President’s Corner

This isn’t the last you’ll hear from me (that will come in the next full newsletter), but wanted to give a quick update of where we ended as a chapter for the 2013-14 HFMA year. We ended strong and for that I’d like to thank you, the membership. On the items we as chapter leaders are measured on we hit all of our metrics but one, member satisfaction which we just missed. A quick rundown:

- **Education hours** – This is the reason we exist, to provide quality, relevant education opportunities to our membership. Our goal was 15,443 hours and we finished with 15,862. We couldn’t have accomplished that without the support of our members utilizing our chapter, state, regional, and national educational opportunities to keep abreast of the issues facing us as healthcare leaders.

- **Membership** – We are one of the largest chapters both in terms of number of members and geography covered. Our goal was 1154 members and we finished with 1234. We thank you for your support of our chapter.

- **Member Satisfaction** – Our goal here was 60% very or extremely satisfied and we hit 58%. While we did miss the target, we received some very useful information that will allow us as a chapter to tailor our offerings going forward to best meet the needs of our membership.

- **Percentage of Certified Members** – This is a measure of chapter involvement in furthering the careers and opportunities of the membership. Our target was 7.2% and we achieved 7.9%.

- **Days Cash on Hand** – This is a measure of the chapter’s ability to continue to provide quality educational opportunities. The target is between 250 and 600 and we finished with 420.

- **Timely Reporting** – All reports were submitted in a timely fashion.

- **Board Composition** – HFMA seeks to have strong provider representation in chapter leadership. To this end, they require at least 40% of board members be from the provider community. Lone Star comes in at 71%. This is a tribute to the provider community in our chapter that members are afforded the opportunity to be involved as leaders and are committed to do so.

As the reins are passed off, the chapter is in great hands. Elizabeth has been working some plans to continue our success as a chapter and to be prepared to hand off again in another year.
LETTER FROM THE EDITOR

We are always looking for articles, pictures, and content for every issue. Please feel free to contact me or any of our committee members.

Natalie Erchinger, Chair  nercehinger@sw.org
Sherry Witzman, Co-Chair  switzman@bkd.com
Sarah Shealy  sshealy@hcfsinc.com
Jonathan Leazenby  jleazenby@sw.org

SAVE THE DATE FOR...HFMA LONE STAR MAD CAT II August 20, 2014

What is MAD CAT II? HFMA Lone Star MAD CAT is Member Activation Day with Chapter Advancement Team. This is an opportunity to find out more about the chapter, find your leadership niche, take your leadership skills and commitment to the next level, and see what we are measured on to define success. You’ll hear from several of our current chapter leaders and a CAT facilitator.

Who should attend?

Anyone that wants to find out more about the things listed above or anyone who wants to go from being a member to being an ACTIVE / INVOLVED / EXCITED / ENTHUSIASTIC member.

Do you have to be a member to attend?

No, membership is not required to attend. MAD CAT II is open to members and non-members alike. If you find yourself interested in getting more involved, then we hope that you would see the value in becoming a member or renewing a membership that has perhaps lapsed.

What is the commitment?

MAD CAT II will last four hours and be followed by lunch and (possibly) golf. If you find yourself seeking greater involvement, the commitment will be yours to make.

Is there any preparation required?

MAD CAT II will require no advance preparation for attendees!

What will it cost?

There is no cost for attending MAD CAT II. If you plan to attend, please register, so that we can prepare for the appropriate number of people.

Check back soon for registration and a detailed agenda. In the meantime, Mark Your Calendar for:

August 20, 2014!
<table>
<thead>
<tr>
<th>Month</th>
<th>Metroplex Meetings</th>
<th>Regional Meetings</th>
<th>Social Events</th>
<th>Tx Statewide Webinars</th>
<th>Certification Webinars</th>
<th>Other Meetings</th>
<th>Chapter Meetings</th>
<th>Lone Star Express</th>
<th>TAHFA Meetings</th>
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<tbody>
<tr>
<td>May-14</td>
<td>May 19-20 Ballpark Arlington</td>
<td></td>
<td></td>
<td>May 13 (LS) - Improving Pre-Arrival Processes and Outcomes</td>
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<td>May 30th Final issue for 2013-2014 year</td>
<td>May 16 Phys Group Methodist Dallas</td>
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<td>Jun-14</td>
<td></td>
<td>June 19 (GC) - TBD</td>
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<td>Annual National Institute Jun 22-25</td>
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<td>June 19 Govt Reimb Baylor Dallas</td>
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<td>Jul-14</td>
<td>July 18 with TAHFA UMC El Paso</td>
<td>July 17 (STx) - TBD</td>
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<td>7/11 &amp; 7/18</td>
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<td>Sep-14</td>
<td>Lone Star/Okla Joint Meeting Sep 25-26 Winstar</td>
<td>Dallas Happy Hr 3rd or 4th Thursday</td>
<td>September 18 (GC) - TBD</td>
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<td>9/19 &amp; 9/26</td>
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<td>Sep 21-23 Fall Symposium Fort Worth</td>
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<td>Oct-14</td>
<td>with TAHFA East Tx - Tyler</td>
<td>Forth Worth Happy Hr 3rd or 4th Thursday</td>
<td>October 16 (STx) - TBD</td>
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<td>10/10 &amp; 10/17</td>
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<td>Nov-14</td>
<td>Dinner Meeting</td>
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<td>November 20 (LS) - TBD</td>
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<td>Region 9 Nov 16-19 New Orleans Board Meeting w/dinner meeting</td>
<td>November 1st. Quarter 2 newsletter</td>
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<td>Dec-14</td>
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<td>December 18 (GC) - TBD</td>
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Payor Contract Negotiations: What Went Wrong?

After several long months, the contracting team at Community Hospital completed negotiations with its largest commercial payor and came out of the discussions feeling optimistic about the rate increases obtained. Not only did they anticipate significant revenue increases but they also felt satisfied in being able to use this opportunity to transition from a percent-of-charge to Medicare base rate methodology – affirming their commitment to gradually evolving to value-based payments. An excellent steward in its community, Community Hospital also took pride in avoiding the runaway charge increases prevalent in the market. Things were looking up…until the payments came in. The hospital’s analysis had projected that any increase in rates would translate to the same increase in payor revenue. The financial reports, however, were telling a different, less favorable story.

So what went wrong?
The managed care team failed to consider some peripheral elements during contract modeling. The circumstances at Community Hospital could have been avoided with a more comprehensive modeling process that accounted for key contract provisions, including:

- “Lessor of” provisions related to the hospital charge master
- Outlier payment protections

The contracting team did not account for planned charge master increases in future years and by the second year, the “lessor of” provision resulted in significant reductions to anticipated payments. The hospital could have caught the charge master deficiency through more inclusive modeling and implemented corrective action enabling them to optimize commercial payor reimbursement.

Outlier Payment Methodologies
In order to calculate a revenue-neutral base rate and subsequent yearly increases, the contracting team considered Medicare acuity standards for historical commercial payor claims. Despite their preference for a first-dollar POC outlier payment structure, the hospital accepted a second-dollar per-diem payment structure based on their understanding of the shift in the industry toward second-dollar outlier methodologies. Actual experience resulted in a population with higher acuities requiring more hospital resources. Failure to secure a first-dollar POC outlier payment (at least equal to the prior POC percentage) left the hospital vulnerable and disadvantaged relative to the previous contract. While their perception of industry trends toward second-dollar payments may have been justified, they lacked specific benchmarks relevant to their peer group that supported alternate outlier payment methodologies.

Lessons in Contract Negotiations
While Community Hospital utilized a standard approach in payor negotiations, the modeling of contract rate proposals didn’t include all aspects of the terms that affect payment. Only then can modeling be an effective decision-making tool for negotiations. Community Hospital and others underestimate the power of a data-driven discussion with payors in which market intelligence can effectively support not only payment level requests for targeted payment levels but also other key provisions within payor arrangements. While Community Hospital was satisfied with their increases, how did those increases/rates and structure compare to the rest of the market? Resources, such as ECG’s National Hospital Reimbursement Survey, can provide hospitals and other providers with current and relevant market intelligence to compare expected yields to aggregate and service line level benchmarks – and ultimately optimize commercial payor reimbursement and relationships.

Purvi Bhatt, Senior Manager

Purvi is a senior manager in ECG’s Contracting and Reimbursement practice. She assists hospital enterprises in developing and executing strategic and tactical managed care contracting plans that result in significant revenue enhancements. She also works with providers and health systems as they transition from volume to value-based delivery systems and analyzes quality and financial data, develops accountable care organization/delivery-based strategies, and facilitates stakeholder discussions regarding collaboration, creativity, and accountability.

For more information about the National Hospital Reimbursement Survey and how you can participate, contact Purvi Bhatt at pbhatt@ecgmc.com or 571-237-1002.
Why Certify?

HFMA’s CHFP (Certified Healthcare Financial Professional) Becoming certified distinguishes you as a leader as well as a role model in the healthcare finance community. Earning the CHFP credential enhances your credibility, supports your professional development, demonstrates a high level of commitment to the field, and validates your skills and knowledge.  

Lone Star Chapter’s Investment in You:

- 8 HOURS OF WEBINAR TUTORIAL (2 HOURS PER TUTORIAL) on: July 11; August 8; September 19; and October 10. July is financial reporting; August is budgeting/forecasting; September is revenue cycle; and October is internal controls/contracting. Tutorials eligible for 8 hours of CPEs.
- 8 ADDITIONAL HOURS OF WEBINAR COACHING AND FOLLOW-UP (2 HOURS PER SESSION) on July 18; August 15; September 26; and October 17.
- PARTICIPANT STUDY GUIDE CREATED TO GO WITH WEBINAR TUTORIAL
- TEST FEE OF $395 COVERED BY THE CHAPTER For 1st five people to pass the exam (if not reimbursable by employer, test must be taken and passed by March 31, 2015)  

Only Cost to You:

- $249 FOR HFMA's CHFP STUDY GUIDE (different than program study guide mentioned above)  
  www.hfma.org/certificationselfstudy/
- FREE SAMPLE EXAM  
  www.hfma.org/samplecertificationexam/

To take advantage of this opportunity, contact the Lone Star Certification Chair  
Jim Foster by July 1, 2014 at jamesf@baylorhealth.edu

Eligibility requirements to become CHFP certified.

- ACTIVE REGULAR OR ADVANCED HFMA LONE STAR CHAPTER MEMBERSHIP
- THE TITLE MANAGER AND ABOVE OR EQUIVALENT
- THE SUCCESSFUL COMPLETION OF ONE COMPREHENSIVE CERTIFICATION EXAM
Is Managed Care 2.0 something entirely new, or is it only a retooling of Managed Care 1.0? The debate goes on. Skeptics have argued that as the provisions of health care reform continue their rollout, the future will look like the past—a 1990s world of stringent gatekeeping, limited patient choice and widespread service denial.

True, interest in managed care structures has returned in full force. Yet the industry is ever mindful of lessons learned in the last wave of managed care efforts. Today’s accountable care model represents a fundamental change from 1990s-style managed care, which was focused primarily on how care is financed and how dollars are controlled. Accountable care focuses on how care is delivered and how value is maximized. It moves beyond cost considerations alone and emphasizes quality measures, population health management and in-depth patient engagement.

Let’s look closely at the differences. The Managed Care 1.0 world was one led by payers. They shifted risk to providers, often through full capitation agreements. The goal was to save money by controlling utilization, restricting access to specialists and limiting hospital length of stay. Care was managed around a care setting or an episode of care, typically in a hospital or physician’s office, with no incentives for providing or measuring quality. Although lip service was paid to the goal of integrated care, cooperation among physician practices and hospitals was often forced, and care was delivered in a fragmented way. Information technology was in its infancy, yielding limited data on patient outcomes, service use and physician performance. Providers often took a paternalistic approach in presenting care plans—making decisions for patients instead of with them.

In contrast, the Managed Care 2.0 world spins on a different axis. It is centered on accountable, collaborative care, with providers assuming responsibility for groups of patients. Risk is managed jointly by payers, hospitals and physicians. The goal is to save money by delivering the most cost-effective, medically appropriate care, and reducing waste and redundancy. Care is managed through a variety of tools to pursue continuous, coordinated delivery—with robust guidelines, standards of practice, and decisions based on clear evidence and transparent protocols. Providers are held accountable for achieving quality metrics, and measures are tied to bonus payments. Care delivery is enabled by new tools: electronic health records to provide clinical decision support, pathway adoption and quality reporting, predictive modeling and population health management. Patient-centered medical homes, led by primary care providers, actively involve patients in their own care.

So Managed Care 2.0 has the potential to be much more than simply a repeat of Managed Care 1.0. Although the two versions have similarities, managed care’s next iteration has the potential to offer benefits that its predecessor could not. We believe it offers vast growth opportunities for providers and payers who are willing to collaborate in applying new solutions to old problems. As a result, they can rise to the challenge together, secure their mutual viability in the post-reform world and deliver the outcomes that matter most to the patients they serve.

The views expressed herein are those of the authors and do not necessarily reflect the views of Ernst & Young LLP.

Bill Fera, MD, is a principal in Ernst & Young LLP’s Advisory Health Care practice and is based in Pittsburgh, PA. Follow Bill on Twitter: @BillFeraEY

Ododo Enabulele is a senior manager in Ernst & Young LLP’s Advisory Health Care practice and is based in Dallas, TX.
On April 5, 2014, the HFMA Lone Star Chapter Social Committee held a Family Fun Day at the Fort Worth Zoo for members and their families. The day included admission to the Zoo (rated a Top 5 Zoo in the United States), a picnic lunch, and a private show for members and their families by the Wild Wonders department. The show included some of the Zoo’s most requested animals to include: a Horned Owl, penguin, armadillo, opossum, and even an anaconda!!

We had an amazing turn out for this event, and on behalf of the Social Committee we want to thank the Leadership and Board of Directors of the Lone Star Chapter for fully subsidizing the cost so that we could enjoy some time with fellow members and get to meet their families and friends. Due to the overwhelming success, the social committee is making plans to continue our “Family Fun event” tradition next year, and we are currently discussing event venues and dates, but would love any input from the chapter for 2014-2015 2nd Annual HFMA Family Fun Day. Please send any suggestions or ideas to either myself or Tim Nese.

Help us make next year’s event twice as big and fun by considering being part of the Social Committee next year!

Jonathan K. Leer
Social Committee Co-Chair

HFMA Lone Star Chapter goes to the Fort Worth Zoo!
SAVE THE DATE..... **Big Bend Texas Seminar** presented by TAHFA and HFMA Lone Star
This is a first; yes a first! **TAHFA** and HFMA Lone Star Chapter have combined resources to provide YOU with the best Big Bend Texas seminar possible! We’re even inviting our New Mexico colleagues.
Join us as you move from Good to GREAT! Let’s strengthen our skills and master what we need to know while earning 8 CPEs.

**When:** Friday, July 18, 2014  
**Time:** 7:30am (registration) - 4:45 pm  
**Where:** University Medical Center of El Paso  
4815 Alameda Ave.  
El Paso, Texas 79905  
915-544-1200

Join us **July 18th** in El Paso, Texas as we discuss:
- **What is the best solution.....Out-sourcing Vs In-sourcing to control costs?**
- **What is the best pro-active approach for managing work place violence?**
- **What are the legal implications of STARK?**
- **What is the best way to use patient satisfaction scores in the new Quality World?**
- As we determine how to control Healthcare Costs - Outsourcing vs. Internal Revenue Cycle?

**New! Networking Reception:**
Arriving in El Paso on Thursday and wondering what to do Or do you live in the community and want to meet the presenters? Join us on **Thursday, July 17 for a Happy Hour from 5:30-7:30 pm.** The location TBD. Light appetizers will be provided. We'll see you there!
In the meantime **Mark Your Calendar . . .**

**When:** Friday, July 18, 2014  
**Where:** University Medical Center of El Paso  
El Paso, Texas

[Register online](#)  
[Agenda](#)  
[Conference Website](#)
HFMA Leadership Training
National Harbor, Maryland

Above & Bottom Right: Texas chapters dine at The Warehouse Bar and Grill
Below: Trudy and other program committee chapters at training

Above: HFMA Lone Star officers and board members: Jim, Trudy, Elizabeth, and Mina
There was a great turn out at the Major League Institute 2014. Thank you so much to all of our speakers and our special hall of famer guest. After the conference, members enjoyed barbeque and the Texas Ranger game.
Thank you to all of our sponsors.