



HFMA

**Healthcare Financial
Management Association**

LONE STAR EXPRESS

The Lone Star Chapter News Magazine

AUGUST 2011, VOLUME 13, ISSUE 1

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82nd Texas Legislature**

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UPCOMING EVENTS



UPCOMING EVENTS FOR THE LONE STAR CHAPTER OF HFMA

HFMA Lone Star Chapter Major League Annual Institute

August 23-24, 2011

Rangers Ballpark in Arlington

1000 Ballpark Way | Arlington, Texas 76011

Agenda | Course Information & Registration On-Line- can be obtained by accessing www.lonestarhfma.org website

Up to 16.0 CPE Credits

Sponsor 01140, Lone Star HFMA

Credits for individual sessions, course numbers, and topic details are on the Agenda.

Topics:

Is too Much Technology Making Us Stupid? * Health Care Reform * ACOs/ MCOs/Physician Hospital Alliance with a focus payment changes * 2011 U.S. and Global Survey of Health Care Consumers *What's Next: Positioning Your Health System for the Rapidly Changing Marketplace * Outsourcing Pros / Cons * Outsourcing Surgical Assistance* When Stepping to the Plate, Does Your Compliance Program hit a Home Run? * Security in Cloud Computing * Quality - Payor Perspective * Leadership Topic * Using Technology to Manage Charge Master * Patient Financial Services & ICD-10 / 5010

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The Publications Committee reserves the right to accept or refuse contributions whether solicited or not. All correspondence is assumed to be a release for publication unless otherwise indicated. All article submissions are requested to be typed and provided in electronic format, if possible. Send all correspondence to: **Diana Taylor, Sabine County Hospital, dtaylor@sabinecountyhospital.com.**

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PRESIDENT'S CORNER

As we move into this year I would like to express my gratitude to the membership for allowing me to serve as your President for 2011-12. I have given a great deal of thought to the idea of making membership count. Lone Star HFMA and HFMA appreciate the investment of time and money by the membership and I believe that our primary focus is to offer value in return by providing outstanding education that is accessible, affordable, and equips our membership with the tools necessary to navigate the ever-changing healthcare landscape.

One way we will improve the membership experience is to have more access points for education. The board constantly examines the evaluations submitted by the membership and creates strategies to increase education opportunities. Historically we had conducted meetings exclusively in the DFW Metroplex, but realized that it limited participation for members living in other areas of Texas. Over the last two years we have created our regional meetings in East, West, and Central Texas. These meetings have been very successful and we look to continue to expand outside of the DFW Metroplex to serve Lone Star's entire footprint.

In addition, the board has considered our meeting venues and concluded that we needed to upgrade the facilities for our meetings. I'm pleased to announce that we have secured the Texas Ranger's Ballpark in Arlington as the site for our August meeting. The meeting will be held on August 23-24 in the Hall of Fame Suite. Our program committee has worked diligently to provide the membership with quality education regarding Healthcare Reform, Compliance, ICD-10/5010, Patient Financial Services, and many more outstanding topics that will give you an edge when operating your business.

The membership committee has made a commitment to increasing networking opportunities through the use of social networking sites like Facebook, and Linked in. We believe that these communication mediums will improve communication among our members and bring our geographically large chapter closer together. I hope the fellowship that is formed through our meetings and social networking site participation will increase turnout at our social events. My observation is that we need to improve the opportunity for social networking events that allow members to get to know one another in a less formal setting. We have made the commitment to our membership to improve networking opportunities and we have two exciting social events planned soon. The first event coincides with our August meeting and includes an evening of barbeque and Rangers baseball at the Ballpark on August 23, 2011. The other event is scheduled for September 22, 2011 at Saint Ann restaurant in Dallas.

The Lone Star's board of directors realizes that keeping our meeting cost affordable is another key component to making education accessible. Several great ideas came out of our discussions at the Leadership Training Conference (LTC) this year. One idea that I liked in particular is the ability for members to gain incentives for reaching HFMA milestones. These incentives included discounts or free education credits for becoming a Certified Healthcare Financial Professional (CHFP), or Fellow of the Healthcare Financial Management Association (FHFMA). We are working through the process to establish our own incentive plan and will have the details available to the membership soon.

Greg Adams FHFMA is the new HFMA Chair for 2011-12. His theme for this year is "Believe to Achieve." He wants us "to believe in ourselves, the mission of our organizations, and the possibility of a better future for the healthcare industry." I share his optimism and will work with the board of directors and committee members to give you the necessary education and tools that will provide you with the confidence to solve emerging challenges and ensure a better future for our industry. I look forward to the coming year and please take advantage of all the Lone Star HFMA education opportunities.

*Yours truly,
Christian O'Connor
President*



**2011-2012
President
Christian O'Connor**

I believe that our primary focus is to offer value in return by providing outstanding education that is accessible, affordable, and equips our membership with the tools necessary to navigate the ever-changing healthcare landscape.

Wow! Is summer over YET? This past summer will be one we will remember with record setting events. Let's see, what records have been established in just the past few months? Greatest number of days with temperatures over 100 degrees is one new record and now we are working on the greatest number of days with temperatures over 105 degrees since obviously 100 degrees just wasn't good enough! Who said we aren't a state of over-achievers? My prayers are that by the time this newsmagazine hits your desks, we will be starting to see some relief in this trend because if you haven't noticed it, we all tend to get a little grouchy when we are hot. A beautiful rainbow following some steady rain would be a wonderful sight right now.

In reading our new Chapter President's letter, you will see that the weather hasn't affected Christian O'Connor's optimistic outlook for our Chapter this year. His goal is to "Make Membership Count". From the sounds of activities planned for this year, if you are a participating member of the chapter, you'll have no excuse for not feeling that your membership has made a difference in your personal and professional lives. Why not take the time this year to become more involved in chapter activities and let your membership count?

As your involvement grows within the chapter, Greg Adams slogan of "Believe to Achieve" can become a reality. Will achievement be easy in today's uncertain healthcare environment? The answer is "probably not" but I'd like to close with a statement by Dolly Parton. "The way I see it, if you want the rainbow, you gotta put up with the rain." Let it rain, Dolly, let it rain!



**2011-2012
Newsletter Editor
Diana Taylor**

**Why not take
the time this
year to become
more involved
in chapter
activities
and let your
membership
count?**

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Christian P. O'Connor

Diversified Healthcare Services, Inc.
christianpatrick1@msn.com
972-238-1492

President-Elect

Phillip McCollough

Emdeon
PMcCollough@emdeon.com
512-731-1081

Vice President

William J. Galinsky, CPA

Scott & White Memorial Hospital
wgalinsky@swmail.sw.org
254-724-1806

Secretary

Elizabeth A. Pulliam, CHFP, CPA

ea.pulliam@yahoo.com
806-433-7504

Treasurer

Jonathan M Phillips
GE Capital
972-830-6647
jonathan.phillips@ge.com

Past President

Kenneth A. Johnson, FHFMA, CPA

Scott and White Memorial Hospital
(817) 261-8466
kajohnson@swmail.sw.org

BOARD MEMBERS

Ray Dzieszinski, FHFMA

Children's Medical Center Dallas
Ray.dzieszinski@childrens.com 214-456-2960

Fred Savelsbergh

Baylor Health Care System
fredsa@baylorhealth.edu
214-820-3724

Mark Teresi

Baylor Health Care System
mark.teresi@baylorhealth.edu
214-820-9443

Bill Richburg, FHFMA

MedAssets
brichburg@medassets.com
972-244-5879

Pat A. Keel

Good Shepherd Health System
(903) 315-1820

Lynn A. Gipson, CPA

Texas Health Resources
(682) 236-6430

Chris Joiner

Dell Revenue Cycle Solutions
(817) 505-6501

Malisa A Schrib

(214) 840-1419

LONE STAR COMMITTEES

The Lone Star Chapter would like to invite members to join one of our committees.
Please contact the Committee Chairperson listed below for more information.

Link Committee Chair

William J. Galinsky, FHFMA, CPA

Scott & White Healthcare
(254) 724-1806
wgalinsky@swmail.sw.org

Newsmagazine

Diana Taylor

Sabine County Hospital
dtaylor@sabinecountyhospital.com
409-787-3300

Founders

Bill Richburg

MedAssets
brichburg@medassets.com
972-244-5879

Program Chair

Malisa A Schrib

(214) 840-1419

Membership

Jason Thomas

Recondo Technology
(214) 998-3763

Timothy R Nese, CPA

Baylor Health Care System
(214) 820-7779

John Armstrong

Carepayment
(972) 841-9041

Certification Contact

Billy K. Richburg, FHFMA

MedAssets
(972) 244-5879
brichburg@medassets.com

Webmaster

Christian Patrick O'Connor

Diversified Healthcare Services, Inc.
(972) 238-1492
coconnor@dhca.us

MEET THE 2011-2012 OFFICERS

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TEXAS HOSPITAL ASSOCIATION

HEALTH CARE and the 82nd TEXAS LEGISLATURE

During the regular session, legislators crafted a budget for 2012-13 that fails to adequately fund existing levels of care or growth in the Medicaid program. Hospitals were left to finance more than \$780 million in cuts – reductions disproportionate to those affecting any other industry in the budget. A summary of health care-related actions appears below.

State Budget

Lawmakers approved a \$172 billion (all funds) budget, which represents an 8.1 percent decrease – or a \$15.2 billion cut – in current spending. Although every sector of the economy took a hit, health and human services were hardest hit, with a 17.2 percent decrease in funding. Of the \$11.3 billion cut, the biggest loss is federal funds due to the expiration of federal stimulus dollars and the associated 10-point decline in the federal Medicaid matching rate.

Texas Medicaid

The Legislature ignored the realities of growth in Medicaid caseload and costs

and decided to address shortfalls in a supplemental appropriation when the 2013 session convenes. Despite the original 10 percent across-the-board reduction in Medicaid rates for all providers, in the end only hospitals were cut. Physicians, nursing homes and mental health services were held to their 2010-11 funding levels. For hospitals, legislators counted the 2 percent reduction already in place and added 8 percent to it for the next biennium. However, the hit to hospital reimbursement will go much deeper.

Legislators will expand Medicaid managed care statewide, and health plans will be incentivized to reduce hospital expenditures. Lawmakers also directed the Texas Health and Human Services Commission to identify some \$450 million in Medicaid “cost containment” initiatives, many of these directed at hospitals, such as reducing emergency department rates for non-emergency visits, reducing neonatal care unit admissions, and implementing penalties for certain preventable

readmissions, hospital-acquired infections and adverse events.

Fundamental changes in hospital payment methodologies – including the transition to a statewide Standard Dollar Amount – will produce cost savings for the state and redistribute money among hospitals. On average, hospitals will be paid about 53 percent of allowable Medicaid costs. Hospitals potentially face additional rate reductions to achieve budgeted savings if managed care expansion is delayed or underperforms.

Trauma Funding

Numerous attempts to repeal the Driver Responsibility Program, which is the major source of funding for designated trauma hospitals, failed. However, the budget cut trauma funding by 23 percent to \$57.5 million for each year of the biennium.

Health Professions Education

The budget includes \$30 million for the biennium to fund the Professional Nursing Shortage Reduction Program, which has increased nursing school enrollment over the

past two years. Proposed cuts in funding for medical education were reduced, but Texas still will have an inadequate number of medical residencies and fail to meet the growing need for physicians. The physician education loan repayment program, which encourages doctors to practice in underserved communities, lost 76 percent of its funding.

Physician Employment

The one bright spot in health care legislation was the approval of measures allowing rural hospitals, certain hospital districts and the Texas Scottish Rite Hospital in Dallas to employ physicians directly. One bill applies specifically to hospitals in counties with a population less than 50,000 and to sole community and critical access hospitals. Specific bills give hospital districts in Bexar, El Paso, Harris and Tarrant counties the authority to employ physicians. All of the bills require hospital policies to protect employed physicians' independent medical judgment.

Nursing Issues

Legislators approved a bill to extend current law that protects a nurse or his advisor from retaliation for engaging in patient advocacy activities, creates immunity protections from criminal liability, and increases the administrative penalty against a facility that

retaliates against a nurse to an amount not to exceed \$25,000. The bill was passed in response to the case of two Winkler County nurses who were criminally indicted for reporting a physician to the Texas Medical Board.

Another patient safety-related nursing bill authorizes the Texas Board of Nursing to establish a confidential, voluntary error reporting system for nursing peer review. Nursing union-backed bills to require a mandated ratio of nurses to patients again failed.

During the regular session, legislators crafted a budget for 2012-13 that fails to adequately fund existing levels of care or growth in the Medicaid program.

Advance Directives

Despite several bills being filed and House floor amendments being offered to "must pass" legislation, no significant changes were made to the Texas Advance Directives Act during the regular session.

Legislation was approved that clarifies that EMS

personnel are required to honor only Out-of-Hospital Do-Not-Resuscitate orders.

Tort Reform

The Legislature held the line on previous tort reform efforts and actually strengthened the legal climate by passing "loser pay" legislation.

Operational Issues

Several bills passed that will require changes to hospital operations. Changes were made to requirements for privacy of electronic health records, notification of filing of hospital liens, newborn screening laws and disposal of medical records.

The Texas Hospital Association has published a special edition of the Health Care Advocate that recaps specific health care legislation in greater detail. A PDF of the report is available online at www.tha.org/2011specialedition.

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WELCOME NEW MEMBERS

The Lone Star Chapter extends a warm welcome to the following members or to those individuals transferring from other chapters. As of the end of June, 2011, the Lone Star Chapter had 1,180 active members. We hope to see you at future meetings and invite you to become active! "Old" members who would like to welcome these new members personally can find contact information in the Members Only section of the web site www.lonestarhfn.org.

William Acuff
Health Industries Advisor
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Steven J Armond
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Michael Wayne Baggett
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David Balinsky
Financial Analyst
MedSynergies

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William L. Cashner
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Dallas, TX

Bina Chandrahas
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Kevin D. Cox, CPA, FACHE
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Dana Darragh
Director of Business Development
Resource Corporation of America

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Connie Edwards
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Cook Children's Physician Network

Kim Ellender
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Texas Health Presbyterian Hospital Plano

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Fort Worth, TX

Robert A. Ficken, CPA
Arlington, TX

Daniel R Frieze
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Divurgent

Mary Gainer
Healthcare Reimbursement Services, Inc

Elisa Garcia
Cardiovascular Services Nurse Manager
University Medical Center of El Paso

Michelle L Gregory
Operations Manager
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VMG Health, LLC

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Deborah A Kirkman
Director, Client Relations
MedAssets

Stan Kovarik
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Manager
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Director of Decision Support
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Paula Lawlor
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HIM Conifer Health Solutions, Inc.

Christopher M Lentner
Accounting Manager
Baylor Health Care System

Miguel A Marquez
Chief Of Financial Services
Hospice El Paso

Frank Mayo
Senior Director Business Development
McKesson

Angela K. McCracken
Executive Search Researcher
Whittaker Group Healthcare Search Consultants

Jason Meland
Account Executive
Lawson Software

Samuel Moore
Accountant III
Baptist St. Anthony's Health System

Megan Murphy
Baylor Health Care System

Michael Newbrough
Senior Accountant
Cook Children's Medical Center

Michael L. Nunez, CHFP, CPA
Chief Financial Officer
University Medical Center Of El Paso

Teresa D Osborn
Senior Financial Analyst - Application Management Services
McKesson Corporation

Stewart Jason Rasberry
Revenue Cycle Director
Conifer Health Solutions, Tenet Healthcare

Nat Rocha, III
Regional Director
Baylor Healthcare

Jeffrey J. Schroeder
Dallas, TX

Adam Seymour
Director, Product Mgmt
MedAssets

Li Shu
Baylor Health Care System

Martin Sieckmann
AVP
Scott & White

Barry Smith
Chief Finance Officer
Cirrus Health

Darren Smith
Rowlett, TX 75089-2638

John G Stenger
Treasury Sales Manager
J.P. Morgan Chase

Jennifer Stout
Consultant
Protiviti

John Su
Director of Client Relations
MedAssets

Bryan J Thayer
Sr Consultant

Kristi Lynn Tyson
Financial Analyst
JPS Health Network

Jessica Vogt
Director of Accounting
Methodist Health System

Brian J. Walton
Vice President & CFO
BSA Health System

Jordan T Wathen
Clinical Analyst
Tenet Healthcare

Marci Wilson
Hendrick Health System

HFMA MISSION STATEMENT

HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION MISSION STATEMENT

Vision

HFMA's vision is: "To be an indispensable resource for healthcare finance."

Purpose Statement

To define, realize and advance the financial management of health care by helping members and others improve the business performance of organizations operating in or serving the healthcare field.

Quality Statement

Quality is the foundation of the association and the keystone of its efforts to ensure member and customer satisfaction.

HFMA's objective is to:

Consistently provide services and products that meet the quality expectations of its members, customers, and employees.

Actively pursue a program of continuous quality improvement that enables employees and volunteers to do their jobs right.

Quality is a major, strategic association goal. It lies at the heart of everything done for members and customers. HFMA strives continually to improve the quality of services and products offered, the processes and procedures used to produce them, and the manner in which they are delivered.

The Lone Star Chapter - Chartered 1959 - More than 1,100 members throughout North Texas

LONE STAR CHAPTER MISSION STATEMENT

Vision Statement

The Lone Star Chapter of HFMA will serve as the primary professional resource to support individual excellence in healthcare financial management for its members and other finance related healthcare professionals, thereby improving the business performance of organizations operating in or serving the healthcare industry.

Mission Statement

We are a professional membership organization for individuals involved in the financial management of healthcare and managed care. The Lone Star Chapter, HFMA serves and represents members by:

- Providing professional development through education, information, certification, recognition, peer interaction and leadership training
- Supporting National HFMA efforts and the efforts of other organizations in influencing healthcare financial management and accounting policy decisions, principles and practices through advocacy and dissemination of information.

LONE STAR CHAPTER STATEMENT OF VALUES

- **Service** to members is our highest priority.
- **Excellence** is the standard for all we do.
- **Teamwork** and **communication** are essential to our work.
- **Creativity** and **innovation** must be fostered.
- **Stewardship** of funds must be considered for all activities.
- **Respect for individuals** must be displayed at all activities.
- **Integrity** for all professionals must be maintained.
- The Highest standards for **professional and ethical conduct** must be supported.

LONE STAR CHAPTER, HFMA ADVERTISING POLICY – NEW FOR 2011-2012

The *Lone Star Express* reaches more than 1,180 healthcare professionals. Effective June 2011, advertising will be limited only to sponsors of the chapter. If you have a product or service you would like members to know about, please consider becoming a sponsor. Our 2011-2012 sponsorship year has just begun with three levels to choose from. Sponsorships include exposure to Lone Star Chapter membership through May 31, 2012. For information on the Lone Star HFMA sponsorship program go to: www.lonestarhfma.org. For additional information, contact Phillip McCollough at PMcCollough@emdeon.com or call 512-731-1081.

Publication		Lone Star Chapter Sponsorship Level		
		Gold	Silver	Bronze
Lone Star Express magazine (distributed to Lone Star Chapter membership only)	Magazine to include corporate logo	X	X	
	Ad space in each magazine	Full page - 7.5" wide x 10.25 tall	Half page - 7.5" wide x 5.0" tall	
	One feature article in magazine	X		

Texas Voice state magazine (distributed to all Texas HFMA membership)	Statewide Sponsorship Level			
		Gold	Silver	Bronze
	Sponsor listing in March magazine	X	X	X
Ad space in March magazine	Quarter page	Business card		



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Multi-Tracking: Simultaneous pursuit of financing options saves time, money

By Aaron Becker and Steve Kennedy

Borrowers have recently experienced numerous and varied reasons to change capital funding routes in mid-financing. From the sudden collapse of the auction-rate bond market to major increases in bank letter of credit pricing, formerly viable funding options have been derailed on the way to the closing table.

On the flip side, whatever shifts the capital markets make against one option, there is often an alternative financing option coming into its own at the same time. In 2009 and 2010 Build America Bonds, and the other temporary provisions created by the American Recovery and Reinvestment Act, rose up to provide solutions. Many borrowers who were aware of and willing to switch to newly created options were able to secure financing at lower rates than those who did not.

This year brings possible elimination of certain federal loan programs and the likelihood of more bank failures. Coming years also

offer the possibilities of economic improvements, potential for changes in corporate tax rates that would impact the appeal of taxable and tax-exempt bonds, and the resurgence of financing options that have lately been considered off the table for many borrowers.

Multi-tracking can both help borrowers mitigate closing delays and other problems and capitalize on new – or newly appealing – financing options.

Multi-Tracking Options

To multi-track a financing is to research and pursue more than one financing option simultaneously. Borrowers and their lenders/investment bankers will submit certain finance applications and complete various financing requirements, such as financial feasibility studies and other third-party reports, to fulfill the needs of multiple solutions. Every financing option has different underwriting criteria, but by understanding what solutions are viable (or could

become viable), borrowers can take the steps to ensure, for example, that a financial feasibility study will both fulfill the needs of FHA-insured financing and provide the information necessary to complete a letter of credit solicitation package.

The steps toward selecting the end financing solution could be summarized as follows:

1. Due diligence
2. Pre-application/indication of interest
3. Firm application/commitment

By the time the investment banker has completed the due diligence queries and requested reports on behalf of the borrower, the team should have a good idea of which option would be most preferred, and what market changes it would take for any other alternatives to take the top position. The borrower should also consider whether the agreement it uses to engage its investment banker/lender covers the pursuit of multiple options, and whether the financier is qualified to objectively evaluate and

offer multiple solutions.

Decision Points and Costs of Multi-Tracking

Multi-tracking generally costs more than pursuing a single option, but substantial costs are generally not incurred until the borrower reaches step 3. At this point, FHA/HUD and USDA require that hospital new construction projects provide examined financial feasibility studies compliant with the agencies' respective scope of work guidelines. A bank or unenhanced bond buyer may also require a more formal feasibility study before closing. Senior living borrowers working on new construction projects will not need this examined financial feasibility study for HUD (though other third-party reports, like an appraisal/market study, will require the borrower to incur costs at this point) but they will need it for USDA programs. If pursuing FHA/ HUD financing, the borrower is required to pay a firm application (or exam) fee when submitting the firm application. While this fee is ultimately mortgagable assuming the deal closes, it totals 0.30% of the proposed loan amount and is not refunded should the deal not be funded through the agency mortgage insurance program. And no matter what funding mechanism is selected, attorneys become more involved during step 3 as documents are drafted/reviewed and legal due diligence is completed.

Given the above, the decision points during the multi-track process will vary depending on whether the borrower is a hospital, senior living provider, or housing developer. The financier will identify the points at which additional costs would be incurred, which are logical times for a go/no-go decision to be made.

Conclusion

Multi-tracking enables a borrower to actually test the market and confirm the most cost-effective and term-favorable funding solution for its own unique project and credit profile. Additionally, it enables a project to move forward while retaining flexibility to select the best funding option at a particular time in a dynamic capital markets setting. Finally, multi-tracking also helps borrowers learn what is available in case they need to combine options to create a custom structure. For example, a hospital might choose to refinance using taxable bonds enhanced by an unrated local bank's letter of credit with the additional support of a AAA-rated Federal

Home Loan Bank's letter of credit wrap. Or a senior living project may choose to finance an acquisition via a local bank loan, but use FHA-insured financing to provide permanent financing down the road.

Market factors shift constantly, and in doing so, the appeal of the various financing options shifts. Know your backup plans, and know what changes it would take to make your backup plan your No. 1 option. Borrowers that multi-track their financing options can switch tracks faster, lose less time and spend less money than those who must start over if the initial option fails to pan out or if another more affordable option becomes available during the funding process.

MULTI-TRACKING SUCCESS STORIES

Putting fallback options in place early on in a financing saved these providers time and money on financings that closed in 2011.

Aviv Centers for Living, a Boston senior care provider, sought to replace its skilled nursing facility and centralize its campus. FHA-insured financing had excellent potential for a low, fixed interest rate, but it was determined during the due diligence phase that FHA's limit on the amount Aviv could borrow was too low because of the appraisal's Medicare/Medicaid projections. Aviv was simultaneously soliciting bank letters of credit. While its loan amount was too much for a single bank to enhance, Aviv was able to combine two banks' letters of credit to cover the entire \$50 million tax-exempt bond issuance.

Antelope Valley District Hospital had funded \$25 million of an expansion project with privately placed tax-exempt bonds, and in fall 2010 they sought another \$18 million in financing to complete their capital improvements. The hospital and Lancaster Pollard evaluated Build America Bonds (BABs) and tax-exempt revenue bonds simultaneously, knowing that with the tight time constraints, they might have to switch options because it was unclear whether Build America Bonds would expire or be renewed at the end of the year. Interest rates for BABs became less affordable at the end of 2010 when supply increased as numerous borrowers tried to close before the program expired, and BABs were not renewed. Antelope Valley was able to switch quickly to its backup option and issue tax-exempt revenue bonds instead. Having the backup option in place enabled the hospital to close on its financing within the tight timeline it had set.

Millennia Housing Companies needed to close quickly on a financing that included five different funding sources. FHA financing was considered as part of the solution but was deemed too lengthy a process, and Millennia needed a single bond issuance that would cover three properties. The best option, given the timing and issuance requirements, was to secure credit enhancement for the senior bonds through the Fannie Mae direct pay credit enhancement facility. The ability to structure an immediate funding meant Millennia was able to lock in a lower interest rate.

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LONE STAR CHAPTER MEMBER FOCUS

Christian O'Connor



By Susan Dimick Green and Diana Taylor

Executive Vice President and Chief Compliance Officer is the title our Lone Star Chapter member this issue holds but we now call him “The President”. Christian Patrick O’Connor recently took over the helm of the chapter membership and is currently serving as our new 2011-2012 Chapter President. His professional career in healthcare finance has been ongoing since he graduated from college in 2001. Employed by Diversified Health Services in Dallas, Christian stated “I’ve been with the company basically all my life since it’s a family-owned business. My father is getting closer to retirement so we are starting to work our transition plan. He promoted me to Executive VP – getting prepared to be CEO when he retires. I’ve been around the business my whole life – grew up in it - and have been able to see how the business operated. My father and I’ve been great partners for about 10 years now. I’ve always joked that one day I’ll “convert” and be a provider so I can get that experience.”

When asked what responsibilities his current position entails, Christian replied: “That’s two – fold: In our business, the philosophy has always been to not hire a lot of sales people. My Dad has always kept his face out there and feels that the ownership should take a real interest in being a part of the interaction with the clients, finding, and assessing their needs. As EVP, my responsibility is to analyze the needs of clients, then set the goals and create strategies to meet those needs. As CCO, I’m basically maintaining strict compliance with all the rules, regulations, and our own corporate policies. We are currently preparing to go through a SAS 70 audit. I’m making sure we’re in compliance, doing our

own internal checks and balances and audits to make sure that when we go through this we’ll come out with a good review.”

Like most of us, Christian’s first job was not actually in healthcare. He worked at a tennis shop, conducted junior development drills for kids, staffed a General Nutrition Center, and then he was a personal trainer for some time while in college. He graduated from the University of North Texas in 2001, and majored in Political Science. At some point he planned on going to law school, but he got “highly engaged” in his family’s business and time started to slip away. Christian and his wife then had a child so law school got postponed as their son is growing up. He still has the aspiration to go to law school in the future. “It’s amazing what a political science degree teaches you. It teaches you a lot of that interaction protocol and diplomacy is a big thing in health care.”

Like many in the healthcare finance industry, Christian states that he “loves the partnerships that we have with our clients. I really take an interest in being involved with creating those partnerships and assessing what their needs are. I like seeing the success at the end of what we do. We look for a long – term relationship - we have lots of clients for a lot of years.” In Christian’s position, challenges abound as they do for many other chapter members. When asked what the challenges he faces are, he responded that “making adjustments based on the changing healthcare landscape.” Those adjustments include medicaid cuts and medicare reimbursement guidelines. Clearly a huge supporter of membership in HFMA, Christian has been a member since 2001. When asked how his membership has helped him both professionally

Currently Reading

"I'm currently reading *Decision Points* by George W. Bush. I love politics. That was my major in college."

Favorite Food

"Columbian food – my wife is Columbian so that South American home cooking is very good. There are a couple of good restaurants in the Dallas area. I could go on all day about Columbian food."

Stress Buster

"Spending time with my family; weightlifting; working out, playing tennis."

Family/Children

"I have a wife and a son that's

6 years old. We just recently celebrated our 2nd anniversary. We're having a lot of fun playing baseball and learning karate. I'm working on teaching him tennis."

Pet Peeve

"Guaranteeing things you can't deliver. That's one of the things that I hate and I pride myself on never doing that. I want to make sure that whatever I promise a client or what I'm trying to sell is something I can actually deliver. It's always bothered me that people try to set your expectations for something that they can't deliver. It drives me nuts! High integrity is something that I want everybody to have and lack of it really bothers me. I'm baffled how someone could deliberately mislead someone else."

Favorite Movie

"My favorite movie of all time is Superman 2. (That's always been my nickname since I'm told I resemble him.) If I had to go with something more contemporary it would be The King's Speech."

What would surprise people about you?

"I'm a classically trained opera singer. My father sang a lot of opera and he taught me the different arias. I sang a little bit in college. In junior college I was on scholarship for opera. But I had to go find a way to make a living at some point!"

and personally, he stated that he "lacked some of the tools initially and it helped me gain that education. With those tools and knowledge I can effectively execute my duties as an officer of the company. I can become a more effective leader and knowledgeable within healthcare. Personally it's helped because its great fellowship opportunities, social events, and I've developed tons of great friendships over the years that have been long – lasting."

Christian has big shoes to fill as our new chapter president. His father, Jerry O'Connor was President of the Lone Star Chapter in 2002 and Christian laughed and said "I'm trying to outdo him this year!" Jerry created the Lone Star Express newsletter many years ago. At the time the chapter didn't have any money in the bank – it was in the red all the time and so Jerry subsidized it until it got going. Now through Phillip McCullough's efforts and the statewide meeting, the Lone Star Chapter has ample funds in the bank. Times have changed!

When asked what his professional goals are for his future, Christian plans on passing the HFMA certification exam first and foremost. From that point on he wants to become a Fellow and then after that – the pursuit of the elusive law degree. He believes that upon his father's retirement, with the HFMA certification and a law degree, he can move into the CEO position with credibility. Through all of this, he never wants to lose the core values of the company. "That's

my biggest concern – I never want to grow too fast and lose sight of who we are and what has made us special" states our Chapter President.

When asked what he does in his spare time "for fun", Christian responded "I love sports – going to the Cowboys games and seeing the Rangers. The thing that soothes me the most is spending time with my family: my parents, and especially my wife, and my son. It helps break the hectic schedule. I like engaging in their interests since those are totally outside of what I do. It helps me re-live my childhood and get out of the daily grind. My wife is in fashion merchandising; sharing her interests and supporting her helps to detox me."

Advice Christian O'Connor gives to other HFMA members wanting to advance in a healthcare finance manager role includes several points. "Take advantage of all the educational opportunities and get your certification, take advantage of the networking. I've seen it work so well for a lot of people because it makes them so much more attractive as a candidate if they have it. HFMA is well positioned and respected by a lot of the senior leadership. If someone wants to advance he or she needs to have this on their resume: that they are a strong participant and have accomplished the differing educational opportunities, certifications, and if they want to go further, the specialty designations. "

Reducing Emergency Department Volume—and Costs

One health network's solution to reducing non-emergency cases in the emergency department requires a change in culture—for patients and physicians.

Like so many hospitals around the country, Presbyterian Hospital in Albuquerque, N.M., is facing a costly problem: Payers no longer want to pay emergency department (ED) prices for non-emergency care.

In July, the 453-bed hospital started a program aimed at reducing ED traffic by deferring such non-emergency cases like earaches and minor wounds to the hospital's primary care physicians. Currently, the hospital's ED gets about 180 visits a day; the goal is to reduce the number of ED visits by 10 to 15 percent, says Mark Stern, MD, medical director, Medical Management and Endcare Coordination, Presbyterian Healthcare Services, a network of eight hospitals in New Mexico.

Lisa Farrell, CFO for Presbyterian Health Plan, the network's integrated insurance plan, says the program should

see savings beginning in 2011 amounting to \$10 million to \$15 million over the course of five years.

Called the "ER Navigator Program," the project has customer service representatives in the ED to set up appointments with the system's primary care physicians for non-emergency patients. All patients are first triaged by a nurse to determine the required level of care. Cases like earaches, sore throats, and lower-acuity upper respiratory infections in patients older than two years old are sent to a clinician, such as a nurse practitioner, who performs a screening and obtains a medical history. Cases that are non-emergent or non-urgent are sent to customer service representatives, called navigators, who then schedule an appointment for the patient to see a primary care physician within 12 to 24 hours; uninsured patients

are connected to other care resources within the community.

ED No Longer a Safety Net

Slightly less than a month after its launch, the program had deferred about 60 ED patients to navigators, below the 18 to 24 ED patients per day hospital administrators had hoped to divert to primary care physicians, Stern says. He expects the number of deferred patients to increase as clinicians become more attuned to the parameters of the program.

One of the challenges in setting up the program was gaining buy-in from ED physicians, who were concerned that deferred patients wouldn't receive care, Stern says. However, because patients are given appointment to meet with primary care physicians, not just referred to these physicians, ED physicians

have become more accepting of the program, he says. “What we’re doing at Presbyterian is shifting paradigms from the emergency department being a safety net to a well-integrated system being a safety net,” he says.

Stern says administrators will continue to refine the program as they meet with ED and primary care physicians to get updates and feedback on whether the program is working the way it was intended. Physicians will receive data on the number of patients who have been set up with care appointments, but who don’t follow through with the visit, he says.

Program Costly at First

Reducing costs in the ED is part of Presbyterian Healthcare Service’s systemwide medical cost optimization program, which was initiated in late 2009.

The goal of the program is to help patients access care in a setting that is more appropriate for their medical condition. “By treating patients with non-emergencies in a more appropriate venue than a high-cost acute care setting, we help to reduce healthcare costs overall for everyone,” Farrell says.

However, Stern says the program is expected to cost money before it saves money. In many cases, the primary care

visits set up by the navigators are not reimbursed. “This is probably something like a nine-month to two-year project” to change the behavior of patients and ED staff and to help patients understand the proper venue of care for non-emergency cases, he says.

Although physician buy-in was the priority, Farrell says administrators also made sure to seek support from federal regulators and advocacy groups, like Albuquerque Healthcare for the Homeless, before launching the program. The health network also implemented a comprehensive communications initiative with the community by giving media interviews, making public service announcements, and sending letters to previous ED patients, health plans, and their members explaining the program. “We really tried

to make people aware of the program and what we’re doing,” she says.

Farrell adds that the health network has received no complaints about the program from regulatory agencies, and patients are accepting of the program as well. About one month into the program, just one patient left the ED angry about the deferral, Stern says. But the patient later came back to apologize—and make an appointment with a primary care physician.

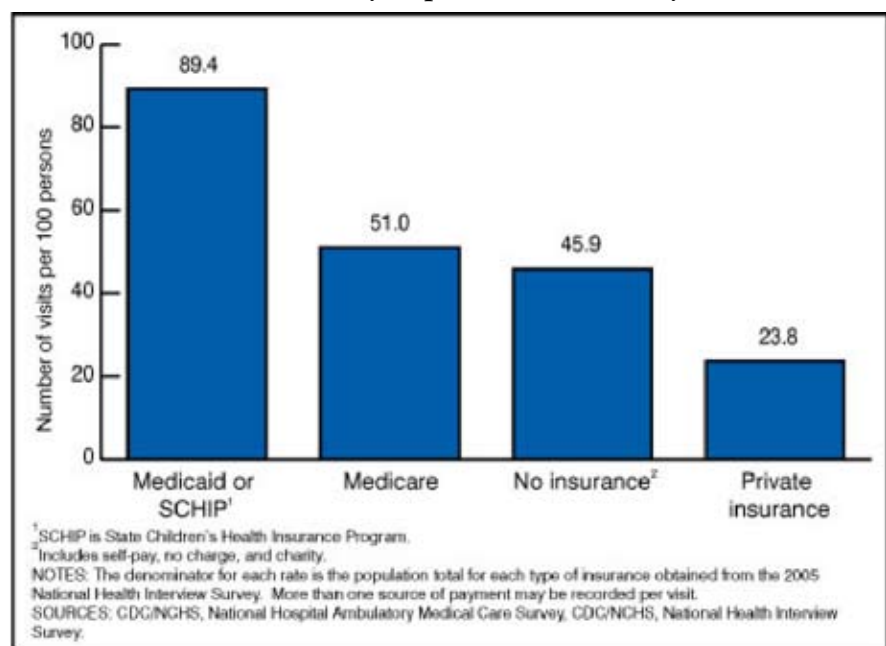
“I think we’re getting the results we anticipated,” Stern says.

The following article originally appeared in the October 2010 issue of HFMA’s Healthcare Cost Containment newsletter (www.hfma.org/hcc).

Source: Centers for Disease Control and Prevention.

Exhibit one:

Annual Rate of ED Visits by Expected Source of Payment, 2005



HFMA Lone Star Chapter
P.O. Box 631206
Houston, TX 77263-1206

HFMA Region 9 Conference New Orleans



Make plans to attend!