hfma™ new jersey chapter
healthcare financial management association

November/December 2009 • vol 56 • num 3

garden state focus
national excellence award winner

Happy Holidays

- Hospital Readmission Reform: Where Do We Stand?
  see page 7
- The 2009 Annual Institute
  see page 40

BE IN A POSITION OF STRENGTH℠

WithumSmith+Brown understands the challenges facing healthcare professionals today, and offers a wealth of resources and expertise to put your facility in a position of strength.

Accounting and Auditing Services ■ Tax and Consulting Services ■ Form 990 Focus Programs ■ RAC Advisory Services

Healthcare Services Group:
Dan Vitale, CPA, Partner 732.341.8728 • **Scott Mariani, JD, Partner** 973.898.9494
Jeffrey Blumengold, CPA, FHFMA, Partner 732.842.3113 • **Leo Paul D'Orazio, MBA, FACHE** 732.828.1614
Healthcare@withum.com

WS+B
withum.com

WithumSmith+Brown, PC
Certified Public Accountants and Consultants
New Jersey. New York. Pennsylvania. Maryland. Florida. Colorado.

focus •advertisers•

ARMDS
Besler
CBIZ KA Consulting
Executive Resources, LLC
Fox Rothschild LLP
Health Ware Concepts
IMA Consulting
Medical Account Solutions
McBee Associates, Inc.
NJ SmartStart Buildings
Norris, McLaughin & Marcus, P.A.
Parente Randolph, LLC
Schachter Portnoy, LLC
William H. Connolly & Assoc.
WithumSmith+Brown

focus •features•

Hospital Readmission Reform: Where Do We Stand?
by Andrew Miller, MD, MPH 7

New Jersey and Other States Focus on Non-Profit Executive Compensation and Financial Management Practices
by Gary W. Herschman and Robert J. Senska, III 11

Generational Jeopardy
by Terrence F. Cahill, EdD, FACHE & Mona Sedrak, PhD, PA 14

Member Get A Member Program
by Lindsey S. Colombo, FHFMA 18

CFO Spotlight:
Jay Picerno, Saint Barnabas Healthcare System 24

Member Spotlight:
Jim Yarsinsky 27

Healthcare Reform: Meeting the Challenge.
NJ HFMA's September Quarterly Meeting
by Tracey Roland 29

Achieving Scale Through Growth:
An Imperative for Sustained Competitive Performance
by Mark E. Grube, Ryan S. Gish, and Sasha Tkach 30

NJ HFMA Annual Financial Statements 33

2009 Annual Institute 40

focus •points•

Who's Who in the Chapter 2
The President's View
by Brian Sherin, MBA, FHFMA 3
From the Editor
by Elizabeth G. Litten, Esq. 4
Proaction Corner 17
Focus on Ethics 21
Who's Who in NJ Chapter Committees 23
Focus on Finance 28
Certification Corner 37
New Members 38
Meet A New Member 38
Job Bank Summary 39
Mark Your Calendar 39
Advertiser Focus 48

focus •cover•

(Photo by Aleksey Moryakov): Victorian Cape May's Stockton Place cottages on Gurney Street shine in all of their holiday finery for the 36th Annual Christmas Candlelight House Tours, sponsored by the Mid-Atlantic Center for the Arts (MAC). For more information see www.capemaymac.org.

Who's Who in the Chapter 2009-2010

Chapter Website .....www.hfmanj.org

Communications Committee

Thomas Shanahan, FHFMA, CPA, Director ..... Raritan Bay Medical Center
Elizabeth G. Litten, Esq., Chair ..... Fox Rothschild LLP
Al Rottkamp, MBA, Vice Chair ..... Crothall
Steve Aaron ..... ARC Group Associates
Lynn Chiantese ..... New Jersey Hospital Association
Mark P. Dougherty ..... Johnson Controls, Inc.
Laura Hess, FHFMA ..... NJHFMA
Rhonda Maraziti ..... WithumSmith + Brown
William McCann ..... Healthfirst NY
David A. Mills ..... Deloitte Consulting
Helen Oscislawski, Esq. ..... Fox Rothschild LLP
James A. Robertson, Esq. ..... Kalison McBride
Roger D. Sarao, CHFP ..... New Jersey Hospital Association

NJ HFMA Chapter Officers

President, Brian P. Sherin, FHFMA ..... Besler Consulting
President-Elect, Mary T. Taylor, MBA, FHFMA ..... Southern Ocean County Hospital
Secretary, John Brault, FHFMA ..... Somerset Medical Center
Treasurer, Michael Alwell, FHFMA ..... Atlantic Health Systems

NJ HFMA Board Members

Lindsey S. Colombo, FHFMA ..... Raritan Bay Medical Center
Mary M. Cronin, FHFMA ..... Besler Consulting
Tracy Davison-DiCanto, CHFP ..... Princeton Healthcare System
Laurie Grey ..... Princeton Healthcare System
Lisa R. Hartman, MPH ..... Princeton Healthcare System
Sean J. Hopkins – Ex-Officio ..... New Jersey Hospital Association
Thomas Shanahan, FHFMA, CPA ..... Raritan Bay Medical Center
Eileen Smith – Junior Board Member ..... Meridian Healthcare System
Joanne Vaul ..... CBIZ KA Consulting
David J. Wiessel ..... Ernst & Young, LLP
Dan Willis – Junior Board Member ..... Children's Specialized Hospital
Caitlin C. Zulla, CHFP ..... Med Assets

NJ HFMA Advisory Council

Joseph J. Dobosh, Jr., MBA ..... Children's Specialized Hospital
Cheryl H. Cohen, FHFMA ..... Pantheon Capital
Dorothy Lindstrom ..... Somerset Medical Center
John Manzi ..... IMA Consulting

DEADLINE FOR SUBMISSION OF MATERIAL

Issue Date	Submission Deadline
January/February	December 15
March/ April	February 15
May/June	April 15
July/August	June 15
September/October	August 15
November/December	October 15

IDENTIFICATION STATEMENT

Garden State "FOCUS" (ISSN#1078-7038; USPS #003-208) is published bimonthly by the New Jersey Chapter of the Healthcare Financial Management Association, c/o Elizabeth G. Litten, Esq., Fox Rothschild, LLP, 997 Lenox Drive, Building 3, Lawrenceville, NJ 08648-2311

Periodical postage paid at Trenton, NJ 08650. POSTMASTER: Send address change to Garden State "FOCUS" c/o Laura A. Hess, FHFMA, Chapter Administrator, Healthcare Financial Management Association, NJ Chapter, P.O. Box 6422, Bridgewater, NJ 08807

OBJECTIVE

Our objective is to provide members with information regarding Chapter and national activities, with current and useful news of both national and local significance to healthcare financial professionals and as to serve as a forum for the exchange of ideas and information.

EDITORIAL POLICY

Opinions expressed in articles or features are those of the author(s) and do not necessarily reflect the view of the New Jersey Chapter of the Healthcare Financial Management Association, or the Communications Committee. Questions regarding articles or features should be addressed to the author(s). The Healthcare Financial Management Association and Communications Committee assume no responsibility for the accuracy or content of any articles or features published in the Newsmagazine.

The Communications Committee reserves the right to accept or reject contributions whether solicited or not. All correspondence is assumed to be a release for publication unless otherwise indicated. All article submissions must be typed, double-spaced, and submitted as a Microsoft Word document. Please email your submission to:
Elizabeth G. Litten, Esq.
elitten@foxrothschild.com

REPRINT POLICY

The New Jersey Chapter of the HFMA will not reprint articles published in Garden State FOCUS Newsmagazine. Individuals wishing to obtain reprint authorization must obtain it directly from the author(s) of the article. The cover of the FOCUS may not be used in the reprint; however, the reprint may note that the article was published in a specific issue. The reprint may not imply endorsement by the HFMA, directly or indirectly.

The President's View . . .

Brian Sherin

As we wind our way through the holidays and approach the New Year, we all eagerly anticipate an improved economic outlook. The last year has been a challenge for all of us and our Chapter has made every effort to provide a wide range of educational opportunities to the membership to help navigate the troubled waters that we have been experiencing. I hope that you have been able to take advantage of these and I encourage you to monitor our Chapter website and the weekly Pulse email to see upcoming events.

We are nearly half way through the Chapter year and we will continue to be dedicated to providing excellent educational forums into 2010. Our next quarterly meeting will take place on Thursday, January 14th and will once again be a joint effort with the NJ Chapter of AAHAM, with the Patient Financial Services and Patient Access committees taking the lead on the HFMA side. Come join your peers for our largest quarterly meeting of the year. In addition, a Medicare Cost Report seminar will also be offered in January and a session addressing the numerous implications of ICD-10 will take place in the Spring. The March quarterly meeting will take place on March 9, 2010. The always popular annual HFMA Golf Outing is scheduled for May 13, 2010. Mark your calendars now.

I want to take this opportunity to thank our 2009 Institute Committee Co-Chairs, Tony Consoli and Deb Shapiro, as well as the entire Institute Committee, for an incredible job in putting together this excellent three-day event which took place in October. With its mix of varied educational programming and networking venues, the Institute received wonderful reviews, and rightfully so. Our Institute is something to be proud of in that it is one of the premiere events offered by any Chapter of HFMA in the country. I also want to extend a grateful thank you to all of our participating sponsors, speakers and vendors who provided both financial and intellectual support. Without each of them our Institute would not be possible. To all those who attended, your participation is greatly appreciated and we hope to see you back next year.

All of our Committees and Forums continue to meet to support the Chapter, provide an environment for the sharing of industry information and develop timely educational programs. Those volunteers that administer our committees deserve thanks from all of us for their commitment of time and effort. To make the most of your membership I encourage you to participle in a committee of most interest to you (see the Chapter website http://www.hfmanj.org for more info). I guarantee that you will benefit from the learning and networking you will enjoy through committee participation.

Our Membership Committee continues to work towards growing and expanding the breadth of our membership. Top notch educational sessions that are free to members, and offered to non-members at low registration fees which include membership for the remainder of the Chapter year, have been provided and will continue to be offered. These sessions are a terrific way for non-members to get to know us. I ask for your support in spreading the word about the value of HFMA membership to your friends and coworkers in the industry. No other national organization offers the benefits to healthcare finance professionals as does HFMA. This, coupled with the fact that the NJ Chapter continues to excel in serving its membership, provides for a prime opportunity to meet the professional educational and growth needs of healthcare finance professionals. Talk it up and encourage non-members to check us out.

Thanks to you for being a member of the New Jersey Chapter of HFMA. Each and every member enhances our organization and makes us stronger. I wish you the best and happiest of holidays and a New Year comprised of progress and accomplishment.

Regards,

Brian P. Sherin, MBA, FHFMA

MAKING IT Count

From The Editor . . .

Elizabeth G. Litten

Dear Readers:

The holiday season and end of 2009 seems to be arriving at a sprint. Much has changed or is changing. For example, we will have a new Governor in New Jersey; I may have to break down and actually read the 2,000-plus health care reform bill (I track its progress, but refuse to read it until the ink is dry); H1N1 might be abating a bit, and the vaccines are finally arriving; HITECH Act effects are becoming tangible; and, Form 990s are in and will be reviewable by anyone (on demand or on-line). In many ways, the number and pace of issues to track in the health care industry seems to have stepped up over the past few months, and so perhaps have required more attention than have the more predictable things, like the pace and pattern of seasonal change. Thanksgiving will be over by the time you read this, but, in honor of the upcoming holiday season, I wanted to focus a bit on the more routine things I take for granted.

So, rather than drawing your attention to the (excellent, of course) articles in this issue, I decided to share a list of a few of the simpler, yet more significant, aspects of this magazine for which I am very grateful:

- The Communications Committee members are hilarious. Smart, helpful, dependable, diverse, and hilarious. I am so grateful to this committee and the Board liaisons who put up with us. Attend a monthly meetings, in person (follow the laughter and you will find the right conference room) or by phone, and you will see that we are friendly and welcoming (and, did I say, funny?). Laura, we will miss you!
- Joe Fallon, our intrepid and creative liaison from Hermitage Press, and the whole HP team, is invaluable. I smile every time I look at the "Wash Your Hands" cut-out from extra copies of the last issue's cover, which Joe brought over recently. HP decided not to waste the colorful extra pages, but to recycle them into little placards that could be placed near sinks or wherever reminders are needed. Resourceful and creative.
- Brian Sherin's letter covers everything about the Chapter I'd have to write, if he hadn't already done it so well and so thoroughly.
- The pictures from the Annual Institute are worth a thousand words, at least. Even if you don't read the article, it's obvious that those attending were happy to be there. We can all be grateful for the feat of combining fun, fellowship, and health - care finance.

Happy holidays and here's to a healthy and successful 2010!

Regards,

Elizabeth G. Litten
Editor

To really understand your profitability, get ready to *dive deep*.

HALCYON™

Manage revenues and expenses with Health Ware Concepts' new Decision Support and Cost Accounting System. HALCYON is one of the most powerful, yet easy to install and use, business intelligence systems in healthcare today. With HALCYON, you'll have the ability to analyze and address your most challenging revenue cycle and profitability issues.

So come on, dive in!

1-888-hwcsoft • www.hwcsoft.com

HWC
REVENUE RECOVERY • DSS • CONSULTING

Hospital Readmission Reform: Where Do We Stand?

Andrew Miller

by Andrew Miller, MD, MPH

Decreasing hospital readmissions is an important component of efforts to reform the nation's healthcare system, improve patient care, and reduce costs to the Medicare Trust Fund. As the U.S. Congress struggles with legislation that will potentially help reduce unnecessary and preventable readmissions, a pilot project underway here in New Jersey could offer important lessons.

President Barack Obama made reducing re-hospitalizations a major element of his February 2009 proposal for financing healthcare reform. The Medicare Payment Advisory Committee (MedPAC), an independent federal body that advises the U.S. Congress on issues affecting the Medicare program, has issued a number of reports and a proposal for payment incentives and disincentives related to hospital readmissions. The Centers for Medicare & Medicaid Services (CMS) has indicated an interest in making re-hospitalization rates a quality measure influencing hospital payments As I write this, incentives for reducing re-hospitalization, and disincentives to unnecessary readmissions, are included in healthcare reform legislation under debate in Congress.

While reducing readmissions certainly benefits patients and the Medicare Trust Fund, it will inevitably have a financial impact on hospitals.

To determine the best ways to reduce re-hospitalizations, CMS has initiated a national pilot program. A select group of federally designated Quality Improvement Organizations (QIOs)–independent organizations that contract with CMS to help ensure quality healthcare for Medicare beneficiaries–are working with local providers to facilitate better coordination as patients transition from one care setting to another. The goal is to increase the quality of care received by Medicare Fee-for-Service (FFS) patients by improving care transitions, thereby reducing 30-day hospital readmission rates. Healthcare Quality Strategies, Inc., (HQSI), the QIO for New Jersey, is one of only 14 QIOs selected to participate in this effort. The HQSI-facilitated program is known as the *New Jersey Care Transitions Project* (NJCTP).

Where Are We Now? How Did We Get Here?

While reducing readmissions certainly benefits patients and the Medicare Trust Fund, it will inevitably have a financial impact on hospitals. Any reduction in patient population is accompanied by a commensurate reduction in revenue. In New Jersey, which has experienced numerous hospital closures in recent years, this is a major concern.

Medicare currently pays for nearly all re-hospitalizations, the one exception is when patients are re-hospitalized within 24 hours for the same condition for which they were originally hospitalized.

The Prospective Payment System (PPS), put into place in 1983, replaced cost-based payments for hospital days with a set payment per admission based on the patient's Diagnosis-related Group (DRG). The goal of this legislation was to incite shorter hospital stays and encourage more efficient care. Another significant change in CMS reimbursement policy took place last year, as the Deficit Reduction Act of 2005 required Medicare to eliminate increases in hospital payments when it was documented that certain inpatient complications thought to be hospital-acquired conditions (HAC) occurred.

Like HACs, hospital readmissions can reflect poor quality care. They may also indicate poorly coordinated discharge planning and post-inpatient care. Reasons for readmissions can include hospital-acquired infections; medical errors; lack of communication between physicians who care for patients in the hospital and those who provide their care in the community; trouble getting a prompt doctor appointment after discharge; missed referrals for home health care; poor coordination and medication management during transitions from the hospital to home or a skilled nursing facility; lack of

continued on page 8

continued from page 7

patient awareness of the availability of hospice services; and lack of patient understanding or compliance with discharge instructions.

According to MedPAC's June 2007 Report to Congress, hospitals and other providers have not invested enough in care transitions following hospitalization. MedPAC also cited the current FFS payment policies of CMS and other payers as playing a role in poor care transitions. Each provider is paid separately, and the payment amount is not tied to the provider's ability to coordinate care across settings. There is currently no financial incentive for improving care transitions.

MedPAC analyzed Medicare-reimbursed hospital readmissions in 2005 and found 17.6% of patients were readmitted within 30 days, with as many as 76% of 30-day readmissions potentially preventable. In addition, MedPAC concluded that hospitals' overall readmission rates were tied to their case mix. Rates varied by diagnosis: the 15-day readmission rate for heart failure was 12.5%; for pneumonia, 8.9%; for joint replacement, 5.1%.

New Analysis Spotlights Scope of Problem

A new analysis of 2003-2004 Medicare data by Stephen F. Jencks, MD, MPH, et al., published in the April 2009 edition of the *New England Journal of Medicine,* found that 19.6% of Medicare beneficiaries discharged from a hospital were re-hospitalized within 30 days. Thirty-four percent were re-hospitalized within 90 days. More than 67% of those discharged with medical conditions and 51.5% of patients discharged after surgical procedures were re-hospitalized or died within a year of discharge. The average hospital stay for re-hospitalized patients was 0.6 days (13.2%), longer than for patients in the same DRG who had not been hospitalized during the previous six months. The authors estimate the cost to Medicare of unplanned re-hospitalizations to be $17.4 billion for 2004.

The researchers also compared 30-day re-hospitalization rates across the United States. Surprisingly, the rates ranged from 13.3% for Idaho to 23.2% for the District of Columbia. New Jersey was tied with Louisiana for the third highest readmission rate, 21.9%.

Readmission Reform Moves Forward

In his Fiscal Year (FY) 2010 budget proposal, released in February 2009, President Obama called for steps to reduce

unnecessary re-hospitalizations of Medicare beneficiaries. His proposal included bundled payments that cover initial hospitalization and care from certain post-acute care providers for 30 days after the hospitalization. The President also proposed paying less to hospitals with high rates of readmission for re-hospitalization of patients within 30 days. The proposal is estimated to save Medicare up to $26 billion over 10 years. The President called for contributing these savings to a reserve fund for healthcare reform.

The version of the Senate Finance Committee bill reported to the full Senate, the "America's Healthy Futures Act of 2009," would provide payment reductions to hospitals with high readmission rates for certain conditions. CMS would calculate national and hospital-specific data on readmission rates for eight conditions designated by the Secretary of the U.S. Department of Health and Human Services. Starting in FY 2012, the Secretary would share these data with hospitals and the data would be published on the Hospital Compare website.

Beginning in FY 2013, these hospitals would have payment for the initial hospitalization reduced by 20% if the patient is re-hospitalized with a preventable readmission within seven days. Payment for the initial hospitalization would be reduced by 10% if a patient with one of the selected conditions is re-hospitalized with a preventable admission within 15 days.

Beginning in FY 2013, hospitals would have payment for the initial hospitalization reduced by 20% if the patient is re-hospitalized with a preventable readmission within seven days.

The Finance Committee bill, as it currently stands, would also direct the Secretary to develop a voluntary pilot program that would provide for payment bundling, as recommended by MedPAC. Hospitals, physicians, and post-acute care providers would be permitted to share in savings achieved through increased collaboration and care coordination. If evaluations find that the pilot program meets benchmarks for improving patient outcomes, the Secretary would be required to submit an implementation plan to Congress for making the pilot a permanent part of the Medicare program.

Care Transitions Piloted

A number of demonstration projects, including those funded by CMS and the Robert Wood Johnson Foundation, have found that locally focused and designed programs that facilitate close provider collaboration can reduce readmissions. A program designed by Eric Coleman, MD, at the University of Colorado, for example, reduced readmission rates in some communities by as much as 35-50%.

The NJCTP is part of the national CMS Care Transitions pilot program. Initiated by Healthcare Quality Strategies, Inc., the NJCTP is working to improve coordination of care in 44 communities in Burlington and Camden Counties. Participating providers include 10 hospitals, 11 nursing and rehabilitation facilities, six home health agencies, seven hospices, and four dialysis centers, as well as a number of physician practices.

The Virtua Healthcare System is playing an important role in the NJCTP. Virtua has put in place a number of innovations, including a project in which nurses work intensively with high-risk Medicare patients prior to their discharge. These nurses ensure patients clearly understand their discharge instructions and that comprehensive medication reconciliation takes place. They assist patients in making appointments for timely follow-up physician office visits and may accompany patients to the initial visit.

The NJCTP is scheduled to run until August 1, 2011. The project is expected to generate significant data not only on strategies that can improve care transitions and reduce avoidable hospital readmissions, but on the possible impact those reductions have on the financial health of participating hospitals.

This material was prepared by Healthcare Quality Strategies, Inc., HQSI, the Medicare Quality Improvement Organization for New Jersey, under contract with the Centers for Medicare & Medicaid Services, an agency of the U.S. Department of Health and Human Services. The contents presented do not necessarily reflect CMS policy. 9th SOW-NJ-7.2-09-30

About the Author

Andrew Miller, MD, MPH, is the Director of Physician Services at Healthcare Quality Strategies, Inc. (HQSI). HQSI is an independent, nonprofit company committed to accelerating improvement in healthcare quality through a collaborative and interactive process with the healthcare community. Dr. Miller is Co-leader of the New Jersey Care Transitions Project. He can be reached at amiller2@njqio.sdps.org.

CLIENT-FOCUSED SOLUTIONS

Meeting the unique needs of each client

Successful solutions produce a significant return on investment, fit within the client's culture, and provide long-term benefits. McBee Associates' creates custom solutions that address the unique needs of your facility. Our world-class consulting team carefully balances the need for both short-term fixes and long-term solutions. Create a strong foundation of financial health with our full-service consulting services, including:

Revenue Cycle Enhancement—Improve billing efficiency and accuracy with the help of our knowledgeable health care finance professionals.

Denials Management—Recoup revenue associated with denied claims and reduce denial rates with our successful appeals process and root-cause analysis.

Revenue Recovery—Identify underpayments and recover lost revenue with our proven Revenue Data Mining services.

Regulatory Compliance—Strengthen internal compliance initiatives and reduce risk with the help of our expert consulting team.

Custom consulting services that meet your needs.

Jeffrey Silvershein *Vice President - Principal*
212.594.6669
JeffreySilvershein@McBeeAssociates.com

McBeeAssociates.com

HEALTH CARE FINANCIAL AND MANAGEMENT CONSULTANTS

McBee Associates, Inc.

New Jersey and Other States Focus on Non-Profit Executive Compensation and Financial Management Practices

Gary W. Herschman

Robert J. Senska, III

by Gary W. Herschman and Robert J. Senska III

There have been recent state developments, including in New Jersey, that may signal a trend in increased state oversight of non-profit hospitals with respect to their financial management and executive compensation practices. Last month, for example, New Jersey's Attorney General brought suit against a non-profit university and its President and Chairman, alleging various financial and managerial improprieties. Further, Massachusetts' Attorney General recently announced plans to increase scrutiny of executive compensation practices at non-profit health care entities.

Provided below is an overview of recent IRS activities regarding non-profit executive compensation practices, as well as a summary of the recent New Jersey lawsuit and the Massachusetts initiative, followed by some practical recommendations for non-profit hospitals in light of these new developments.

Background – IRS Initiatives:

As background, on the federal level, the IRS has been active in investigating executive compensation practices at tax-exempt organizations. In 2004, the IRS announced the "Tax Exempt Compensation Enforcement Project" – an effort to identify and halt excessive payment practices by tax-exempt organizations. In 2008, the IRS issued the widely-publicized redesigned Form 990 that requires more information on non-profits' executive compensation practices. Earlier this year, the IRS issued: (i) its first ever Annual Report on Tax-Exempt Organizations, which includes as one of its compliance initiatives, a long-range study of non-profit expen-ditures, including executive compensation; and (ii) its final report on its Non-profit Hospital Study, which, among other things, investigated how non-profit hospitals set and award executive compensation.

Notwithstanding such IRS initiatives, the recent state developments discussed herein may indicate escalating state oversight of the financial management practices of non-profit corporations, including many hospitals. Notably, the Massachusetts' Attorney General voiced concern that the IRS nonprofit compensation rules have failed to prevent substantial increases in non-profit executive compensation levels from year to year. Similarly, in a decision that cut in half an $18 million payment to the former CEO of a Maryland non-profit health plan, Maryland's Insurance Commissioner questioned the IRS rules allowing comparables to justify executive compensation levels – stating that "comparable" is not necessarily "fair and reasonable" under Maryland law.

New Jersey Attorney General Lawsuit:

New Jersey's Attorney General recently filed a 16-count lawsuit against Stevens Institute of Technology, a New Jersey non-profit corporation, as well as its President and Board Chairman. The complaint alleges that the defendants, in violation of their fiduciary duties:

(i) engaged in grossly negligent spending and borrowing practices;
(ii) financially mismanaged and improperly administered the University's endowment and investments;
(iii) failed to properly maintain records and accounts;
(iv) failed to report complete and accurate information to the full Board; and
(v) excessively compensated the University's President.

continued on page 12

continued from page 11

The suit seeks removal of certain Board members and the President, an overhaul of the University's internal controls and accounting practices, repayment by the President of "unreasonable" compensation he received, and damages equal to the losses sustained by the University's endowment from defendants' alleged mismanagement. The suit is the culmination of a three-year investigation of the University's financial management practices that began in response to suspicions raised by University trustees and alumni. In response to the suit, the University contends that the Attorney General has overstepped her authority by trying to substitute her judgment for that of its Board.

With respect to its charge that the President was excessively compensated, the Attorney General's complaint states the following:

- The President's compensation increased from $362,458 in 1999 to $1,089,780 in 2008.
- In 2003, the President was the 10th highest paid college president in the United States, even though the University's operating budget was $123 million while most other colleges with top paid presidents had operating budgets over $1 billion.
- During 2007, the President's bonus and salary exceeded $770,000; whereas the president of the Massachusetts Institute of Technology (MIT) had a salary and bonus of $635,294, even though MIT's $2.3 billion budget was substantially larger than the University's $158 million budget that year.
- The University allegedly made illegal loans (totaling approximately $1.8 million) at below market rates to its President, and improperly forgave many of these loans – all outside of the University's scope of authority under the New Jersey Nonprofit Act.

The complaint also alleges that defendants violated their legal obligations to ensure prudent spending and investing of endowment assets, and that defendants mismanaged University endowment funds by, among other things:

- spending money at a rate greater than the spending rate approved by the Board, and borrowing excessive amounts of money through lines of credit without Board approval;
- ignoring, and failing to inform the full Board about, the warnings given by the University's auditors that the school's financial management policies and activities were deficient (allegedly, PricewaterhouseCoopers, the University's accountant from 2000 to 2005,

terminated its relationship with the University because of the school's financial improprieties);

- collateralizing and misappropriating charitable trusts and restricted assets in violation of donor-imposed restrictions; and
- failing to properly segregate, monitor and account for restricted gifts.

The Attorney General alleges that, through these practices, the University's endowment was decreased over the last decade from approximately $157 million to approximately $115 million.

Notably, the Attorney General also contends that, prior to her filing the complaint, the University failed to engage in substantive settlement discussions with her office. The University, on the other hand, argues that the Attorney General sought to impose her "non-negotiable" changes to the University's business practices in an attempt to shift control and management of the University from its Board to the Attorney General. Further, the University contends that the alleged misconduct amounts to nothing more than a difference in management philosophy between the institution and the Attorney General.

As background, on the federal level, the IRS has been active in investigating executive compensation practices at tax-exempt organizations.

Massachusetts' Attorney General Increases Oversight of Nonprofits' Executive Compensation:

Massachusetts' Attorney General, who is viewed by some to be at the forefront of issues relating to non-profit governance and compensation practices, recently issued a memorandum regarding her plan to increase oversight of executive and director/trustee compensation practices at the state's non-profit charitable health care organizations. Interestingly, the memo cites the federal government's inability to contain "runaway" executive compensation as one of the reasons for this initiative. While the initial focus will be on health care entities, the Attorney General indicated that the examination of executive compensation may later be extended to non-profit organizations in other industries.

The Attorney General plans to conduct periodic examinations of executive and board compensation practices and procedures at the state's larger public charities, including the state's four charitable health insurance providers. The plan proposes more frequent and more detailed reporting requirements for non-profits, which already must make an annual submission of what the Attorney General calls "limited amounts of information."

Practical Recommendations:

In light of the foregoing developments, non-profit hospitals may want to consider the following recommendations:

- Ensure that the hospital (and the hospital's foundation, if any) has defined policies outlining accounting procedures for endowment funds, such as segregating restricted gifts and accurately recording all expenditures from such gifts.
- Engage the services of a third-party auditor to periodically review the hospital's administration of its endowment and restricted funds, and to issue a report that is shared with the full board.
- Engage the services of an independent third-party valuation consultant to issue an opinion on the fair market value of executive compensation, which is shared with the Board, and periodically reassess such compensation.
- Periodically review and update as necessary corporate bylaws and policies regarding executive compensation.

About the Authors

Gary W. Herschman is Chair of the Health and Hospital Law Practice Group at Sills Cummis & Gross P.C. He may be reached at gherschman@sillscummis.com.

Robert J. Senska III is an Associate with the Group and may be reached at rsenska@sillscummis.com. The views and opinions expressed in this article are those of the authors and do not necessarily reflect those of Sills Cummis & Gross P.C.

Wishing you and your families
all the best
this Holiday season and in 2010!

The NJ HFMA Communications and Hermitage Press Teams

Generational Jeopardy

by Terrence F. Cahill, EdD, FACHE & Mona Sedrak, PhD, PA

Terrence F. Cahill

Mona Sedrak

Imagine if your family members were your employees: grandma and grandpa, mom and dad, aunts and uncles, sisters, brothers and cousins, plus some grandchildren. What would it be like? Would grandma and grandpa resist change and insist on doing things, "like we've always done it?" Would family tensions mount as parents, aunts and uncles competed for promotions? Would the youngest members of the family seem more interested in having fun and playing with new technology than in working? How would you manage such a diverse group? While these family issues may not seem relevant to today's healthcare environment, similar tensions are experienced everyday in hospitals as a result of having multiple generations in our workforce.

Until recently, minimal attention was given to the topic of generational differences in the workplace. If new employees had trouble adjusting to their organization, it was assumed they would eventually adapt. If tensions developed between employees, it was viewed as a communication problem. However, with the arrival to the workforce of today's youngest employees, the millennials, organizations are now taking notice of the impact generational differences have on organizational health and success. The millennials are techno-savvy, young professionals who are not interested in acclimating to the way things were done in the past. In fact, many believe that their training and experience, although limited, has prepared them to quickly assume a leadership position. In this article, we consider what it means to have "generational differences;" we identify typical generational conflict issues, often called "Clashpoints;" and we propose an action plan that individuals and organizations can utilize to proactively manage generational differences.

Who is in the workplace?

Americans today are living longer and working longer than any other time in our nation's history. As a result, there are four distinct generations in the workplace, each bringing its own set of values, beliefs, life experiences and attitudes. A "generation" is comprised of a group of people defined by age boundaries, those who were born during a certain era. Individuals in a particular generation share similar values and attitudes, especially those that are related to work, based on their shared experiences during their formative years. In essence, each generation forms its own "generational personality." Each generational personality is influenced by important events, famous individuals, and trends of an era. By understanding generational differences, managers will be better prepared to address individual employees' needs and interests, as well as the interaction between members of different generations.

Researchers divide today's workforce into four generations: the traditionalists or matures, the baby boomers, generation X, and the millennials, also known as the "trophy kids" (table 1).

Table 1: Generations in the Workplace

Generation	Year of Birth	Ages
Traditionalists/Matures	1925-1943	66-83
Baby Boomers	1943-1960	48-65
Generation X	1961-1981	27-47
Millenials/Trophy Kids	1982-2000	26 & younger

Traditionalists

The traditionalists are individuals who were born between 1925 and 1942. They grew up during the Depression and World War II and they are a generation that is 75 million people strong. Traditionalists are known as loyal, God-fearing, hard-working and patriotic individuals who have immense faith in institutions. Their experiences with the military taught them a top down approach of management. They believe that hard work will be rewarded and they remain loyal to their organization no matter what.

Baby Boomers

Individuals born between 1943 and 1960, a cohort of 80 million members, are referred to as the baby boomers. Growing up in a thriving postwar economy boomers are an optimistic generation. Competition has been a fact-of-life for

the boomers and the "corner office" has been their aspiration. "Children of the 60s", the boomers wanted change, but they also had a significant focus on themselves, leading them to be referred to as the "me generation."

Generation X

The Xers were born between 1961 and 1981. They are a smaller generation, just 46 million individuals. They grew up in a world that was characterized by high divorce rates, an unstable economy, and high crime rates. With those experiences they developed skepticism of institutions and compensated by relying more on themselves. Xers are focused, resourceful and independent and characterized by a "Show me the money," short term orientation.

Millennials

The newest generation, the millennials, were born between 1982 and 2000 and number 76 million. They are a sheltered group (e.g. "baby-on-board") and are used to being treated as "special." For example, individuals in this generation received trophies for just showing up for team activities rather than for outstanding achievements. Millennials identify closely with their parents and grandparents and often seek their guidance. They are team oriented, at times to the detriment of independent critical thinking. Technological advancements during their era accented "instant" (e.g. microwaves, internet…etc) with the result that millennials expect and thrive on immediate gratification. Also, because they grew up in a fast paced world, balancing multiple tasks and obligations such as school, work, volunteering, sports and activities, they become easily bored when they are not continually challenged on both an intellectual and professional level. Further, they have little patience with persons of other generations who are not as techno-savvy or are unable to multi-task as they are.

Implications for the Workplace

One way to approach the concept of generational differences is to view it as a diversity issue. In this context traits and characteristics that are used to describe the personality of each generation are not seen as either good or bad. Rather, these descriptions help us understand why individuals from different generations view "work" differently. However, the resulting challenge for managers is that the unique perspectives of each generation often lead to workplace tensions. (Table 2).

Failure to recognize and address these tensions or "clashpoints" can result in a variety of organizational problems: employee turnover, loss of productivity, derailed careers, higher payroll and training costs, poor customer service, and stress related reactions. To avoid these negative outcomes, organizations are beginning to take action in recognizing and addressing generational differences.

A Generational Differences Action Plan

Generational differences are a human resources challenge that can be addressed via workforce planning and employee relations interventions. Key to these strategies is an appreciation that there are no "one size fits all" solutions for addressing generational differences. In fact, in addressing generational differences the manager's job becomes more complex as multi-strategies are required. In workforce planning, this approach begins with recruiting.

To attract new employees, organizations that are sensitive to generational differences utilize multiple tag lines (i.e. attractor messages) targeted at different generations. The US Army is an exemplar of this practice. For example, they said "Uncle Sam wants you" to the traditionalist generation. "She's not just my daughter, she's my hero" is a current message aimed at millennials' parents. Managers and HR personnel should closely evaluate the corporate taglines or messages used to recruit new employees. This starts by asking "who are we trying to attract?" In other words, in which generation does our likely candidate belong to? Knowing that answer we can identify organizational value propositions that will attract targeted generations."

TABLE 2: Different Generations; Different Orientations; … Clash Points!

	Traditionalists	Boomers	Xers	Millennials
Career Goals	Build a legacy	Build a stellar career	Build a portable career	Build parallel careers
Reward Systems	Satisfaction of a job well done	Money, title, recognition	Freedom, the ultimate reward	Meaningful work
Feedback	No news is good news	Once a year	So, how am I doing?	…push of a button
Job Changes	Carry a stigma	Puts your career behind	Are necessary	Are part of my daily routine
Redefining Retirement	Reward	Retool	Renew; time off	Recycle
Training	I learned it the hard way; you can too	Train'em too much and they'll leave	The more they learn, the more they stay	Continuous learning is a way of life.

Adapted from: *When Generations Collide* (2002). L.L. Lancaster and D. Stillman.

The next question concerns how to spread your message. Using a generational lens, there is not one answer to this issue. While boomers and traditionalists utilize local newspapers when searching for a new position, Xers and millennials go straight to the Internet. As a result, multiple advertising venues are often needed to get your message to individuals representing different generations. This multi-strategy generational approach additionally applies to new employee orientation programs. While boomers will patiently listen to a speaker, millennials crave more fast paced, hands-on programs. A computer based instruction approach works fine for the millennials.

Today's organizations recognize that employee retention has serious implications for the bottom line. As in recruitment, generational differences require that retention strategies feature multiple approaches. For Xers autonomy and flexible scheduling are attractive organizational retention strategies. Boomers want their work to make a difference. Millenials present the greatest challenge when it comes to retention. Individuals in this generation want to have fun at work as well as feel that their work is important and meaningful. In their quest for personal and professional growth, millennials are always looking for new and challenging experiences and will not hesitate to move to a new position and a new company if your organization is not meeting their needs. However, if your organization can satisfy the millennial's need to build his/her resume through job enhancements and other internal job movement, you will have more success retaining the millennials.

In addition to these workforce planning tactics, generational differences impact employee relations. One organizational activity where this is particularly evident is how and when feedback is given. Millennials need continual feedback, as they interpret silence as disapproval. Xers want to hear if they are on the right track, but they don't want the boomers' politically correct talk. They want the raw, real feedback. Boomers are less demanding for feedback, as they grew up in an era when feedback meant the annual organizational evaluation. How feedback is provided also has generational implications. Traditionalists and boomers expect feedback to be a formal activity, while Xers and millennials are overly informal in their expectations for feedback.

Training is another employee relations issue that varies by generation. In the competitive era of the boomers, "train them too much and they'll leave" was the underlying assumption. Yet, for the Xers the opposite is true. The more they learn, the more they are likely to stay. Also, for the millennials, continuous learning is a way of life. A related generational training issue concerns learning styles. Traditionalists tend to be polite listeners and boomers are cautious learners. Both of these generations grew up in classrooms where teachers provided the answers. For the Xers, put away the overheads and plan for a potpourri of learning exercises. Add lots of technology and keep the program moving at a fast, multi-tasking level and you'll engage the millennials.

In conclusion…

From this brief review, it should be apparent that generational differences are not a new phenomenon for organizations. What is new is that the ongoing arrival of millennials to the workforce is driving increasing attention to this subject. As there is little evidence to suggest that the millennials will accommodate to "our way of doing things," progressive organizations are recognizing and addressing generational differences in the context of their diversity programs. The diversity framework provides a means for recognizing that different generations have different playbooks and that these differences are what make an organization strong. Plus, with tactical ideas such as those offered here, there is no reason to leave your organization in a state of generational jeopardy.

For additional reading on generational differences, consider…

Alsop, R. (2008) *The trophy kids grow up: How the millennial generation is shaking up the workplace.* Jossey-Bass: San Francisco.

Howe, N., & Stauss, W. (2003). *Millennials Go to College.* American Association of Collegiate Registrars and Admission Officers and LifeCourse Associates.

Howe, N., & Stauss, W. (1991). *Generations: The History of America's Future,* 1584-2069. Quill, William Morrow: New York.

Lancaster, L.C., & Stillman D. (2002). *When Generations Collide: Who They Are. Why They Clash. How to Solve the Generational Puzzle at Work.* Dollins Business: New York.

Raines, Claire (2002). "Meet the Generations." On-line document. (www.generationsatwork.com)

Zemke, R., Raines, C., & Filipczak, B. (1999). *Generations At Work.* American Management Association: New York.

About the Authors

Terry divides his time between management consulting and teaching leadership and research as a faculty member in the PhD in Health Sciences program at Seton Hall University. Before moving into academia, he served in a variety of senior executive roles in the health care and insurance industries. Terry is the current ACHE Regent for New Jersey. He may be contacted at Terrence.Cahill@shu.edu.

Mona is a fulltime faculty member in the Physician Assistant Program at Seton Hall University and an adjunct associate professor in the Advanced Physician Assistant Masters Program at AT Still University. She also consults on Higher Education issues for a number of Universities. Prior to pursuing an academic career, Mona served as a physician assistant and as a clinic administrator in a number of clinical settings. Mona may be contacted at Mona.Sedrak@shu.edu.

Proaction Corner

hfma new jersey chapter
healthcare financial management association

October 1, 2009

Mr. Michael Keevey
State of New Jersey
Department of Human Services
Division of Medical Assistance and Health Services
Quakerbridge Plaza
P.O. Box 712
Trenton, N.J. 08625-0712

Dear Mr. Keevey,

We are writing to you in response to the Newsletter dated September 2009 that was distributed to the hospital community regarding BILLING REQUIREMENTS FOR OUTPATIENT•ADMINISTERED DRUGS. Many of our member hospitals have expressed concern regarding the implementation date of November 1, 2009 as set forth in your newsletter.

Currently, the Centers for Medicare and Medicaid Services is only requesting National Drug Code ("NDC") information on non-specific HCPCS codes when billing Medicare. Many of our hospital members only have NDC information in their charge masters for these drugs. In many cases, a hospital has one drug file set to bill. Therefore, these hospitals will need to set up many additional charge items to be able to bill all outpatient-administered drugs with NDCs if they are purchasing the same drug from multiple manufacturers. It will take time for our members to update their chargemasters and charge capture systems to accomplish this task.

We are requesting that the Division of Medical Assistance and Health Services consider postponing the implementation date to allow providers sufficient time to implement this process for all of their drug formularies. We believe that April 1, 2010 would provide sufficient time to become compliant.

We thank you for your consideration and are available to respond to any questions that you or your staff might have.

Sincerely,

Brian P. Sherin
President
New Jersey Chapter
Healthcare FInancial Management Association

Member Get A Member Program

by Lindsey S. Colombo, FHFMA

Lindsey Colombo

The Healthcare Financial Management Association (HFMA) is the nation's most respected resource for healthcare financial management executives and leaders. HFMA supports more than 35,000 members representing hospitals, payors and industry, and the New Jersey Chapter has over 1,000 members.

With health care constantly changing, we all need as much information and guidance as we can get. HFMA provides you with crucial information and resources to address the ever-changing environment.

Help others discover the many benefits of HFMA through HFMA's National – Member Get A Member Campaign. Now is a great time to communicate the great value HFMA can provide to your team members and colleagues across New Jersey, and, there is a financial reward for your efforts. As a current HFMA member, you are in the best possible position to share your experience as a member and help impact your new member's, and HFMA's future. Is there someone on your team that would benefit from an HFMA membership? The key to a successful Member-Get-A-Member Program (MGAM) is to make HFMA personal. This year's National program focuses on sharing your HFMA experiences with potential members and the theme of HFMA National is *"Making it Count"*. So make your membership count by sharing the value of your membership with your peers. HFMA National is providing personalized recruitment cards to use in referring new members to HFMA. It is a perfect opportunity while going out to lunch or attending the numerous educational and networking events the New Jersey Chapter offers to hand out these personalized recruitment cards to build our membership. It is your personal invitation that will help make the difference.

This year's National program focuses on sharing your HFMA experiences with potential members and the theme of HFMA National is "Making it Count".

HFMA's Member-Get-A-Member Program could help you win great prizes! If you recruit/sponsor the following number of members or former members between June 1, 2009 and April 30, 2010 you could win:

- 1-2 members: HFMA apparel/Fuel Visa® Prepaid Card, value $25.00
- 3 - 4 members: $100 Visa Prepaid Card. Entry in a drawing for $1,000 cash prize
- 5 or more members: $150 Visa Prepaid Card. Entry in a drawing for $2,500 cash prize
- Grand Prize: $3,000 cash and $2,000 donation to charity of choice

To order MGAM recruitment cards, visit www.hfma.org/mgamcards or contact Member Services at 800-252-4362, extension 2.

Thank you to Jeremy Arnold, John M. Brault, Samuel A. Donio, Lisa R. Hartman and Lawrence J. Kramer, for sponsoring individuals through the MGAM program for this fiscal year.

SCHACHTER PORTNOY, L.L.C.

ATTORNEYS AT LAW

REPRESENTING HOSPITALS AND MEDICAL PROVIDERS IN THE RECOVERY OF BAD DEBT AND OUTSTANDING RECEIVABLES

PRIMARY AND SECONDARY COLLECTION ACCOUNTS

NO FAULT (PIP) ARBITRATIONS

WORKERS' COMPENSATION RECOVERY

CASH ACCELERATION PROGRAMS (EARLY OUT)

THIRD-PARTY BILLING AND FOLLOW-UP

INSURANCE DENIALS AND APPEALS

SILENT PPO ISSUES

HOSPITAL/PHYSICIAN LIEN FILING

PRE-CERTIFICATION DENIALS

CONTRACTUAL DISPUTES

USUAL AND CUSTOMARY MATTERS (UCR)

MEDICAL NECESSITY DENIALS AND CLINICAL APPEALS

INAPPROPRIATE FEE SCHEDULE PAYMENTS

Howard Schachter, Esq. Darin S. Portnoy, Esq.

3490 U.S. ROUTE 1
PRINCETON, NJ 08540
Tel: 609-514-8668 • Fax: 609-514-1599
E-Mail: sp@splawoffice.com • Website: www.splawoffice.com

YOUR SUCCESS IS OUR PRIORITY

CBIZ®

RAC Risk and Reward Reporting (R4)

The comprehensive RAC solution for hospitals and their consultants.

CBIZ KA Consulting Services, LLC ▪ 1-800-957-6900 x110 ▪ www.kaconsults.com
For a free RAC webinar, please visit www.RACAuditor.com.

Ask the Ethics Guy®!

MULTITASKING MADNESS

by Bruce Weinstein, Ph.D.

Bruce Weinstein

I'll never forget how great I thought it was when I first discovered multitasking on my computer. Suddenly it was possible to switch between tasks seamlessly, with multiple windows, tabs, and programs open simultaneously. I could write articles, check e-mail, do research, and build spreadsheets—barely pausing between activities. I felt as if I were doing everything at once. It seems like ancient history now, but being able to move quickly and smoothly from one activity to another on a PC was nothing short of a revelation.

But then a funny thing happened: I noticed that the more things I could do with ease on my computer, the harder it was to focus on any one activity. My natural inclination to jump from one thing to another prematurely was now aided and abetted by technology—the very thing that was supposed to be helping me. Then, after the PDA and cell phone became a part of my daily life, I found myself, like millions of others, faced with even more interruptions, and it became increasingly difficult to concentrate. The technological advances that once seemed so liberating had become oppressive.

I came to realize that multitasking isn't something to be proud of. In fact, it's unethical, and good managers won't do it themselves and will not require it of those they manage.

I came to realize that multitasking isn't something to be proud of. In fact, it's unethical, and good managers won't do it themselves and will not require it of those they manage.

Here's why multitasking is unethical.

When you multitask, you're doing a lot of work, but you're not doing most (or any) of it well. A new study published in the Proceedings of the National Academy of Sciences revealed that people who fired off e-mails while talking on the phone and watching YouTube videos did each activity less well than those who focused on one thing at a time. Psychiatrist Edward M. Hallowell, author of *CrazyBusy: Overstretched, Overbooked, and About to Snap!* (Ballantine, 2006), puts it this way: "Multitasking is shifting focus from one task to another in rapid succession. It gives the illusion that we're simultaneously tasking, but we're really not. It's like playing tennis with three balls."

Truck Crashes

We're in the early phases of understanding fully what multitasking involves at the neurophysiological level, but the emerging research suggests that multitasking reduces rather than enhances the quality of our work—and our lives.

A multitasker behind a desk is unproductive. A multitasker behind the wheel of a car is a potential killer. A study from the Virginia Tech Transportation Institute found that when truck drivers texted, their collision risk was 23 times as great as when not texting, according to a report in *The New York Times.* The *Times* also reported that University of Utah researchers showed that talking on a cell phone while driving quadruples the rate of crashing, a statistic equal to what happens when people drive drunk.

These studies led the U.S. Senate to propose legislation last month that would prohibit texting or e-mailing while driving. (Texting behind the wheel is illegal in 14 states now.) The number of businesses and advocacy groups that endorse such a policy is growing rapidly; the Governors Highway Safety Assn. signed on this week.

A bank executive I know frequently complains about how distracted her boss is during staff meetings. The boss—I'll call him Eric—reads and writes e-mail and makes calls while briefing the staff. "I'll ask Eric a question about an assignment he's given us," my friend complains, "but he's so immersed in what he's doing that I have to repeat my question a couple of times. It ends up taking me three times as long to communicate with him." Eric isn't a bad person. But he's not a good manager, either.

continued on page 22

continued from page 21

Since multitasking interferes with the ability to do one's job well, the good manager sets an example by focusing on one task at a time. You can't expect the people you lead to resist the urge to multitask if you can't do so yourself. You've probably been annoyed when a clerk is more interested in his or her phone conversation than in assisting you. Why, then, is it O.K. to do the same thing when you're working with your team?

"Multitasking is shifting focus from one task to another in rapid succession. It gives the illusion that we're simultaneously tasking, but we're really not. It's like playing tennis with three balls."

In Control? Or Being Controlled?

Yes, I know it's hard to put those devices away, even for a few moments. I'm not sure whether BlackBerrys and iPhones cause attention problems or simply make those who are susceptible more prone to them. It doesn't help that everywhere we go, we're surrounded by people who are absorbed in their electronic gadgets. What it comes down to is this: Are you controlling the technology, or is the technology controlling you?

An actor I once knew had a catchy slogan on his business card: "Always there. Always ON!" It was a memorable way to let casting directors know of his commitment to his work.

It seems as though employers too expect their employees to be "always on"—online, on e-mail, or on call. But this simply isn't fair. Employees deserve to have time away from work, and managers should respect their down time. This makes sense from a business perspective, also: Employees who can recharge their batteries and don't feel pressured to be "always there, always on" are more likely to do good work when they're on the job.

When you multitask, you're doing a lot of work, but you're not doing most (or any) of it well.

For the past three years in this column, I've tried to show how doing the right thing makes good business sense. Respecting an employee's right to be left alone for a portion of the day is a shining example of this.

Technology is morally neutral; it can be put to good or bad use. Managers who want to make the best possible use of technology will take the following guidelines seriously:

1. DO ONE THING AT A TIME.
Focusing on the task at hand is the best way to get the job done. Multitasking may feel effective, but it isn't. "Monotasking" maximizes your own productivity and serves as a positive example to others.

2. RESPECT THE PERSONAL LIVES OF THOSE YOU MANAGE.
Boundaries are good, and good managers honor them.

3. DON'T ALLOW YOUR TEAM MEMBERS TO MULTITASK WHILE DRIVING.
When you're on the phone with a guy who tells you he's behind the wheel, tell him to hang up immediately and get back to you when he's out of harm's way.

4. GIVE YOURSELF A BREAK.
The ethical principle of love and compassion applies not just to how you treat others but how you treat yourself, too. You're entitled to watch a movie all the way through or to have a nice meal without looking at your e-mail. And let's face it: There aren't many e-mails so urgent they can't wait a few hours.

5. REMEMBER WHY THEY'RE CALLED "SICK DAYS" AND "VACATION."
A person too sick to come to the office is entitled to convalesce without feeling pressured to work at home. This applies to management and labor alike. The same is true for those on vacation. And as for those who have lost a family member or who have just gotten married: If ever there were a time when someone ought to be free from multitasking, surely it's this.

About the Author

Dr. Bruce Weinstein is the public speaker and corporate consultant known as The Ethics Guy. His new book, Is It Still Cheating If I Don't Get Caught?, (Macmillan/Roaring Brook Press) shows teens how to solve the ethical dilemmas they face. For more information, visit TheEthicsGuy.com.

•Who's Who in NJ Chapter Committees•

2009-2010 Chapter Committees and Scheduled Meeting Dates

**NOTE: Committees have use of the NJ HFMA Conference Call line. The call in number is (866) 459-4772.*
If the committee uses the conference call line, their respective attendee codes are listed with the meeting date information below.

COMMITTEE	CHAIRMAN/EMAIL/ PHONE	CO-CHAIR/EMAIL/ PHONE	SCHEDULED MEETING DATES/TIMES	LOCATION	BOARD LIAISON
Certification	Maria Facciponti mfacciponti@armds.com 973-614-9100	Jeff Noonan jnoonan@md-x.com 201-786-6015	First Tuesday of the Month 9:00 AM Attendee Code: 8412570	Conference Calls	Lisa Hartman lhartman@princetonhcs.org (609) 430-7789
CARE (Compliance, Audit, Risk, & Ethics)	Darlene Mitchell mitchell.darlene@hunterdonhealthcare.org 908-237-7059	Michael McKeever mckeeverm@deborah.org 609-893-1200 ext 5201	First Thursday of the Month 9:00 AM Attendee Code: 7165283	Monthly conf. calls Quarterly Saul Ewing Office, Princeton Please call to confirm	Dave Wiessel david.wiessel@ey.com 732-516-4520
Communications	Elizabeth Litten ELitten@foxrothschild.com 609-896-3600	Al Rottkamp ajcr123@aol.com 609-584-6508	First Thursday of each month 9:15 AM Attendee Code: 4172885	Fox Rothschild offices 997 Lenox Dr Bldg 3 Lawrenceville, NJ	Tom Shanahan Tshanahan@rbmc.org 732-324-5401
Education	Tracy Davison-DiCanto tdavison-dicanto@princetonhcs.org 609-620-8471		First Friday of each month 9:00 AM Attendee Code: 7719071	Saul Ewing Offices in Princeton	John Brault JBrault@somerset-healthcare.com (908) 203-6211
Events & Networking	Erica Waller Ewaller@princetonhcs.org 609-620-8335	Matt Glass Mathew_Glass@ml.com 732-632-5854	Third Tuesday of each Month 5:30 PM Attendee Code: 7090412	Woodbridge Hilton	Joanne Vaul jvaul@cbiz.com 609-967-4562
FACT (Finance, Accounting, Capital & Taxes)	Tony Panico apanico@withum.com 973-898-9494 x430	Jay Gold Jgold@DOIGC.com 973-400-3893	First Wednesday of each Month 8:30 AM Attendee Code: 2916514	To alternate between in person and conf. calls; locations TBD	Heather Weber hweber@parentenet.com 215-557-2016
Institute 2010	Deborah Shapiro dshapiro@wfs-services.com 201-617-7100	Howard Krain howard@kraingroup.com 908-377-5020	First Tuesday of each Month 8:00 AM Attendee Code: 7143739	Conference Calls/ Woodbridge Hilton	Mary Taylor MTaylor@soch.com 609-973-3373
Membership Services/ Directory	Rosemary Nuzzo rosemary.nuzzo@atlanticare.org 609-383-2114	Howard Krain howard@kraingroup.com 908-377-5020	Third Wednesday of each Month 9:00 AM Attendee Code: 6752870	Conference Calls	Lindsey Colombo & Eileen Smith lcolombo@rbmc.org & Esmith@meridianhealth.com 732-324-6031 & 732-530-2564
Patient Access Services	Eileen Smith ESmith@meridianhealth.com 732-530-2564	Michael Friedberg Michael.Friedberg@apollo.com 973-429-0044	Second Thursday of each Month 9:30 AM Attendee Code: 5084608	CBIZ KA Consulting offices in East Windsor, NJ	Caitlin Zulla czulla@medassets.com 201-786-6020
Patient Financial Services	Lisa Schaaf lschaaf@certifiedcollection.com 800-220-9300, ext. 116	Marilyn Koczan mkoczan@meridianhealth.com 732-897-7126	Second Friday of each Month 10:00 AM Attendee Code: 7182515	New Jersey Hospital Association Board Room	Laurie Grey lgrey@princetonhcs.org 609-620-8383
Policies & Procedures	John Manzi jmanzi@ima-consulting.com 484-832-0044	Mike Alwell mike.alwell@atlantichealth.org 973-656-6949	As needed	N/A	Brian Sherin Bsherin@beslerconsulting.com 609-514-1400
Proaction	Dan Willis dwillis@childrens-specialized.org 908-301-5458	Tracey Roland Roland@irrs.us 908-377-5122	Second Thursday of each Month 9:00 AM Attendee Code: 6104186	St. Peter's Univ. Hospital Finance Dept., 1st floor conf. room 950 Hamilton Street	Mary Cronin Mcronin@beslerconsulting.com 732-839-1217

CFO Spotlight:

Jay Picerno, Saint Barnabas Healthcare System

FOCUS: Backgrounds are diverse, please tell us about yours. How did you get started? What is your education and professional background?

JAY: I started out at Ernst & Whinney as a health care auditor and ended up going to one of my hospital clients as the CFO. I actually retired two years ago from health care and never thoughts I'd go back, but got introduced to the CEO and COO at Saint Barnabas and liked the idea of working with them so I decided to get back into health care. There are those days where I wonder what I was thinking!

FOCUS: Did you ever think, all those years ago, that you would be here, doing this today?

JAY: No, never thought I'd be a hospital system CFO. Always saw myself in a trade. I still can't explain to my kids what I do – I don't do well with blood or injuries, but did want to help people – guess this is as close as I'll get.

FOCUS: What new skills do you think are needed for rising CFOs?

JAY: New CFOs have to be operators. Gone are the days of just keeping score and letting senior management know what the financials look like. Today's CFO has to actively manage, understand operations and be involved in every aspect of the business. The job is more challenging than ever and skills such as team dynamics, communication skills, negotiating skills and managing the political landscape are now more important than the analytic abilities of years ago. The job has changed from knowing FASBs to generating ROI.

New CFOs have to be operators. Gone are the days of just keeping score and letting senior management know what the financials look like. Today's CFO has to actively manage, understand operations and be involved in every aspect of the business.

FOCUS: What are your hospital's specifics–are you a single facility or part of a system? Do you have a religious affiliation? Please describe your location, demographics and the services offered at your hospital.

JAY: Saint Barnabas is a health care system. It is New Jersey's second largest private employer and the State's largest health care system. We have six acute hospitals, two children's hospitals, psychiatric facilities, nursing homes, ambulatory care centers, and numerous outpatient centers both in partnerships and wholly owned.

FOCUS: Can you tell us about your hospital's: a) turn-around, b) new building, c) new infrastructure, d) new procedures offered, etc?

JAY: Saint Barnabas has been affected by the same economic challenges as everyone else. The system has seen rejuvenation in 2009 with growing earnings and cash flow. We have added Lung Transplantation services, expanded product lines and new service locations to the mix this year. Like every other system, we balance the challenging issue of access to capital, aging plant, the fast pace of technology change and physicians needing to access greater reimbursement through access to the technical reimbursement streams on a daily basis.

FOCUS: What types of financing are utilized to meet the hospital's goals?

JAY: Saint Barnabas maintains strong bank relationships, leasing company relationships and many creative financing arrange-ments. Of course our favorite financing method will always be OPM…. Other People's Money! In this environment, off-balance sheet transactions, partnerships and innovative methods must be used to meet the demands.

FOCUS: What are your spare time activities?

JAY: We love to travel and ski. Being from Denver, Colorado, we are avid winter sports people. Since our move here five months ago, we've been exploring the Northeast. We love finding new restaurants and are always looking for recommendations and suggestions! I had bought several businesses in Colorado deciding to retire out of healthcare so we still maintain those businesses.

FOCUS: What are your professional memberships?

JAY: I don't have a lot of professional memberships. I never got caught up in the whole professional organization process. I spend a lot of time in non-profit activities which include the Catholic Archdiocese of Denver, Catholic Charities of Colorado and other organizations focused on the aged and homeless in the Denver market. We hope to get involved in those activities here.

FOCUS: You are just told you have 30 minutes to pack - you are going to a sparsely populated island. What would you bring, besides food, clothes, hygiene products, etc?

JAY: That's an easy answer… a six pack of Corona, sun tan lotion, my IPOD and a book… nothing better than lying on the beach and letting the world drift by!

One of the things I love to do is meet other CFOs and business leaders in the state. I still enjoy hearing other people's view and learn a ton from that on a daily basis. Love an early breakfast with Jim Martell or lunch with Richie Keenan! Anyone else who enjoys kicking around old ideas and new ones while getting to know the other CFOs and business people in the state – give me a call! There's got to be different views on health care in the state other than Richie's!!!

Member Spotlight:
Jim Yarsinsky

Jim Yarsinsky

FOCUS: Jim, please provide us with a short bio of your career.

JIM: I am a 25-year revenue cycle veteran. I began my career as credit manager with Zurbrugg Hospital which was located in Riverside, N.J. From 1992 – 1998, I worked as senior revenue cycle consultant for HBCS in Delaware. I left to start my own revenue cycle consulting firm, JY Consulting, Inc. After spending five years living out of a suitcase, often weeks at a time, I made a career move that allowed me to spend more time at home with my wife and two young daughters.

In 2003, I formed an interim revenue cycle staffing firm called the PFS Resources Group. The firm experienced steady yet significant growth by providing interim placement services to the under-served patient financial services segment of the market. The company was acquired in the summer of 2004 by a group of investors, and is affiliated with BESLER Consulting, a nationally recognized healthcare financial and operational consultancy.

We changed the company's name in 2007 to "Expeditive" to connote one of our pre-emptive strengths - the ability to provide top-notch interim professionals to fill vacancies in a provider's revenue cycle and patient financial services department almost immediately.

FOCUS: Please talk about your company and your job duties there.

JIM: Expeditive provides interim placements in every aspect of the revenue cycle – from registration and billing to receivables and collection. We are headquartered in Princeton, N.J. and provide services to clients located in several states.

Our revenue cycle professionals are available to clients on a per-project or temporary-hire basis. Expeditive also provides teams of on-site patient accounting specialists to perform specialized projects

They call me the president, but in reality I'm the chief cheerleader, chief motivator and chief drill sergeant. Although I wear a lot of "hats", my core responsibilities center on the growth and development of the company.

I love my job and truly enjoy going to work every day.

FOCUS: Please name a few of the special challenges you face in your position.

JIM: Like any business, large or small, we have limited resources. Since our objective is to remain a lean organization, we must find ways to continue to work smarter and more efficiently.

In addition, we also find it a challenge to continuously having to create a pool of interim personnel who have the "right stuff". Putting the right candidate on a project engagement is absolutely essential to the future success of our business! A compromise in this area can come back to hurt us in many ways.

FOCUS: What advice can you give other professionals that are interested in entering your line of work?

JIM: I would tell them that networking can greatly aid the growth of their business and will expand their horizon. I would encourage them to actively become involved with organizations such as HFMA, AAHAM and MGMA. It is one of the valuable (and inexpensive) forms of marketing. They should view networking and relationship building as a continuous process.

FOCUS: What are your hobbies and outside interests?

JIM: In my free time I enjoy playing racquetball and hanging out with my family.

FOCUS: Thank you for taking the time out of your busy schedule to be interviewed for this edition of Member Spotlight.

•Focus on Finance•

Answers to your Accounting and Tax Questions

IRS Final 403(b) Regulations Update

Q. How will the new rules and responsibilities related to IRS 403(b) plans apply to Not-for-Profit Hospitals?

A. As part of the effort to require more transparency and accountability to non-profit hospitals and to diminish the extent to which 403(b) plans differ from other salary reduction arrangements, such as 401(k) and 457(b) plans, the Internal Revenue Service and U.S. Department of Labor have revised requirements for 403(b) retirement plans generally effective for taxable years beginning after December 31, 2008. The revisions eliminated an exemption granted to 403(b) plans from the annual Form 5500 reporting, disclosure and audit requirements under ERISA and increased plan compliance requirements. These revised requirements will require more employer involvement in the ERISA plans.

Generally, ERISA plans are all plans other than a governmental plan or Indian tribal government plan, as defined, a non-electing church plan or a salary deferral only plan where employer involvement is limited (non-actively sponsored programs). Non-actively sponsored programs traditionally have no plan documents. Multiple service providers sell various investment options in custodial accounts to individual participants. The plans can only allow elective deferral contributions whereas employer involvement must be very limited, and they cannot receive compensation.

Effective for the 2009 plan year Form 5500 filing, all ERISA-covered 403(b) plans must file a complete Form 5500. This new filing requirement will require many 403(b) plans to be audited that previously had no audit requirement. A new Short Form 5500 is available for plans with fewer than 100 eligible participants ("small plans"). Plans with 100 participants or more on the first day of the plan year ("large plans") must file the Form 5500 as well as financial statements for the plan, which have been audited by an independent qualified public accountant. In years subsequent to the initial filing year, there is a special rule which applies if the plan has between 80 and 120 participants at the beginning of the plan year. These plans may elect to complete the same category of Form 5500 as it had completed in the previous year ("large plan" or "small plan").

Another new requirement for 403(b) plans is that the plan must adopt a written plan document by December 31, 2009, and the plan must be maintained in accordance with this written defined contribution plan document which satisfies section 403(b) in both form and operation. It must contain all of the terms and conditions for eligibility, limitations and benefits under the plan. This document will allocate the plan responsibilities between the employer and other service providers and may incorporate other documents, such as insurance annuity contracts. It should be noted that annuity contracts and mutual fund custodial agreements, under which many plans currently operate, do not satisfy the new requirement for a written plan document.

James J. Decker

Plans must also comply with most of the nondiscrimination rules applicable to 401(k) plans. One exception is that the 403(b) plans are not required to apply the ADP (Actual Deferral Percentage) Test, but they are subject to the new Universal Availability Requirement. This requires plan sponsors to offer all employees the right to make elective deferrals to the 403(b) plan if they allow any employees to participate. IRS requires that employers provide 'meaningful notice' to employees of their right to make elective deferrals to the plan and explain the election timing.

403(b) plans must also comply with certain minimum distribution, hardship distribution, incidental benefit, rollover distribution, rollover, exchange, transfer and termination requirements.

About the Author

James J. Decker, CPA is a Partner with WithumSmith+Brown, Certified Public Accountants and Consultants, and is based in the firm's New Brunswick office. Jim is the Practice Leader of WS+B's Not-for-Profit Services Group and can be reached at 732.828.1614 or jdecker@withum.com.

Healthcare Reform: Meeting the Challenge.

NJ HFMA's September Quarterly Meeting

Tracey Roland

by Tracey Roland

The New Jersey HFMA Regulatory and Reimbursement Committee's annual conference was held at the Woodbridge Hilton on September 8, 2009. The theme of this event was "Healthcare Reform: Meeting the Challenge." The seminar attracted approximately 200 registrants.

The morning session began with updates from the New Jersey Hospital Association (NJHA) and representatives from the Governor's Office. Roger Sarao, Vice President of Economic & Financial Information, NJHA and Jeannine Bender, Deputy Commissioner for the Department of Health and Senior Services and Eliot Fishman, Director of Policy for the Department of Human Services spoke about our industry's current and future financial challenges, especially as they relate to President Obama's plan for Healthcare Reform.

During the morning, the PwC Team (Laura Parello, Managing Director, Exempt Organization Tax Services Group and Steve Gurtman, Managing Director, Health Industries) discussed the changes to the IRS Form 990 with a primary focus on Schedule H – The Community Benefit Report. Through the years, the IRS has acknowledged that the Form 990 has failed to keep pace with the increasing size, diversity and complexity of the nonprofit hospital sector. As a result, the IRS is now requiring (for FY 2009 and going forward) that Schedule H be completed. The PwC team discussed how the cost report can be a useful tool for Hospitals, when they are completing this information.

The Fox Rothschild LLP Team's (Elizabeth G. Litten, Esq., and Helen Oscislawski, Esq.) presentation focused on The American Recovery and Reinvestment Act of 2009 – President Obama's Stimulus Bill that was signed into law in February 2009. They discussed the substantive changes to HIPAA privacy and security rules as part of the Health Information Technology for Economic and Clinical Health Act (HITECH Act).

The topic of New Jersey Medicaid Rebasing was discussed via a collaboration of O'Conco Healthcare (Paul L. Chiafullo, President) and Besler Consulting (Scott Besler, Senior Manager). Their presentations reviewed the new inpatient Medicaid reimbursement regulations as well as their impact on Medicaid fee-for-service revenue, the Charity Care subsidy and Hospital Relief Fund allocations.

The afternoon sessions began with Larry Goldberg, President, Larry Goldberg Consulting and Senior Advisor for Healthcare Legislative and Regulatory Matters, Grant Thornton. The title of Larry's presentation was "Medicare Reform and Payment Issues…2010 and Beyond." He provided a Washington perspectives update that included where the Obama Administration and Congress may be heading with Healthcare Reform and what it may take to accomplish the task at hand. In addition, Larry summarized the final FFY 2010 CMS rulings.

The Navigant Consulting Team (Kristen Greenstreet, Director and Diana Nichols, Senior Manager) provided the audience with revenue cycle strategies during our challenging times. They shared their ideas toward dealing with the impact of the current economic climate from various aspects of patient financial services, including: point of service collection, uncompensated care, Cobra and a new way to increase collections.

The closing speakers were the Highmark Medicare Services Team (David Vaughan, Vice President & J12 Project Manager and Adam Weber, Director of Provider Audit). They provided an update around the transition of Fiscal Intermediaries (from Riverbend to Highmark) over the last year. In addition, the Highmark representatives discussed the current provider reimbursement and claims processing issues along with "key" focus areas for the upcoming Medicare cost report audits.

About the author

Tracey Roland is the President of Integrity Regulatory and Reimbursement Services, LLC and she is also a Principal Member of the Reimbursement Alliance Group, LLC. Tracey can be reached at roland@irrs.us.

Achieving Scale Through Growth: An Imperative for Sustained Competitive Performance

by Mark E. Grube, Ryan S. Gish, Sasha Tkach

In both the corporate and not-for-profit healthcare worlds, the capital markets have long favored larger organizations. Is this view justified and does size and growth drive exceptional organizational success?

Benefits of Size in the Corporate World

Scale achieved through growth is commonly recognized as essential in the business world. As established in basic economics, large companies:

- achieve lower fixed-unit and variable-unit costs from the economies of mass production;
- attain greater market visibility, which, if accompanied by growth and above-average profitability, can yield lower borrowing and capital costs;
- have greater debt capacity and access to capital, which enable them to be innovators in their marketplaces;
- are better able to afford expert management talent and specialists for research and development, thereby ensuring their ability to introduce new and improved products and to embrace new technology; and
- typically have the geographic market and/or product/service business mix diversification needed to withstand cyclical industry downturns, abrupt market changes, shifts in consumer demand, and disruptions caused by technological breakthroughs.[1]

One of the nation's largest and most profitable companies for decades, General Electric (GE), supports its platform for innovation and market leadership with an organic growth rate target of eight percent per year. Growth and productivity initiatives have built GE to a scale achieved by only a handful of other U.S. companies—$163 billion in sales in 2006.

Wal-Mart, a leader in adopting technology that maximizes competitive advantage, changed the retail landscape in the 1980s with revolutionary inventory management and distribution systems. Wal-Mart's now nearly 7,000 stores achieve economies of scale in facility, transportation, purchasing, and inventory costs, enabling the company to pass cost savings to the consumers while maintaining strong profitability. The scale of sales volume–$316 billion in 2006–has provided Wal-Mart with a consistent one to two percent competitive margin advantage that often drives less efficient competitors out of business.

Jeffrey P. Bezos, CEO, articulated the growth strategy of Amazon.com, as follows:

> "It's all about the long term. We believe that a fundamental measure of our success will be the shareholder value we create over the long term. This value will be a direct result of our ability to extend and solidify our current market leadership position. The stronger our market leadership, the more powerful our economic model. Market leadership can translate directly to higher revenue, higher profitability, greater capital velocity, and correspondingly stronger returns on invested capital. *At this stage, we choose to prioritize growth because we believe that scale is central to achieving the potential of our business model."*[2] (emphasis added by authors)

Leaders of today's largest and greatest growth companies work vigorously to achieve dominance in their fields. They are vigilant about managing operations as efficiently as possible, but they also know that long-term success almost always requires continued top-line growth and increasing economies of scale.

The Importance of Scale in Healthcare Is No Different

Attaining critical mass or scale enables not-for-profit healthcare organizations to obtain similar, and increasingly essential, benefits. Like counterparts in other industries, hospitals and health systems that increase revenues and achieve a greater scale can better leverage their fixed-cost base, achieve variable-cost efficiencies, build market visibility and leverage, diversify risk across markets or a broader base of programs/services, preserve long-term access to capital, and ensure ongoing competitive performance through strong capital reinvestment. Growth also has a direct effect on clinical excellence and the development of human capital, enabling organizations to attract and retain the best people, thereby improving the quality of patient care.

To quantify the financial benefits of scale, Kaufman Hall recently conducted a study of key financial indicators of the 265 healthcare credits with more than $250 million in annual net patient service revenue in the Moody's Investors Service rating portfolio. Our analysis of the blinded data focused on profitability, leverage, liquidity, cost of capital, and capital spending indicators between 2003 and 2005.

Organizations were divided into four groups based upon net patient service revenue:

- $250 to $500 million (36% of portfolio);
- $500 million to $1 billion (32% of portfolio);
- $1 billion to $2 billion (20% of portfolio); and
- more than $2 billion (12% of portfolio).

Profitability

Looking first at profitability indicators, namely total margin and operating margin, the data showed that profitability improves with scale. Organizations in the $1-$2 billion and $2+ billion categories achieved higher total margins and operating margins than organizations in the two lower revenue categories. The largest organizations, those with more than $2 billion in revenue, had operating margins, i.e., profitability from their core patient care and business operations, a full percentage point higher than organizations with revenues of less than $1 billion (Figure 1).

Contrary to common perceptions, differences in payer mix or case mix have relatively limited impact on profitability. The Medicare case mix index and proportion of Medicaid and self-pay revenue was approximately the same for organizations across all categories of revenue.

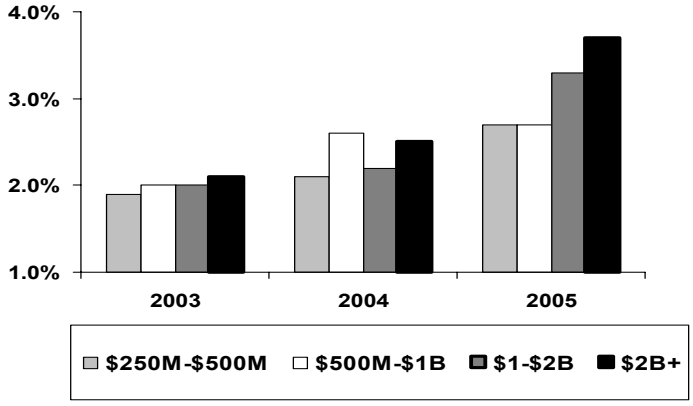

Figure 1. Operating Margin
Source: Kaufman Hall analysis based on blinded data from Moody's Investors Service

Leverage

Leverage in organizations, as measured by the debt-to-capitalization ratio, which indicates how highly leveraged or debt financed the organization is (the lower the ratio, the lower the risk), and the debt service coverage ratio, which measures the ability of an organization's cash flow to meet its debt service requirements (with a higher number being better), also varies by size. The largest of organizations have greater debt capacity (Figure 2).

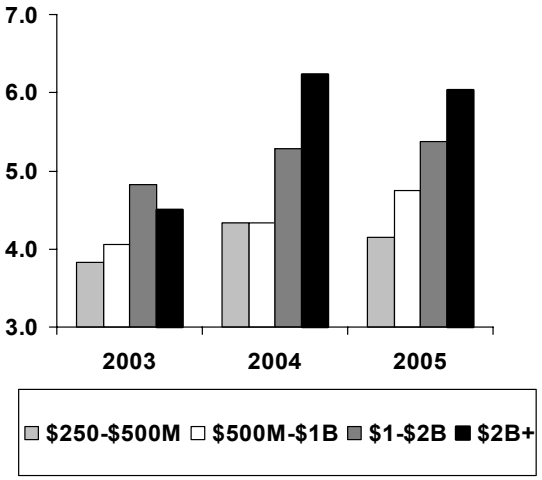

Figure 2. Debt Service Coverage Ratio
Source: Kaufman Hall analysis based on blinded data from Moody's Investors Service

Cost of Capital

To assess whether and how scale affects the cost of capital, Kaufman Hall divided the median interest expense by the median total debt outstanding to estimate a "cost of debt capital." The data indicated that lower cost of capital is indeed achieved by larger organizations (Figure 3). Organizations with revenue exceeding $2 billion realized 50 basis points of advantage on outstanding debt in 2005.

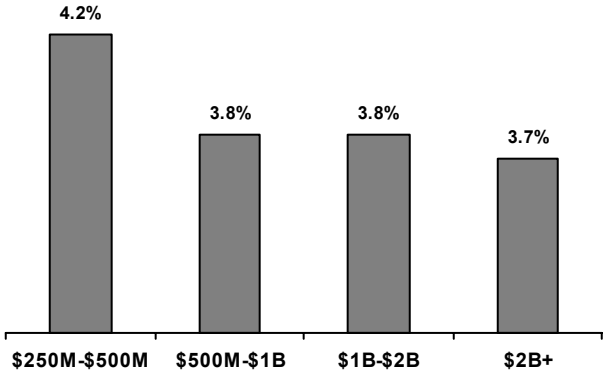

Figure 3. Estimated Cost of Debt Capital
Source: Kaufman Hall analysis based on blinded data from Moody's Investors Service

Capital Spending

With higher profitability and lower cost of capital, larger organizations would be expected to invest a greater proportion of capital in facilities, technology, and programs. The data

continued on page 32

continued from page 31

support this assumption. For the smallest organizations in our sample, the capital spending ratio (defined as capital expenditures as a percentage of depreciation) was 1.43, while the ratio for the largest organizations was 1.69.

Credit Ratings

An organization's credit rating was substantially correlated to scale, highlighting scale's importance to the capital markets. Ninety-four percent of the organizations with $2+ billion in revenues were in the highest rating categories (Aa or A). In contrast, only 69 percent of the organizations with $250-500 million were in the Aa or A categories (Table 1).

Net Patient Service Revenue	Percentage Rated Aa or A
$250 million to $500 million	69%
$500 million to $1 billion	77%
$1 billion to $2 billion	87%
More than $2 billion	94%

Table 1. Scale and Credit Ratings
Source: Kaufman Hall analysis based on blinded data from Moody's Investors Service

The analysis clearly indicates that larger hospitals and health systems do better in many areas—higher margins, stronger debt ratios, higher credit ratings, lower cost of capital, and better ability to invest capital in facilities, programs, and initiatives that support the continued organizational growth.

The Approach to Growth

The growth required to achieve scale requires more than *tactical initiatives,* such as pricing, contracting, and revenue cycle management, because the returns from such efforts diminish over time. Growth to achieve scale calls for strategic initiatives, such as market expansion efforts, program and service innovations, acquisitions, and physician alignment strategies, all of which increase and sustain top-line revenue and profitability over time. A description of selected growth strategies, beyond this article's scope, was provided in our recent article in *hfm* Magazine.[3]

Virtually every hospital and health system has growth opportunities. Few organizations achieve significant growth, however, without clear, well-planned, and hard-hitting strategies. The key to unlocking the benefits of growth opportunities is the development of a strong business case for growth, organizational commitment to the pursuit of such growth, and successful implementation of agreed-upon strategies. Significant risks must be understood upfront and successfully managed.

The Planning Process

Identifying and evaluating opportunities that will enable the organization to grow must occur within an integrated strategic financial planning process. Not all growth is profitable growth, so organizations need to assess and understand the variation in financial performance across markets and service lines, especially if the organization is capacity-constrained. Additionally, organizations must understand the relative risks and rewards of a selected portfolio of opportunities.

Planning Components

Development of a sustainable growth strategy involves four major planning components, brief descriptions of which follow.

The *strategic market assessment* builds an in-depth and accurate understanding of the organization's market position, key market trends, and likely future developments.

A *capital capacity assessment* identifies the organization's current and future capital capacity within the limits of its current financial performance. A combined look at the capital capacity assessment and the strategic market assessment defines the organization's financial and market realities.

Growth strategy development defines achievable strategies given market and financial realities. Strategies may focus on organic initiatives that extend programs and services, market share growth, new market entry, and acquisitions or consolidation, among others, or a combination of such initiatives.

The *financial impact analysis* tests potential strategies or their combinations to assess financial outcomes. Sensitivity or scenario analysis enables organizations to assess the risks underlying key performance variables.

Concluding Comments

Use of a rigorous, systematic growth planning process with these four components ensures identification, evaluation, and prioritization of opportunities best able to build revenue, profitability, and scale.

Revenue growth is essential to the continued expansion of a hospital or health system's capital capacity. Growth of capital capacity funds expansion of the organization's mission-based activities and continued investment to ensure competitive facilities and technology, which attract the human capital required for clinical and service excellence. Capital capacity growth also funds reinvestment in current services, access to and servicing of debt, and the financial reserves required to achieve strategic objectives and maintain competitive performance.

Without attaining the benefits of scale through top-line revenue growth, organizations enter a vicious cycle of declining competitive and financial performance characterized by reduced access to capital, inability to maintain competitive facilities and technologies, increasing physician and patient dissatisfaction, and loss of profitable business (Figure 4).

continued on page 47

WithumSmith+Brown
A Professional Corporation
Certified Public Accountants and Consultants

Parkway 109 Office Center
331 Newman Springs Road, Suite 125
Red Bank, New Jersey 07701 USA
732 842 3113 . fax 732 741 7292
www.withum.com

Additional Offices in New Jersey
and Pennsylvania

Independent Auditors' Report

Board of Directors
Healthcare Financial Management Association
New Jersey Chapter

We have audited the accompanying statement of financial position of the Healthcare Financial Management Association, New Jersey Chapter as of May 31, 2009 the related statement of activities and changes in unrestricted net assets and statement of cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of May 31, 2008, were audited by Serluco & Co., L.L.C., who merged with us as of January 1, 2009, and whose report dated September 30, 2008, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Association's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but, not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Healthcare Financial Management Association, New Jersey Chapter as of May 31, 2009 and the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

July 24, 2009

Healthcare Financial Management Association
New Jersey Chapter
Statements of Financial Position
As of May 31, 2009 and 2008

Assets	2009	2008
Current assets		
Cash and cash equivalents	$ 129,007	$ 240,575
Receivables for program and other activities, net	14,377	5,872
Prepaid expenses	31,399	11,378
Total current assets	174,783	257,825
Equipment and other assets, net	7,500	190
Total assets	$ 182,283	$ 258,015
Liabilities and Unrestricted Net Assets		
Liabilities		
Accounts payable and accrued liabilities	$ 26,764	$ 76,206
Accrued payroll and payroll taxes	3,937	3,731
Deferred revenue	--	48,600
Total liabilities	30,701	128,537
Unrestricted net assets	151,582	129,478
Total liabilities and unrestricted net assets	$ 182,283	$ 258,015

The Notes to the Financial Statements are an integral part of these statements.

Healthcare Financial Management Association
New Jersey Chapter
Statements of Activities and Changes in Unrestricted Net Assets
Years Ended May 31, 2009 and 2008

	2009	2008
Revenue and gains		
Meetings and continuing education programs	$ 116,080	$ 101,227
Annual Institute	373,450	259,260
Social outings and events	80,339	87,874
National rebate	25,387	24,368
Advertising	57,157	65,913
Interest income	2,491	4,945
Other income	1,342	1,518
Total revenue and gains	656,246	545,105
Expenses		
Program services and scholarships	503,074	439,405
Membership services	43,801	51,723
Management and general	87,267	76,936
Total expenses	634,142	568,064
Changes in unrestricted net assets	22,104	(22,959)
Net assets, beginning of year	129,478	152,437
Net assets, end of year	$ 151,582	$ 129,478

The Notes to the Financial Statements are an integral part of these statements.

Healthcare Financial Management Association
New Jersey Chapter
Statements of Cash Flows
Years Ended May 31, 2009 and 2008

	2009	2008
Cash flows from operating activities		
Changes in unrestricted net assets	$ 22,104	$ (22,959)
Adjustments to reconcile changes in net assets to net cash flows (used) provided by operating activities		
Depreciation	1,690	884
(Increase) decrease in operating assets		
Receivables for program and other activities	(8,505)	42,773
Prepaid expenses	(20,021)	9,884
Increase (decrease) in operating liabilities		
Accounts payable and accrued liabilities	(49,442)	(19,097)
Accrued payroll and payroll taxes	206	256
Deferred revenue	(48,600)	48,600
Net cash flows (used) provided by operating activities	(102,568)	60,341
Cash flows from investing activities		
Purchase of equipment and other assets	(9,000)	--
Net (decrease) increase in cash and cash equivalents	(111,568)	60,341
Cash and cash equivalents, beginning of year	240,575	180,234
Cash and cash equivalents, end of year	$ 129,007	$ 240,575

The Notes to the Financial Statements are an integral part of these statements.

Healthcare Financial Management Association
New Jersey Chapter
Notes to Financial Statements
Years Ended May 31, 2009 and 2008

1. Organization and Summary of Significant Accounting Policies

Organization
The Healthcare Financial Management Association - New Jersey Chapter (the "Chapter") is an association of individuals organized to improve financial management of healthcare institutions and related healthcare organizations.

Basis of Presentation
The accompanying financial statements are prepared on the accrual basis of accounting which reflects income when earned and expenses when incurred. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ("SFAS") No. 117, "Financial Statements for Not-for-Profit Organizations." Under SFAS No. 117, the Chapter is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At May 31, 2009 and 2008, the Chapter had no temporarily restricted or permanently restricted net assets.

Cash and Cash Equivalents
Cash and cash equivalents include highly liquid short-term investments with original maturities of one year or less.

Receivables for Program and Other Activities
Receivables for program and other activities are recorded at the estimated net realizable amount and do not bear interest. Past due balances are reviewed individually for collectibility. Account balances are written off after all means of collection have been exhausted and the potential for recovery is considered remote.

Equipment and Other Assets
Equipment and other assets are stated at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred.

Chapter Revenue
The Chapter provides various educational and professional programs primarily for its Members. The revenue generated from these programs is recorded on the accrual basis of accounting in the period in which the programs are provided.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements
In September 2006, the FASB issued Statement No. 157 (SFAS 157), "Fair Value Measurements" effective for years beginning after November 15, 2007. This Statement defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States and expands disclosures about fair value measurements. The statement establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. The Chapter has determined that the effect of the adoption of SFAS No. 157 does not have a material impact on its financial statements.

In February 2007, the FASB issued Statement No. 159 (SFAS 159), "The Fair Value Option for Financial Assets and Financial Liabilities" effective for years beginning after November 15, 2007. The Statement provides organizations with an option to report selected financial assets and liabilities at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between organizations that chose different measurement attributes for similar types of assets and liabilities. The Chapter has chosen not to adopt SFAS No. 159.

Tax Status
The Chapter's financial activities are combined with the National Healthcare Financial Management Association for the purpose of filing Federal Form 990. The National Association is a tax-exempt entity as defined by Section 501(c)(6) of the Internal Revenue Code. Accordingly, no provision for Federal or State income taxes has been provided for in the accompanying financial statements.

Reclassifications
Certain reclassifications have been made to the 2008 financial statements in order to conform with the 2009 presentation.

2. Equipment and Other Assets

Equipment and other assets at May 31, 2009 and 2008 consists of the following:

	Estimated Useful Lives	2009	2008
Video equipment	5 years	$ 4,160	$ 4,160
Computer equipment	3 years	3,347	3,347
Website development	3 years	9,000	--
		16,507	7,507
Less: Accumulated Depreciation		(9,007)	(7,317)
		$ 7,500	$ 190

3. National Rebate

The National Healthcare Financial Management Association administers the annual membership dues renewal and collection process. Each local Chapter is rebated a percentage of the membership dues relating to its Chapter. Such rebate amounts were $25,387 and $24,368 for the years ended May 31, 2009 and 2008, respectively, and are reflected as part of Revenue and Gains on the accompanying Statements of Activities and Changes in Unrestricted Net Assets.

4. Donated Services

The Chapter receives, at no cost, volunteer services to operate and administer Chapter programs and activities. The value of this contributed time is not reflected in the accompanying financial statements since such services are not susceptible to objective measurement or valuation.

5. Concentration of Credit Risk

Financial instruments that potentially subject the Chapter to concentrations of credit risk consist primarily of cash and cash equivalent balances. The Chapter maintains its cash and cash equivalents in bank deposit accounts, the balances of which, at times, may exceed federally insured limits. With respect to these cash and cash equivalent balances, the Chapter has not experienced any losses in such accounts. The Chapter believes it is not exposed to any significant credit risk on these balances.

Healthcare Financial Management Association
New Jersey Chapter
Notes to Financial Statements
Years Ended May 31, 2009 and 2008

6. Classification of Expenses

Operating expenses incurred by the Chapter in connection with its operations for the years ended May 31, 2009 and 2008 are summarized as follows:

2009	Program Services & Scholarships	Membership Services	Management & General	Total
Meetings and continuing education programs	$ 136,919	$ --	$ --	$ 136,919
Annual Institute	286,366	--	--	286,366
Social outings and events	67,789	--	--	67,789
Scholarships	12,000	--	--	12,000
Directories and publications	--	43,801	--	43,801
Payroll	--	--	37,741	37,741
Payroll taxes	--	--	4,121	4,121
Professional fees	--	--	9,025	9,025
Website	--	--	6,686	6,686
Insurance	--	--	2,929	2,929
Telephone	--	--	4,895	4,895
Postage	--	--	5,774	5,774
Member recognition	--	--	4,023	4,023
Depreciation	--	--	1,690	1,690
Other	--	--	10,383	10,383
Total operating expenses	$ 503,074	$ 43,801	$ 87,267	$ 634,142

2008	Program Services & Scholarships	Membership Services	Management & General	Total
Meetings and continuing education programs	$ 133,939	$ --	$ --	$ 133,939
Annual Institute	222,356	--	--	222,356
Social outings and events	74,110	--	--	74,110
Scholarships	9,000	--	--	9,000
Directories and publications	--	51,723	--	51,723
Payroll	--	--	33,540	33,540
Payroll taxes	--	--	3,326	3,326
Professional fees	--	--	7,900	7,900
Website	--	--	1,656	1,656
Insurance	--	--	2,877	2,877
Telephone	--	--	5,327	5,327
Postage	--	--	7,524	7,524
Member recognition	--	--	3,128	3,128
Depreciation	--	--	884	884
Other	--	--	10,774	10,774
Total operating expenses	$ 439,405	$ 51,723	$ 76,936	$ 568,064

•Certification Corner•

Certification Exam

It's time to test your knowledge! The Certification Exam will be offered on Saturday, December 5, 2009. Testing locations will be available in the Northern and Southern part of the State. Location details will be announced shortly.

Additional Reimbursement Opportunities

In an effort to encourage members to become Certified Healthcare Financial Professionals (CHFP), and ultimately Fellows in HFMA, by reducing the financial burden associated with achieving these designations, the NJ Chapter will reimburse the examination and application fees related to success-fully obtaining certification in additional specialties beyond achieving the CHFP or FHFMA designation.

Members seeking reimbursement for the fees described above must complete a Certification Rebate Application form. The applicant must sub-mit the signed application, a copy of their confirmation letter from National, and all related receipts, to the Chapter Administrator. The Chapter Administrator will verify accuracy of the paperwork, and forward paperwork on to the Treasurer for processing. Reimbursement will be made to the member, or to the member's employer, based upon the source of the original payment.

Did You Know -

Activities that contribute to your professional development are eligible toward HFMA certification maintenance requirements. These activities include, but are not limited to:

- Attending education programs offered by HFMA National or local chapters
- Attending education programs offered by other professional organizations and possibly your employer
- Presenting at HFMA chapter meetings or HFMA National events
- Completing self-study programs
- Reviewing or authorizing professional publications

Test your Knowledge:

Which of the following are managers who assume that the average employee enjoys work, seeks out responsibility and is self-directed?

A. Autocratic Manager
B. Theory Z Managers
C. Theory Y Managers
D. Theory X Managers

For the answer and more information about the HFMA certification program go to: www.hfmanj.org/Certification or contact one of the members listed.

NJ Chapter Certification Committee Contacts:

Maria Facciponti, FHFMA – Committee Chair
Work Phone: (973) 614-9100
Email: mfacciponti@armds.com

Jeff Noonan, CHFP – Committee Co-Chair
Work Phone: (201) 786-6000 x 6015
Email: jnoonan@md-x.com

Lisa R. Hartman, M.P.H
Work Phone (609) 430-7789
Email: lhartman@princetonhcs.org

Michael Alwell, FHFMA
Work Phone: (973) 656-6949
Email: mike.alwell@atlantic health.org

New Members

Patti A. Drabik
Saint Barnabas Medical Center
Administrative Director-
Finance and Resources
(973) 322-9889
pdrabik@sbhcs.com

Neal R. Polshuk
Millennium Funding
Director
(877) 836-3670
neal@vendorinstapay.com

Joanne T. De Vito De Palma
Ardent Group
Executive Director
(973) 886 8941
j.depalma@att.net

Monica Holden, BSN, RN, CCS
McBee Associates, Inc.
Manager, Denial Management Group
(212) 594-6669
monicaholden97@yahoo.com

Mark E. Prager
Xtend Healthcare
Vice President
(800) 882-1325
mprager@xtendhealthcare.net

Shawn J. Gordon
Ernst & Young LLP
(212) 773-9841
Shawn.Gordon@ey.com

Linda Ortiz
Ragan & Ragan, PC
Operations Manager
(732) 280-4100
linda@raganlaw.com

Caron A. Salkin
Covidien
Business Development Executive
(609) 678-8915
caron.salkin@covidien.com

Kevin O'Sullivan
Crowe Horwath LLP
Principal
kevin.osullivan@crowehorwath.com

David Kaminski
Trinitas Regional Medical Center
Financial Analyst
(908) 994-8114
dkaminski@trinitas.org

Steven Dioguardi
ParenteBeard, LLC
Senior Accountant
steven.dioguardi@parentebeard.com

David W. Perrine
Hoboken University Medical Center
Director, Materiels Management
(201) 418-2254
dperrine@hobokenumc.com

Maureen Ambrose
Christ Hospital
Director of Risk Management
(201) 795-8679
mambrose@christhospital.org

Susan M. Milnes
Holy Name Hospital
Director, Patient Financial Services
(201) 833 3353
milnes@mail.holyname.org

Nicole M. Fitzgerald
Ernst & Young
Senior
(212) 773-9017
nicole.fitzgerald@ey.com

Emilio DeCesaris
Kennedy Health System
Vice President Financial Operations
(856) 661-5201
e.decesaris@kennedyhealth.org

John F. Heslin
Quality Initiatives Manager
(609) 410-1567
john.heslin@sanofi-aventis.com

Laura Washburn
(212) 773-9322
laura.washburn@ey.com

Katie R. Kelly
ParenteBeard LLC
Senior Accountant
(732) 922-2224
katie.kelly@parentebeard.com

Kevin Roos
PDAB, Inc
Vice President
(973) 627-8060
kevin.roos@verizon.net

Sean M. Gaffney
(732) 516-4228
Sean.Gaffney@ey.com

Amanda Dreiss
First Managed Care Option
Assistant Vice President of Operations
(973) 257-5210
adreiss@firstmco.com

James Haddad
(973) 256-4500
james.haddad@lawson.com

Sally Hinkle
Sanofi-Aventis
Quality Initiatives Manager
(856) 305-6138
Sally.Hinkle@sanofi-aventis.com

Jay M. Goldstein
Hackensach University MC
Aministrative Director,
Medical Admin. Affairs
(201) 996-3032
jgoldstein@humed.com

Amy Wong
Ernst & Young
Senior Associate
(732) 516-4388
amy.wong1@ey.com

Edward G. Abels
Medical Pay Solutions
Area Manager
973-907-0132
edabels@medicalpaysolutions.com

Meet A New Member

	Michael Hoppes
Who is your employer, and what is your position?	A.M. Best Company, Inc. - Business Development Manager
What was your first job as a teen?	Dishwasher at the Cuttalossa Inn, Lumberville, PA.
What do you like best about your work responsibilities?	Meeting new people and helping people find the right solutions.
A job I would enjoy doing without pay is... My favorite place is...	Volunteering to help through church.
I will not eat...	Anything hot and spicy!
If I'm not at work, you will find me...	At home with my wife and two boys or at church/youth group.

•Focus on...New Jobs in New Jersey•

JOB BANK SUMMARY LISTING

HFMA-NJ's Publications Committee strives to bring New Jersey Chapter members timely and useful information in a convenient, accessible manner. Thus, this Job Bank Summary listing provides just the key components of each recently-posted position in an easy-to-read format, helping employers reach the most qualified pool of potential candidates, and helping our readers find the best new job opportunities. For more detailed information on any position and the most complete, up-to-date listing, go to HFMA-NJ's **Job Bank Online** *at* **www.hfmanj.org.**

[Note to employers: please allow five business days for ads to appear on the Web site.]

Job Position and Organization

INTERIM REVENUE CYCLE SPECIALISTS
Expeditive

DIRECTOR, PATIENT ACCESS
Robert Wood Johnson University Hospital Hamilton

PHYSICIAN RECRUITMENT SPECIALIST
Horizon NJ Health

PROVIDER RELATIONS SPECIALIST
Horizon NJ Health

SENIOR NETWORK CONTRACT MANAGER
UnitedHealth Group

DIRECTOR, PATIENT FINANCIAL SERVICES
Christ Hospital

INTERNAL AUDITOR
Princeton HealthCare System

COMPLIANCE AUDITOR
Princeton HealthCare System

SENIOR FINANCIAL ANALYST
Robert Wood Johnson University Hospital Hamilton

mark your calendar . . .

January 14, 2010 The Woodbridge Hilton Iselin, NJ	**January Quarterly Meeting**	**Winter 2009** Cost Report Session	**Full Day**
March 9, 2010 The Woodbridge Hilton Iselin, NJ	**March Quarterly Meeting**	**Spring 2009** **Women's Session** ICD10/5010 Collaborative Session w/HIMSS and AHIMA	**Half Day w/Lunch**
June 8, 2010 The Woodbridge Hilton Iselin, NJ	**June Quarterly Meeting**		

2009 Annual Institute

by Deborah Shapiro and Tony Consoli

Deborah Shapiro

Tony Consoli

Tuesday October 13, 2009 - "Another opening, another show". It's been months in the planning, thousands of emails hurtling through the Internet, hundreds of hours of hard work, and finally it's here – the 33rd Annual Institute in Atlantic City. A small group of Institute Committee volunteers have gathered to pack 500 convention bags with the initial goodies: Institute schedule, Presentation CD, book by keynote speaker John Nance, BESLER mouse pad, a "Save the Date" flyer for NEXT year's Institute (being held October 20-22, 2010), and a Membership Committee flyer. To be handed out at the time of registration is $500 in funny money and instructions for the casino night event, and the Booth Bingo card with chances to win fabulous prizes for visiting each of the booths during the course of the institute.

Frank Galbraith would be proud – we pack 450 bags in 1.5 hours and head off for a well-deserved dinner. If one looks around the table, we have very impressive 'firepower' including: both Institute Committee chairs (**Tony Consoli** and **Deborah Shapiro**); the chair of the Events and Networking Committee **(Erica Waller)**; HFMA NJ Board Members **Tracy Davison-DiCanto** (Education Chair), **John Brault** (Programming Chair), and **Mary Cronin;** the co-chair of the Speed Networking event **(Joe Bufano)**; and the President of the NJ HFMA Chapter (**Brian Sherin**). The food is excellent and Tony picks a great wine. It's truly an evening to remember.

Wednesday October 14, 2009 AM – "If you build it, they will come". It's amazing to see what is happening in the Event Center. Vista Convention Services is busy building the booths for the vendor fair to start at 6:00 this evening. With 42 vendors, it's truly an astonishing sight. We, of course, are running around trying to make sure that all the last minute arrangements are in place. Vendor slide show – highlighting our major sponsors with their ads and showing all the vendor sponsor logos – is running on the monitors in the main lobby area and in the Event Center – check! The signage showing where the classes are located in each of the four studios is up and properly located – check! The signage for sponsorship of the Registration area, the coffee breaks, and the luncheon is up and properly located – check! Now all we have to do is make sure that the CPE sign up sheets are in each of the studios, the evaluation forms are on each seat, and that CPE certificates are laid out. AND, we need to make sure that all of the speaker gifts are in each room – we have a fabulous orange and white HFMA golf umbrella for each of our speakers. **Laura Hess,** our intrepid Chapter Administrator, shows up to make sure we are all still sane, to help man the Registration Desk and keep things flowing, and to lend her ample support to this Herculean effort.

Wednesday, October 14, 2009 Noon – "We're in the army now…" Bootcamp begins! Studios 1-4 are up and running – Studio 1 with PFS Bootcamp, Studio 2 with Managed Care Bootcamp but kicking off with a panel discussion led by **John Brault** and four payer representatives, Studio 3 with Medicare PPS Bootcamp, and Studio 4 with HFMA Certification Bootcamp. The number of registrants for each of the Bootcamps is huge – we

have 20 participants in the HFMA Certification Bootcamp alone. The 'cadets' are treated to a delicious 'working' buffet lunch – the Institute has begun!

Wednesday, October 14, 2009 PM – "Luck be a lady tonight." The vendor fair is in full swing. The casino night floor is all set up with every type of gambling table – Texas Hold 'Em, Blackjack, Craps (my favorite), Poker – and the bars are busy serving drinks (with all the volunteers handing out drink tickets mumbling the mantra "Yellow is soft drinks, Green is beer, Gray is liquor and wine"). Hearts & Smiles, the charity benefited by the casino event and silent auction, has a table set up to sell more 'funny money' for the casino. Great gifts for the Charity Auction had been donated by various organizations including a golf threesome, Giants, Jets, and Ranger tickets, restaurant vouchers, hotel gift packages, a case of champagne, and, the big item – a high end laptop! Thank you again to all of the sponsors! **Lori Dietch** arranged for Steiner Sports to provide sports memorabilia for the silent auction to take place at this event. A portion of the memorabilia sales proceeds is being donated to Hearts & Smiles and 14 out of 17 items presented were sold. **JaneAnn Sheehan** had worked hard coordinating this event with Hearts & Smiles and the effort paid off. In all, over $700 was raised and a great time was had by all – with the event not breaking up until well after the posted closing time of 10 PM. A full photographic record of this, as well as the entire Institute, was being beautifully made by the photographer volunteer, **Steve Aaron.** No one wanted to leave…

In the midst of all this gambling and socializing, the HFMA equivalent of Speed Dating was taking place in Studios 1-3. Over 23 providers had signed up for this amazing event, spearheaded by **Joe Bufano** and **Howard Krain.** About 20 providers made themselves available for an hour (okay, some had to be dragged in off the casino floor…) to be courted by the vendors in 90-second increments. Each provider was given a beautiful card portfolio filled with all the vendors' cards and a notebook filled with the participating vendor brochures – and then they got to meet the 'contestants'. The atmosphere was giddy; everyone had such a marvelous time (and it didn't hurt that drinks were bussed to the tables by the Institute Chairs.) **Matt Glass** helped with keeping the event moving along – it was like a scene out of the movie, "One Two Three"!

continued from page 41

Thursday, October 15, 2009 AM – "On your mark, get set, GO!" The bustle starting at 7:00 AM is amazing. Hot breakfast in the Event Center, surrounded by the vendor booths – the energy in the room is palpable. We have a line at the registration desk for both pre-registered guests and last minute walk ins – all are dealt with efficiently and the line moves along. Hundreds of people (who'd have thought so many would show up so early!) are seated in the Event Center waiting for **Brian Sherin** to formally kick off the event and start the ball rolling. **Steve Adubato,** the first keynote speaker, is captivating. His address, "Making the Connection in Challenging Times," sets the right note for all the attendees going into their day of education at the Institute. His book sale right after the keynote is so popular that he runs out of books!

The four morning sessions are jam-packed with people. First session room monitors – **Curtis Brooks, Tony Consoli, Mary Cronin,** and **Dorothy DeLuca** – help make sure that the speakers have all they need, get the CPE sheets signed, and hand out and collect evaluations. After a brief coffee break, the second morning session begins with monitors **Mary Taylor, Howard Krain, Jennifer Wolfinger Oman,** and **JaneAnn Sheehan** doing their thing as well. By the time the sessions are out, the buzz of appreciation for the speakers is very audible!

Thursday, October 15, 2009 Noon – Channel theme from "Chariots of Fire". The Awards Presentation, given by Joe Dobosh, immediate past president of the NJ HFMA Chapter, was inspiring. It is amazing to see what our chapter has accomplished in the last year and sets the bar even higher for all of our members. Once again –

lunch is delicious! Fueled by that, the vendor fair is hopping, networking is going on all around, and even a little work is getting done in the 1½ hour break before the next keynote. We find ourselves standing around in the lobby area chatting with the keynote speaker, **John Nance,** and have the feeling that his keynote will blow everyone away!

Thursday, October 15, 2009 PM – "I'm leaving on a jet plane..." We were right! **John Nance** kicks the afternoon sessions off with his entertaining and enlightening address on "High-Risk to High-Reliability Healthcare – Revolutionary Pathways to Safety and Quality in a Fallible Human." We know that anyone going in for surgery after that speech will make sure that there is a checklist to

follow in the operating theater! Book signing of John's book, which everyone received at Registration, followed. Once again, the Studios are crammed with students. Room monitors **Matt Glass, Tony Consoli, Tracy Davison-DiCanto,** and **Marcy Slachman,** make sure that all continues to run smoothly. As we segue into the last of the afternoon sessions, **Dan Willis, Keri Brothers, Mike Alwell,** and **Joe Bufano** are left with the task of collecting and submitting the filled in CPE sign in forms and evaluations. A clean sweep of all the rooms is done and education is done for the day. The attendees disperse to rest up for the last big social events of the evening – the President's Reception and the Dessert Reception/Karaoke Party.

Thursday, October 15, 2009 even later – "So tonight I'm gonna party like it's **1999!**" MIXX is the place where it's all happening – and we get there at 6 PM ready to hand out drink tickets (remember the mantra?) and party! Between **Tony Consoli, Marcy Slachman, Mary Cronin, Erica Waller,** and **Deborah Shapiro,** thousands of drink tickets are dispersed. The President's Reception kicks off and the shrimp are so jumbo that it practically takes two hands. Appetites are running high and we had to order more food! The entire club is open and the flow between upstairs and downstairs does not stop. For better seating and ability to hold a conversation in normal tones, you take it upstairs; for the shrimp, crab claws, and raw bar, you stay down! The room starts to clear around 8 PM as everyone leaves to go to dinner at the restaurant of their choice but the open bar stays open and we put the Phillie's game on upstairs. The mood turns mellow and the volunteers can catch their breath.

Thursday, October 15, 2009 even later than that! – "Sing, sing a song, Sing out loud, Sing out Strong!" Who knew what great voices – and not so great ones – belonged to HFMA? The dessert reception and karaoke party starts off with a bang with a singer who could win on "American Idol." The gamut of selections range from rock and roll, country western, and crooner classics (who doesn't love "Mack the Knife," especially when sung by **Rick Parker,** another former NJ HFMA President?). Our favorite of the evening, though, was the duet of "Paradise by the Dashboard Light" sung by **Brian Sherin** and **Gail Kosyla,** enthusiastically supported by all present. (Rumor has it that Gail has been nominated for a Grammy for her performance!) Although the event was supposed to end by midnight, we convinced the DJ to keep going and we only stopped when the bar actually ran out of EVERYTHING! Who knew Karaoke would be so popular??? Everyone left singing and dancing to try to get some rest before the next day's wrap up.

Friday, October 16, 2009 AM – "Wake me up before you go-go." We kicked off the day with an excellent buffet of oatmeal, bagels and lox,

and lots (LOTS) of hot coffee. We made it easy on Friday as all sessions would be located in the Event Center, surrounded by the still active Vendor Fair. **Mary Taylor** opened up with the morning remarks (with **Deborah Shapiro** reviewing the housekeeping items and flashing the photo taken by **Jeff Weinstein** of Brian and Gail's duet) and introduced the speakers **Dr. Terry Cahill** and **Mona Sedrak** who spoke on "Recognizing and Capitalizing on Generational Differences in the Workplace". With their version of "Generational Jeopardy," the session flew by. **James Lloyd,** our final keynote speaker, gave an exceptional talk on "Taking Care of Business" and how to provide superior customer service. Finally, we closed with the ever popular CFO Panel, moderated by **Joe Lemaire,** and featuring **John Gantner, Gail Kosyla, Dennis Pettigrew,** and **Dave Rikkola.** The panel was amazing in that we had a wonderful cross section of hospitals from across the NJ and Metro Philadelphia area. The panel featured suburban and urban hospitals, and standalone hospitals versus multi-hospital systems. Our panelists shared a wealth of knowledge and perspective. Well over 100 people were in attendance Friday morning – which was amazing!

Friday, October 16, 2009 PM – "Never can say goodbye." **Brian Sherin** got up to the podium to say goodbye, thanking all vendor and provider participants, and awarding the prizes from the Booth Bingo. **Mary Grant** won the Flyers tickets, **Richard Henwood** won a free registration and 2 nights hotel for the 2010 Annual Insitute, and **Rhonda Maraziti** won the 37" HD Flat Screen TV (in front of which she can drink the case of champagne she co-won at the charity auction!) The Insitute Committee got together for one last round of goodbyes and made sure that everyone was available for the next meeting to have a debrief. We want to make sure that we do all the things that everyone loved again and improve on those events and items that didn't work to perfection.

ABOUT THE AUTHORS

Deborah Shapiro is President & CEO of WFS Services, Inc. - the premier provider of business outsource solutions to hospitals and physicians. She can be reached at dshapiro@wfs-services.com.

Tony Consoli is a Senior Vice President and Client Executive in Marsh's Morristown, NJ office. Tony specializes in delivering comprehensive risk and insurance solutions to clients in the Healthcare and Life Sciences industries. He also serves as the Northeast Regional Growth Leader for Marsh's Healthcare Industry Practice and is a member of Marsh's National Healthcare Executive Committee. Tony can be reached at Anthony.F.Consoli@marsh.com.

CAN'T WAIT TO DO THIS AGAIN NEXT YEAR! **SEE YOU ALL THERE AT THE 2010 ANNUAL INSTITUTE AT THE BORGATA IN ATLANTIC CITY FROM OCTOBER 20 TO OCTOBER 22, 2010.**

SAVE NOW – SAVE LATER

www.NJCleanEnergy.com/ssb

FINANCIAL INCENTIVES

FOR ENERGY EFFICIENCY

Retrofits

New Construction

Equipment Replacement

The State of New Jersey helps business owners make their buildings energy-efficient. If you are building a new facility, remodeling or replacing equipment, be sure to check out the sizable financial incentives available under the NJ SmartStart Buildings Program.

When you take steps to reduce your carbon footprint, you're earning operating cost savings for years to come. Now there's help for driving down your installed costs too.

3M Plant
Retrofit: Unitary HVAC and Chiller
SmartStart Incentive: $21,401
Annual Energy Savings: 44,973 kWh

New Jersey SmartStart BUILDINGS

BPU

Of the many strategies to revenue cycle,

there is the one key to your success...

...Smart outsourcing

ARMDS can be your business partner for projects and ongoing accounts receivable services

- day one billing
- aged A/R follow-up
- point of service collections
- coordination of benefits problems
- workers compensation & no fault

We utilize Automated Financial Systems' (AFS) state-of-the-art billing system

973 . 614 . 9100

ARMDS

All projects can be worked at your site or at one of our regional offices

A R M D S . C O M

continued from page 32

As in the corporate world, not-for-profit hospitals and health systems must understand the direct relationship between scale and growth and achieve such scale and growth for long-term competitive success.

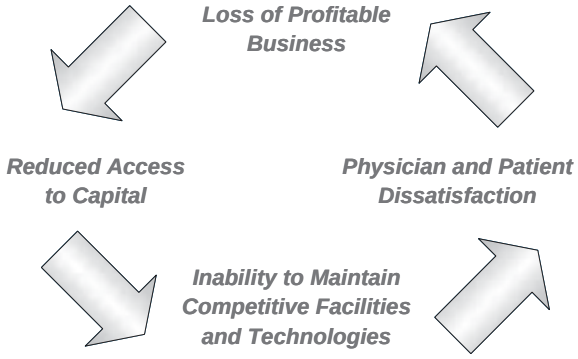

Figure 4. The Vicious Cycle When Top-Line Growth Isn't Achieved
Source: Kaufman, Hall & Associates, Inc.

About the Authors:
For more information on development of growth strategies, contact Mark Grube, Partner, or Ryan Gish, Senior Vice President, at mgrube@kaufmanhall.com and rgish@kaufmanhall.com.

References

1. Thompson AA: *Economics of the Firm: Theory and Practice,* Englewood Cliffs, NJ: Prentice-Hall, 1998.
2. Amazon.com: Annual Report to Security Holders, 1997. Reprinted in 2006 Letter to Shareholders.
3. Grube ME: Growing the Top Line: 5 Strategies to Expand Your Business. hfm Magazine, May 2007, pgs.57-68. Available at: https://www.kaufmanhall.com/knowledge/GrowingtheTopLine5StrategiestoExpandYourBusiness.cfm.

Advertiser Focus

Please consider supporting our sponsoring companies

Since 1986, BESLER Consulting has been assisting healthcare providers in enhancing revenue, gaining operational efficiencies and achieving compliance. BESLER Consulting clients benefit from a team of highly experienced, dedicated professionals. They bring to each engagement in-depth knowledge in a wide range of financial, operational and compliance issues. Telephone 1.877.4BESLER • Web site Beslerconsulting.com

Founded in 1974, WS+B is one of the largest regional accounting and consulting firms in the mid-Atlantic area with office locations in New Jersey, New York, Pennsylvania and Maryland. With over 375 employees, the firm ranks among the top 35 CPA firms nationwide. WS+B services hundreds of health care providers in the areas of accounting & auditing, consulting, tax, corporate governance and risk management. Contact Scott Mariani at smariani@withum.com or 973.898.9494. www.withum.com

Established in 1973, McBee Associates, Inc., one of the nation's largest, independent health care consulting practices, provides managerial and financial consulting services to health care organizations. The firm's consultants maintain an extensive array of financial and managerial expertise, enabling them to resolve any financial challenge that faces a health care provider today. Visit: www.mcbeeassociates.com

www.foxrothschild.com

Counted among the 200 largest law firms in the country, Fox Rothschild LLP is a full-service firm with offices in Pennsylvania, New Jersey, New York, Florida, California, Nevada and Delaware, providing a complete range of legal services to public and private business entities, charitable, medical and educational institutions and individuals.

For over twenty-five years, CBIZ KA Consulting Services has provided customized financial solutions to healthcare providers. Our staff blends industry knowledge and practical experience to provide services in the fields of reimbursement optimization, Medicare and Medicaid recovery, managed care, decision support, benchmarking and clinical resource management. For information, visit www.kaconsults.com.

The Health Care Law Group at Norris McLaughlin & Marcus is one of the largest in New Jersey. We provide a variety of services to clients throughout the health care field, including highly specialized work in the regulatory areas governing the delivery of health care services under state and federal law. Our health care clients include hospitals and their affiliated corporations, hospital medical staffs, nursing homes and other long-term care facilities, joint venture groups, professional practices, and other providers of health care services. For more information, visit our web site at www.nmmlaw.com.

Founded in 1970, Parente Randolph employs over 500 professionals and is among the top 35 accounting and consulting firms in the United States and has been recognized for its experience in providing professional accounting, tax, auditing, and consulting services to hospitals and healthcare systems, other healthcare providers, third-party payors of healthcare services, and not-for-profit organizations in the mid-Atlantic states. With over 75 people exclusively dedicated to this industry, we are ready to serve you. Visit us at www.parentenet.com

Executive Resources, LLC
732-974-7200

Executive Resources, LLC provides financial, strategic planning, and physician-related consulting services in multiple states. Representative projects include independent review organization compliance and performance audits; debt compliance review, analysis, and implementation services; product line strategies; revenue enhancement development; and FQHC development. We create solutions relative to challenges and opportunities in the health care industry. We work with CEOs and CFOs to assess what needs to be done, develop a plan of action, and then execute the plan.

IMA Consulting provides customer-focused, cost-effective solutions to the toughest problems in healthcare management. We put our years of experience to work for you, solving problems in operations improvement, financial services, revenue management and providing related educational services. Since 1996, IMA Consulting has provided services and solutions to over 200 hospitals and healthcare providers across the United States. Call Julie Burgess at 1-484-840-1984 to learn more, or go to www.ima-consulting.com.

NJ SmartStart Buildings is the commercial and industrial component of the NJ Clean Energy Program, offering technical assistance, design support and financial incentives for energy-efficient equipment in new construction and retrofits in New Jersey.

Visit NJ SmartStart Buildings online at www.njsmartstartbuildings.com or call us toll free at 866-433-4479 for more information.

Schachter Portnoy, LLC, is a law firm representing hospitals, physician groups, and all other medical providers in the recovery of outstanding receivables, such as contractual issues between providers and insurance carriers, no-fault (PIP) accounts and workers' compensation matters, administrative and clinical denials, silent PPO issues, third-party billing and follow-up, inappropriate fee schedule payments, and accounts written off to bad debt (primary and secondary accounts).