

first illinois speaks

A Newsletter from HFMA's First Illinois Chapter

July 2009

MAKING IT Count

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Mitigating Risk with Price Transparency

BY KLARK KIMBALL, VICE PRESIDENT OF NORTH AMERICA, CORTELL HEALTH

Historically, health care has never thought of itself as an “industry.” However, the pressures that traditional U.S. health care providers are feeling are industrial in nature, i.e., competition, quality of service, price competition, and consumer (patient) value. Hospitals are challenged to



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be competitive, but most find it extremely difficult to both comprehend and also take actionable steps to thwart the competition. Perhaps the first and most important step for hospitals is to provide price transparency. Consumers must know what the price is for health services. Hospitals will be forced to follow the same course all other industries have been forced to follow, i.e., price transparency. Consumers do not accept a continuous chain

of discovery and follow-on charges. Consumers demand fixed prices. However, price transparency carries risks for hospitals. These risks are especially high because most hospitals don’t know their true costs for services and therefore are reluctant to give fixed prices. The simple task of providing prices for services is difficult for a hospital because the traditional way hospitals determined costs is based upon estimation algorithms of RCCs and RVUs.

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Letter from the President

The First Illinois HFMA Chapter is proud to recognize one of our members, Catherine Jacobson, as the HFMA National Chair for 2009-2010. Please extend your support to Cathy as she guides the organization through these interesting times. I am proud to serve as your chapter president during Cathy's year as National Chair. Cathy's National HFMA theme is "Making it Count." She wants us all to recognize the impact that we have within our own organizations. Ultimately, whatever your role is in the chapter or in the complex world of healthcare finance, we are impacting the lives of patients.

On behalf of the officers and Board of Directors of your chapter, I'd like to welcome you to the new chapter year. I'd also like to extend the hand of fellowship that has been a hallmark of our chapter's history for over 60 years. We plan to build on this rich history through innovative educational and networking opportunities. These opportunities will be designed to enhance member satisfaction and, more importantly, create more significant opportunities to get involved with your chapter.

An ancient English proverb offers the blessing "May you live in interesting times." We are certainly blessed to live in very interesting times. On a national level our industry is beginning to experience significant reform initiatives. These changes will impact every decision our organizations will make going forward. As a chapter, we need to respond to these changes by providing timely education in the most efficient manner. The current economic and investment landscape will require our organizations to increase their discipline regarding the stewardship of resources. As a chapter, we recognize this and will be exploring new ways to improve the value proposition and overall membership experience.

For the current year, our chapter's theme is "Just Ask." I've selected this phrase to capture the initiative of the members and the response from the chapter board, officers and committees. There are many ways to "Just Ask." If you want to become more involved, just ask an officer or committee chair, "How can I help?" If you want to advance your career through certification, you might ask, "Why not?" or perhaps, "Who can help me?" If you need to find out about a program or event, just ask, "Where can I learn more?" You can also visit our chapter website (www.firstillinoisHFMA.org), or read our award winning newsletter, *First Illinois Speaks*. If there is a new educational or networking program or format you'd like to suggest, just ask, "How can we get this done?" The chapter has a great depth in character and resources, and I am confident that by asking the right questions and working together, we will "get it done."

In order to support the national theme, "Making it Count, and our chapter theme, "Just Ask," our chapter platform will be EARN:

Education

We will provide quality education, in a timely fashion, in the most efficient, economical and accessible method.

Advancement

We will provide access to the resources for personal advancement through certification and developing a leadership succession plan within the chapter structure. We will create opportunities for the chapter to advance by active management of internal benchmarks (Davis Chapter Management System and Chapter Balanced Score Card initiatives), as well as identifying opportunities for recognition through the HFMA Chapter Awards process. We will also advance the profession of health care finance by demonstrating the value of


membership to the health care organizations we all serve.

Resources

We will be an indispensable resource for our members through our innovative programs, mentoring opportunities and our member communications including the appropriate use of technology for all of our communications and announcements.

Networking

We will enhance the membership experience through networking opportunities. We will accomplish this through our live education programs and fun social events. We will enhance these opportunities by collaborating with other organizations and create additional value for the constituencies of our diverse membership through a resource guide.

If you are interested in "Making it Count," "Just Ask" how we can **EARN!** 

Best Regards,

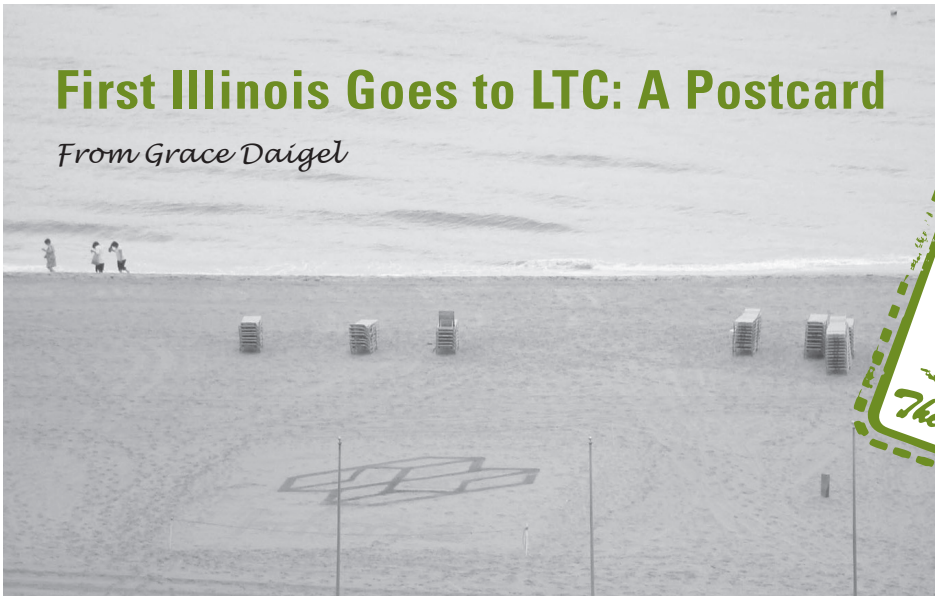
Mike Nichols

2009 – 2010 Chapter President
HFMA



First Illinois Goes to LTC: A Postcard

From Grace Daigel



Dear First Illinois Member,

You know how health care loves acronyms. When I first heard LTC, I thought "Long Term Care." However, in the context of HFMA, LTC stands for Leadership Training Conference.

As an incoming Board member, I had the opportunity to attend LTC this year. This year's LTC was held in Fort Lauderdale. As a first time attendee, I learned a lot about HFMA. Much goes on behind the scenes of all our chapter activities. If we have done a good job, all that work is invisible (as opposed to transparent) because the results are seamless.

Our chapter has much to be proud of, not the least of which is the fact that the incoming National Chairperson is our own Catherine Jacobson. She acknowledged our First Illinois chapter in her keynote address and how she was introduced to HFMA by fellow chapter member Gary Gasbarra.

Did you know that...?

MEMBERSHIP: First Illinois has approximately 1,300 members making it one of the largest chapters in the country. We are always looking for new ways to engage and to provide value to our members.

PROGRAMS: As one of the most important values that First Illinois provides to our members, our educational programming reflects the leadership and knowledge resources of our chapter. We are always looking for your feedback on the programming you would like and the effectiveness of what you have received.

SPONSORS: Sponsors are a vital part of our organization. We thank our existing sponsors for their support, members, and subject matter expertise, and we welcome new sponsors as well. Our LTC sponsors were: Benchmark Revenue Management, Emdeon, GE Healthcare, J.A. Thomas and Associates, Kaufman-Hall, MedAssets, and MediClick.

NEWSLETTER: "First Illinois Speaks" shows up in your mailbox each quarter through the volunteer efforts of all who write articles and produce the newsletter. We are always looking for more articles. Do any of these opportunities speak to you?

National Chairperson Catherine Jacobson's national theme for the 2009-2010 year is "Making it Count." The national theme

First Illinois chapter was represented by:

Mike Nichols	2009-2010 President
Patricia Marlinghaus	2009-2010 President-Elect
Pat Moran	2009-2010 Secretary
Janet Blue	2009-2010 Treasurer
Katherine Murphy	2009-2010 Program Chairperson
Tammy Rowland	2009-2010 Membership Chairperson
Julie Haluska	2009-2010 Sponsorship Chairperson
Brett Kleebauer	2009-2010 Newsletter Editor
Grace Daigel	2009-2011 Board member

In Addition:

Guy Alton	2008-2009 President 2009-2011 National Advisory
Jim Heinking	2008-2009 Region 7 Executive 2009-2010 Davis Management Chairperson
Catherine Jacobson	2009-2010 National Chairperson

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Letter from the Editor: First Illinois Speaks Needs YOU!


As many of you already may know, I will be serving the First Illinois Chapter of the HFMA as the Newsletter Chair/Editor. I am looking forward to this role for a variety of reasons: first, I love to write and I love to edit; second, I am excited to be working with many of our members during the course of the year; and third, I am eager to continue *First Illinois Speaks'* strong tradition of delivering relevant articles to our members.

The Leadership Training Conference earlier this year – already mentioned in a couple of other articles in this issue – was a fantastic opportunity for me to learn some of the fundamental activities involved in the production of our chapter newsletter and to meet with other Newsletter Chairs from across the country and see their publications. While there were definitely some thicker publications (typically the result of several chapters combining their resources and energies into a single publication), I can assure you that *First Illinois Speaks* was right up there in terms of quality and relevance.

I want to challenge all of our members – both long-termers and new – to contribute to the newsletter this year. This publication is only as good as the articles our members submit. While I know writing an article takes some time – a scarce resource right now in health care – the rewards are well worth the effort. We have an enormous amount of talent in our chapter and I believe it is our responsibility to share our individual talents

with others. Writing an article about something in which you are involved or about which you are passionate is a great way to get other members energized about those areas of interest. Additionally, if you are anything like me (some of you who know me probably wouldn't admit to this even if it were true – you know who you are), writing about a given topic often helps me put some better structure to that subject than I otherwise might have.

The purpose of *First Illinois Speaks* is to provide current, relevant and interesting information to our members on a regular basis. The absolute best way for us to do that is for you, our members, to submit articles frequently on topics that are currently affecting you or your organization. As most of you already know already, if one of us is seeing an issue within our institution, you can just about be guaranteed that others are seeing similar situations in theirs. Why not share what you have learned, and hope that someone else will do the same for you sometime?

Again, I am very excited to be our Newsletter Editor this year, and I look forward to working with many of you in the 2009-2010 year to come. Please feel free to contact me at any time at 312-437-0175, or my personal email, bkleebauer@hotmail.com. 


Brett Kleebauer
bkleebauer@hotmail.com

First Illinois Goes to LTC: A Postcard (continued from page 3)

refers to making what you do have a real impact. Chapter President Mike Nichols' theme for First Illinois is "Just Ask." The chapter's theme refers to taking initiative. Do you see yourself getting more involved in the chapter? How would you like to contribute? Just like anything else, what you get out of it is a direct reflection of what you put into it.

We had some great speakers at LTC: Tim Sanders talked about how each of us can make it count through our work. Delnor Hospital was brought up as a paragon of making it count. Cam Marston talked about generational differences and what that means for communication and engagement. Baby Boomers comprise the biggest proportion of HFMA membership. How can Baby Boomers reach the Millennials? Much talk of Facebook and Twitter ensued. Robert Fromberg, HFMA's Editor-in-Chief of hfm, discussed social networking. Uh-oh, we might actually have to do Facebook and Twitter beyond needing to communicate with the teenagers in our lives. Richard Clarke, HFMA's President and CEO discussed healthcare reform. He described how HFMA is identifying best practice changes that providers can use to adapt to the incentives provided by healthcare reform. And there was time for networking and congeniality. Our chapter spent time with our colleagues from McMahon-Illini (Central Illinois) and Southern Illinois.

I write this postcard to you on the airplane ride home. It is a letter looking back on a great LTC and looking forward to a great HFMA year. Looking back, as incoming Membership Chairperson Tammy Rowlands described the LTC experience: "I found the LTC was very helpful, informative and a great opportunity to network with others in HFMA. I met a lot of people and learned a lot about HFMA. It was a very worthwhile experience! Looking forward, as incoming Chapter President Mike Nichols says, Just Ask!"

And it turns out that LTC stands for Long Term Care after all—the long term care of: Our chapter, our profession, and most of all, the value proposition that HFMA gives to you, our members. 

Cooling Contingency Planning: Preparing for Catastrophic Failure

BY STEPHEN BLAU, ILLINOIS TRANE

Being prepared for the unexpected is good management practice. In addition to the daily operational management plans in place at any healthcare facility – dictated in many cases by specific, stringent practices required by the Joint Commission (JCAHO) – most hospitals and medical centers have contingency plans at the ready to help manage the consequences of such operational interruptions or system failures as a power outage, fire, computer failure, or chemical spill.

Advance planning in the case of a possible catastrophic building system failure is particularly critical. A failure of the heating, ventilation and air conditioning systems (HVAC) could quite literally represent a life and death situation. But a well-crafted, up-to-date Cooling Contingency Plan can reduce such risks, add to or improve component redundancy, and prepare the facility for the rapid deployment of temporary equipment needed to sustain critical operations in the event of an emergency, and to recover from a disaster.

The benefits of such a plan include protecting or minimizing operational emergencies, promoting the health and safety of both healthcare providers and patients, and otherwise managing or reducing the economic, legal, and other long-term implications that could spawn from the negative results of a major HVAC system failure.

Crafting the Plan

To begin crafting a Cooling Contingency Plan, first start by addressing the possible consequences of a major HVAC outage – and ask the following questions: How dependent are critical and on-going operations, equipment and advanced technology, facilities, information systems, and other resources on comfort cooling or process chilled water? What effect would there be on such operations if the cooling system failed or needed to be shut down for unplanned service? What would be the cost of not having cooling for an hour, a day, or a week? Qualify and quantify the impact and related costs.

In addition, determine which individuals understand the consequences of a failure. Who thoroughly comprehends the interplay and dependence between the facility's critical operations and the environmental system? Who has in-depth expertise in and experience with the details of the facility's HVAC systems – and the available alternatives?

The answers to these questions will help create the outline of what should be included in the plan and identify the people who need to be involved.

The critical success factors in the development of a Cooling Contingency Plan are leadership buy-in and support; understanding “critical needs” versus current needs; preparing for a “worst case” scenario; and developing, filing and practicing a formal plan, and keeping that plan current.

Key Components

Realizing the need for a plan, like any initiative, is the first critical step of the process. The second is assembly of the team that will develop the plan. A successful team will have covered all the bases in terms of knowledge and experience – leveraging expertise from both on-staff personnel and outside experts, such as insurance providers, system and control manufacturers and consulting engineers.

Key components of the plan should include:


- Documentation of the current HVAC equipment in use, ranging from critical HVAC system information to component details.
- Identification of potential sources of failure, the probability of failure and documentation of the cooling required to maintain critical areas.
- Matching specific equipment and all required connection components needed to support critical areas. Determining required response time frame and budget.
- Determining the appropriate location for the temporary equipment and the logistics required to set it in place, as well as electrical and water connection points.” Additionally, assignments will need to be made for what roles and responsibilities each entity will undertake.
- Determining how to adopt the existing system and controls to better prepare the facility for the use of a temporary solution.
- Filing, reviewing, training and updating the response plan and system specifics on a regular basis.
- Conducting periodic cooling contingency drills.

While examining the HVAC system during contingency plan development, the team may find areas to improve the system's operation, reliability or energy efficiency.

For instance, if the critical components are aged or have become unreliable, it may be prudent to overhaul or repair them. There also may be substantial benefit in upgrading or replacing existing components with reliable, more energy efficient solutions. These opportunities are worth investigating as they could provide significant and immediate gains in efficiency and performance, while providing a strong return on investment.

For hospitals and medical centers, the successful implementation of a Cooling Contingency Plan – immediately and seamlessly upon demand – is quite simply “mission critical.”

In terms of risk management, the advance planning and preparedness involved in developing and providing ongoing support for a Cooling Contingency Plan is clearly a smart investment against the very real risks that an interruption could bring to human life and well-being. A Cooling Contingency Plan is a strategic investment well made.

For more information, contact: Stephen Blau, Illinois TRANE, by phone: (630) 734-6083 or email: sblau@trane.com. 

HFMA Events in Pictures

Golf Outing



2009 Golf Outing Scramble Team Winners



Tee Off Sponsor

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CFO Outing Sponsors



CFO Session May 7, 2009

HFMA Events

First Illinois Chapter Brings Home the Awards

BY BRETT KLEEBAUER

There are the Oscars. There are the Emmys. There are the MTV Movie Awards. We in the HFMA know, however, that none of these can compare to the HFMA's very own Annual Chapter Awards received by our very own chapter.

Check these out!

C. Henry Hottum Award for Educational Performance Improvement – First Illinois

- Recognizes an increase in registrant hours over the prior year by more than 6.8%

Award of Excellence for Membership Growth and Retention – Bronze Award – First Illinois

- Recognizes an increase in membership growth and retention of more than 0.5% over the 2008-09 revised goal

Award of Excellence for Certification – Bronze Award – First Illinois

- An increase of over 1 more than the chapter's three year average of passed exams

Helen M. Yerger Special Recognition Awards – First Illinois (2)

- Collaboration – Joint First Illinois Chapter HFMA Program with Metropolitan Chicago Healthcare Council
- Innovation – Treasury Track – First Illinois Chapter HFMA Program (01/22/2009)

And the Pulitzer Goes to...

In June, one of our own First Illinois Chapter members, Michael E. Nugent of Navigant Consulting, contributed an article that was published in hfm magazine. The article was titled, "Beyond the 'Pay Me More' Strategy."



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JUST ASK!

Membership Renewal

Have *you* renewed your membership for 2009-2010?

If not, visit www.hfma.org or call (800) 252-HFMA (4362).

Gaining Visibility and Control over Your Collection Agencies

BY STEVE LEVIN, PRESIDENT, CONNANCE, INC.

Hospitals increasingly rely on third-party collection agencies to work patient accounts. Today, day-to-day management of these relationships is cumbersome and unproductive as hospital resource time is consumed with auditing and reconciling vendor invoices and files. Limited visibility into vendor activity and inconsistent reporting make performance reviews across vendors virtually impossible.

As patients today are directly shouldering a greater share of healthcare costs than ever before, hospitals need to gain visibility and control over their self-pay collections in order to maximize cash flow. By better managing agencies, hospitals can realize more cash with greater oversight while substantially reducing administrative burdens. In addition, hospitals need to make sure they continue building stronger relationships with their patients by being able to supervise agencies' daily activities.

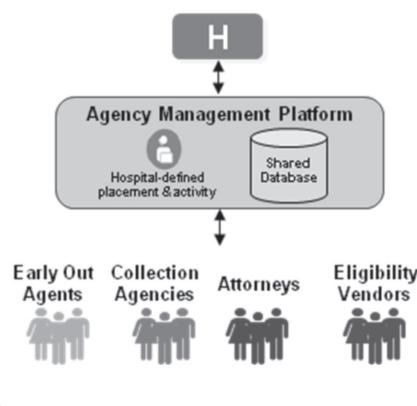
Step 1: Consider a New Approach

Innovative companies in other industries, such as telecommunication companies and multiline financial institutions, have embraced technology to improve collection agency management. Using three or more primary and secondary collection agencies, these companies don't rely on alpha splits and account balance size to simply place accounts. Instead, they use technology to manage the placement, reconciliation, and auditing activities – all activities that tax scarce internal resources. These creditors have realized consistently increased cash yields from any single agency, reduced clerical costs, improved handling of exceptions in the collections process, enhanced customer satisfaction with their agencies, and the ability to optimize their portfolio of

agencies. Their agencies also experience improvements including less clerical activity, fewer administrative calls and better creditor engagement.

The technology solution for collection agency management establishes a single placement platform that sits between the hospital and its agencies and collection resources. The best platforms include a database and a rules engine that captures the hospital's work requirements. The database maintains an inventory of accounts being worked by all vendors and receives daily updates on recent activity by the hospital and the vendor. As a result, the central database has all the information needed by hospitals to analyze performance. The rules engine continually analyzes the database to find activity that should be flagged for review.

Agency Management Platform Exhibit



Step 2: Evaluate Your Options

When choosing agency management technology, hospitals should evaluate their current agency management issues and then compare the features and benefits that existing solutions can offer.

A single platform for all of the hospital's agencies. All agency activity

(including early out and late stage collection agencies, attorneys, and debt buyers) should be centralized to compare agency performance consistently.

A full reporting suite. A framework for consistent reporting across all collection agencies is necessary to support account audit and reconciliation requirements and to conduct agency performance comparisons. Daily reports of agency activities can provide insight into the number of letters sent, calls made, and "promises to pay" taken, and allow hospitals to respond quickly to changing agency dynamics and performance.

Ability to execute the hospital's business rules. A system that offers automatic rules-based workflow allows hospitals to monitor and control compliance to their business rules.

Ability to change agencies quickly. A more robust, comprehensive system enables users to change vendors quickly and with minimal business disruption.

Quick and easy installation. Implementation of an agency management system can be done on a small scale. Many web-based solutions don't require investment in hardware and software upgrades, have reasonable installation fees, and are predominantly pay-as-you-go.

Limited maintenance. Web-based systems simplify maintenance and software upgrades. They have limited requirements for internal resources.

Regulatory compliant. The system should ensure full regulatory compliance with the Health Insurance Portability and Accountability Act, and any other relevant laws and regulations.

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Gaining Visibility and Control over Your Collection Agencies

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A platform for future analytics. The system should be able to accommodate analytics to achieve maximum financial performance. Analytics ensure that each account is sent to the collection agency most likely to maximize collections on that type of account.

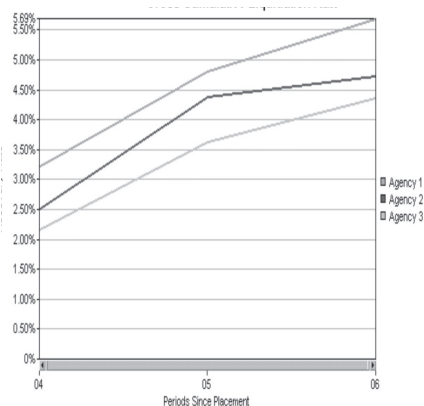
Step 3: Implement and Compare

Once you have selected the technology that is right for your organization, ensure executives and managers are taking control of patient revenue by better managing the collection agencies.

The hospital CFO should monitor and compare current and past performance of the collection agencies and evaluate such performance on gross and net liquidation rates to get a complete view of the true relative value of each vendor.

How do my agencies liquidation rates compare?

Gross Cumulative Liquidation Rate



The Revenue Cycle Executive should access information necessary to manage the vendors, not just audit them. The executive can find the collection “sweet spots” for each of the collection agencies by comparing performance on different classes of accounts. The revenue cycle executive should make more informed decisions with respect to assignment

timing and recall decisions, optimizing internal resource costs against vendor demonstrated performance. Over time, the executive should quickly identify true underperformers and replace with a new proven vendor, already connected to the agency management network, who has a demonstrated strength in the desired area.

The day-to-day manager of a hospital’s vendors should monitor service level agreements, rapidly reconcile invoices and inventory, and broadcast new information to all vendors at once.

Providers that are adopting new agency management technologies will be more efficient and effective, know where performance is slipping and be able to respond quickly. Their personnel will sleep better at night knowing what the agencies are and are not doing with their patients. 🌱

It IS Easy Being Green!



Like many other organizations, the First Illinois Chapter of the HFMA is making a conscious effort to “Go Green.” One specific way that we can accomplish this is by reducing paper usage.

This year, we are planning to ask members how they would like to receive our quarterly newsletter *First Illinois Speaks* - **in a paper format or in an electronic format.**

Saving the planet isn’t something that is going to happen overnight, but every effort – large and small – is a step in the right direction.

Be thinking about this subject and look for an upcoming survey question to voice your opinion.

Case Study

Developing Reports That Help Manage the Charge Capture Process

BY ED KERNER AND MARK JEZIORSKI

The process of obtaining reimbursement for the care provided in hospitals is a complex, interdisciplinary one that requires that people and systems be effectively aligned. Given the inherent complexity of this process, the number and types of problems are voluminous, often occur repetitively, and re-occur even after fixes have been implemented.

In an effort to address the opportunities presented in enhancing its processes, Montefiore Medical Center, in New York, initiated a charge capture reconciliation management program in 2006. The initial program began with the recognition that the stock reports being generated by the legacy patient accounting system were not sufficient to assist in the management of the charge capture process. The immediate first step was to assess the requirements and define what data would ultimately be required.

Managing the Charge Capture Process

Managing charge capture is a process that starts with reporting. At the close of each month, Montefiore's leadership obtains electronic reports of the volumes, charges and variances customized for each vice president and department administrator's areas of responsibility. Montefiore hired a consultant to develop and implement a module of customized electronic reports. Separate inpatient and outpatient reports contain the following data:

- **Executive Summary:** Significant variances at department, registration, plan code and charge code levels. The option exists to drill down to the charge codes that are driving the variances in the registration areas.

- **Department Level:** Historical volumes and charges, and the current month's charge variance relative to a four month rolling average at the department level.

- **Registration Level:** Historical volumes and charges, and the current month's charge variance relative to a four month rolling average at the registration area level.

- **Plan Codes Level:** Historical volumes and charges, and the current month's charge variance relative to a four month rolling average at the plan code level.

- **Historical Usage:** Monthly inpatient and outpatient units at the department level for twelve months plus prior year's monthly average units in graphical form.

These reports are uploaded to the Revenue Cycle intranet site where the vice presidents, department managers and Revenue Cycle department staff can review them. The Revenue Cycle department follows up with the department administrators to discuss the reasons for the significant variances in their areas and works with them to develop and implement necessary corrective actions. The Revenue Cycle department then monitors the charges in areas where corrective actions have taken place to ensure that the problems have been resolved. It also assists in the development of work flows and revisions to departmental processes and systems.

Benefits

By managing charge capture, Montefiore is able to identify and correct problems that may be affecting cash flow and reim-

bursement. These problems include:

- Areas not entering charges timely
- Charges not being entered
- Charges not transferring between systems
- Charges being entered and then reversed
- Usage on "inactivated" charge codes
- Implementation of incorrect prices
- Budgeted volumes not being achieved

In addition, the use of the monitoring reports helped when merging the charge description master (CDM) from a hospital that was added to the health system. Using the reports enables Montefiore to identify problems with the linkages between the two CDMs. Another benefit is the creation of a database of historical volume and charges that can be used for various types of analysis. Finally, the vice presidents and department managers appreciate receiving volume and charge information specific to their areas of responsibility.

Keys to Success

The charge capture management program has evolved since its inception. During that time, Montefiore has constantly looked for ways to improve and build add-on reporting functionality. Based on Montefiore's experience, a successful program should have the following four key features:

Someone needs to take ownership of the program. The Revenue Cycle department at Montefiore owns this initiative. The Revenue Cycle department works with a

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Developing Reports That Help Manage the Charge Capture Process

(continued from page 10)

vendor to obtain the reports each month, uploads the reports to its internal website, reviews each recipient's reports, follows up with the recipients and provides assistance in addressing each significant variance. The Revenue Cycle department also takes responsibility for ensuring that any needed follow-up action takes place.


Provide each recipient with information specific to his/her area of responsibility. Each month, the recipients of the reports receive information specific to his/her area of responsibility. At Montefiore, each vice president has responsibility for select departments on the inpatient side and select registration areas on the outpatient side. Department administrators have responsibility for one or more departments. The vice presidents receive inpatient information for their departments and outpatient information for their registration areas. The department administrators receive both inpatient and outpatient information for the departments under their control.

The issues that need to be addressed should be highlighted and specific information should be provided to enable the recipients to take action. It is important that the variances that need to be addressed are highlighted, or otherwise emphasized, so that the recipients of the reports do not have to spend time trying to figure out where they need to focus their attention. It is also important to provide both high level and specific information with regards to variances. For example, it is helpful to know that -\$80,000 of a registration area's total charge variance of -\$95,000 is associated with one charge code.

The information should be provided in a user friendly manner. Recipients need to be able to quickly and easily navigate through the information. The use of electronic reports with menus and point and click features helps greatly.

In order to determine where there are fluctuations in charge capture, it is important to develop reporting tools that can be produced timely, are accurate and most importantly, are user friendly. This ensures they can be reviewed by all affected areas to assist in the determination of where there are known areas for follow up to review operational enhancements. By developing and expanding these reporting capabilities, hospitals can effectively manage the charge capture process.

About the Authors

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JUST ASK!

Newsletter: Paper vs. Electronic

Like many of our members' organizations, the First Illinois Chapter of the HFMA is making a conscious effort to "Go Green!" One specific way that we can accomplish this is by reducing unwanted paper.

This year, we are planning to ask our members if they would prefer to continue receiving *First Illinois Speaks* in a paper format, or if they would prefer to receive the newsletter electronically. Be thinking about this subject and look for an upcoming survey question to address it.



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Mitigating Risk with Price Transparency

(continued from page 1)

Both methodologies fail because they are based upon averages and are so inaccurate it puts the hospital at very high risk. Further, quality initiatives to improve services and provide price transparency are all but impossible with RCCs and RVUs because the incremental cost changes of a quality program are small compared to the error introduced by averaging based methodologies.

Traditionally, most hospitals have not followed the science of quality (Edward Deming model) and Activity Based Costing used to determine true costs and hence provide a solid scientific foundation for pricing. Hospitals must adopt these methodologies that will allow them to understand costs, which leads to profitability, and finally price transparency. Deming put forward a definition of quality as “meets requirements.” This defined quality as a set of metrics rather than a subjective evaluation. The early Volkswagen Beetle represented a low end car that was highly reliable because of a low maintenance air-cooled engine. The Volkswagen Beetle was manufactured with very few flaws and met the criteria that set the standard for the “economy car.” The consumer got exactly what they expected when they purchased a Beetle: low price, low maintenance and high reliability. Activity Based Costing is primarily a methodology of measuring the consumption of resources for a specific activity. This methodology is the heart of the modern day supply chain and manufacturing that every successful company in every industry uses to insure that costs are known and pricing can be transparent. Without known costs, all other metrics are meaningless, i.e., profit, price and quality.

Price transparency is an extremely important concept for all hospitals. The ease and low cost of international travel has created more than just vacation time abroad, it has created access to markets that now cater to consumers. Dubbed “medical tourism,” the attraction of low cost health care on par with the best of U.S. health care combined with the luxury and services of a vacation resort is increasingly the choice for major clinical procedures. Soon, even routine procedures will become fair game for the consumer to seek outside the U.S., because they can be combined with a vacation or business trip. Consumers will opt for treatment where the convenience, cost and quality of care combination makes it their best choice. The bottom line is that there is now even greater competition for traditional health care.

The driver for this competition is not the chance for the consumer to have their hip replaced in an exotic location. The driver is cost. The continuing rise in U.S. health care costs is the driver that is creating choice for the consumer. Competition is also coming from the bottom, i.e., retail health care from Walmart and others who provide affordability. Walmart leverages their low overhead to provide specific, high profit, high volume procedures. Again, low cost health care providers target and commoditize procedures that provide a combination of convenience, cost, and quality attractive to the consumer. Eventually they will dig deep into the mainstream health care market, cherry picking and commoditizing more and more procedures.

The path to price transparency for hospitals is a path to industrialization for health care. Hospitals must transition because their competitors are taking their market away. For hospitals to be successful they must provide price transparency and ensure that the profit and quality they provide is competitive enough to stave off competition. Price transparency is the key to hospitals being competitive, however the price hospitals must pay is the cost to transition to scientifically sound methodologies such as the Deming model and Activity Based Costing.

About the Author:

Karl Kimball is Vice President of North America for Cortell Health and a member of the Texas Lone Star HFMA Chapter. Karl has been a major contributor to the development of computer and communications standards and has been an ANSI Advisory Board member, a POSIX contributor, JTC 1 Delegate, and workgroup leader for the ISO transaction processing standards. He has held various executive and leadership roles for IBM, Apple, Datapoint, and was a founding member of Corporation for Open Systems. Karl can be reached at karl.kimball@cortellhealth.com.

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The Internet has Changed Everything

BY DAN YUNKER

Remember when we backed up our computer systems to tape, or when a webinar seemed so impersonal, and cell phones were just phones and not so smart? As a society, we are adjusting as fast as we can to emerging technologies, but many of us in health care are still holding social media at bay, and that's ok. I've personally embraced this wave of immediate communication, because I've come to the conclusion that the business world is getting hooked on Facebook, LinkedIn and YouTube, and whether we like it or not, our employees, customers and neighbors are getting hooked as well at a record pace.

With more than 39 million LinkedIn accounts, 200 million Facebook accounts and more than 200,000 posts an hour on Twitter, social media has surpassed pundits' initial disclosure as a fad or not to be taken seriously, and appears to be here to stay. As financial leaders, we tend to be more conservative, to break things down, to discuss and debate the issues we face, or to schedule a roundtable or a meeting to discuss the

latest regulations placed on the institutions we work for – all things which seem hard to do in 140 words or less on Twitter. After all there is nothing “social” about these issues. While that is true, what we really need to look at is how the Internet is changing how people get their information. As employers, we need to communicate with our employees in a manner that respects the integrity of our work, but also incorporates technology to work with us not against us.

Many of us with “tweens” adopted much of this social media as a way to keep up with our children, but the applications for our professional lives are extraordinary. Take, for instance, the release of a new report that puts a spin on what is really going on in the health care industry. In the trenches, there is a pulse on reality, but today's environment is moving rapidly. As financial leaders we need the ability to communicate and share information quickly, and in a somewhat controlled fashion. Sure a conference call, email string or face-to-face meeting could accomplish this, but time is not usually on our side. The use of social media tools like the LinkedIn network, allows the distribution or sharing of knowledge needed to meet deadlines or respond to environmental factors.

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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

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The Internet has Changed Everything

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Consumers are flocking to the Internet to get their health information. The Pew Internet and American Life Project Survey found 58 percent of people go to the Internet when they need to address a problem, and in terms of health care sites, comScore logged traffic to all health care sites demonstrating an increase of 21 percent from July 2007 to July 2008...imagine the growth we'll capture from July 2008 to July 2009. WebMD registered 17.5 million visitors in one year. If this whole conversation makes you uncomfortable, I invite you to visit the Metropolitan Chicago Healthcare Council's (MCHC) new website, www.supportourhospitals.com where you can see our first video running on YouTube, sign our petition to support hospitals and jump to our blog where yours truly posted his first piece. ☸

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Healthcare Financial Management Association First Illinois Chapter

Chapter Events Calendar 2009/2010

For a current listing of all upcoming First Illinois HFMA Chapter events, please visit: <http://www.firstillinoishfma.org/calendar.htm>

Wednesday, August 12, 2009

Webinar – IMA
Online

Friday, August 21, 2009

HFMA 101
Chicago, IL

Tuesday, August 25, 2009

Cubs Social Outing
Chicago, IL

Friday, September 25, 2009

CFO Breakfast
Chicago, IL

Thursday, October 1, 2009

Association of Illinois Patient Access Management (aIPAM)
"Patient Access: Pay to Play"
Dave and Busters

Wednesday, October 7, 2009

Webinar – Connance
Online



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