hfma healthcare financial management association

first illinois speaks

A Newsletter from HFMA's First Illinois Chapter

July 2008

Inside Guatemalan Healthcare

BY PAMELA WAYMACK

MAKE A DIFFERENCE

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How do you describe a week of living and working with people you have never met, doing things you would never do in your daily life in the midst of a country that can only be described as "dirt poor"? This is my attempt to give you a glimpse into the world of DOCARE International and the group of over 90 volunteers that I joined the end of February in Guatemala to provide medical and dental care in rural villages.

Inside This Issue

Guatemala is a third world country with a population 50% larger than the Chicago metropolitan area. Over half the people are ingenious Mayans and live in extreme poverty. They are poorly educated and poorly provided for by the government. There is no national health service, and most health care is paid for by individuals. It is estimated that 40% of the population therefore receives no health care services. The majority rely on self treatment.

Our DOCare Medical Team:

Our DOCare team was composed of clinicians, students and volunteers like me and included:

5 primary care doctors
4 dentists
3 podiatrists
2 dermatologists
1 ophthalmologist

We had members of the Lions Club with over 10,000 pairs of glasses to give away, and the Rotary Club brought a team of volunteers. There were Boy Scouts from Utah and students from Midwestern University on our team.

I came with 150 pounds of donated medical supplies, nutritional supplements, surgical equipment and the ubiquitous drug company pens to give away. Every morning at 7:30 am, we meet our

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President's Message: 2008 – 2009

Making Connections!

As we enter the 60th anniversary of the founding of the First Illinois Chapter HFMA, (We were the First chapter organized in HFMA, that's why we are called the First Illinois Chapter) Robert Broadway, our National President has picked an appropriate theme for the year. Making connections is as important as ever in this fast paced world of healthcare, where we've seen jobs disappear (even in Finance), mergers and acquisitions constantly in the news(even in hospitals), and whole market places disappear (variable rate securities auctions).

In times like these it is imperative to one's career to network with peers, staying connected and educated on current issues in the industry. The Officers and Board of the First Illinois Chapter are dedicating this year to providing the membership with quality education and valuable networking opportunities to further their careers. We are constantly trying to improve the quality of our programs and are planning several new ventures this year. On October 30 we are hosting a joint education program and vendor fair with MCHC at the Donald E. Stephens Convention Center in Rosemont. We are planning some other exciting changes in response to member feedback. The chapter also hopes to expand free webinars to add value to your membership and expand educational opportunities at a time when hospital and personal budgets are being stretched very thin.

Volunteering is a great way to make connections. We have many chapter committees that are always looking for volunteers to help out. Volunteering is a wonderful way to make new friends and network with peers. The relationships established can last a lifetime. The value of being able to pick up the phone or email peers with a question is priceless. The help one can give and receive from peers in job placement is beyond priceless, for both the giver and receiver.

Get certified! Certification is a great way to stay current and also further your career. The education and networking helps you stay current. Having the CHFP or FHFMA initials after your name are essential if you aspire to a Senior Executive Position in the Chicago marketplace. These initials say something about the work ethic and leadership capabilities of the candidate when evaluating candidates.

Cathy Jacobson, FHFMA, CPA is President-Elect of HFMA this year, soon to be National President. The Chapter is proud to have one of its own as a National Officer. Please congratulate Cathy when you see her and pledge to give her all the support you can next two years!

Have a great summer. Make a summer pledge to make some new connections and renew some old connections this year!

Guy R. Alton, FHFMA, CPA
President, First Illinois Chapter, HFMA

aIPAM EVENT

The next aIPAM event co-sponsored with FIHFMA will be held October 2, 2008 at the Hyatt Lodge in Oak Brook at McDonald's Campus.

The conference is 7:30 am – 4 pm and begins with a hot breakfast and vendor exhibit. Ooooh yes there will be the usual fun interspersed with networking and educational segments. Experience a vendor exhibit extravaganza for front-end revenue cycle products and services as well as a program packed with information.

What's on this super agenda?

The Speakers will address :

- Revenue Cycle of the Future: How technology is increasing the value and use of patient data.
- Leadership and motivation from Rob Peck, the juggler.
- Are you smarter than a Patient Access Manager?
- The Anatomy of Patient Access – a wholistic leadership philosophy to promote patient & associate loyalty.
- Advancements in Scheduling: Centralizing, Outsourcing and Self-Scheduling.

Pricing Transparency and Consumers – how providers are dealing with the challenges.
The fun will continue with a juggling demonstration during lunch and finish with a post-conference networking opportunity complete with raffles, cocktails and mini cheeseburgers.

—Katherine H. Murphy

First Illinois Chapter News, Upcoming Chapter Events & Committee Updates

Sponsorship Committee

Sponsorship Update

It is an honor for me to take over as the new Sponsorship Chair for FIHFMA 2008-2009 from Jim Ventrone. On behalf of the entire FIHFMA Board of Directors and Officers I want to thank you for your years of service building the sponsorship committee to the success it is today.

As your new Sponsorship Chair I would encourage the vendor community to get involved with our chapter by becoming a sponsor for our chapter. We have some new sponsor initiatives launching this year.

As a Sponsor you not only get brand and marketing awareness, but get to build relationships that will last a life time.

You also need to be aware of an exciting upcoming event, which will allow you and your organization to attend and to exhibit.

On Thursday, October 30, 2008, we will be conducting a joint Educational Conference and Exhibition in conjunction with MCHC at the Donald E. Stephens Conference Center in Rosemont, Illinois.

This is the first time that these two organizations have come together in this fashion.

We expect the total attendance to be about 500-600. In addition to our traditional "finance members", it will be attended by hospital CEOs, COOs, CIOs, CNOs, MOs and other healthcare providers.

For more information please email me at julie.haluska@searchamerica.com.

— Julie Haluska, 2008-2009 Sponsorship Chair

Congratulations to Ken Rothacker, HFMA member and former IT Committee Co-Chair, who performed the National Anthem and God Bless America at Wrigley Field. He performed before 41,000 Cubs fans on June 1, 2008, when the Cubs beat the Rockies with a final score of 5 to 3. This was his 8th time performing at Wrigley field, in addition to the one time he performed for the White Sox in the early 1990's. "I consider it a major honor to be able to show respect to our country by playing," Ken Rothacker.

Meet Your 2008–2009 First Illinois Chapter Officers

As a new chapter year is upon us, we also have new leadership in our midst. We have asked our new leaders the five questions listed below. Keep reading to see how they measure up!

1. How long have you been in healthcare?

2. How long have you been a member of the First Illinois Chapter?

3. What prompted you to join the First Illinois Chapter?

4. What interests you outside of healthcare?

5. What advise would you give to a new HFMA member? Or to a member who is not active?

President – Guy Alton

1. Since 1979.
2. Since 1982.
3. My first bosses found it a good way to find out about healthcare finance.
4. Music, golf & baseball.
5. Get involved. Volunteer for a committee. It's a great way to learn and to meet people.

President Elect – Mike Nichols

1. 25 Years. My first job was as a Medicare auditor right before the transition years for Inpatient PPS.
2. Since 1984.
3. Educational opportunities & networking
4. Travel (not often enough and never long enough) and lately I've become a big fan of CSI Miami
5. Find something you're interested in and make a connection with others in the chapter with similar interests to help yourself grow at a personal and professional level. As a chapter, we are continually looking for ways to improve our educational offerings and networking opportunities, so there is always something going on and you have the ability to choose what works for you. There is not an organization that is more recognized as being the healthcare finance resource, either locally or nationally.

Secretary – Patricia Marlinghaus

1. I have been in healthcare since 1992.
2. I joined First IL HFMA shortly after entering the healthcare field.
3. I thought joining would be a good way to network with my colleagues and stay current on healthcare issues.
4. I have a variety of interests. I like to travel, bicycle and work in my garden. For the past year, I have been taking ballroom dance lessons. And, of course, there is always shopping.
5. Joining First IL HFMA is a great way to stay current in our ever-changing industry. If you are not currently an active member, get involved! The relationships that you build can be invaluable over the life of your career.

Treasurer – Patrick Moran

1. 30 years.
2. 15-20 years.
3. Joined to get a better understanding of the financial drivers of healthcare, networking and social interaction.
4. My family (3 active boys-10, 14 & 1), golf (when I have time) and running.
5. You have to "give to get". The only way FIHFMA will be of value to you, is if you are active and participate.

Strategic Plan 2008–2009

BY GUY ALTON

The following topics are included in this section:

Vision

HFMA First Illinois Chapter Vision is:

"To be the professional resource of choice to individuals interested in the business of healthcare finance."

Purpose

HFMA First Illinois Chapter Purpose is:

"To provide chapter members with quality education thereby helping members improve business performance and to provide networking opportunities thereby facilitating professional career growth."

Core Values

Excellence – We believe in excellence in all that we do. We strive for a consistent and high standard of quality in each endeavor.

Teamwork – Teamwork involves a strong partnership with members and voluntary leadership.

Innovation and Creativity – Innovation and Creativity allows each member to express their work in interesting and unique forums.

Fiscal Responsibility – Allows the chapter to continue to provide quality programs.

FIRST ILLINOIS CHAPTER

Balanced Score Card Goals 2008-09

The Chapter Balanced Score Card Goals will be used by the Chapter's Governing Board to direct the Chapter activities. The following are the Chapter Balanced Score Card Goals for the 2008 – 2009 year:

Increase registration hours per member by 3% over the prior year.

Retain 100% of the number of members as obtained last year.

Retain 65% of the potential market for Senior Financial Executives.

Obtain at least 49% member satisfaction ratings of "very or extremely satisfied".

At least 60% of Officers and Board Members are from healthcare providers.

At least 4 elements of HFMA Seamless System of Service utilized by the chapter.
Minimum days cash on hand >=150 or <=600 days.
At least 91% on-time compliance with DCMS requirements.
Achieve 100# of Chapter goals.

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Strategic Planning Committee Members:
James Heinking, FHFMA
Regional Executive

James Watson
Past President

Guy Alton, FHFMA, CPA
President

Michael Nichols, FHFMA, CPA
President Elect

Patt Marlinghaus, CPA
Secretary

Janet Blue
2nd Year Board Member

Julie Haluska
Sponsor Chairperson

Pat Moran
Treasurer

Brian Sinclair, FHFMA
Program Planning Co-Chairperson

Katherine Murphy
Program Planning Co-Chairperson

Carl A. Pellettieri
2nd Year Board Member

Neil B. Koonce, Jr.
National CAT Consultant

Steve Hand, FHFMA, CPA
National CAT Consultant

Strategic Plan 2008-02009 (continued from page 4)

Goals and Action Plans

Increasing Education Hours per member:
- Assess programs & content
- Rotate program locations: Downtown, western suburbs, O'Hare area
- Assess feasibility to reduce number of events/programs, consolidate into bigger programs
- Add social hours/networking opportunities to end of events
- Rev cycle/UB04 training session for PFS and billers
- Expand Webinars
- Pursue Podcast capabilities
- Continue joint venturing/partnering
- Getting program announcements out in advance/on time

Program Planning Committee
- Increase provider input into content
- Implement Officer input/oversight of program content
- Refine implementation of program planning committee

Re-focus education content, networking, recruitment on core audience: Hospital financial executives
- Do CEO/CFO survey
- Expand relationship with MCHC
- Focus on program Quality, Content, Location
- Content Ideas: RAC Audits, Public Aid, MS DRGs, Value Based -Purchasing, Finance for Non-Financial Managers, IRS 990

Volunteer succession planning:
-Assess areas of vulnerability
-Identifying/recruiting replacements/additions

Review Chapter Golf Outing Date & Location
Senior Financial Executive non-members
-Work on recruitment
-Improve accuracy of National list

Implement Vendor fair/ sponsor guide

Continue Social committee /add young members social programs

Purchase of materials from National to offset cost of Certification

Past President Jim Watson at the 32nd Annual Golf Outing

Chapter Visits the Golf Links

The 32nd Annual First Illinois HFMA Golf Outing was held on Friday, May 23, 2008. This year's event took place at St. Andrews Golf Club and Klein Creek Golf Club. We had a rather cool and windy day as hot chocolate may have been the beverage of the day, outside.

290 golfers played in the event. They enjoyed an outside barbecue from 11:00 AM until 1:00 PM for those who had to leave early. For those who stayed, we enjoyed a barbeque which was held along with the award ceremony and raffle inside in the banquet room at St. Andrews from 3:00 PM until 7:00 PM.

The awards and winners were:

William Costello Memorial Award – low gross score for a member who played the regulation course at Klein Creek – Greg Cunniff (shot an 80). Congratulations to Greg on his achievement!

Scramble team winners were the team of Beano, Jorstad, Logan, and Marshall on the St. Andrews course and the team of Bradbury, Peterson, Smith, and Wimbrow on the Lakewood course.

The following are the winners of the hole events played at St. Andrews, Lakewood, and Klein Creek:

Closest to the pin, Women – Eleanor Michalek and Kelly O'Hara

Closest to the pin, Men – George Parlakis and B. J. Okel

Longest drive, Women – Janet Blue and Liz Simpkin

Longest drive, Men – John Bodine, Sander Kloet, and Frank McHugh

Raffle prizes included Flat Screen TV's, Golf Clubs, Golf Bags, Cubs Memorabilia, Cubs Baseball Tickets and White Sox Tickets.

A special "THANKS" goes out to the following sponsors for:

The halfway house at all 3 courses – HEALTHCARE FINANCIAL RESOURCES, INC.

Beverage tents on the St. Andrew's courses – RPM and Jefferson Wells.

Our corporate sponsors are listed for their generous gifts throughout the year:

Thanks to our 2008 Corporate Sponsors:

Platinum Sponsors
Grant Thornton
Plante & Moran, PLLC

Gold Sponsors
Bank of America
Capital Source
Crowe Chizek & Co, LLP
MiraMed Revenue Group
National City Bank
Professional Business Consultants, Inc.

Silver Sponsors
Charter One/Royal Bank of Scotland
Emdeon Business Services
Harris & Harris, LTD
Healthcare Financial Resources, Inc.
ICS, Inc.
MAILCO, Inc.
On Target Staff
Powers & Moon, LLC

Bronze Sponsors
Chamberlin Edmonds
CMD Outsourcing Solutions, Inc.
Gustafson & Associates, Inc.
MedFinance
Medical Recovery Specialists, Inc.
On Target Staff
Physicians' Service Center, Inc.
R & B Solutions
Revenue Cycle Solutions
Senex Services
Strategic Reimbursement, Inc.
Ziegler Capital Markets
R & B Solutions
RSM McGladrey & McGladrey & Pullen, LLP
Search America, Inc.
Senex Services Corporation
Troy Q. Smith & Associates

Putting on an event like this always requires our corporate sponsors to give an additional donation to help make this event possible. I want to "THANK" them for their additional generous gifts! Here are our 2008 Golf Sponsors:

Thanks to our 2008 Golf Sponsors:

Blue Cross Blue Shield of Illinois
BMO Capital Markets/Harris Bank
Creditors Collection Bureau
DNL Healthcare Services
Emdeon Business Services
Essayons Solutions, LLC
Great Lakes Medicaid
Harris & Harris, Ltd.
Horizon Financial Management
Houlihan Lokey Howard & Zukin
Investment Banking Services
Jacobson & Associates
Jefferson Wells
The Kramer Group
Mailco, Inc.
Medical Recovery Specialists, Inc.
The Northern Trust Company
On Target Staff Inc.
Plante & Moran, PLLC
Powers & Moon, LLC
Prestige Staffing
Revenue Cycle Solutions
RSM McGladrey
Strategic Reimbursement
Tatum
Troy Q. Smith & Associates, Inc.

Patt Marlinghaus & Ross Stebbins.

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Chapter Visits the Golf Links (continued from page 6)

As everyone knows, this event just does NOT happen by itself. It takes a lot of personal time, commitment and hard work to bring our golf outing together. I want to say "THANK YOU" and recognize each of the golf committee members: Bob Belke, Bill Cosgrove, Paula Dillon, Ron Hennings, Brian Prokop, Al Staidl, James Ventrone and Jerry Walters. Also, a special "THANK YOU" is given to those who helped at the registration table: Mary Okel, Amanda Springborn, Katie Dwyer, and Lauren Clemons. Assisting the Callaway watch person was Michelle Holtzman.

I hope everyone that attended the 32nd Annual Illinois Chapter HFMA Golf Outing enjoyed the entire days' activities. It's been an honor to serve as this year's chairperson.

— Ross Stebbins

2008 Golf Registration Table, Mary Okel, Amanda Springborn, Lauren Clemons, Katie Dwyer, Ross Stebbins, & Ron Hennings.

J Lines, A Staidl, N Bartelt, & J Szczerbowski.

Janet Blue, Tammy Rowland, Nancy Graham, & Katherine Murphy.

14th Annual CFO Committe Golf Outing

Tuesday, May 6, 2008 at the Medinah Country Club

The 14th Annual CFO Committee Education Session/ Golf Outing was held on Tuesday, May 6th at Medinah Country Club. The education session focused on capital planning, funding, and financing and was attended by over 70 healthcare executives. We had a lineup of great speakers and topics that produced a really quality program. If you weren't there, it really was your loss. Our thanks to committee co-chairs Dave Nelson and Jeff Rooney. Also, special thanks to Jim Doyle for all of the work he put into developing the program.

Speakers this year included:

Brian Silverstein, MD of The Camden Group gave a fascinating presentation on the impact of medical science and demographic changes on future requirements for hospital facilities. Dr. Silverstein's presentation was worth the price of admission by itself.

Dave Connolly of Hammes Company gave an update on current design philosophies for new/replacement hospital projects.

Jim Doyle, CFO of Elmhurst Memorial presented a case study of financial techniques that Elmhurst Hospital employs for planning and funding of projects.

The Funding Roundtable had some great speakers and topics:

Tom Kovach of IDC gave a great presentation on how to grow philanthropy in a community hospital setting as a way of raising funds for projects.

Anthony Houston of Fitch Ratings Services did a great job of informing attendees of the current marketplace from a rating agency standpoint.

Craig Standen of Ziegler Capital Markets Group gave an update on the current capital markets environment focusing on the bond insurance market along with fixed and variable rate financing options.

Gordon Holtby gave a brief but very practical update of the history of what's

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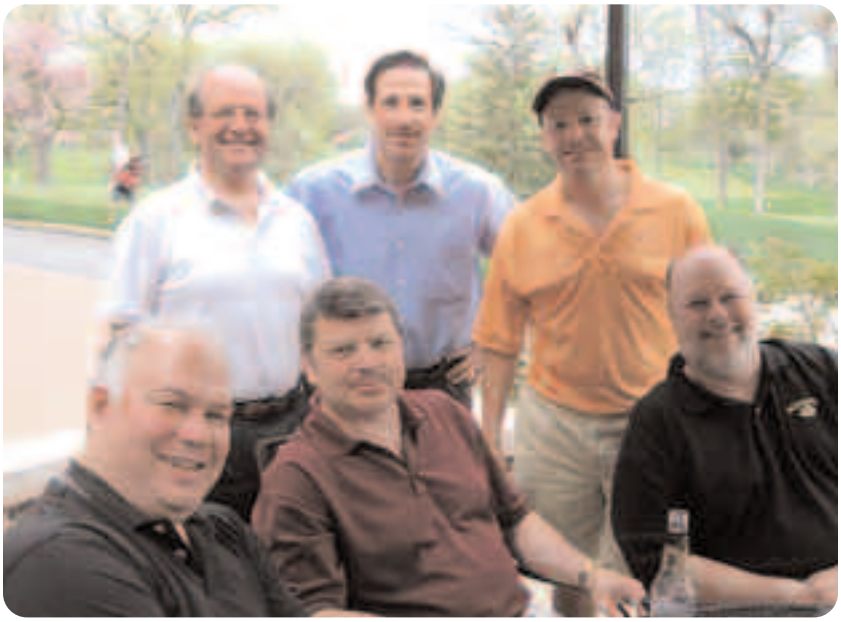
Seated L to R: Oliver Jurkovic, Tony Colarossi
Standing L to R: Pat Moran, Brian Sinclair, Jim Ray, Bob Carlisle, Steve Berger and Mike Grady

HFMA Events

14th Annual CFO Committe Golf Outing (continued from page 8)

been happening in the capital markets since last year.

As always, we had one of the nicest days of the spring for golf. Blue skies and 80 degree temperatures kept our record intact. The weather is always great for the CFO Golf Outing and Medinah Country Club was a wonderful setting for the education session, golf, and reception afterwards. Matt Rice of AON not only won the raffle of Cub tickets donated by Michelle Holtzmann of Emdeon, but shot an 84 for low gross. Once again, our thanks to Carl Pellettierri for arranging the outing.



Seated L to R: Dave Van Horn, Dave Cemate, David Nelson
Standing L to R: Mike King, Keg Avakian, Dan Yunker

four buses and police escort and loaded the roof racks with the supplies and equipment we were able to carry into the country. Each day we would drive about an hour from Antigua, the colonial capital of Guatemala, to a different rural village. The communities we served had no or few medical providers. Our clinics were set up in school buildings, municipal halls or whatever space the community could provide. Every day we set up in a new location. Because we were there under the auspices of the Ministry of Health, there were crowds of people waiting for us at each site. Often bus loads of students would arrive during the day for checkups.

Our Traveling "Clinics": When we arrived at a site, the first thing we did was figure out how to layout the clinic for the day since the sites were not configured for medical clinics. Our locations were often multi-story, multi-building and geographically dispersed. We needed to address issues of lighting, privacy for our women's health provider, patient flow through tiny hallways and alleys, patient triage and waiting, security for the pharmacy and access to the bathrooms for our lab. Water was transported in because there was often only one source, and even when available, it was unsafe for most uses. Every morning, the medical heads of each clinic scoped out the best space for their service and claimed a classroom or a corner of the municipal hall for their clinic. Local men helped move school chairs out of classrooms or the city buildings into the courtyard to form a waiting area. There were no exam tables, only student chairs or plastic lawn chairs. Our teams of doctors and dentists made do with what was available.

The pharmacy was a series of suitcases and large duffle bags opened on several tables. One duffle bag offered vitamins, another antibiotics, another pain relief medicines, etc. The pharmacy team worked behind a makeshift counter of tables each day dispensing from their duffle bags.

The dentists had a small suitcase on wheels that when plugged in allowed them to run a full dental suite with drilling and extraction capability. They also brought one reclining surgical chair with them. The lab consisted of a single microscope that was specially packed and carried from Chicago by one of the students.

While the clinical areas set up each morning, our triage team made up of the Spanish speaking clinicians in our group started screening patients. Each patient was interviewed to identify current problems that were recorded on a form to show our "runners" which clinics the patient needed to visit that

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day. The clinicians would write orders for therapy, lab or pharmacy on the triage form later so that the "runners" could move the patients through our maze of clinics.

Staff from the Guatemalan Health ministry were there to officially track the number of patients that were being seen. Their tracking system was a bottle neck in our operations, and we had to work with them to expedite patients to our waiting health care teams. During the trip we ran out of triage forms, and we made do with the paper from my clipboard.

Our Mayan Patients: The patients we saw were mostly Mayan and generally young and female. Malnutrition, intestinal parasites, and inadequate sanitation all pose serious health problems to these people, and we saw the results. In a country where everything is carried (babies on their mother's back, goods on the head) another major health problem that we saw throughout the week was severe body pain. Our one occupational therapist and one physical therapist on the team had many opportunity to teach people how to mitigate the pain that comes from overuse of the body as a vehicle to transport goods.

My Work in Clinic: My first job each morning was to put a sign on each of the clinical "rooms" and layout maps for the other volunteers like myself who would guide patients from clinic to clinic. Most of our patients were seen in multiple clinical areas and because of crowd control we could not let patients wander on their own through our labyrinth of clinics.

As a nonclinician I was not sure really what I would do beyond functioning as a "runner," But every day I found something important to do. The first morning I made sure that each

team had the supplies they needed, whether that was large surgical gloves or a pair of tweezers. That afternoon I helped the pharmacy break down the large containers of vitamins and Tylenol into individual patient bags to take home. I also used the one laptop we had to create a database of our volunteers so that the medical director would know who was in the group and what their specialty was.

On the second morning I functioned as the patient flow coordinator to assure that a small group of our providers could work through the 89 students who were expected for medical and dental screenings. In our designed "school health clinic" room we had four lawn chairs for the medical clinic lined up against one wall. Here our one family physician and one pediatrician screened the children. In another set of four lawn chairs, one of the dentists and one of the hygienists provided fluoride treatments. I worked with one of the teachers to keep the kids coming as needed into the clinic so that there was a steady flow of patients without crowding our small space. I handed out toothbrushes and toothpaste that our dental team brought. By the end of the morning we not only screened the original 89 students but an additional bus of 34 children.

On day three our team split into two in order to create clinics in two different communities. As a result, the dental team was overwhelmed with procedural work and had no time to do fluoride treatments. I was trained that morning to do fluoride treatments of the students. My pocket translator came in handy to learn how to say "smile". I could ask the kids their names and tell them mine. I re-learned some of my forgotten Spanish words like "strong' and "teeth" so that I could explain to the mothers what fluoride did and why they should let their children have the procedure. For some this was a new concept, as was regular teeth brushing. I have never seen fully rotten baby teeth in those who are barely school age. Our dentists did hundreds of extractions over the week.

In between these activities, I was a "runner." I took patients to the shortest line for their next service. I helped people get in the right line for specialty services that were queued up. I would find more patients when one of the clinics would "run low". When there were no new patients, I photographed our site and the patients whom we served.

What Our DOCare Team Accomplished :

In the course of a week we saw thousands of patients, many of whom were seen in multiple clinics that we offered. I learned how little it takes to do good in this world. In a place where healthcare services barely exist, a smile and a hug are the most rewarding acknowledgment and thank you for the important work we did. Additional photos from the week can be found on my Website: http://www.PhoenixService.net/photos.html.

Pamela Waymack is a Managing Director with Phoenix Services Managed Care Consulting, Ltd. She can be reached at pamwaymack@aol.com

Development Decisions That Will Affect Your Organization's Future

BY BRETT KLEEBAUER. ACCOUNT EXECUTIVE, HAMMES COMPANY

As the national economy continues to struggle and financial capital becomes evermore scarce, hospitals in the Chicago metropolitan area are increasingly being forced to make tough decisions regarding how – and in some cases, if – they can continue to provide healthcare to their communities. Most of the financial deliberations revolve around how to best deploy capital into, and out of, hospital facilities and real property. These decisions must incorporate the appropriate strategic and financial considerations to achieve the best outcome for the organization and its patients. Often, creative approaches are necessary.

From a facilities perspective, most decisions fall into one of four primary categories: build new facilities, modify current facilities, buy existing facilities and/or dispose of owned facilities. Likewise, hospitals have similar decisions to make regarding the real estate parcels on which these facilities are, or could be, located. The sizeable costs related to all of these options generally require sound external financial advice to make the best decisions for the organization.

Strategic considerations should begin with an organization's mission statement, because the results of all major decisions must be evaluated against how they support that mission and the organization's established brand. After ensuring consistency with the mission, the details can then be addressed. A thorough understanding of an organization's primary and secondary markets, including demographics, service modalities and reimbursement methodologies is necessary. For example, markets with aging populations will clearly require different healthcare services than markets with a significantly younger population. And what are the projected growth rates for your markets? Hospital leadership teams must consider both current and future market trends, changes in technology, and trends in service modalities when identifying the needs of their patients and deciding how they can best fulfill those needs.

Ambulatory network planning, strategic health care market analysis and master facility planning all play an integral role in a hospital's strategic planning when considering facility development and real estate strategies. Frank answers to important strategic questions will help healthcare organizations identify the most appropriate site for a new facility, and help determine the overall size of and scope of services to be provided at that new site.

From a facilities perspective, most decisions fall into one of four primary categories: build new facilities, modify current facilities, buy existing facilities and/or dispose of owned facilities.

If strategic planning answers the question of what and where to build, acquire, modify and/or divest, then financial considerations will determine how to best realize those strategies. Any strategic decision made by the leadership team must also support an organization's financial goals in order to be viable. Therefore, the result of a healthcare facility development decision should improve the overall financial health of the organization.

A new or renovated facility must support current and projected volumes with a minimum of additional expense to drive additional revenue to the bottom line. The first critical topic to be addressed is site selection and, if warranted, acquisition. Site selection criteria include current and projected market demographics and market share; payer mix; service line analyses; and reimbursement trends. When acquiring property – particularly large and/or multiple parcels – it is often wise to utilize experienced third parties to evaluate potential sites and facilitate acquisition. All too many hospitals have learned the hard way that real estate prices often escalate when it is learned that there is a large institutional buyer interested.

Following prudent site selection and acquisition is the physical development of the facility. Considerations when developing a healthcare facility are convenient patient and staff ingress and egress; operational efficiency; positive patient and staff experiences; and the flexibility/adaptability of the facility. In depth operational planning can address many of these issues to ensure that the patient, work and process flows are all optimized for operational efficiency. A well thought out operational assessment (and the ensuing recommendations) can significantly reduce the FTE's required to operate that facility. Combining these efforts with the advice from patient and staff experience teams will ensure that the identified efficiencies support the hospital's mission and values, and meet the expectations of the marketplace.

Finally, because healthcare facilities are developed for both current and future life cycles, it is important to select and design a site for maximum flexibility. Changes in technology, service modalities and reimbursement can all impact how and where specific services are provided to a hospital's patients. Clearly, sites with minimal opportunity for flexibility will become obsolete earlier than sites with optimal flexibility, and will result in a lower ROI (return on investment) for the project.

Finally, after a facility is designed and constructed, hospital organizations need to be cautious about the structure of tenancy, if applicable. While most hospitals expect to attract a strategically and financially advantageous mix of physicians, the Stark Laws (OBRA 1989 and OBRA 1993) must be taken into consideration for a project to be successful. Though far too detailed to discuss in depth here, it is important to note that the lease terms and valuation must be subjected to rigorous review to ensure compliance with these laws and requires a highly specialized level of expertise.

In summary, navigating the complexities of healthcare facility design and development can seem overwhelming, but it helps to understand the key steps involved in these projects.

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Strategic Planning to Do's

- Validate organizational mission
- Conduct market analyses
- Review organizational branding
- Review or conduct ambulatory network plan(s)
- Perform service line gap analyses
- Engage in strategic site selection and analysis

Financial Planning to Do's

- Develop financial modeling and variance analyses for potential site/facility recommendations
- Review and/or develop Master Facility Plan
- Perform and validate operational analysis
- Develop real estate and facility deployment strategy
- Develop Stark compliant tenancy structure

In addition to hospitals' in-house capabilities, there are significant external resources that can provide the necessary education and guidance for the specific steps previously noted.

As reimbursement methodologies continue to evolve and capital markets continue to contract, hospital facility development decisions will continue to play a major role in the success – or failure – of the healthcare organizations both today and far into the future. It is incumbent upon the leadership teams of Chicagoland's healthcare organizations to make sensible strategic and financial real estate development decisions that will ensure the long-term viability of their organizations and patients they serve.

Brett Kleebauer is an Account Executive at Hammes Company. He can be reached at (630) 962-9144.

Letter from the Editor

Welcome to the 2008-2009 First Illinois HFMA chapter year, and let me take the time to thank HFMA President Guy Alton and the rest of the First Illinois Board of Directors for allowing me the opportunity to be your newsletter editor for another year.

One of my primary goals is to ensure I produce a Newsletter that is of value to our membership. I see that goal being met by:

- Publishing articles and information that have relevance to today's environment.
- Providing and promoting HFMA resources to membership.
- Seeking membership's input to the content of the Newsletter.

In our first issue of the year, there are several feature articles on topics of importance to all of HFMA's membership, including one of our member's mission trips to Guatemala, an update to the Form 990 Schedule H and Development Decisions that will affect your Organization's Future.

The Newsletter is also dedicated to updating you on HFMA events. HFMA provides many resources to its membership, at local, regional and national levels. Every once in a while we like to remind members of the resources available and update them on events and other HFMA news. A couple of examples are the HFMA websites. If you have not checked them out lately, you may want to see for yourself the breadth and depth of the national website www.hfma.org and our own First Illinois chapter website www.firstillinoishfma.org. We are constantly making updates to the First Illinois website, so check back often.

We are always looking for articles and insights for publication, so if you are interested in submitting an article for publication, just let me know. Most of us aren't professional writers, so don't worry about style. If you've got an idea of substance, we'll work with you to get it the right form.

Please feel free to contact me with any question/comments/suggestions, or if you'd like to submit an article for publication in the newsletter. I'm looking forward to a great year, and thank you for your support and input!

Amanda Springborn
amanda.springborn@rsmi.com

2008 Schedule H – Part II

BY ZACK FORTSCH

As you may recall , I wrote an article in our January newsletter titled "2008 Form 990 – Warning Will Robinson" highlighting changes the Internal Revenue Service was contemplating with respect to the new and improved Form 990 along with a preview of Schedule H – Hospitals that was released on June 14, 2007. The Internal Revenue Service then issued a revised Schedule H on December 19, 2007 and released the draft instructions on April 15, 2008. When the draft instructions were released, a comment period was opened to allow interested parties to weigh in on the draft instructions. The comment period ended June 1, 2008 and the various comments are now posted on the Internal Revenue Service website. What we have been told informally is that the Schedule H is final and that the only thing that will change is the instructions. It is expected that the instructions will be finalized by the end of this year.

Schedule H is required to be completed by any organization that answers yes to the following question on line 20 in Part IV of the Form 990 – "Did the organization operate one or more hospitals?". A hospital is defined as a facility that is, or is required to be, licensed or certified in its state as a hospital, regardless of whether operated directly by the organization or indirectly through a disregarded entity or joint venture taxed as a partnership.

The good news is that many of the parts for the new schedule H are optional for 2008. The Internal Revenue Service recognizes that this form is a huge undertaking for the hospital community! That being said, the following is a summary of the forms and related materials:

- Schedule H – four pages
- Special highlights of instructions – three pages
- Instructions – twenty pages
- Supplemental Worksheets – eight pages
- Schedule H is broken down into the following parts:

Part I – Charity Care and Certain Other Community Benefits at Cost (Optional for 2008)
This part requires reporting of charity care policies, the availability of community benefit reports, and the cost of certain charity care and other community benefit programs. The eight supplemental worksheets are used to complete the table on line 7 in this part and will be the most time consuming part of the preparation process.

Part II – Community Building Activities (Optional For 2008)
This part requires the reporting on how the organizations community building activities provide community benefit and promote the health of the community it serves.

Part III – Bad Debt, Medicare & Collection Practices (Optional For 2008)
This part requires an organization to report aggregate bad debt expense, at cost and provide an estimate of how much bad debt expense, if any, is attributable to persons who qualify for financial aid under its charity care policy . This part also requires reporting of aggregate Medicare reimbursements and the aggregate allowable costs to deliver care reimbursed by Medicare.

(continued on page 15)

2008 Schedule H – Part II (continued from page 14)

Part IV – Management Companies & Joint Ventures (Optional For 2008)
This part requires reporting of joint ventures and management companies of which the organization is a partner or shareholder and the organizations officers, directors, trustees, key employees or physicians own more than 10% of the same organization.

Part V – Facility Information (Required For 2008)
This part requires the organization to provide the name and address of each facility operated directly by the organization or indirectly by a disregarded entity or joint venture taxed as a partnership. Facility is broadly defined in the instructions and it is hoped that the Internal Revenue Service will reconsider their definition to include only an entity that is licensed and/or certified as a hospital.

Part VI – Supplemental Information (Optional For 2008)
This part requires the organization to provide supplementary information to a number of questions.

A number of hospitals and health systems I have spoken to are considering completing the form on a pro forma basis for their just completed calendar year 2007 or their fiscal years ending in 2008 to provide a basis for comparison for 2008 and 2009 when many of the parts are required to be completed.

Zack Fortsch is a Managing Director and oversees the tax exempt practice at RSM McGladrey, Inc. Chicagoland offices. He can be reached at zack.fortsch@rsmi.com

WELCOME New Members!

Michael L. Uribe
Director, Purchasing
Loyola University Health System

John Kirsits
Lumc Finance
Loyola University

Michael C Estrada
Pharmacy Technician
Osco Drugs

Cathy Richier
Senior Accountant
Edward Health Services Corp.

William J Hill, II
Partner
CCS Group, LLC

Jeffrey B Kilpatrick
Manager
Northwestern Memorial Hospital

Michael A. Taormina, Jr.
Vice President, Audit
CHAN Healthcare Auditors
Paul Barr
Reporter
Modern Healthcare

Kristine Mednansky
Senior Acquisitions Editor
Productivity Press

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HFMA Editorial Guidelines

First Illinois Speaks is the newsletter of the First Illinois Chapter of HFMA. *First Illinois Speaks* is published 4 times per year. Newsletter articles are written by professionals in the healthcare industry, typically Chapter members, for professionals in the healthcare industry. We encourage members and other interested parties to submit materials for publication. The Editor reserves the right to edit material for content and length and also reserves the right to reject any contribution. Articles published elsewhere may on occasion be reprinted, with permission, in First Illinois Speaks. Requests for permission to reprint an article in another publication should be directed to Editor. Please send all correspondence and material to either of the editors listed above.

Style

Articles for *First Illinois Speaks* should be written in a clear, concise style. Scholarly formats and styles should be avoided. Footnotes may be used when appropriate, but should be used sparingly. Preferred articles present strong examples, case studies, current facts and figures, and problem-solving or "how-to" approaches to issues in healthcare finance. The primary audience is First Illinois HFMA membership: chief financial officers, vice presidents of finance, controllers, patient financial services managers, business office managers, and other individuals responsible for all facets of the financial management of healthcare organizations in the Greater Chicago and Northern Illinois area.

A broad topical article may be 1000-1500 words in length. Shorter, "how-to" or single subject articles of 500-800 words are also welcome. Authors should suggest titles for their articles. Graphs, charts, and tables **(PDF or JPG only)** should be provided when appropriate. Footnotes should be placed at the end of the article. Authors should provide their full names, academic or professional titles, academic degrees, professional credentials, complete addresses, telephone and fax numbers, and e-mail addresses. Manuscripts should be submitted electronically, on computer disk or by e-mail as a Microsoft Word or ASCII document.

Founders Points

In recognition of your efforts, HFMA members who have articles published will receive 2 points toward earning the HFMA Founders Merit Award.

first illinois speaks
hfma healthcare financial management association
A Newsletter from HFMA's First Illinois Chapter

Healthcare Financial Management Association First Illinois Chapter

Chapter Education Calendar 2008

Friday, September 19, 2008
First Illinois Diamond Anniversary Ball
Medinah Country Club, Medinah

Thursday, October 2, 2008
aIPAM Fall Conference
The Hyatt Lodge (McDonald's Campus), Oak Brook

Thursday, October 30, 2008
Joint Educational Conference & Exhibition with MCHC
Donald E. Stephens Conference Center, Rosemont

SAVE THE DATE!!

FIRST ILLINOIS HFMA:
60TH ANNIVERSARY CELEBRATION
FIRST ILLINOIS
DIAMOND ANNIVERSARY BALL
FRIDAY, SEPTEMBER 19, 2008
5:30-10:30 PM
MEDINAH COUNTRY CLUB, MEDINAH
Black Tie Optional

FIRST ILLINOIS HFMA and UNIVERSITY OF ST. FRANCIS
IN EDUCATION PARTNERSHIP!
For information call: Tom Jendro at (815) 740-3534,
or email tjendro@stfrancis.edu

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Thank you all for your generous support of the Chapter and its activities.

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