May 23, 2005	Spring Golf Outing	N/A	C L Ohi Riviera CC	Full-day	TBA
June 20-21, 2005	OHA Annual Meeting (HFMA Luncheon - June 21)	Various	Easton Hilton	2-day	OHA fees

Lela Papovskii - Chair (614)-722-5117

Karin Cain - Co-Chair (614)-229-5120

If you would like to sign up for a program please contact Karin Cain at karin.cain@ey.com

Register for the OHA Regulatory Update of OHA Annual Meeting through the OHA website at www.ohane.org



Fall Golf Outing Recap

The Central Ohio HFMA Chapter fall golf outing was hosted by the Marion Country Club (MCC) on October 4, 2004. The chapter's first visit to MCC was a rousing success thanks to the graciousness of our hosts and the fantastic fall weather. 15 groups of golfers were divided into two flights, with Ron Bachman, Mike Dean, Dana Engle and Dan Wigton capturing the A Flight title, and Scott Lauber, Anna Rogers, Dan Schryer and Will Sharp winning the B Flight. Additional prizes were awarded for the longest putt, closest to the pin and longest drive – men & women, with Pat Robertson, George Gevas, Steve Swinehart and Maureen Croyle as the respective winners.

The chapter would like to especially thank all of our sponsors for this event – our major sponsor, National City Bank, our flag sponsor, PARA, and our tee box sponsors, Ernst & Young, McDonald Investments, MedAssist, MTE, Plante & Moran, Unicare and United Collection Bureau, Inc.

Thanks also go to the Marion Country Club, the program committee and the social committee for planning and running the event. Please keep in mind our spring golf outing, which is planned for May 23, 2005 at the Riviera Country Club. We look forward to seeing you there!

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Central Ohio Chapter of HFMA – Strategic Plan Executive Summary

The Central Ohio Chapter of HFMA is rich in a tradition of excellence. The external environment presents significant challenges to the continuation of that tradition as the industry within which our members work undergoes significant changes which may result in declines in job opportunities for our members and declines in organizational support for both membership and the time requirements of active member participation. These challenges can be overcome by the strengths of our Chapter. These strengths include members' enthusiasm, diversity of membership, strong sponsor support, and the support of our former chapter leaders. The weakness of our Chapter, which must be addressed, is the low member participation in the Chapter leadership. To assure that our Chapter continues to provide quality services and value to our members, the Board of Directors has developed the following goals and objectives for our Chapter:

- Increase member participation in Chapter committees providing leadership development opportunities.
- Increase the frequency of education events. Balancing membership desire for multiple day, full day, and half-day programs.
- Increase the number of networking opportunities for Chapter members.
- In addition to the Medicare/Medicare Regulatory Update and the OSCP Health Care Conference co-sponsored with the Ohio Hospital Association and the Ohio Society of CPAs, we will seek opportunities to co-sponsor educational offerings with other healthcare professional organizations and other Ohio HFMA chapters.
- Increase net membership growth by not less than 1 percent for each of the next 2 years.
- Develop a Central Ohio Chapter of HFMA website in 2004-05.
- Be proactive in reaching out to new members and encourage active participation in the Chapter.

The Board of Directors of the Central Ohio Chapter of HFMA is committed to seeing that all of these goals are accomplished within the specified time frames. It is our belief that only by accomplishing all of these goals can we continue to provide a consistent high-quality level of services and exceptional value to our members.

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SAVE THE DATE!

What: Central Ohio HFMA Education Seminar: **Health Care Advisory Board - State of the Industry and Trends in Healthcare**

When: March 1, 2005
9:00am - 4:00 pm

Where: Ross Heart Hospital
OSU Medical Center
452 West 10th Avenue
Columbus, Ohio 43210


Topics: Presented by the Health Care Advisory Board
Beyond Reactive Growth
In this presentation, the HCAB responds to an industry focused on rigorous operations management yet still unprepared—strategically—for the market forces arising from technology's advancement.
ca Cross-subsidy Economics at Risk
ca Overcoming Obstacles to Profitable Growth
ca Beyond Reactive Growth


The Great Unfunded Mandate
The HCAB's annual "state of the union" presentation highlights findings from the Health Care Advisory Board's year-long research into the increasingly perilous burden hospitals bear in providing uncompensated and undercompensated care.
ca Future of Health System Reform
ca Not Waiting for Reform
ca Proceeding in Daylight

CPE: Eligible for 4 CPE credits from the Ohio Accountancy Board. (Agenda materials and participation certificate will be provided. Participants are responsible for applying for credits.)

Fee: To be announced

Reservations: To reserve your attendance at this event, please contact Karin Cain at: (614)-229-5120 or karin.cain@ev.com by November 29, 2004.

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The statements and opinions appearing in articles are those of the authors and not necessarily those of the Central Ohio Chapter HFMA. The staff believes that the contents of *The Buckeye Connection* are interesting and thought provoking, but the staff has no authority to speak for the Officers or Board of Directors of the Central Ohio Chapter HFMA. Readers are invited to comment on the opinions the authors express. Letters to the editors are invited but subject to condensation and editing. All rights reserved.

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