hfma
healthcare financial management association

first illinois speaks

A Newsletter from HFMA's First Illinois Chapter

September 2003

Creating Consumer-Driven Health Care Organizations: Defining Stages of Development

By: Morley Robbins, Managing Principal, Clarity Group, Inc.

hfma: it's personal

Editor's Note:
The cover article in the last issue of First Illinois Speaks sparked a lot of interest in "consumer-driven healthcare". Below is a related article on the topic, designed to be a tool for use by health care professionals in understanding the evolution of consumer-driven healthcare, the stages of market evolution, and preparing for the emergence of consumer driven healthcare.

Background

The health care industry has clearly entered the "age of consumerism." Driving this fundamental movement is the public's demand for *speed, information, and empowerment.* This has, in part, been fueled by direct-to-consumer drug advertising, the explosive growth of Internet sites, the increasing availability of outpatient treatment and alternative therapies, and the ever-pervasive managed care backlash.

Unfortunately, the concepts of speed, information, and empowerment are not typically used to describe the operation of most hospitals and doctors' practices – *not yet, anyway.*

Responding to these consumer-driven expectations necessitates a very different way of seeing the patient. It may also affect the design of clinical services, billing and registration systems, Web sites, and facilities' design. In fact, consumerism seems to have touched all facets of the health care industry.

Instituting a patient satisfaction program, although a noble place to start, should not be health care providers' only initiative. To realize the full potential of health care consumerism, providers must view the patient as an equal partner in the healing process, and in so doing, involve her in ways that may seem foreign and possibly threatening to health care organizations and clinicians.

Overcoming mythology

To create a successful consumer-driven culture, providers must recognize and overcome the powerful "mythology" that limits the typical health care executive's worldview. They must also anticipate the degree to which a shift in attitude and partnership might be challenged within their own organizations.

Among those "myths" that have defined the consumer dimension of health care organizations for several generations:

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Inside This Issue

President's Message

First, a warm welcome and "Happy New Year" from your new president!

For those of you lucky enough to attend this year's Annual National Institute (ANI) meeting in Baltimore, you heard our national chairman, Dave Canfield, describe his theme for this year: "HFMA…it's personal."

Dave described the value of HFMA in very simple terms- people helping people navigate the often challenging and complex work of healthcare finance. His remarks reminded us of the benefits of belonging to an organization like HFMA – access to current information on issues impacting healthcare finance, professional and career development, knowledge transfer, and peer networking. For Dave, it is the personal relationships and networking that have meant so much. He described how it all started – a fellow coworker "dragged" him to his first HFMA meeting and introduced him to others and encouraged him to get involved.

Last spring, long before the ANI, the strategic planning committee of First Illinois took time out of busy work schedules to update our chapter's strategic plan. We identified four goals for the chapter this year. Two of these goals directly relate back to Dave's theme. First, we want to "emphasize the value of membership to grow our chapter size and participation." To do so, we will "promote value through personal testimony." Most likely, each of us has a personal experience that relates to the benefit of belonging to HFMA. Many of us have several. Think about your personal experience with HFMA and how it positively impacts you. Let's share these stories to generate interest and involvement among new members. By doing so you will renew your own enthusiasm for HFMA.

At the first HFMA meeting I ever attended, Frank Budzinsky, then the director of PFS at Children's Memorial Hospital in Chicago, ran up to podium wearing a business suit and a fireman's hat, yelling "Where's the fire? My job is to put out fires!" It was just the beginning of a skit and the audience laughed, but the theme hit home. With all the regulatory, reimbursement and finance-related issues that we face, our jobs seem like firemen. The session went on with a panel of respected leaders discussing strategies and ideas for dealing with those "fires" and with the really big issues. Real life examples that worked! I walked away with practical information I could use and felt energized. The knowledge that was freely shared in that meeting was awesome. I wanted to get to know these people and belong, and I did. My relationship with HFMA began. It was personal.

Now it's time for each of us to make it personal for someone else. I had an HFMA "mentor" and you probably did too. The second goal of the chapter is to develop a mentorship program. Mentorship starts with each of us. For those who have been involved with HFMA for many years, it is easy to navigate through our organization; new members need some guidance. I know I did, and I am ever grateful for their help. For a new member, having a personal contact expands the power of HFMA. Now is the time to extend your personal commitment and knowledge to another. In the coming months, make a commitment to help a new member maximize their HFMA experience. You, and they, will be glad you did.

Remember, it's personal.

Paula Wilke
President
HFMA First Illinois Chapter

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First Illinois Chapter News, Upcoming Events & Committee Updates

Upcoming Educational Programs (see the complete 2003-2004 Calendar of Events included in this issue)

Education Committee:

Thursday 9/18/03, a half-day session being held on Decision Support topics provided by Information Builders, Inc. at the Oak Brook Hills Hotel and Resort, located at 3500 Midwest Road in Oak Brook

Revenue Cycle Conference:

Thursday, 10/16/03, an all-day program being held at The Carlisle in Lombard

Accounting & Reimbursement Conference:

Thursday, 1/15/04, an all-day program being held at The Carlisle in Lombard

- Hold the Date: The next HFMA Region 7 meeting will be held in Chicago on Thursday and Friday October 21-22, 2004. Thursday will be a full-day session and Friday will be a half-day session. Region 7 is comprised of 5 chapters (First Illinois Chapter, Southern Illinois Chapter, McMahon/Illini Chapter, Indiana Pressler Memorial Chapter, Wisconsin Chapter)
- The First Illinois Chapter wants to thank our Gold, Silver and Bronze Sponsors for their generous support of the Chapter. **Gold Sponsors**: CSI Staff, Nebo Systems, Inc, Healthcare Financial Resources, Inc.; **Silver Sponsors:** Zimmerman & Associates; **Bronze Sponsors:** Financial Resources Initiatives, Inc, Pellettieri & Associates, P.C., OSI Support Services, Inc., Tri-County Accounts Bureau, Inc., Van Ru Credit Corporation, Ventrone, LTD, United Collection Bureau, Inc.
- Suzanne Lestina, Past President of the HFMA First Illinois Chapter, placed third in the ANI Race held in Baltimore. Congratulations Suzanne!
- At the First Illinois Chapter Leader Transition Dinner held 7/17/03, Morley Kerschner was awarded the HFMA Medal of Honor. This award is given to members who have gone above and beyond in their efforts to make HFMA successful. Morley is the President of Wolcott, Wood & Taylor, and has been an HFMA member since 1979. Congratulations Morley and thanks for your many contributions.

Some of you had the privilege to meet Robert M. Shelton, FHFMA, CAE over the years. Bob recently suffered a massive stroke and has been recuperating. HFMA staff has been in contact with his wife Ethel, who wanted us to extend their appreciation for all the well wishes from Bob's HFMA colleagues. If you would like to send a card to Bob, please use the following address:

Robert M. Shelton, FHFMA, CAE
HFMA
Two Westbrook Corporate Center, Suite 700
Westchester, IL 60154

Staff will coordinate deliveries of the cards to Bob and Ethel. Thank you in advance for your expressions of kindness to Bob and Ethel Shelton.

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First Illinois Chapter wins two HFMA National Awards for Excellence

The HFMA's Bronze Award of Excellence was presented to the First Illinois Chapter in June 2003 during the 50th Annual Chapter Presidents Dinner and Meeting at HFMA's Annual National Institute in Baltimore, Maryland. The First Illinois Chapter earned the award for excellence in Membership Growth.

The award was one of many honors that HFMA's voluntary leaders accepted on behalf of their chapters. HFMA President and CEO, Richard L. Clarke, says, "The First Illinois Chapter provides a great example for HFMA's 2003-04 Chairman's theme —HFMA: It's Personal.

So many of their members are actively involved…contributing, sharing, and making a difference. Everyone applauds their family spirit, which shines through their many accomplishments."

In addition to the Bronze Award, the First Illinois Chapter also received the Yerger Award, which recognizes Outstanding Perfomance in Chapter Improvement.

First Illinois Chapter President Paula Wilke extended her appreciation to the chapter leadership for their efforts in earning these awards:

"Thanks to the efforts of Al Staidl and Sylvia Sorgel, our Membership Committee, First Illinois experienced membership growth for the second year in a row. We are 1,100 members strong and growing!" Paula also encourages chapter membership to continue our efforts this year, so that the First Illinois Chapter can bring home more awards next year!

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Al Staidl and Sylvia Sorgel accept awards

From the Editors

Welcome to the New Chapter Year, and let us take this time to thank HFMA President Paula Wilke and the rest of the First Illinois Board of Directors for allowing us the opportunity to be your Newsletter Committee.

And we are your committee. One of our primary goals is to make sure we ensure we produce a Newsletter that is of value to our membership. We see that goal being met by:

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

In this our first issue, we have several feature articles on topics of importance to most all of HFMA's membership, including articles on managed care contracting, hospital expansions, and marketing healthcare to consumers. And you will notice that we have returned to the "old" format (8.5" x 11") for the newsletter, because membership liked the newsletter in that format better.

We have also dedicated a portion of the newsletter to update 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. An example of this is 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 us 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. Below is a list of topics that are on slate for the coming editions:

- The Medical Malpractice Crisis
- Benefit Plans: Premium & Product Previews
- The Emergence of Specialty Hospitals
- Update on Revenue Cycle Management
- Measuring Quality in Hospitals and Physician Practices
- Electronic Medical Record Implementation
- Capitation and Risk Contracting: Dead or Alive?
- The Future Value Proposition of Organized Physician Networks

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

Mike Nichols (Michael.nichols@RSMI.com)
Elizabeth Simpkin (ElizabethSimpkin@msn.com)
Jim Watson (Jim_Watson@pbcgroup.com)

First Illinois Chapter Annual Golf Outing Held Friday 5/23/03

By: Al Staidl, Director, Healthcare Services
OSI Support Services, Inc.

The 27th Annual First Illinois HFMA Golf Outing was held on Friday, May 23, 2003. This year's event took place at St. Andrews Golf Club and Klein Creek Golf Club. We had a great day and even though it started out a little cool & damp, the rest of the day was perfect. This year's gift was a sleeveless golf vest which was put to good use in the early rounds.

Over 350 golfers played in the event. They enjoyed an outside barbecue from 11:00 AM till 1:00 PM for those who had to leave early. For those who stayed, we enjoyed a barbeque which was held inside in the cool air-conditioned banquet room at St. Andrews from 3:00 PM until 7:00 PM. This year's awards and winners were:

- William Costello Memorial Award - low gross score for a HFMA member who played the regulation course at Klein Creek - Dave Black
- Scramble team winners with a 9 under par at St. Andrews' Lakeland Course (this foursome was from the Illinois Hospital Association): Paul Batt, Rich Burruss, Brian Foster, Dave Rivers
- Closest to the pin, Women's - Beth Buttliere, Vicki Doerfler
- Closest to the pin, Men's - Don Clark, Dave Huekstra
- Longest Drive, Women's - Shirley Miller, Beth Jousten
- Longest Drive, Men's - Bill Deutsch, Michael Kittoe

Aside from seeing all of your old HFMA friends, the best part of the outing is the prize raffles! This year, there were several TVs, stereos, DVD

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From the HFMA National Office

HFMA National Highlights Chapter Year 2002-2003

From connecting members to the information they need to advancing the profession of healthcare financial management, this year's activities have been busy and successful for HFMA. HFMA offered healthcare financial managers a wide range of educational opportunities through on-site seminars, the Annual National Institute, e-learning, and audio-teleconferences. As a leader in the healthcare industry, HFMA advocated on behalf of hospitals with members of Congress and spearheaded efforts to make patient billing more user-friendly. Here are just a few highlights of HFMA's accomplishments in 2002-03:

- HFMA's national membership grew through both retention of current members and the addition of new members. At the end of FY03, HFMA had 32,443 members, compared with 31,681 at the end of FY02.
- In a joint effort with the American Hospital Association and other healthcare organizations, HFMA contacted national legislators on several occasions to encourage their support for initiatives of interest to healthcare providers. For example, HFMA and the other organizations recently sent a letter to members of Congress urging support for legislation to restore funding to the Medicaid Disproportionate Share Hospital (DSH) program.
- HFMA conducted numerous successful educational programs at the chapter, regional, and national levels. At the national level, HFMA offered four-day educational clusters at seven locations and a two-day cluster at an eighth location on topics including contract negotiation, cost accounting, HIPAA, and revenue-cycle success. This year, the Association also offered two revenue-cycle conferences, which were highly praised by those in attendance.
- In March, HFMA presented its annual CFO Conference to offer insight on topics of interest to top-level healthcare financial professionals. In addition, HFMA joined with the American Association of Health Plans (AAHP) to offer two seminars devoted to improving communication between providers and health plans as a way of reducing claims denials.
- Last year, HFMA hosted the largest ANI to date in Seattle, featuring 74 educational sessions and an array of events to help attendees share ideas.
- The volume of participants in HFMA's e-learning program, a partnership with WebInservice, doubled in FY03.
- The Patient Financial Services task force, a group of expert volunteers in revenue-cycle management, completed their work, which will set into motion new and enhanced services that deal with this important topic.

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First Illinois Chapter Golf Outing (continued from page 4)

Dave Black receives William Costello Memorial Awar - low gross score

players, and Golf Clubs raffled. Christine Hilton and Donna Smith, both from St. Alexius Medical Center, bought a raffle ticket and won a TV. Christine and Donna then gave the TV to a family which they adopted at Christmas. The mom from the family was crying over the thoughts and generosity of Christine and Donna. This is a great story from the outing.

A special "THANKS" goes out to all the sponsors who helped make this year's outing one to remember!

HFMA National Highlights 2002-2003

(continued from page 6)

- The PATIENT FRIENDLY BILLING ® project entered a new phase with support of major IT vendors and volunteers from key provider organizations. A new set of recommendations is being released at ANI.
- The number of certification exams administered this year grew nearly 50 percent over last year's number.
- *hfm magazine*, identified by members as one of the most significant HFMA member benefits, was redesigned to enhance its readability and delivery of the most timely and practical information for healthcare financial management professionals.

During the forthcoming year, HFMA will continue to provide members the information, tools, and strategies they need to succeed, while spearheading initiatives to improve the profession of healthcare financial management.

Creating Consumer-Driven Health Care Organizations

(continued from page 1)

- *Better quality costs more.* There is every reason to be obsessed with the need to lower the cost of care, but to what extent are these efforts designed to increase consumer "value," satisfaction, and clinical outcomes in order to improve the patient's interaction with the system?
- *We know what is best for you.* By virtue of their training and experience, clinicians have a significant knowledge base, but to what extent is the patient recognized as a partner in the healing process and given opportunities to assume responsibility for his health – not to mention a meaningful choice of treatment options?
- *People will always come to the doctor.* Consumers trust their doctors, but they now have choices. To what extent is your organization aware of the alternatives available to community residents? Are they frequently switching their primary care physicians to establish a more responsive relationship?
- *Patients can't judge clinical quality.* The number of consumer-oriented Web sites focusing on provider performance grows daily. Has your organization embraced the public's desire and right to know about clinical outcome information?
- *Health care is a local phenomenon.* In the Internet age, answers and products are but a click away. How "accessible" is your organization to a public that thirsts for speed, information, and empowerment?

Assessing your organization's stage of consumerism

Exhibit 1, Stages of a Consumer-Driven Health Enterprise examines the four stages of consumerism within health care organizations. The intent is to identify specific components within four categories related to the operation of a health care institution to answer the question, *What is needed to achieve success in developing a consumer-driven organization?*

Building upon an article by Prahalad and Ramaswamy in the January-February 2000 *Harvard Business Review*, Exhibit 1 (opposite) lists factors that define key components of being consumer-driven in this industry

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Morley M. Robbins is managing director for consulting services at Clarity Group, Inc. He can be reached at 847.922.8061

Scoring Key for Exhibit 1, opposite:

Stages of a Consumer-Driven Health Enterprise

Total Points	
Less than 45	Time to Rethink Your Patient-centered Strategy.
45-54	You're on the Path – refine your stategy.
55-64	Keep It Up…You're Creating the Right Infrastructure!
65-74	Outstanding! You Are Well Positioned for Empowered Patients.
75 or more	Congratulations! You Have a Successful Consumer-Driven Health Enterprise.

Creating Consumer-Driven Health Care Organizations (continued from page 6)

Exhibit 1: Stages of a Consumer-Driven Health Enterprise

Category	**Stage 1** (1 point)	**Stage 2** (2 points)	**Stage 3** (3 points)	**Stage 4** (4 points)	**Fill In** Score
Service Excellence					
Focus on Patient	As a Patient	As a Customer	As a Partner	As a Co-Creator of Value	
Service Excellence Focus	A Fad	A Program Initiative	A Key Strategy	Core to Creating a Peak Experience	
Process Innovation	Sporadic Process/ Externally Driven	Regular Process/ Internally Driven	Core Strategy for the Organization	Core Value of the Organization	
Patient Satisfaction Measurements	Considering the Use of Satisfaction Measures Results	Surveys Done Regularly Employee Compensation	Executive Compensation Tied to Survey Results	Employee Compensation Tied to Survey Results	
Employee Focus					
Hiring Criteria	Skills & Knowledge "Match" Our Style	Skills & Knowledge that Supporting Our Strategies	Based on Competencies Maximize Customer Value	Based on Competencies	
Measure Employee Satisfaction	Every Two Years	Every Year	Quarterly	Monthly	
Training & Development	Required by Employer	Encouraged by Employer	Actively Sought by Employee	Actively Designed by Employee for Improved Patient Experience	
Performance Metrics	Net Revenue	Market Share	Customer Satisfaction	Customer Loyalty & Retention	
Recognition & Reward	Informal Recognition	Formal Recognition	Employee of the Month Gets Perks	Exemplars Are Regarded as "Heroes"	
Patient Care Process					
Patient Care Design	Designed By Professionals	Designed Around Patient Needs	Designed By Patients	Joint Design to Achieve a Peak Patient Experience	
Clinical Pathways	"To Each His Own"	Protocols Exist but are Used Sporadically	Protocols Are Openly Supported & Used	Designed with Patient Input & Consideration	
Program Development	Maximize Revenue Strategy Objective	Maximize Quality & Minimize Cost	Maximize Quality Defined by the Patient	Maximize Value as	
Complementary Medicine Strategy	Regarded as "Bunk"	Viewed as Alternative Source of Revenue	Have Multiple Partnerships with Alternative Healers	Alternative Medicine is Fully Integrated with Clinical Protocols	
Quality Outcomes Focus	Patient Is Unaware of Quality & Safety Issues	Patients Seek Satisfaction Information	Patients Seek Clinical & Satisfaction Information	Provider Openly Shares Outcomes/Status Information	
Patient Access Philosophy					
Web Site	No Web Site	Passive Web Site	Interactive Web Site	Interactive Web Site Integrated with Care Delivery & Wellness	
Information Strategy	What We Want Community to Know	Community Has Input into Topics & Focus	Community Drives Content	Based on Community Needs to Enhance Health & Patient Experience	
Building Design	Designed by Architects	Designed with Full Employee Input	Designed with Input from Patients/Family	Designed to Maximize Patient Experience & Empowerment	
Medical Records	Property of Provider	Patient Can View Information	Patient Can Get a Copy of the Information	Patient Can Access Via Website	
Patient Scheduling System	Patient Calls to Make Appointments	Provider Calls to Make Appointments	Multiple Appointments Made at One Time	Patient Can Access Via Website	
Market Research	Rarely Do Market Research	Regularly Conduct Market Research	Know Preferences of Psychographic Groups	Design Services Based on Expectations of Psychographic Groups	

See next page for Scoring Key

Total Score

HFMA Annual National Institute (ANI) Held in Baltimore

June 22-26, 2003

HFMA members and leadership from all over the country convened on Baltimore in June for the HFMA Annual National Institute (ANI). The ANI offers HFMA members and other healthcare professionals a focused opportunity to add to their professional skills and knowledge.

Educational sessions offered at ANI cover the full range of topics that are of concern to healthcare financial professionals, including, Regulation & Compliance, Reimbursement Trends, Revenue Cycle Performance, Reducing Managed Care Denials, Key Performance Indicators (KPIs) and Ethics & Accountability.

Several of the First Illinois Chapter's members and leaders attended the ANI this year, and had many positive things to say about the experience, including First Illinois Chapter member Mike Nichols: "ANI offered many informative educational programs as well as a great forum for networking. The Exhibit Hall provided an excellent opportunity to review the products and services of 300 + vendors who are dedicated to meeting the needs of our ever-changing business."

Liz Simpkin

Kathleen Dayton

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What is a Director of Managed Care?

By: Gregg Mylin, Vice President, Managed Care, The Tintari Group

Ask three separate people what a Director of Managed Care is, and you will probably get three different answers. This even, or should I say especially, goes for the people who work in the healthcare industry. Now, ask a Director of Managed Care, or DMC (yes, yet another Managed Care acronym), at a hospital what he or she does, and then ask his or her boss. Other than "negotiate contracts" I would say the two job descriptions start to diverge. If you care to go a little further, ask two DMC's at three or four separate facilities. You may be surprised at the different responsibilities and reporting relationships. It is not uncommon for them to have analytical assets assigned to them, responsibilities for an IPA or PHO, UR or case management responsibilities, receivable analysts, or maybe even some subsidiary responsibilities such as a cancer center, a home health division or an acute care center. Even if you look at whom they report to you will find many differences between facilities and health systems. You see, nowadays Managed Care touches so many aspects of healthcare; it is easy for job responsibilities to be attached from many different areas. So, this begs the questions of what a DMC does or should do. The following is my two cents to the debate.

Managed Care has three core functions: Negotiate the contracts, ensure proper administration of the contracts, measure the acceptability of the contracts in order to start the cycle all over again with . . . negotiate the contracts. The following describes what should happen within each of these important job functions.

Contract Negotiations

This is the function most readily identified with the Directors of Managed Care. The Managed Care Director negotiates the contracts. The yield. The mechanics of reimbursement. The text. They ensure the rates are appropriate, or at least the best they can be. They comb the text for administration and equity issues, they address operational issues in the contract that have or may occur unique to the facility or facilities they represent. They may even co-join some settlement issues, before they are willing to continue the contract regardless of the new terms and conditions. The negotiations are as much an art as a science. While this is the most commonly recognized job requirement, it is also probably the least understood. This is far from the simple task many associate with it. It rarely is the fist pounding, elongated yelling sessions most people associate with negotiations. Far from it. Even the most leveraged payers or facilities most show skill, expertise, diplomacy and patience in navigating a successful contract. They must deal with complex issues of equity and fairness, the balancing of perceived versus real issues, and the politics between the organizations, as well as developing proper expectations of what each party can and will do. Many times people or organizations get "invited" to the negotiation, or sometimes invite themselves, which complicates further the audiences and parties that must be consulted and considered in resolving an acceptable contract. It is not uncommon for administrators within a healthcare provider organization to find themselves in the discussions; a large physician group to be recruited by one party or the other to take a joint position; a board member or local employer may now find themselves impacted and tied to a negotiation. The discussions are a lot less linear than one may think and maintaining consensus and control of a negotiation is a new skill that Director of Managed Care must demonstrate. Both parties feeling as if they did not get everything they want; yet having gained enough to sign it and move forward, best identify a good contract negotiation. Relax: As every Cub fan knows, there is always next year.

Administration/Supervision of Contracts

Okay, the contract is done. Now comes the easy part, right? Wrong. Rare is the contract that is flawlessly administered by both sides. This is where the DMC demonstrates his or her skills in resolving questions/issues from internal sources regarding administration of the contract: "Do we have to precert an MRI?" As well as resolving questions/issues from external sources with regards to the contract: "Is this acute care center under this contract or a separate TIN? Why?" Directors of Managed Care are usually counted on to not only negotiate the contract, but to be the organization's contract and payer expert, as well as ombudsman once completed. The skilled Director of Managed Care can move from one day holding the line in a particularly difficult issues or discussion on behalf of the organization, to next arbitrating an issue between the facility and the payer, to next internally resolving a disconnect in the facilities responsibilities on behalf of the payer. Developing and leveraging relationships to solve issues relative to the contract for both sides is important. Often the DMC is counted on not just to represent the organization with the payer in a contract dispute, but also to ensure the organization is fairly interpreting and responding to the payers issues as well. It is not uncommon for a DMC to be engaged in interpretation issues, contract load issues (by the payer, his organization or both), denial issues, payment accuracy and timeliness issues, etc. DMCs need to be able to personally resolve, or at the very least understand and find the proper resources to

assist in resolving, issues in almost every internal business area of the provider. Additionally, they are counted on and consulted in resolving external issues from customers such as employers, patients, physicians, or physician organizations or providers. If they are lucky, it will not be more than one party at a time!

Evaluation/Planning of Contract Portfolio

"Measure twice, cut once", the saying goes. This responsibility is probably the least recognized yet the one with the greatest responsibility to do right. All too many times the necessary information to measure the cut or cuts is not there, or fully not developed. Health care information and in particular cost information is difficult to titrate and keep current, accurate and detailed. Most information systems were not developed with Managed Care negotiations in mind. Many systems have made great strides and can provide an abundance of wealth, but the organization needs to commit the time and resources to properly populate the system and farm its data.

Analyzing the contracts, the proposals and as much of the service line detail is critical to success at the negotiation table and therefore the organization. Particularly when one understands the State and Federal compensation is legislated (and not particularly good). This means not only is the Managed Care revenue the only revenue stream that can be affected or changed to some degree by the facility's actions, but on a weighted basis more and more is demanded from it to properly capitalize the facility overall. Yet, even with the heavy burden, this often seems to be the least appreciated and resourced skill within the function.

The DMC recognizes that it is also important to understand that during negotiations is not the only time one should be measuring the contracts. The DMC should be producing and reviewing analytics on a periodic basis to monitor indicators of where the facility's performance is. The DMC can benchmark contracts to each other and/or array them as a portfolio, much the same as you would your 401K. They can benchmark reimbursement to cost and/or budget, in the aggregate, inpatient and outpatient and by selected services. By producing reports detailing valuable measurable indicators, the DMC and the entire management team can gain valuable insight into where service lines profitability are at, where revenue issues exist, and where the greatest threat or potential resides to the organization. It can even be used to valuate a potential termination of a contract.

"You can not manage it if you can not measure it." So, what can and should the DMC be measuring? There should be some set of information, produced in a consistent, quality-controlled manner, that allows real results and comparisons between plans, of costs and relative to budgets. The greater the detail, inpatient versus outpatient, and between outpatient and inpatient sub-categories (such as ER, Maternity, CVS or OPS) the better the advice given by the DMC and the better the decisions that will be made relative to accepting a new contract, maintaining a contract or setting-up both budgetary and negotiation goals. Monitoring the contracts also provides the DMC an early warning system for inappropriate payments or lagging payments. Lastly, it ensures that the perception of performance is objective and real versus rationalized and subjective. The helps the DMC maintain fact-based discussions and negotiations and avoid emotional and unproductive tangents. The better a DMC is armed with real, legitimate, accurate and timely information the better represented at the table and in assisting in making organizational decisions her or she will be.

The Managed Care Director is the "Renaissance Man" of Healthcare. He or she manages, advises, affects and effects many different areas of the healthcare business continuum. He or she needs to wear many different hats and provide many different skills in order to be effective and efficient in this role. If they are positioned to succeed, meaning supported in their activities and responsibilities with the necessary assets and resources, a healthy facility or healthcare organization is not far behind.

Gregg Mylin is Vice President, Managed Care, The Tintari Group. He can be reached at 847/493-3914 or gmylin@tintarigroup.com

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Morley Kerscher accepts the HFMA Medal of Honor for outstanding contributions to the Chapter

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Hospital Expansion: It's Everywhere. But Why?

By: HFMA Editorial Staff

All around the Chicago metro area, you see evidence of hospital construction – from cranes and earthmoving equipment to temporary parking lots and "pardon our dust" signs. The recently released "CMS Market Report on Acute Care Hospitals" indicated that this is not only a Chicago phenomenon. The report stated that inpatient hospital bed capacity grew in 2001 for the first time since 1983, and that hospital construction continues to increase. What are hospitals investing in, and why now?

We spoke with a cross-section of area providers to explore the reasons behind the building boom.

Projects appear to fall into three main categories:

- Replacement of existing outdated facilities
- New capacity to expand current services
- Construction for all-new services targeted to new populations or unmet needs.

While low interest rates may help in financing some expansion, the primary motivation is to meet service demand. The following projects are representative of the wide range of construction activity currently underway in our area.

Note: If your facility has a new construction program underway, please contact one of the editorial team; we'd like to include a profile in a future newsletter.

Facility and Contact Person	Project	Date open	Estimated Cost and Financing	Primary reason for project
Louis A Weiss Memorial Hospital, Chicago (Vanguard Health System) Angus Buchanan, VP Business Development (773) 878-8700	10 bed Gero-psych unit	May 2003	Capital budget allocation	New service line. Significant senior population with no other dedicated unit in the service area
Lake Forest Hospital, Lake Forest Anne O'Connell Director of Marketing and Planning 847-535-6789	Hunter Family Center for Women's Health, a comprehensive health assessment and treatment center. Grayslake Outpatient Campus: Diagnostic and treatment services, urgent care, private physician offices	Early 2004	$61 million, bond and philanthropy	Replacement, expansion and new services. Consumer-driven need for presence in Lake County. Replacement of older labor and delivery rooms; provide new diagnostic services as well as consumer-focused amenities
Delnor Community Hospital, Geneva Michael Kittoe Chief Financial Officer 630-208-3000	Emergency room expansion, dedicated Cardiac Cath Laboratory, New Life Maternity addition, 10-Bed patient care unit addition, and additional renovations to non-clinical areas	August 2003 through October 2004	$83 million, funded through combination of reserves, bonds, and philanthropy	Increase in new capacity to meet the market growth, enhancement of Cardiac services, customer-driven need for private OB rooms
Northwest Community Hospital, Arlington Heights Larry Appel, Executive Director, Corporate Finance (847) 618-4600	Busse Center for Specialty Medicine, an eight story building and parking garage; two floors (52,000 sq ft) of Hospital outpatient services and six floors (103,000 sq ft) of physician offices; Kitchen and Cafeteria replacement.	August 2003	$75 million, funded through combination of reserves, bonds, and philanthropy	Increased capacity for outpatient diagnostic services, including advanced cardiac testing, a comprehensive breast center, Endoscopy and digestive disorders center, and radiology and lab services. Also provides on campus physician offices for specialty practices; and improves service to patients, visitors and employees
Northwest Community Day Surgery Center Larry Appel, Executive Director, Corporate Finance (847) 618-4600	Expansion and remodeling of ambulatory surgery center adjacent to Northwest Community Hospital	April 2003 and early 2004	$9.2 million, funded through reserves	Response to increased volume for outpatient surgery and to improve patients' experience through more privacy and comfort. Adds 9800 sq ft to existing 20,000 sq ft facility, including 1 additional surgical suite, larger waiting area for families and larger procedure rooms.
Condell Medical Center, Libertyville Van Hanover Chief Financial Officer (847) 990-5205	Expansion of Emergency Department, ICU, OB, Surgery, Recovery, GI; additional renovations to non-clinical areas; demolition of old Condell Hospital building	July 2003	$95 million, funded through a combination of reserves, bonds, and philanthropy	Primarily driven by need for replacement of facilities and a need for additional capacity due to growth

Publication Information

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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 Jim Watson at PBC, Inc., 1211 W. 22nd Street, Suite 500, Oak Brook, IL 60523, Jim_Watson@pbcgroup.com or Elizabeth Simpkin at The Lowell Group, Inc., 446 N. Wells St. #309, Chicago, IL 60610, elizabethsimpkin@msn.com.

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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 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.

Publication Scheduling

Publication date:	Articles received by:
November 2003	September 5, 2003
January 2004	November 3, 2003
March 2004	January 9, 2004

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A Newsletter from HFMA's First Illinois Chapter

Healthcare Financial Management Association First Illinois Chapter

2003-2004 Calendar

Month	Responsible Committee	Format	Date	Location
September	Education Committee	Half day	Thursday, 9/18/03	OakBrook Hills, Hotel & Resort, OakBrook, IL
October	Revenue Cycle	Full day	Thursday, 10/16/03	The Carlisle Lombard, IL
November	Education Committee	Full day	Thursday, 11/20/03	TBD
January	Accounting and Reimbursement	Full day	Thursday, 1/15/04	The Carlisle Lombard, IL
February	Medical Group Practice	Full day	Thursday, 2/19/04	Gardner, Carton & Douglas Chicago, IL
March	Managed Care	Full day	Thursday, 3/25/04	The Carlisle Lombard, IL
April	Continuum of Care	Half day	Thursday, 4/15/04	IHA Naperville, IL
May	CFO	Full day	Friday, 5/7/04	TBD
May	Annual Golf Outing	Full day	Friday, 5/28/04	TBD

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