

Mark Your Calendar

HFMA Conferences

March 9-11, 2003
CFO Exchange
Hyatt Regency San Francisco, San Francisco, CA

Leadership Training Conference

April 6-8, 2003
Renaissance
Chicago Hotel, Chicago, IL

April 25-27, 2004
San Francisco Hyatt
San Francisco, CA

Annual National Institute

June 22-26, 2003
Baltimore Convention Center
Baltimore, MD

June 27-July 1, 2004
Opryland Hotel Convention Center
Nashville, TN



Newsletter Editors

Frank Phillips
(614) 293-2285
phillips-13@medctr.osu.edu

Johanna Matheny
(614) 233-5617
johanna.matheny@ey.com

Newsletter Design and Layout

Laura Dutton
(614) 229-5279
laura.dutton@ey.com

Ernst & Young LLP
1100 Huntington Center
41 South High Streets
Columbus, Ohio 43215

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.

Central Ohio Chapter
Healthcare Financial Management Association
Ernst & Young
1100 Huntington Center
41 South High Street
Columbus, Ohio 43215

The Buckeye Connection

Fall/Winter 2003



hfma
healthcare financial management association



Inside This Issue

The State Budget Crisis and Its Impact on Medicaid Funding	1
President's Message	3
November Steven Berger Event	6
2002 Fall Golf Outing	7
Career Corner	7
Capacity Management	8
Mark Your Calendar	12

The State Budget Crisis and Its Impact on Medicaid Funding

As the Ohio State Legislature convenes this January it will begin the difficult task of crafting the State's biennial budget at a time when the State is facing revenue collections well below projected amounts and increasing program costs. Consequently, in order to maintain a balanced state budget, significant funding cuts are inevitable. Most notably, cuts are likely to take place within the State's Medicaid program which, outside of education spending, takes up more of Ohio's general revenue fund than any other program. Obviously, cuts in Medicaid spending could drastically affect the services and quality of care provided by many health care providers.

The rise in Medicaid funding can be attributed to a number of factors. First, health care price inflation, which is double the consumer price index, was 4.7 percent in 2001. This was the highest inflation level in seven years. In addition, the poor economy has dramatically increased the number of individuals eligible for Medicaid. In FY '02, Ohio had 100,000 more individuals enrolled in Medicaid than was projected. Lastly, the aging population, direct to consumer advertising and medical advances have led to increased utilization. The impact of these factors has been that the average growth of the Medicaid program is over two times the average state revenue growth (9 percent growth for Medicaid vs. 4 percent state revenue growth). Based upon these averages, the State's budget for 2004-05 would require \$2 billion in new revenue above the FY '03 base just to maintain the program's status quo.

State Budget Crisis (cont'd)

Chapter Officers

CHAIRMAN OF THE BOARD AND CHIEF

EXECUTIVE OFFICER

GEORGE GEVAS

PRESIDENT AND CHIEF OPERATING OFFICER

Craig Bjerke

PRESIDENT-ELECT

Luke Brown

SECRETARY

John Miller

TREASURER

Lola Purdef

Chapter Directors (2001-2002)

DIRECTORS WITH TERMS EXPIRING

MAY 31, 2003

Randy Allen

Douglas E. Langenfeld

William P. Melvin

Bernard A. Ostrowski

Richard D. Schrock

DIRECTORS WITH TERMS EXPIRING

MAY 31, 2004

Jackie Nussbaum

Lynne Parrott

Patrick Robertson

Eric Young

EX OFFICIO BOARD MEMBER

John Callender

REGIONAL EXECUTIVE

Craig Clarady

Committee Chairs

PROGRAM COMMITTEE

John E. Miller, Chairperson

Lola Purdef, Co-Chairperson

SOCIAL COMMITTEE

Brad Chelton, Chairperson

Eric Butzier, Co-Chairperson

CONTACT & PUBLICITY COMMITTEE

Jordan Pace, Chairperson

NEWSLETTER EDITORS

Johanna Matheny, Chairperson

Frank Phillips, Co-Chairperson

CORPORATE SPONSORSHIP COMMITTEE

Karin Cain, Chairperson

Jackie Nussbaum, Co-Chairperson

MEMBERSHIP SERVICE PLAN/DIRECTORY COMMITTEE

Rick Kolaska, Chairperson

Jackie Nussbaum, Co-Chairperson

MEMBERSHIP COMMITTEE

Scott Houk, Chairperson

Rick Kolaska, Co-Chairperson

AWARDS COMMITTEE

Heather Dolen, Chairperson

William Sharp, Co-Chairperson

AUDIT COMMITTEE

Tom Madden, Chairperson

CONSTITUTION AND BYLAWS COMMITTEE

Michael K. Gire, Chairperson

NOMINATING COMMITTEE

Craig Bjerke, Chairperson

Luke Brown, Co-Chairperson

PROFESSIONAL AFFAIRS & OHIO

COORDINATING COMMITTEE

Douglas E. Langenfeld, Chairperson

JOB REFERRAL COMMITTEE

Craig Bjerke, Chairperson

CERTIFICATION COMMITTEE

Eric L. Young, Chairperson

Because of its size and seemingly incessant growth, Medicaid has become a prime target for legislators looking to tighten-up the State's coffers. This past summer and fall the Ohio House of Representatives chartered a special committee to study the State's Medicaid system and come up with recommendations on how it could be reformed. The primary focus of the Medicaid Study Committee ("Committee") was to discover areas of the program in which the State could save money. While the official report and recommendations of the Committee has not yet been published, there are specific areas of cost-containment on which the Committee focused during its meetings. These areas are likely targets for funding cuts when the legislature begins deliberations on the budget bill this winter.

Among the potential program areas facing spending cuts is the aged, blind and disabled ("ABD") population, which constitutes only 29 percent of eligible Medicaid consumers, yet accounts for 77 percent of the total costs of the program. Moreover, from fiscal years 1994 through 2000 the average "per member per month" Medicaid costs for the ABD population increased 53 percent, while over the same time period, Medicaid costs for families and children increased only 17.6 percent. One suggested solution for controlling spending for the ABD population that was recommended to the Committee is the implementation of a

comprehensive managed care model similar to the existing approach employed in the child and family services portion of Medicaid.

Another area of Medicaid spending that will be subject to close scrutiny by the legislature this year is long-term care. Medicaid spending on nursing home care accounts for 70 percent of all nursing care provided

Continued on Page 4

What's New?


We want to know what's new with you.

Remember to keep National HFMA informed whenever you:

- get promoted
- move to a new organization
- get a new business address
- move to a new home
- work for a different department, unit, etc.
- anything new about you or your organization

To receive a Member Record Update Form and instructions, call Fax-It, 800/839-HFMA, and request document no. 200002.

Or call HFMA's Member Service Center at 800/252-HFMA, ext. 350.

 HFMA®

Well, look at the next graph. In June of 2001 when Ingalls was on diversion 238 hours they could only manage 1521 admissions. The following June (2002) they processed 1863 admissions, an increase of 342 admissions, a 22% increase. As a result of increased admissions, diversion hours were reduced from June of 2001 to June of 2002 by 187 hours.

However after the Center was up and functional Dr. Weissman said, "Our overall department morale and relations with private attending physicians has dramatically improved as a result of improved patient movement via the Ingalls Admission and Discharge Center and related initiatives underway to improve our overall patient access."

Dr. Weissman, a veteran of hospital reorganization and change also said, "To Ingalls credit, they have invested in our patient access improvement efforts by engaging an ARM consultant to stay and implement their recommendations."

Patient Relations

Press-Ganey scores at Ingalls indicate patient satisfaction with the admission process has improved. Comparisons between Press-Ganey scores from 2001 to 2002 are:

Other Successes

- Cardiac Cath LOS reduced from 5.7 days to 4.3 days.
- Overall LOS at 4.9, compared to hospital goal of 5.15.
- Market share trending upward.
- Average daily admissions YTD at 60 versus budget of 49, trending 250 admissions per month over budget
- May 2002 admissions 300 over budget, inpatient revenue 26% over budget.

Physician Relations

Dr. Mark Weissman is the Medical Director for Emergency Services at Ingalls Health System. Dr. Weissman was frustrated with the hospital's inability to find beds for patients for several reasons. As head of the ED he had private attending physicians going to him about the hospital not being able to admit their patients. Dr. Weissman said, "We were all very frustrated; tensions between staff, ED physicians and our private attending physicians were running high."

Conclusion

There are enormous financial opportunities for hospitals that find themselves on diversion. By reducing diversion time you can significantly increase inpatient revenue.

If the processes are well managed you can turn additional revenues into increased cash flow. To do that it will be important to put case management in the beginning of the process to insure that patients are receiving an appropriate level of care. You will also need to install a Quality Assurance Program in the Admitting process to be sure that you are collecting information that will produce a claim that will be paid.

By reducing length of stay you will decrease costs per DRG and improve profitability.

By implementing a full program to manage capacity you will also improve relationships with your patients and your physicians.

To learn more about Capacity Management and how you can benefit from a Capacity Management Review please contact Rob Geer or Jim Smith at Accelerated Receivables Management at 888-874-1447 or e-mail us at rgeer@armltd.com or smithj@armltd.com.

Capacity Management

Capacity Management

considering government and non-government payer guidelines.

- Manage patient's care prior to bed assignment.

What Are the Desired Outcomes for the Center?

- Minimize hospital diversion
- Decrease Length of Stay
- Reduce inappropriate short-term utilization of inpatient beds
- Maximize utilization of limited human resources
- Decrease financial denials
- Increase revenue and reimbursement
- Improve Patient Satisfaction
- Improve physician relationships by reducing complaints regarding lack of bed availability.

2. Name a Bed Czar

As Ingalls has structured their Center the Director of the Center has become the bed czar for the organization. This position is constantly evaluating strategies to open beds and keep the hospital off of diversion. Without someone in your organization to work across multiple departments there is no one to focus on patient movement and diversion hours increase. At Ingalls, an ARM consultant filled this role while a permanent solution was developed.

3. Decrease Length of Stay

It is critical to monitor length of stay by physician and DRG. Proactively addressing physicians who have a pattern of keeping patients beyond length of stay standards is essential. Working with those physicians to decrease length of stay will improve both DRG profitability and decrease the inappropriate utilization of beds.

4. Enforce a Hospital Discharge Hour

A hospital is much like a hotel. In order to insure an orderly process hotels insist on a check out time to give them

time to get rooms ready for new arrivals. Hospitals are also much more efficient if they can enforce a discharge time. At Ingalls the discharge time is 11:00 am. It is important to educate patients and their families about discharge procedures at admitting.

5. Work With Nursing on Timely Reporting of Discharges

We all know that the system will not show an available bed until the patient is discharged in the system. Work with nursing to be sure that the floors process discharges as soon as the patient has left the room. Sometimes patients who are discharged but cannot leave because they are waiting for transportation can be moved to the Admission and Discharge Center. During this time a Center staff member works with the patient to coordinate follow-up doctor appointments, arrange for prescriptions to be filled at the outpatient pharmacy and/or provide discharge education.

6. Work With Ancillary Departments

We all see situations where a patient is waiting for services from an ancillary service. Maybe the physician wants to see lab results before he will discharge. Maybe the ED physician is waiting for lab or radiology results before he can write an order to admit. Sometimes even the hour patients receive meals can hold up a discharge. Work with clinical staff, they know what these "hold ups" are. They can help you identify them so that you can work with department managers to correct the problem.

7. Look Into Adding More Beds

This solution can be tricky. There are several questions you must ask yourself before adding beds. Some of them are:

What kind of beds do I need?

Can I find the nursing/technical staff? Will I have consistent use of new beds, or will they only be used during crisis periods?

Measurable Successes

We have developed some statistical measurements to track progress. The two most important measures are hours on diversion and admissions. The mission of the Capacity Management Program is to reduce diversion hours. But, unless demand decreases, and this is unlikely, diversion hours will only decrease if the facility is able to increase admissions.

The next chart displays a dramatic decrease in Hours on Diversion. To better illustrate our comments about the link between Diversion Hours and Admissions we would like to compare June of 2001 to June of 2002.

In June of 2001 (we started our programs in July of 2001) Ingalls was on diversion 238 hours. In June of 2002 diversion hours measured 51. How did we get there?

President's Message

Craig Bjerke

I hope everyone had a wonderful holiday season and is still basking in the Buckeyes' national title. As we have reached the halfway point of our 2002-2003 chapter year, our chapter is off to a great start.

In November, Steven Berger returned to present his program "Gaining Insight and Improving Key Hospital Processes – Revenue Cycle and Supply Chain Management." The program was well attended and special thanks go out to our program sponsors: Children's Hospital, Ernst & Young, Genesis Healthcare System, Mount Carmel Health System, OhioHealth and Ohio State University. Additional thanks go to Brad Chelton, Karin Cain and Pat Robertson for their assistance with the program. As always, the Fall was a busy one for our chapter. We held our annual Fall golf outing and co-sponsored educational events with the Ohio Hospital Association and the Ohio Society of CPAs.

Chapter members should also have received their membership directory for the Central Ohio Chapter of HFMA. This is a great member benefit and I encourage you to use the directory for individual contact information as well as information on our local chapter and HFMA national. Thanks to Jackie Nussbaum and Rick Kolaska for all of their hard work in getting this completed.

As we look towards 2003, our chapter has many things planned. Recently, the chapter officers met and reviewed our latest chapter survey results and have been discussing ways to improve our chapter. The information in the survey was very valuable to the officers in planning the next year. Over the next few months, we are hoping to have an "HFMA 101" session for our new members and another educational event around NCAA tournament time.

Happy New Year and Go Bucks!

Craig Bjerke
Chapter President

President's Message

State Budget Crisis (cont'd)

in the state and one-third of the state's total Medicaid spending. As a way of controlling nursing home spending, the Director of the Ohio Department of Job and Family Services ("ODJFS"), Tom Hayes has recommended that the legislature modify the complex

formula for nursing home reimbursement, which, as it stands, does not provide an incentive for nursing home operators to bring their supply of nursing home beds in line with demand. Specifically, Mr. Hayes has recommended the adoption of a formula that allows

ODJFS to negotiate a rate structure and payment system based on quality, efficiency, cost and consumer demand, rather than the existing formula which pays nursing homes based on their reported costs.

Perhaps more significantly, Governor Taft, in his inaugural address, emphasized that changes to the nursing home funding system are necessary. Without going into specifics, Governor Taft stated that the focus must shift to home and community based services. As an example, the Governor indicated that the PASSPORT program would receive as much additional money as possible.

Finally, funding cuts are likely to be considered in the area of hospital reimbursement. As an example, ODJFS, in response to the previous budget bill, has initiated a rule that would discontinue the normal inflationary adjustment for hospital reimbursement rates for the period of January 1, 2003 to May 31, 2003. Additional tweaking of the hospital reimbursement rate is likely to be considered by the General Assembly during budget bill deliberations.

While these areas represent potential avenues for limiting state spending, other areas of the Medicaid program will be considered, including changes in Medicaid eligibility. It is important to note that, at this stage of the

issue and be committed to supporting change throughout the organization.

As with all problems it is easier to breakdown solutions into smaller tasks easily assigned to the people who have the ability to design and implement the solutions.

Some Solutions

1. *Admission and Discharge Center*
This is the most important solution that we first implemented at one of our client hospitals, Ingalls Health System in Harvey, IL. Ingalls is a large urban hospital with nearly 19,000 admissions a year. Ingalls had a very serious ED overcrowding and diversion problem.

At Ingalls the Admission and Discharge Center functions as a staging area for patients who have an order for admission but because no appropriate bed is available the patient is placed in the Center until a bed becomes available. Prior to creation of the Center these patients waited at home, were sent to another facility, or were left in an already overcrowded Emergency Department.

The flow chart illustrates the patient flow when Ingalls has no available beds on a medical/ surgical /telemetry floor.

At Ingalls the Admission and Discharge Center is located on the first floor adjacent to both the ED and Admitting. There are five beds in the Center; it is staffed with nurses and a nurse/case manager. The Center is

open Monday through Friday from 7:00 am until 9:30 pm. Saturday hours are 10:00 am to 6:00 pm.

The Center provides an ability to:

- Accept Direct Admits from private physicians through the Admitting Area even when there are no beds available in the hospital.
- Unload patients from the ED for which a physician has written an order to admit.

What Services Does the Center Provide?

- Completion of all paperwork (consents, admit/history/assessment).
- Facilitate rapid completion of Diagnostic Testing thereby impacting timely treatment.
- Initiate Primary Clinical Interventions (pain relief or first dose antibiotics)
- Case Management assessment; matching patient clinical needs to facility resources while

Capacity Management

Success without limits.

Plante & Moran has helped its clients redefine and surpass their business and individual expectations since 1924.

We create strategies, provide direction, and deliver outcomes that transcend the ordinary.

We help you envision the possibilities.

Our trusted advice — in technology services, wealth management, tax, accounting, business and organizational planning, and others — can expand your vision and help you exceed your goals.

Exceed your capacity for success.

plante moran

Offices throughout Ohio and Michigan • Contact David Scheffler or Jordan Pace at 740.653.7144 • plantemoran.com

AMBULANCE

Not all health care problems are solved on the operating table.

If you want to stay ahead in the health care industry you have to see things differently. Our health care professionals operate from a unique point of view, we can help you solve any problem. Let's move forward.

Mark Bainbridge
614.229.5002
markbainbridge@ey.com

Lynne Parrott
614.229.5110
lynneparrott@ey.com

ey.com **ERNST & YOUNG**
Quality In Everything We Do

©2002 Ernst & Young LLP

Capacity Management

Capacity Management

Getting Your Hospital Off Diversion And Improving Revenues

By: Rob Geer and Jim Smith

The Problem Facing Hospitals

According to an American Hospital Association Survey the majority of hospital Emergency Departments perceive they are at or over operating capacity. This overcrowding of the ED coupled with a nursing shortage and a history of hospitals closing beds has created a national healthcare emergency.

It is reported that ED visits increased 14% last year. Experts believe the increase is largely due to the overall increased population and increases in the aged population. We suspect that increases in the uninsured populations are also partially responsible for increased ED visits.

As a result hospitals are closing their doors for up to twenty percent or more of the time. While this problem is most acute in big city hospitals even rural hospitals report being over capacity nineteen percent of the time. Urban hospitals report being over capacity forty eight percent of the time.

According to the same AHA Survey, the reasons for hospitals experiencing diversions include:

What Happens When You Are On Diversion?

1. Patient Care can be compromised
2. You are losing revenue.
3. You are sending business to another hospital.
4. Private physicians cannot get their patients admitted and relationships with your referring physicians are deteriorating.
5. Private physicians will not use your hospital but will admit at another facility.
6. ED physicians will become frustrated, as they cannot move patients that require admission out of an already overcrowded Emergency Room.

Strategies To Get Your Hospital Off Diversion

The complete solution to decreasing your diversion time takes involvement of the entire hospital. You cannot completely reach optimal results without the cooperation of nursing, physicians, ancillary departments, dietary, patient access, emergency department and more. Because of the scope of the problem we cannot stress how important it is to have the support of top management including the CEO, CFO, COO and Vice-President of Nursing. Each must understand the

	THE QUALITY MANAGEMENT CONSULTING GROUP, LTD.
100 South Third Street Columbus, Ohio 43215-4291 (614) 227-4848 FAX: (614) 227-2390 info@qmcg.com www.qmcg.com	<p style="text-align: center;"><i>S</i>tay current with payer regulations and maintain billing efficiency with our audit/compliance staff.</p> <p>We provide assistance in:</p> <ul style="list-style-type: none"> • Coding/DRG audits • Charge description master reviews • Compliance educational programs
	... and its affiliate BRICKER & ECKLER LLP Attorneys at Law

Source: The Lewin Group Analysis of AHA ED and Hospital Capacity Survey, 2002

game, the legislature has made no concrete decisions regarding what areas will be subject to cuts and which will not. Consequently, now is the time to work with state legislators, regulators at ODJFS, and the Governor's office to influence how the state's Medicaid spending is impacted by this year's budget bill.

Schottenstein, Zox & Dunn Co. L.P.A. ("SZD") is uniquely qualified to assist your business in all of its legal needs. Led by Peter A. Pavarini, a nationally recognized health law strategist who has spent the past 25 years helping to reshape the health care system in America, SZD has one of the most extensive and established health care practices in Ohio. In addition, SZD offers a comprehensive governmental affairs practice. The Governmental Affairs Department is chaired by David J. Robinson. A former member of the Ohio House of Representatives, Mr. Robinson has considerable experience representing clients before both state and federal legislative and regulatory bodies.

If you have any questions regarding Ohio's Medicaid budget or would like us to work with the state legislature or Governor's office on your behalf during this year's budget deliberations, please contact Peter Pavarini at 614/462-5016 or ppavarini@szd.com, David Robinson at 614/462-5052 or drobinson@szd.com or Kevin Hilvert at 614/462-4921 or khilvert@szd.com.



National City Bank has a cure for the aches and pains of healthcare banking.

With financial pressures on the rise in healthcare, you need a bank that understands the challenges. You'd also like one that will relieve you of a lot of the work and worry.

National City Bank is that bank. In fact, we're central Ohio's premier healthcare lender. Our healthcare specialists are experts at working with hospitals, clinics and physicians. We've worked on everything from hospital bond issues, to managing cash and investments, to leasing equipment, to helping physicians reach individual financial goals through private banking.

Why not put our skills to work for you? To learn more, call George Gevas at 463-7346. If now's not a good time, in the morning will do. Just tell us where it hurts, and we'll show you how we can help.

National City Bank

Going the distance for you

Call us in the morning.
(Aspirin optional.) 

Member FDIC © 1993 National City Bank, Columbus

State Budget Crisis (cont'd)

November Steven Berger Event

Perspective by Karin Cain, Ernst & Young

With nearly eighty attendees to the presentation, this year's Steven Berger event was a tremendous success. Steven Berger is President of Healthcare Insights, LLC, which specializes in the teaching and consulting of healthcare general and financial management issues. In addition, Healthcare Insights has developed management accountability and decision support software solutions for the healthcare industry.

As an annual feature to our chapter's professional development offering's, Berger discussed his insights into improving key hospital processes. The two-day event focused on revenue cycle and supply chain management. The first day involved a thorough examination of the revenue cycle, from pre-registration to cash collections and posting. He discussed recommendations such as selecting performance metrics for the revenue cycle and utilizing a contract management system to manage reimbursement.

The second day of the seminar focused on supply chain management. Berger discussed current issues surrounding the supply chain including GPO's and e-

commerce. In addition, he gave an overview of the supply chain cycle from purchase requisition to hospital payment. His discussion involved an analysis of the costs and benefits of warehousing supplies versus utilizing a "Just-In-Time" methodology. Berger concluded by providing some opportunities for improvement, such as a value analysis committee and formulary use. As in past years, Steven Berger provided an excellent forum for the examination of financial and management issues within central Ohio hospitals.

2002 Fall Golf Outing Sponsors

The fall golf outing was held at the Zanesville Country Club. Thank you to the participants that made up our 18 foursomes.

We would also like to thank our sponsors for supporting the 2002 Fall Golf outing:

Major sponsor
National City Bank

Sponsors of individual holes

- Aon Risk Services
- Bricker & Eckler
- Citistreets: Copeland Companies
- Ernst & Young
- Gardner & White
- McDonald Investments
- MTE Consulting INC
- O.S.I. Healthcare Services
- Peck Shaffer & Williams
- Plante Moran, LLP
- Squires Sanders
- Unicare
- United Collections Bureau

We would also like to recognize our sponsors who have reached Corporate levels for FY 2003:

Gold
National City Bank
Plante Moran

Silver
Ernst & Young
United Collection Bureau, Inc.



Finance Opportunities In Central Ohio

The Gammill Group, a national search recruiting firm in Columbus, Ohio, is seeking individuals with outstanding skills in **General Accounting, Physician Practice Finance, and Capital Purchase Processing**. These positions are located in Central Ohio with the premier healthcare organization in the area. These positions offer excellent salary and benefits and significant opportunity for career growth. **Healthcare experience is desired, but not required.**

Please contact Lee Anne Davis or Jim Parsons at The Gammill Group, 614-848-7726 or by email at jjparsons@gammillgroup.com.

Career Corner