MN HFMA

VIKINGLAND VIEWPOINT

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On the Cover

Minnehaha Falls

Sankar R.

Amateur Photographer

Inside this issue:

How Hospitals Are Shifting Resources Post-ACA

By Susan Harrison and Steve Kennedy

Health care reform has caused a seismic shift in the U.S. health care landscape. The aftershocks continue to be far reaching—toppling long-standing paradigms and causing hospitals to reevaluate how they currently operate.

With the implementation of the Affordable Care Act in 2010 ("ACA"), the existing methods of revenue generation for hospitals were directly impacted due to reduced reimbursement levels on Medicaid and Medicare payors going forward. Concurrently, the ACA assigned incentives and corresponding penalties to health care providers to drive higher quality care and cost savings, which directly affects existing providers.

ACA Impacts

The intent of the law is to better align patient care with a holistic approach to treatment, ultimately resulting in lower overall health care costs; a significant component of this is preventative medicine. With the introduction of the ACA, a fee-for-value model will eventually replace the fee-for-service model. Physicians will no longer be incentivized to perform more procedures to generate revenue. Instead, the fee-for-value model will compensate based on outcomes, thereby incentivizing a greater effort on using preventative and holistic therapies. It also will promote the real-time exchange of information through the use of electronic health records to lower health care costs and improve clinical decision making.

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Why Revisit Your Cost-Accounting Strategy

By Ricky Arredondo, MPA

With today's ever-growing pressure to reduce healthcare costs, the continued rollout of rules and regulations under the Affordable Care Act (ACA), and increasing emphasis on cost transparency, the entire healthcare industry is now keenly focused on identifying the full costs of care and capturing cost savings. Because of the unique nature of a hospital's operations—where services are often provided by physicians who are not employed by the organization—most hospitals continue to struggle with identifying the costs of products and services by responsible segments and with capturing the full cost of products and services, including interdepartmental costs.

This challenge is exacerbated by ever-evolving requirements associated with accountable care organizations, bundled payments, and population health management, requiring a more global understanding of the costs of care, which include costs for physician office visits, ancillary services, and other nonhospital services.

Knowledge of the cost of each procedure and major product line has become critical to supporting the financial stability of hospitals and health systems. Simply put, to make sound management decisions, these organizations

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According to a study published by a health information network in May 2013, "82% of health plans surveyed consider the ACA a "major priority." Nearly 60% of respondents forecast that more than half of their business will be supported by value-based payment models in the next five years. And, of those, 60% are at least midway through implementation.

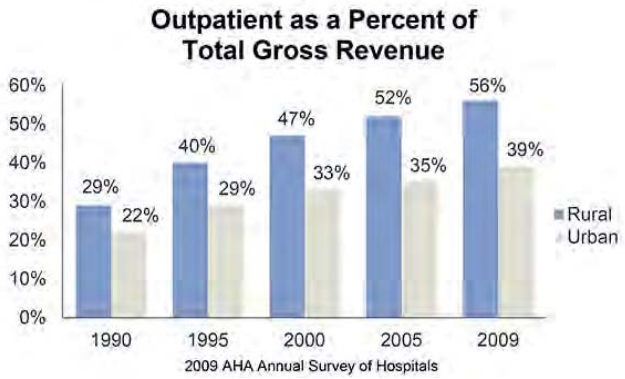
Traditionally, hospitals have charged for extended stays and testing, been reasonably reimbursed, then spread that revenue over high fixed costs attributed to their equipment and infrastructure. As the health care industry adapts to the new requirements, providers are assessing their current operations and profit margins, and adjusting their services accordingly. As a result, hospitals are accelerating the change from an inpatient to an outpatient model.

Transition from Inpatient to Outpatient Services

Driven by decreased levels of reimbursement and smaller profitability margins for health care providers, hospital boards will be providing greater scrutiny over capital projects going forward. Advanced technology will continue to be an investment for most hospitals as well as the reuse of space previously allocated for lower acuity patients in the hospital. This repurposing is targeting increased outpatient service offerings where the majority of revenue is currently being generated.

Hospitals across the country have experienced declines in inpatient admissions since 2009, driven by the slow U.S. economic rebound, continued rise of high-deductible insurances plans, less use of beds overall, advances in technology and medicine, birth rate decline and the implementation of the ACA. Most industry experts, including analysts at Standard and Poor's and Moody's Investor Services, predict a continuing falling off of inpatient volumes. Health care consulting firm Sg2 in its 2013 outlook predicted a 3% decline in inpatient admissions over the next five years and a 17% increase in outpatient services, where hospitals currently generate more than half of their revenue.

This shift to outpatient services has been most evident across rural hospitals as shown in the chart. The higher outpatient revenue for rural hospitals is driven by the fact that many act as the sole site for patient care in the community and market demand dictates the need to offer those additional services.



Hospitals are beginning to assess how to best use their respective facility's space as a result of changing market and regulatory demands. As technology has advanced and more equipment has come into the market along with electronic medical records and corresponding need for computer access, some of this space is being used to accommodate that technology. With the implementation of the ACA, patient satisfaction also has become an indicator of provider performance and an important aspect of value-based health care. As patients begin to have more of a say about their care provider, hospitals will continue to adapt. An example of how this feedback plays out is an increased demand for observation units in hospitals affiliated with emergency room traffic; these units accommodate a 23-hour stay. Within the inpatient space, shared rooms are being renovated into private rooms to meet patient preferences.

Outsourcing is trending as acute care hospitals seek ways to align with physicians to achieve cost-effective and quality care delivery, which accountable care organizations are already set up to do. Areas where outsourcing has increased substantially include information technology and clinical services like anesthesia, emergency department staffing, dialysis services, diagnostic imaging and hospitalist staffing.

"Each of these services extends the ability of the hospital to provide full service without having to attract [or] retain a full complement of specialty physicians in a particular community," said Augustus Crocker, executive vice president and general manager of The Greeley Company, in *Becker's Hospital Review*. This allows hospitals to be less reliant on a long-term physician-patient relationship.

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Current Capital Project Trends

In response to the current marketplace, hospitals are expected to direct lower-cost care through increased outpatient services. According to Charles Michelson of Saltz Michelson Architects, from the South Florida Hospital News and Healthcare Report, "We're seeing more outpatient types of facilities doing a variety of testing and treatment to keep expenses down; the cost to the consumer is not as high as doing the same work inside a hospital. More health care providers are planning to create facilities outside the hospital now that patient care is moving back into the community where space is less expensive. Hospitals will serve as places for very serious medical treatments only, saving money for the medical system and the patients receiving treatment."

In order to maintain competitiveness and revenue generation, hospitals are continuing to be cognizant of the aging demographic as well and tackling capital projects that tailor to that demographic, such as orthopedics, oncology and mental health for dementia. Hospitals also are focusing on the implementation of the latest technology in order to have greater patient data access and the ability to share information for educational purposes and holistic treatment. According to a report by MarketsandMarkets, the U.S. health care IT outsourcing market is expected to grow by 42.8% in the next five years.

All of these features align with the improvement of a holistic treatment approach for patient care. According to the aforementioned health information study, "90% of health plans agree that automating the exchange of 'new' information required under value-based payments is critical to success, with 85% saying the highest value will come from real-time exchange, though less than half have real-time capabilities."

A Midwest Hospital Builds For Better Patient Experience

Sauk Prairie Healthcare is a 36-bed community hospital in Prairie du Sac, Wis. Hospital leadership decided to replace its aging facility, originally built in 1956, on a new site that would include more space for outpatient services and be flexible to accommodate changing demographics and future growth. Enhancing patient experience and focusing on holistic care both influenced the project design.

After input from stakeholders, including physicians, staff, volunteers and the community, the newly opened hospital still has the same number of beds, but with larger patient rooms, operating rooms, and labor and delivery rooms. To further enhance the patient experience, it was designed with emphasis on patient privacy and dignity. Examples of this are separate public and patient corridors in the surgical services area as well as labor and delivery being located in a secluded and secure area of the new hospital. Additionally, natural light and access to nature was a design feature carried throughout the building to create a healing environment, including a meditation room and walking trails on the campus.

Maintaining Focus on ACA Changes

As evidenced, it is essential for hospitals to remain competitive in the marketplace and to maintain and improve profitability by adapting to the changing health care landscape driven, in part, by the implementation of the Affordable Care Act. A hospital's decision to align itself with the intended goals of the ACA and purpose its facilities accordingly, if needed, will give it a head start on competitors in the marketplace and better position it for the road ahead.

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must know their costs at the procedure, patient, and department levels. The following discussion provides a guide to assist healthcare leaders in assessing and implementing a cost-accounting system that can shed light on costs across the continuum of care—and identify opportunities for improvement.

Preliminary Questions

How can healthcare organizations identify and understand all of the costs that are generated across the continuum of care? The answer: by applying a cost-accounting methodology. Yet two additional questions follow from this assertion: Which cost-accounting methodologies will work best, and what steps are required to effectively implement them?

Traditional methods for determining costs, such as ratio of charge to cost (RCC), are falling from general use because gross charges simply do not reflect the final payment or the costs associated with the delivery of care. Many experts contend that relative value units (RVUs) provide a much more accurate basis for analysis. Also growing in popularity is time-driven activity-based costing (TDABC) for procedures.

To account for costs across the continuum of care, hospitals and health systems should carefully review what tools they are using for cost accounting and how they are using them to ensure that complete information on costs is captured and can be shared in a timely and meaningful way.

Clearly, direct costing of various components of services, such as supplies used (whether chargeable or not), has become much easier. The rollout of electronic health records (EHRs) and clinical documentation solutions has enabled providers to get a better handle on these items.

Indirect costs are quite another matter, and indeed, an important objective in health care is to minimize indirect costs—at the very least, to obviate the need to use various methodologies to split up those costs at the case level, which would eventually become necessary, especially at the physician level.

The key point that must be addressed for costing in a value-based system focused on population health management is the need to integrate financial and clinical data repositories to provide a reliable means for determining the cost of specific outcomes. A well-designed clinical and financial data model can provide information that can be used for a variety of purposes, including:

- Cost management at a departmental level
- Pricing decisions with HMOs and PPOs
- Strategic planning
- Physician management
- Profitability analysis
- Utilization analysis

In the current environment, cost accounting should be seen as a component of the healthcare organization's overall business intelligence strategy, involving application of an enterprise data warehouse (EDW) and not just as a stand-alone decision-support system (DSS).

As analytics in health care continue to evolve, so do the IT needs for a new generation of combining disparate data from the traditional DSS model. EDWs and their associated tools sets are designed to combine clinical and operational data for cost management that includes data requirements such as:

- Claims data for diagnosis codes, patient demographics, and encounter information and services-provided data from the patient billing system
- Clinical data, such as quality and outcomes from EHRs or other ancillary clinical systems
- Accounting and financial data from the general ledger, budget, and subledger systems

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EDWs, unlike DSSs, assemble data in an architecture that easily stores the data relationships to ensure contextual integrity to the level of individual patients or clinicians. In short, EDWs provide an interactive platform to analyze data to create practical information.

Critical Considerations for Today's Cost Accounting

The continued rollout of rules and regulations under the ACA and increasing emphasis on cost transparency have produced many new factors that health systems should consider in developing a cost-accounting system that meets operational improvement objectives.

In particular, as providers move from the Medicare fee-for-service models to pay-for-performance programs, there is an increased focus in cost accounting on outcomes. To fully measure outcomes, organizations need to evaluate key work processes across the continuum of care, the costs associated with clinical care, and the quality of the outcomes achieved (e.g., to provide a basis for developing policies and procedures to reduce 30-day hospital readmission rates). Thus, cost accounting will continue to be the crossroad of the processes and metrics used to evaluate how effectively the organization is managing patient care, understanding utilization, and optimizing revenue.

Other key considerations include the following:

- The need to understand the various costing frameworks for hospitals, clinics, and physician practices
- The ability to accommodate RCC, RVU, or TDABC to account for costs at the charge-code level
- Data validation and reconciliation in light of growing clinical data warehouse requirements (e.g., to assess quality outcomes and meaningful-use key performance indicators, and to serve as baseline benchmarks)
- The need for timely and accurate reporting of performance across patient populations (real-time analytics)
- The ability, where appropriate, to quickly and smoothly transition to TDABC/ABC, and thereby facilitate more accurate estimation of cost components to align costs by activities and services across departments and encourage collaboration–which will be critical during the conversion to ICD-10, in particular
- The ability both to understand actual cost per unit consumed of indirect resources at detailed levels and to charge back those indirect costs based on actual units captured during patient encounters rather than on estimated units based on hypothetical constructs
- The ability to employ traceability maps (e.g., tracing vendor devices to patients) and drill to the source to lay the foundation for predictive analytics
- The ability to tie patient encounter costing back to all costs incurred for the encounter

Hospitals are quick to note, however, that their biggest challenge is not generating such information about the costs to the organization of patient care; rather, they have two greater challenges: not having the budgets for the kind of technology needed to truly identify the full cost, and having limited ability to improve payment, regardless of how much knowledge they acquire.

Many hospitals have already jumped into the evolving cost-accounting requirements as they work to cost-justify for ACA-related initiatives or to provide required information for a merger/acquisition. For this purpose, providers should both leverage their current software vendor strategic relationships and optimize or leverage their current analytics tools to meet the increasingly intricate cost-transparency requirements.

Clearly, ROI for any new cost-accounting solution is a critical consideration. This concern cannot be addressed effectively without due consideration of the primary purpose of the cost-accounting system and how it will be used.

An effective system must be able to track higher business-level metrics for reporting to the board—including total cost per equivalent inpatient admissions, and total costs and component costs relative to total operating revenue—to assist the board's review of costs and cost reductions as it views financial statements. Generally, the cost-accounting system should be capable of reporting metrics focused on labor and supplies (e.g., FTE per adjusted occupied bed), wages and benefits as a percentage of operating revenue, wages and benefits per adjusted discharge, and supplies per adjusted patient day. In a population health scenario, hospital management will require these metrics, day in and day out, from a single source to effectively manage the full spectrum of care, looking at each unit or site of care and ac-

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counting for factors such as labor and supplies, admissions and discharges, inpatient and observation cases, and postacute and follow-up care. A sound cost-accounting system with a data warehouse is needed to store the essential clinical and operational metric components that demonstrate how the hospital is bending the cost curve and to set a foundation for the cost of clinical outcomes.

Potential Pitfalls

An organization will best position itself to succeed in implementing an appropriate new cost-accounting methodology if it undertakes the effort with full awareness of the challenges involved. Organizations that are working to expand analytics and reporting by making effective use of an operational/clinical data warehouse should take action to avoid the following potential pitfalls.

Secure broad executive-level support for the effort. Many hospitals have not acquired true cost-accounting and decision-support systems. A common challenge for these organizations is that hospital administrators often do not see the business benefits or business value that such cost-accounting systems can provide. A business case should consider both the short and long view and balance the needs and the value (cost and benefit) from the perspective of service areas as well as the enterprise level. The assessment of the solution's impact should consider its impact on margin, profitability, and potential clinical outcomes. Those healthcare entities that begin to completely understand all costs of health care will be in a position to acquire those that do not.

Ensure that systems are in place not only to gather data, but also to analyze the data. Organizations all too often stumble into the pitfall of spending too much time pulling and "scrubbing" the data and not enough time actually analyzing the data. To be able to perform such analysis, the organization will need a strategic/enterprise export, transform, and load (ETL) tool or engine to facilitate the use of application program interface (API) and master data management (MDM) solutions.

The organization also will require a scalable relational database management system for an EDW to serve as a repository for all data (i.e., any application and any data structure). In short, complete data integration and an understanding of detailed workforce and capital-asset management are essential goals for organizations seeking to adapt their cost-accounting systems to the requirements of a value-based healthcare delivery system.

Define objectives for the system to ensure that implementation achieves desired results. Building the structures for costing is a sophisticated process that requires a clear understanding of the specific objectives for the effort. Broadly, the objectives will include the need for a strategic business intelligence solution for scorecards and executive dashboards. But it also is necessary to have a clear idea of how the data will be used specifically—e.g., for evaluating volumes, net revenue, and expenses; for developing flexible budgets; or for reporting—before it is possible to know how the cost-accounting structures should be built.

Give due consideration to planning for implementation. Hospitals often make the mistake of purchasing an application without being fully prepared for what's in store. As a result, the implementation process can take months, disrupt key people, and lead to frustration. A common pitfall is having the wrong people implement the system. If an organization has the right tools but sets them up wrong, with the wrong processes, it would be better off not having the tools. The implementation should be led by the health system's most valued subject-matter experts, and employ key resources from a system integrator and product vendor to make use of established expertise and best practices.

The choice of solution also is another key implementation decision: It is best to opt for a solution that has been designed for the needs of the healthcare industry.

Attention also should be given to creating appropriate data-governance structures and adopting an enterprise data dictionary to ensure all understand how the data was derived and is defined.

No matter how robust a hospital system's content and process management technology, the system's data-governance structure plays a huge role in determining its ultimate success by providing a single source of truth. Designed to regulate the human elements of data access and management, data governance delineates which users are responsible for what data, who is authorized to view which assets, and how those permissions change when data moves within the system. It also defines how each set of users quantifies, compares, and re-

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ports the data they own. Having a "data dictionary" helps to ensure that all understand what the data elements mean.

Physician information poses a particular challenge for cost accounting—particularly, how to allocate costs and revenue for individual physicians. To encourage physicians to revisit their care processes, health systems must understand all costs of care, present detailed quality data, engage in open and continuous communications, and leverage new technology to improve care. These are key objectives to keep in mind during implementation.

Train staff charged with managing the cost-accounting system sufficiently to avoid underutilization and the acquisition of "shelfware." Underutilization comes from not recognizing cost accounting as a bona fide, specific discipline requiring highly skilled support. Without skilled staff or other expert resources to provide data-analysis expertise, an organization cannot expect to make full use of all of a system's functionality available to meet modeling, budgeting, forecasting, monitoring, and analysis requirements. Hospitals that do not recognize how much experience and training are needed not only to understand the mechanics of the software, but also to extract true value from the data, run the risk of making errors in determining how to allocate, identify, and quantify costs. In short, healthcare cost accounting is just a methodology that is morphing as a means for understanding metrics on how a hospital builds a business case for a service or product line, such that understanding clinical data on quality and outcomes has become just as important as understanding operational profit-and-loss statements.

Establish a sufficiently broad base of staff support to manage and maintain the system. If only a handful of "key" people are charged with maintaining the system, supporting the data feeds and structures, operating the system, and providing data for analysis, the hospital faces a distinct risk from the possibility that any of these people might leave the organization.

Typical cost-accounting staffing-support requirements include an FTE split between providing IT technical support (e.g., managing technical architecture and supporting the EDW/application and ETL tools) and providing accounting business support (e.g., transforming data into actionable information and presenting it for business decisions).

Investing in emerging technologies such as analytics is one way to mitigate this risk. Big data is here to stay, and everyone will want to be part of the technologies that enable organizations to use it.

A New Cost-Accounting Reality

Implementing a cost-accounting solution does not, in and of itself, automatically enable a hospital or health system to achieve predicted performance improvement and business operational/process objectives. Indeed, the system likely will require considerable effort to bring live, and there tends to be minimal obvious ROI from the implementation of any new system. There is a clear ROI, however, if one considers the extent to which the new system will position the hospital to respond to the shift from fee-for-service to performance-based payment. By not investing now in preparation for this transition, the organization will incur costs related to a lack of preparedness in the future—that is, costs associated with an inability to make adjustments based on a clear understanding of the organization's true costs.

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PRESIDENT'S LETTER

Greetings!

I am honored to be taking over as President of the MN chapter from Greg Brock. Over the past year, we have continued to provide members with high quality education to assist you in staying on top of the issues in the ever-changing healthcare industry. In 2014-15, we will continue to offer quality education and other membership opportunities.

This year's HFMA theme is "Lead the Change" selected by HFMA Chair Kari Cornicelli. As healthcare finance professionals, we are always challenged with change. Regardless of our role in our organizations, we are all leaders. If we all chose to lead the change, just imagine the difference we could make in healthcare. I challenge each of you to look for the opportunity to make this difference.

HFMA's mission is to assist you in leading the change to improve and enhance the performance of our organizations. We strive to provide a variety of educational opportunities to give you the tools and information needed to continually improve organizational operations. The website is a great resource to learn of upcoming educational events that are "live" events or webinars. The chapters of Region 8 have worked hard to provide you with a variety of educational topics. I have highlighted some of the upcoming events below:

- AAHAM and HFMA Joint Conference is in Rochester on August 6-8.
- HFMA Virtual Conference allows you to receive education credits from the office or the comfort of your home. This conference is on September 18 and December 16.
- MidAmerica Summer Institute is the Region 8 conference in St. Louis on August 18-20. This is a great opportunity to network with professionals from organizations outside of Minnesota.
- Fall Institute will be held in Plymouth on October 9-10.

We also have upcoming webinar series covering Debt and Financing and the Revenue Cycle. Please check out all the educational opportunities on the MN HFMA website.

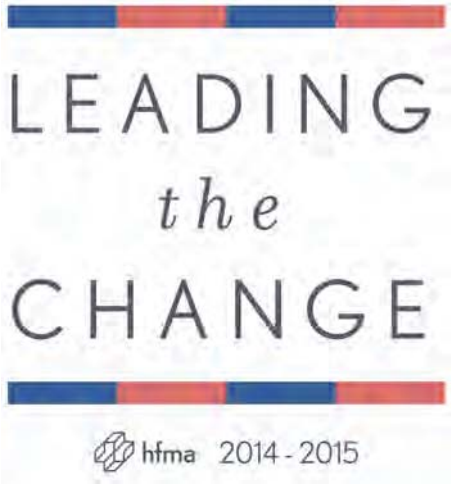
Our membership committee is continuing to work on social events for our members. This is a great opportunity for new members to meet and for all members to network. The next event will be at the Pokegama Golf Course on August 12 in Grand Rapids, MN. Please check the events section of the website for more details as well as upcoming social events.

As we all know, healthcare is not getting less complicated and is an ever-changing environment. The coming year the Minnesota chapter leadership team will provide as much assistance to you to help "lead the change". We value your membership and look forward to improving your HFMA experience.

Regards,

Sarah Gustafson, CHFP

President 2014-2015



REGION 8 CONNECTION

HFMA greetings!

My name is Tracy Packingham and I am honored to introduce myself as your Region 8 Regional Executive for the 2014-15 chapter year. I am a member of the Greater St. Louis Chapter as well as your representative on the HFMA Regional Executive Council.

The primary responsibilities of the Regional Executives, from the eleven regions, are:

To serve as the primary volunteer and policy liaison between the chapters and HFMA National;

To assist chapter leaders in serving members;

To foster dialogue and effective communications between national HFMA and the individual chapters;

To represent the needs and interests of chapter leaders to the HFMA Board and management, and

To encourage chapters to collaborate and help other chapters.

I would like to extend a sincere thank you to my predecessor, Randy Hoffman. He definitely raised the bar to a new level of excellence in 2013-14. Randy has been a fabulous mentor and has set the stage for our continued success. And for those that know Randy – we have some big shoes to fill. Thanks again Randy for a robust year. J

Stephanie Hultman from the Iowa Chapter is the Regional Executive-Elect for Region 8. I am thrilled to be working with her again. Stephanie has already started working with your President Elects and has been very involved in the planning for our upcoming Fall Presidents Meeting.

During the week of April 27, 2014, your chapter leaders attended the Leadership Training Conference (LTC) in National Harbor, Maryland. LTC is held each year to allow your elected leaders and various committee chairs to receive the training needed to fulfill their responsibilities. LTC is very rewarding and sets the tone for the upcoming year. I would encourage each of you to support your leaders in reaching the goals set for the June 2014 through May 2015 chapter year.

It takes a team to reach the goals set at each chapter and believe it or not each of our members is part of our chapter's team. Getting involved can be as simple as attending chapter meetings, attending national meetings or volunteering for a committee. Based on my experience, you will get 10x more out of what you put in. That is only one of the many outstanding things about HFMA.

This year's Chairman's Theme is "Leading the Change". I have had the privilege of working with each of your chapter Presidents over the past year and have already seen them incorporating this theme. Each chapter in our region has exceptional leaders and I have no doubt that Region 8 will have another phenomenal year.

Thank you for the opportunity to serve Region 8, by far the best region in HFMA! I look forward to working alongside your dedicated chapter leaders and meeting many of you throughout the year. My telephone number is 314-570-3580 and my email address is tracyp@triageconsulting.com, please feel free to contact me with questions or comments any time!

Tracy Packingham
Region 8 Executive

hfma south dakota chapter
healthcare financial management association

hfma greater st louis chapter
healthcare financial management association

hfma heart of america chapter
healthcare financial management association

hfma iowa chapter
healthcare financial management association

hfma sunflower (kansas) chapter
healthcare financial management association

hfma minnesota chapter
healthcare financial management association

hfma show me of missouri chapter
healthcare financial management association

hfma nebraska chapter
healthcare financial management association

hfma north dakota chapter
healthcare financial management association

LETTER FROM THE EDITOR

When I joined HFMA, I figured that volunteering to help on a committee would help me meet other members quicker than I would just being a member. I thought "I'm a pretty good tax accountant," so I originally volunteered to help with the association's finances. I didn't really think about the fact that 90% of you are also pretty good accountants, probably better than I am. Instead of hearing back from the association's Treasurer, I heard from another leader who asked if I'd be interested in helping with the newsletter.

I was told that the newsletter is created using MS Publisher and asked if I had any experience with it. I answered with a resounding "NO!". I was told that it isn't that complicated and I could figure it out. That was the most important moment in my membership with HFMA. I could have said no to the opportunity because I wasn't comfortable with the requirements, but I chose to say yes anyways. I can't think of a single moment when I regretted my choice.

Volunteering to be an active participant in HFMA has been a wonderful experience and opportunity. Here are some of the benefits I can think of:

- Associating with, and becoming friends with, exceptional members of the association, especially the officers and board member.
- Learning about the incredible opportunities available at our various events.
- Learning about the operations of the association.
- Getting to attend special training opportunities, so far in Disneyland and a beautiful resort in Washington, DC.
- Enjoying the opportunity to serve others.

I've also learned about the difficulties associated with organizing and operating the association. To put it bluntly, it doesn't seem like we have enough helping hands. Consider the fact that every event requires a location, speakers, entertainment, food, lodging (usually), sponsors, communications, registration, and probably a dozen other details that I'm forgetting at the moment. If you were to volunteer to help with a single one of these aspects at a single event, it would lighten the load for somebody else who's doing more than their fair share of the work.

I want to encourage each of you to volunteer for something in the association. I'm not asking you to do anything overly difficult. The role you take can be an easy task. For example, setting up communications for one event a year may require 5 hours of your time *per year*. The key for the association is that a large group volunteer. "Many hands make light work."

Kurt J. Bennion, CPA
Newsletter Editor

Kurt's Korner

Welcome back to Kurt's Korner! Five things you never needed to know! In honor of those going to the Mid-America Summer Institute, five facts about fun and travel.

1. Karaoke means "empty orchestra" in Japanese.
2. The king of hearts is the only king without a mustache.
3. World Tourist Day is observed on September 27.
4. *Stressed* is *desserts* spelled backwards.
5. The highest point in Pennsylvania is lower than the lowest point in Colorado.

Side: Greg Brock, President, presents a Medal of Honor to Bill Fenske, Past President as recognition of Bill's time and efforts serving the association.
Below left: A chapter planning session during the Leadership Training Conference
Below right: the Gaylord National Resort in Washington, DC.

RECENT NEWS AND EVENTS

Passing of an Icon

It is with sadness that I am sharing with you the passing of an icon in MN HFMA. Ray Costello passed away peacefully at his home on June 30. Ray has been an icon within the MN HFMA Chapter for many years. Ray single-handedly revised and enhanced the Sponsorship Program for the MN Chapter that provided financial stability and the flexibility to develop new programs, services, offerings, and value to our membership. Without Ray's leadership, many activities and successes of the MN Chapter would not have been possible. Ray's humble leadership will be missed by the Chapter and I will miss Ray as a friend. Ray and I spent many evenings together celebrating our great Chapter and I was fortunate to call him a friend. Please take a moment to reflect on your interactions with Ray and to thank God that Ray blessed us with his presence!

Written by Bill Fenske, Past HFMA Chair and friend of Ray Costello

Career Opportunities

Do you have a job opening that needs to be filled? Are you looking for a change or new opportunities? Remember to check the *Careers* tab in the Minnesota HFMA website. Current postings include:

- EVP and Chief Financial Officer—Allina Health—Minneapolis
- Director of Managed Care Finance—St. Luke's—Duluth
- Inpatient Hospital Policy Coordinator—State of Minnesota—St. Paul
- Payroll Supervisor—Sanford Health—Bemidji

Check often. Don't miss out!

January Winter Institute—New Format!!!

It seems odd to talk about The Winter Institute when all of you (hopefully!) have been enjoying the warm weather and spending some time with family and friends. However, it will be here before we know it and we wanted to inform you of a few changes to The Winter Institute this year. Rather than the typical one-day conference, we are expanding it to 1 ½ days to provide our members with more education and a FUN social event where you can network and catch-up with friends and colleagues! Though we are still in the planning stages for the conference, mark your calendars for January 29th and 30th, 2015. You won't want to miss this event! Look for registration information to come out this fall. We hope to see you next year.

MN HFMA Sponsor-Get-A-Member Program

Congratulations to Tim Justin, who won our first prize drawing for sponsors who recruit a new member! Tim is a Senior Consultant with Germane Solutions, a healthcare consulting firm located in Dayton, Ohio. Germane Solutions specializes in developing strategies related to Graduate Medical Education, including new program planning, existing program evaluations, and FQHC interactions. Prior to joining Germane Solutions, he developed integrated delivery network pricing strategy for cardiac rhythm management devices at Boston Scientific in Arden Hills, Minnesota. Tim lives in Lakeville, Minnesota, with his wife, Nicole, and baby daughter, Maya. When he's not spending time with family, you can usually find him on a golf course or racquetball court, depending on the season.

RECENT NEWS AND EVENTS

HFMA National Institute

June 22—25 Las Vegas, NV

Members of the MN HFMA leadership attended the Annual National Institute ANI) in June. The educational sessions included topics from cost containment to clinical integration. The leadership team also attended the Annual Awards Banquet, where the chapter was recognized for meeting education goals, and The Big Celebration, where we celebrated the legacy of HFMA leadership. Here are some highlights.

Fifer: transparency will drive accountability and value
"When acquisitions and affiliations are designed to improve value for care purchasers, they are likely to be well-received," HFMA President and CEO Joseph J. Fifer, FHFMA, CPA, told attendees who gathered at ANI. On the other hand, "Those who would consolidate to gain market power and force higher payment rates in today's transparent environment are setting themselves up for failure," Fifer said.

Gawande: financial leadership needed to improve quality, reduce costs
Data and leadership by healthcare finance experts will have the biggest impact on improving quality and cost control in the U.S. healthcare system, according to keynote speaker Atul Gawande, MD, a leading healthcare researcher and quality improvement expert.

Kaufman: impact of 'disruptive innovation' on hospitals
Ken Kaufman, managing director and chair, Kaufman Hall, shared the ways in which a variety of industry-disrupting forces will require hospitals to reexamine their underlying business models during an interview with HFMA senior writer/editor Rich Daly at ANI.

Lloyd: physician role drives Memorial Hermann, Aetna accountable-care partnership
Developing accountable care networks requires "uncharacteristic partnerships with uncharacteristic partners," Christopher Lloyd, CEO of the Memorial Hermann Physician Network at memorial Hermann Health System, said at ANI.

Cornicelli: lead the change
"As finance leaders, we are uniquely qualified and have the skills to lead our industry into the future," HFMA Chair Kari Cornicelli told ANI attendees. "Everyone in this room is a leader. Just think about the power of what one finance leader can accomplish."

Find comprehensive coverage of ANI, including videos of presentations and interviews, at HFMA's official ANI news site. View a selection of photos from the conference in our ANI photo gallery.

RECENT NEWS AND EVENTS

Certification

Congratulations to Jan Brosnahan and Steve Johnston who recently obtained the distinction of becoming Certified Healthcare Financial Professionals. Jan recently became CFO for Winona Health Services following a 20 year career as a CPA with KPMG. Steve is a Business Strategist at Fairview Range in Hibbing with eleven years of healthcare experience. I asked them to reflect on their experience with the exam through the following questions:

What prompted you to pursue certification?

Jan: *My previous experience as a CPA provided me with deep understanding of internal controls, financial reporting, budgeting, forecasting and the disbursement function, but I needed to gain a much more detailed understanding of the healthcare revenue cycle and contract management. The CHFP certification seemed like a good way to obtain this knowledge.*

Steve: *When developing Pro Forma for a proposed business unit, and sometimes full business plans, an understanding of medical finance is critical. For example, without a solid grasp of the reimbursement process, and assistance from coders and billers, I'd be lost. I have a degree in finance, but there are so many interesting intricacies and complexities of medical finance that I really felt the CHFP was necessary.*

How did you prepare for the exam?

Jan: *I utilized the HFMA Online Core Curriculum Self Study Materials made available to me through Minnesota HFMA chapter membership. I estimate my total study time to be in the range of 20 to 25 hours over the course of a couple of months.*

Steve: *It's hard to know just how many hours I spent studying but it must have been over 80. Our Minnesota Chapter provided me with the HFMA on-line study materials, for which I'm grateful. That program was a key part of my preparation. Additional study resources are needed beyond the HFMA on-line study program, particularly in the areas of Ratio Analysis, and Variance Analysis. I used some of my old text books and also purchased Financial Management in Health Care Organizations, McLean, Robert - ©2003.*

How does the CHFP exam compare to other exams you have taken (CPA, etc.)?

Jan: *The CPA and CMA exams were more comprehensive and difficult than the CHFP exam, and involved many more hours of preparation and testing time. Utilizing the online self- study materials, I felt adequately prepared for the CHFP exam, yet was surprised by some of the content, which hadn't been covered! After I took the exam, I read through the HFMA website's certification FAQ and realized it indicated that the exam "would not be limited simply to material covered in the study materials," but would draw upon other knowledge typically gained through experience in the accounting and healthcare fields. Luckily, all my other years of training and practice had provided me with a solid base to draw upon, to properly answer the "surprise" questions I found on the exam!*

Steve: *The biggest difference between this exam and others I've taken is it required lots of general knowledge that was not in the study material - again, particularly in the areas of Ratio Analysis and Variance Analysis. There are four hours to complete the exam and I used it all. Unless you are fast at arithmetic, you will need a calculator for the test.*

Any other comments, advice, or encouragement to pass along to other HFMA members considering certification?

Jan: *Preparing for this exam helped refresh my memory on some of the theories and basics of finance and definitely helped me understand the special nuances of the healthcare revenue cycle and contract management that are so important in carrying out the role of a CFO.*

I utilized the new online proctored testing available through Castle Worldwide, which enabled me to schedule taking the exam at a time and place that was convenient for me, rather than having to drive hours to go to a proctored test site. The registration and setup for the online proctored testing was easy and the Castle Worldwide staff was most helpful. I was required to have a high-speed internet connection, webcam and microphone, to be able to converse with the proctor. It basically resembled a Skype session, as I showed the proctor my testing space and demonstrated that there were not any study materials in the room, nor anyone nearby to improperly provide answers to the exam. The proctor watched me through the webcam through the three and a half hours that I took the exam. I received the results immediately (I passed!). I would highly recommend using the online proctoring.

Steve: *Having plenty of finance education, I took the exam too lightly. I could have just cried, and almost did, when I flunked it the first time. My excuse? Simply put, Healthcare finance is different. It's not more or less difficult than say manufacturing finance, but it is different than much of what you'll learn in an MBA program.*

To get started on your journey toward becoming a Certified Healthcare Financial Professional, contact Marilee Vogel, Certification Chair, 320.231.4282.

UPCOMING EVENTS

Joint HFMA / AAHAM Summer Conference and Vendor Fair

August 6-8 The Kahler Grand Hotel Rochester

This Summer's Joint Institute promises to be an enjoyable and fully packed educational opportunity for all parties that are interested in, or part of, the healthcare finance or healthcare revenue cycle industry.

We live in some of the most dynamic times that the healthcare industry has ever experienced, from advancements in clinical functionality and quality to the revenue cycle that is responsible for continuing to fund the burgeoning clinical offerings. Today's healthcare finance and revenue cycle professionals are being asked to do increasingly more with shrinking operating margins.

The 2014 Joint Summer Institute has been developed with exactly those challenges in mind. Our program will look at the changes taking place in how hosptials and clinics are transparent with their prices with patients, as well as the ever evolving timeline for ICD-10. In addition, we will explore the changes in 501r, Medical Debt Resolution, the Affordable Care Act, and Medicare Secondary Payer. Lastly, we will give our attendees a chance to "vent" and listen to how others with the same software systems handle complicated issues and their resolutions.

The following is a brief overview of what our agenda holds for our registrants:

- Keynote Speakers:
    - Molly Cox—Improvisation in a Tightly Wound World: Learn to de-stress, process change and boost productivity by changing your perspective
    - David Goldman, The Laughing Stockbroker—Humor Sells: Spreadsheet Can't do the Talking?
- Educational sessions on Medicare Secondary Payer issues, ICD-10, 501(r)
- Round tables on Meditech, Epic and other software systems
- Panel discussion on price estimators and transparency
- Golf at the Somerby Golf Community
- Kahler team cooking contest and networking social, led by Kahler's executive chef Pasquale Presa and his team
- Self-guided Mayo Clinic art tour
- Social hours

View the brochure and register online.

UPCOMING EVENTS

Accounting, Audit and Compliance Update

Tuesday, August 12 12:00—1:30pm CST

Region 8 Free Audio Webcast

This webinar on accounting updates for health care entities will provide implementation guidance on recently issued standards effecting bad debt presentation, charity care, and insurance claims and recoveries along with discussion of issues affecting health care entities such as accounting for ICD-10 implementation costs and electronic health record technology incentive payments. The webinar will also touch on new GASB statements and the new Private Company Council that was formed by FASB to develop private company standards. In addition, the webinar will give an update on proposed standards for leases and revenue recognition. Finally, the webinar will highlight some of the changes to the 2012 audit and accounting guide for health care entities recently released by the AICPA.

View the brochure and register online.

Second Annual MidAmerica Summer Institute

August 18-20 St. Louis, Missouri

The lineup includes:

Breakout sessions for Financial Leaders, Revenue & Reimbursement, and Regulatory & Compliance.

Keynote Speakers:

- Dr. Howard Wasdin, Former Seal Team Six member
- Al Hrabowsky, Former Major League Baseball pitcher and current Cardinals broadcaster

Nationally recognized speakers

Cardinals baseball game on Tuesday, August 19

Networking opportunities with HFMA members from Region 8 (9 chapters)

Registration will be open soon!

Social Event

Thursday, September 11 4:00—7:30pm Minneapolis

The next HFMA social event will include a hosted happy hour from 4pm to 6pm at Hubert's Sports Bar & Grill (600 1st Avenue North, Minneapolis, MN 55403) followed by a tour of the state-of-the-art Twins baseball stadium. Target Field has been ranked as the 2nd best stadium in Major League Baseball. "… Target Field is already the best modern stadium in baseball." It should be a great time and tour!

UPCOMING EVENTS

HFMA National Webcasts

Using New Business Models to Reduce Hip and Knee Implant Expenses

Tuesday, August 12 2:00 to 3:30 pm CST

View the brochure and register online.

Linking Payment with Quality: Reducing Rehospitalizations

Thursday, August 14 2:00 to 3:00 pm CST

View the brochure and register online.

Understanding How Predictive Tools Help Expedite Value Analysis

Thursday, August 21 2:00 to 3:30 pm CST

View the brochure and register online.

Get to the Point with Data Visualization

Tuesday, August 26 2:00 to 3:00 pm CST

View the brochure and register online.

Responding to the Delayed ICD-10 Implementation

Wednesday, August 27 2:00 to 3:30 pm CST

View the brochure and register online.

Innovations in Cost Accounting Drive Value-Based Healthcare

Thursday, August 28 2:00 to 3:00 pm CST

View the brochure and register online.

Solving the Payments Puzzle: What You Need to Know About the Mandated Operating Rules

Thursday, September 4 2:00 to 3:00 pm CST

View the brochure and register online.

eCommerce Reshapes Patient Financial Services

Wednesday, September 10 2:00 to 3:30 pm CST

View the brochure and register online.

Adapting to the Affordable Care Act with Proven Financial Planning Technologies

Wednesday, September 17 2:00 to 3:30 pm CST

View the brochure and register online.

Controlling Costly Physician Preference Items

Thursday, October 16 2:00 to 3:30 pm CST

View the brochure and register online.

WELCOME, NEW MEMBERS!

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Accountant
Cook County North Shore Hospital

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Our objectives are to provide members with information about chapter and national HFMA activities and to provide a forum for reporting state and national issues relating to the healthcare industry.

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Kurt J. Bennion, CPA

Newsletter Editor

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