

# Northwest Outlook

 **hfma**™ washington / alaska chapter  
healthcare financial management association

**January - February**  
 **2005** 

## Officers 2004-2005

Gregg Terreson, President  
Eric Teshima, President-Elect  
Lee Johnson, Secretary  
John Nutter, Treasurer  
Bob Hinman, Immediate Past President

## Board Members 2004-2005

Grant Baumgartner  
Brad Becker  
Doug Bishop  
Peggy Figy  
Marcy Nicol  
Charles Brown  
Mike De Luca  
Greg Moga  
Eric Moro  
Dennis Stillman

### Editorial Policy

Opinions expressed in articles or features are those of the author and do not necessarily reflect the view of the Washington/Alaska Chapter, the Healthcare Financial Management Association, or the Editor. The Editor reserves the right to edit material and accept or reject contributions whether solicited or not. All correspondence is assumed to be a release for publication unless otherwise indicated.

### Publication Objective

The NW Outlook is the official publication of the Washington/Alaska Chapter Healthcare Financial Management Association. 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 finance professionals and to serve as a forum for the exchange of ideas and information.

## President's



## Message

Gregg Terreson  
Chapter President

## Volunteering

**W**e are in all cases but one a volunteer organization. (We pay the person who handles our registrations.) So every task and project in the chapter is done by a volunteer from the chapter.

I have been asked how one can get involved in the chapter. My best answer is to come to the next Leadership Council and Committee meeting on Wednesday nights at 5 pm. Over 60 people attended the last LCC on February 16th in Tacoma. Our next LCC meetings will be Wednesday May 25th in Chelan and Wednesday Sep 21st in Bremerton.

Both the councils and committee meet at the same time. The committees plan the educational programs and the councils handle the chapter operations. There

are 5 educational committees you can join and they are:

- A - Compliance and Health Policy
- B - Revenue Cycle Issues
- C- Keynote Speakers
- D - Finance and Information Systems
- E - Critical Access and Alaska

Your primary role on these committees is to help find speakers for the conferences and obtain all the information needed for the brochure. Your contribution here is vital to a strong educational program. And that is the most important service we can offer our members. If you know where the

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[www.waakhfma.org](http://www.waakhfma.org)

## Contributing Writers

Aaron DeBoer  
Peggy Figy  
Kevin Hamilton  
David Morgan  
Scott Nelson  
Joel Ristuccia  
Gregg Terreson

**THANK YOU!!!**

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good speakers are, get involved.

If you want to help the chapter run smoothly, there are two councils that you can join. The first council is Chapter Operations and they set up the meeting locations, the corporate sponsors and the social events as well as maintain all of our operations manuals. The second council (known as Council 3) is the Membership Services council. This council provides services to all our members including new member support, the newsletter, the directory, the web site, Founders awards, CPE tracking, open job lists and any other activities that help all of our members.

Although it would be great for you to attend each LCC meeting, many of the tasks can and have to be done away from the meeting. And it can be fit in almost any schedule.

Getting involved is not the domain of long term members. I did not get involved in the LCC until I had been with the chapter for more than 7 years. But you really have no such waiting period. All of you have served in a number of organizations already and can bring your skills to the chapter right away.

In May the new leadership team takes over and there are a number of volunteer opportunities that will become available. Here is your chance to contribute to all of us in healthcare finance.

Thanks. ■

## Election Results

## 2005-2006 Officers & Board Members Elected



*from Scott Nelson, Director of Finance, Virginia Mason Medical Center*

The officers and directors for the upcoming 2005-2006 chapter year have been determined. The Board ratified the results at its meeting on February 16, 2005. We are pleased that so many chapter members participated, either as part of our extremely qualified slate of candidates, or as those who took the time and made the effort to vote. The nominating committee appreciates all of those who accepted the call to run for a board or officer position, and for their willingness to follow through on a two or more year commitment. The chapter truly has its share of exceptional leaders.

**Eric Teshima**, as current President-Elect, automatically succeeds to President. The results of the balloting are as follows:

President-Elect.....**Lee Johnson**  
Secretary.....**John Nutter**  
Treasurer.....**Greg Moga**

Elected to two-year board terms are:

**Grant Baumgartner**  
**Doug Bishop**  
**Annette Edwards**  
**Jim Heilsberg**  
**Lori Nomura**

The remaining second year of Greg Moga's two-year term will be fulfilled by:

**Marcy Nicol**

Current board members who will be serving the second year of their two-year terms are:

**Charles Brown**  
**Mike De Luca**  
**Eric Moro**  
**Dennis Stillman**

The nominating committee thanks those who volunteered and participated in this process, and wish them the best for the coming year.

**Bob Hinman**,  
Immediate Past President &  
Nominating Committee Chair

# 10 Strategic Planning Resolutions You Can't Afford to



by Aaron DeBoer &  
Joel Ristuccia of  
Mitretek Healthcare -  
Jennings, Ryan & Kold

The New Year may have come and gone, but it's not too late to make a few more resolutions. Here are 10 resolutions that your management team can make to ensure a smooth, successful, strategic planning process.

## 1) Establish a strong analytical foundation for your strategic plan

A strategic plan is only as good as the foundation upon which it was built. A good strategic plan can propel your organization forward once your leadership team has a common understanding of your current position, future trends, and key uncertainties. On the other hand, a strategic plan based on an insufficient understanding of the internal and external environment can, at minimum, lead to poor acceptance of the plan and, at worse, subpar decisions.

## 2) Focus the environmental assessment

When developing an environmental assessment as part of your analytical foundation, it is important to select only those elements that will address the organization's future challenges and resulting array of strategic opportunities. An efficient way to focus your environmental assessment is to develop and test a set of planning hypotheses

centered on major market forces. With hypotheses formed, the organization can focus its analysis efforts on building a common understanding of the environment.

However, performing a focused environmental assessment is not an end in itself. If the data does not convey a message and support the decision making process, it is simply data, not "information."

To mitigate this risk:

- Identify what information is most important to make decisions.
- Effectively transform the data into actionable information.
- Understand that there will never be perfect information.

## 3) Explicitly consider key uncertainties

Addressing key uncertainties can help build a sense of charting your own course, albeit in turbulent waters. Tools like scenario planning, game theory, and decision tree analysis can all aid in understanding the risks associated with pursuing a particular

approach/direction. Strategies that reduce the identified risks can then be incorporated into the strategic plan.

## 4) Keep your strategic plan focused on strategy, not operations

All organizations have extensive opportunities to improve their efficiency and effectiveness in the areas of customer service, cost, and quality. An internally-focused strategic plan often seems successful because of the substantial operational improvements that can be made. However, it does not take long for organizations that are too operationally focused to grow out of touch with their markets. True strategic initiatives on the other hand, frequently have higher risk, are more disruptive to the organization, and may have longer implementation times and payoff returns. While operational initiatives are necessary to keep you in the game, strategic initiatives address competitive advantage. Too many operational

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initiatives in your strategic plan will weaken it and detract from its value, so keep your strategic plan strategic.

**5) Avoid the use of “me too” strategies**

Many organizations take comfort in adopting the same strategies that other organizations have deployed. Once a strategy has been proven successful by one organization, it is often ubiquitously adopted by competitors, diluting the impact of the strategy. Strategic success begins with articulating what differentiates the organization from its key competitors. That is, how will we choose to compete (e.g., on price, quality, service)? In what ways will we create value for consumers? How will we respond to other organizations’ strategies?

**6) Minimize least common denominator strategies**

Decision making in health care organizations is often compromised when leaders wait for unanimous stakeholder agreement. Not only will this stall the process, but it will weaken the boldness of the strategy. After all, you will only be able to progress as fast and as far as the least ready person will allow. Remember, broad based input is desired, but effective leadership is ultimately about making tough decisions.

**7) Align strategies with financial capabilities**

Even the most brilliant strategy is reduced to mere speculation if the health care organization does not

have the financial means to implement it. Every organization must ensure that their strategic plan is congruent with their

the luxury of making a few mistakes and course corrections. In an unstable environment, those course corrections must come

Figure 1: Strategic Planning Metrics

	Strategic Metrics		Management Metrics
	Vision Level	Goal Level	Strategy/Tactic Level
<i>Definition</i>	Metrics that indicate broad success, usually across multiple goals.	Metrics that indicate progress along a specific goal.	Metrics that indicate progress along a strategy or action
<i>Characteristics</i>	<ul style="list-style-type: none"> <li>• Number: 3±</li> <li>• Accountability: Board/Senior Leadership</li> <li>• Review Cycle: Annually</li> <li>• Organized Around: Vision/Desired Future State</li> <li>• Applicability: Entity</li> </ul>	<ul style="list-style-type: none"> <li>• Number: 15±</li> <li>• Accountability: Senior Leadership</li> <li>• Review Cycle: Semi-Annually /Annually</li> <li>• Organized Around: Core Goals</li> <li>• Applicability: Entity</li> </ul>	<ul style="list-style-type: none"> <li>• Number: 100±</li> <li>• Accountability: Middle Management</li> <li>• Review Cycle: Weekly/Monthly/Quarterly</li> <li>• Organized Around: Strategy/Tactic</li> <li>• Applicability: Entity/Programs/Units</li> </ul>
<i>Example (Financial)</i>	<ul style="list-style-type: none"> <li>✓ Desired bond rating</li> </ul>	<ul style="list-style-type: none"> <li>✓ Operating margin</li> <li>✓ Days cash on hand</li> <li>✓ Cash-to-debt</li> </ul>	<ul style="list-style-type: none"> <li>✓ Personnel costs as a percent of net patient service revenue</li> <li>✓ Supply cost per adjusted discharge</li> </ul>

financial capability.

A strategic-financial plan should:

- Include a full financial capability assessment
- Address the allocation of scarce resources
- Maximize the financial viability of the organization

**8) Communicate early, often, and clearly when bringing your strategic plan to life**

A plan must be well known by key physicians and employees to be successful. The strategic intent for the organization should be communicated frequently, clearly, and concisely to ensure that the momentum created during the planning process is carried forward in the implementation. Make a resolution to communicate the strategic plan consistently throughout the year.

**9) Add metrics to your strategic plan**

In stable environments, one has

sooner. Metrics are one tool that can be used to monitor the organization’s progress towards achievement of goals, strategies, and/or tactics. Metrics are the combination of a measure and a target. Measures are what we want to achieve, while the target is the quantified value of the measure. Figure 1 outlines some of the different metrics an organization can adopt.

The value of this resolution can be summed up by the old adage “what you measure is what you get.” If you want results, identify what you want to achieve, assign responsibility, and create appropriate timetables.

**10) Have fun and inspire your team!**



*Questions or comments about this article?*

Please contact Aaron DeBoer at  
312.751.4171 or  
aaron.deboer@mitretek.org

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# Alaska Healthcare Watch



This column is a new addition to the Northwest Outlook and is intended to share and inform the Chapter Members about Alaska healthcare financial news

*Written by David Morgan,  
Reimbursement Director,  
Southcentral Foundation*

*Edited by Cathy LeMay,  
Patient Accounts Director,  
Southcentral Foundation*

The Alaska Division of Health Care Services is in the process of installing a Medicaid Management Information System (MMIS).

Background: Medicaid Service Payments make up over 50% of the revenue for Alaskan Tribal organizations and 20% of Non-Tribal Healthcare organizations. The total payments for Medicaid Services were 366 million dollars for Federal Fiscal Year 2004.

The MMIS, which is required by the federal Health Care Financing Administration (HCFA), will provide claims payments, fiscal, enrollment, and eligibility verification services for providers, among others. Fox System, Inc. provided the technology assessment and cost-benefit analyses for the Alaska's Division of Health Care Services (formally Division of Medical Assistance) obtaining state and federal financial participation, developed the RFP for the procurement of the system and is currently supporting the project during installation. For more information about Fox Systems please review the

company Profile and competencies at their Web site (<http://www.foxsys.com>).

- Re- Enrollment Launch – All providers will be required to

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We all should update providers addresses, contact information and do not wait until last minute to review and submit the new forms to First Health Services Corporation (FHSC), fiscal agent for State of Alaska Medicaid services for processing.

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re-enroll in the Medicaid Management Information

System. New requirements on the re-enrollment form will include proof of malpractice insurance and electronic funds transferal information for providers. The Re-enrollment launch is scheduled for March/April of 2005. Health Care Services has reiterated that all provider types will be consistent with the old provider types.

We all should update providers addresses, contact information and do not wait until last minute to review and submit the new forms to First Health Services Corporation (FHSC), fiscal agent for State of Alaska Medicaid services for processing. This could delay processing and Medicaid payments. The new system will included web-system and ability to identify eligibility, claim-status, as well as prior authorization units for claims.

- The FHSC provider enrollment staff will provide in writing an outline of the re-enrollment changes, communicate phases of progress and provide training/assistance in this

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process.

The original schedule for the installation of the MMIS was October 1, 2005; with the provider re-enrollment launch March/April 2005. Latest communication from Health Care Services (February 24, 2005), is that a 6 months notice of any changes to the system will be given to all providers in writing. The MMIS schedule will probably be delayed and a new schedule of implementation will be provided in the near future.

**T**he Alaska State Hospital and Nursing Home Association, Alaska Native Healthcare Finance Working Group and the Alaska Tribal Medicaid Task Force are communicating and coordinating with the Department of Health and Social Services on the details and schedule of the installation of the Medicaid Management Information System (MMIS). We will continue to update the membership on the progress of this installation.

Public comment is sought for proposed regulations for Certificate of Need (CON) by the State of Alaska, Department of Health & Social Services.

Proposed regulations for the Certificate of Need (Con) Program are available for public comment. The Alaska Department of Health

and Social Services has been in a process of developing new regulations for the Certificate of Need Program that will include new standards of review for health care facilities subject to the CON statute.

Beginning February 4, 2005; draft regulations and standards of review for residential psychiatric treatment centers (RPTCs) will be available for review on the DHSS web site at: <http://www.hss.state.ak.us/publicnotice/regulations.cfm>.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to private persons of complying with the proposed changes, by submitting written comments to Anthony Lombardo, Deputy Commissioner, Department of Health and Social Services, P.O. Box 110601, Juneau, AK 99811-0601; telephone: (907) 465-3030. Comments may also be made by e-mail sent to [Anthony\\_Lombardo@health.state.ak.us](mailto:Anthony_Lombardo@health.state.ak.us), or by facsimile at (907) 465-3068. The comments must be received no later than 4:30 p.m. on March 23, 2005. Written comments received are public records and are subject to public inspection.

A Certificate of Need is required for certain health care facilities,

such as hospitals, nursing homes, residential psychiatric treatment center, and imaging centers; and requires justification of the need for the facility in the healthcare market place in the state of Alaska. CON project reviews are designed to ensure that proposed services will meet the public need while preventing excessive, unnecessary, or duplicative development of facilities or service. Projects that cost over \$1 million are subject to the CON statute.

Oral or written comments may also be submitted at a hearing to be held on March 11, 2005, at the Anchorage Legislative Information Office, 716 W. 4<sup>th</sup> Avenue, Suite 200, Anchorage Alaska.

Planning has started for the Second Annual HFMA Alaska Workshop. Cathy LeMay will coordinate and chair the Alaska planning workgroup. The first planning meeting (with conference call) will be scheduled during the month of March 2005. Last year's Workshop was great and we learned a lot about organizing and coordinating a HFMA Workshop and Meeting.

If you would like to be involved please contact Cathy at Southcentral Foundation at (907) 729-5453 or by email [clemay@southcentralfoundation.com](mailto:clemay@southcentralfoundation.com)



## NEW OUTLOOK EDITOR



After several years it is time for another member to have the opportunity to serve this Chapter. Corey Shank has graciously volunteered. You will find information on reaching Corey on page 14.

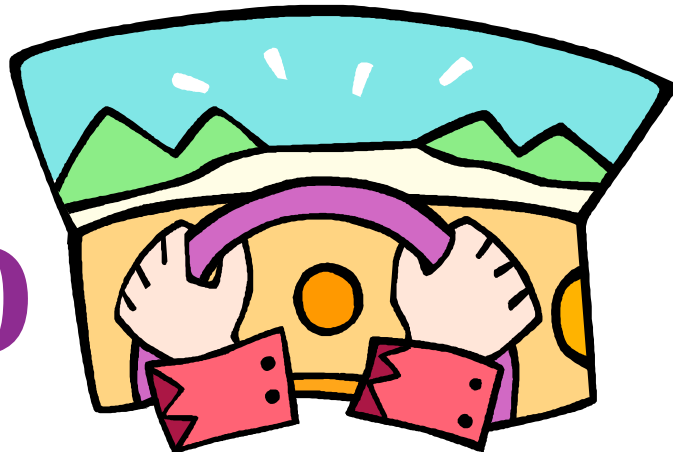
This is my last issue of Outlook. It has been a pleasure and a privilege to serve you.

Ginger Rhoades

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# On the Road at the Rio

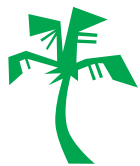
by  
Gregg Terresson  
Kindred Hospital, Seattle



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**L**arge crowds gathered once again at the Rio Suites in Las Vegas to attend the 7th Annual Region 11 Symposium.

This is a joint effort of the 7 chapters in the Region (Washington/Alaska, Oregon, Nevada, Northern California,



Southern California, San Diego and Hawaii). It was Hawaii's turn to co-host the meeting

and they provided a very "Hawaiian" theme to the meeting.

At the start of the meeting, three members of the Region 11 Symposium committee were recognized for their efforts over the last year and given the Region 11 President's Award, including Scott Nelson. Scott, one of our past presidents, did an outstanding job directing the educational programs for the 2004 Symposium.

The sessions started off with keynote speaker Dan Clark. He spoke about (now follow this) the main thing is to make the Main Thing the Main Thing. It's about how we should focus on what's

most important. It's not a new message -but it was delivered by Dan Clark in a way that got your attention.

Moving to the next keynote, Dr Edward Miller spoke about widespread economic changes and the impact on healthcare. One of his key points was that the cost of healthcare is in fact an investment in society - that healthy people contribute to society and improve productivity.

Robert Reich, the Secretary of Labor in the Clinton administration spoke on three key economic trends (globalization of industry, rapid technological change and shifts in patient demographics) and the impact on healthcare. He indicated the key determinant for future success is the ability to improve productivity - and this will be essential. For the biggest issue in healthcare is the cognitive dissidence between the demand for healthcare and paying for the care. Who will pay?

Following Mr. Reich was Richard Ward, the director at AHA. Richard spoke at length at how the

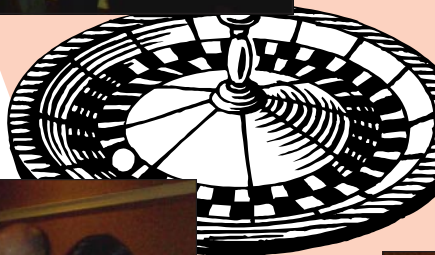
public trust of hospitals is being challenged in every direction - from the growing cost of self pay accounts to the shortage of nurses and other key clinical staff to concerns over patient safety. He asked all there to set a new course for care by enhancing the public trust, increase the value of healthcare and renew the partnership with your community.

Emily Freidman, long time policy analyst and columnist, added her thoughts on the current state of healthcare. And we finished with Eric Wahl, who in his message focused on the need to return to child like creativity and expression to seek the break out ideas that lead to real change.

There were 16 other sessions that provided a variety of sessions on a variety of topics. One of the most successful sessions was a panel of CFO's on "What Keeps A CFO Up at Night." The advice is to make sure your CFO is well rested.

After a two year stint at the Rio, the Region 11 Symposium is returning to Caesars Palace January 29 to February 1, 2006. ■

Members had a great time at casino night  
February 17 at the joint HFMA/AAHAM  
meeting at the Tacoma Sheraton.



## Awards & Congratulations

**Peggi Ann  
Rufener** was  
awarded the 2005  
ANI Scholarship for  
her outstanding  
service to the  
Chapter.



**Greg Moga** received his Muncie  
Gold Award for sustained  
service to the Chapter.



# Networking at our great vendor show



# Guest Speaker



**Brent Bishop**, son of the late legendary climber Barry Bishop, was the first American to follow in his father's footsteps and summit Mt. Everest. His keynote address brought lessons from the mountain to the business world.



Brent is shown here with Napoleon, Ginger Rhoades' travelling companion.



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# Job Opportunities

POSITION AVAILABLE	ORGANIZATION	LOCATION
Asst. Vice Pres – Revenue Cycle .....	Empire Health Services .....	Spokane, WA
CFO .....	Small Hospital (49 bed CAH) .....	Oregon
CFO .....	Small Hospital (200 bed) .....	Oregon
CFO .....	Polyclinic (Physician Clinic) .....	Seattle, WA
CFO .....	Central Peninsula General Hospital .....	Soldotna, AK
Controller .....	Pacific Medical Centers.....	Seattle, WA
Controller .....	Good Shepherd Community Hosp .....	Oregon
Decision Support Analyst .....	Kadlec Medical Center .....	Richland, WA
Decision Support Financial Analyst .....	Skagit Valley Hospital .....	Mt. Vernon, WA
Director Finance .....	Harborview Medical Center .....	Seattle, WA
Dir Patient Business Services .....	Kaiser Permanente NW Region.....	Portland, OR
Dir Patient Financial Services .....	PeaceHealth, St. Johns Med Ctr.....	Longview, WA
Dir Patient Financial Services .....	Overlake Hospital Med Center .....	Bellevue, WA
Dir Patient Financial Services .....	Empire Health Services .....	Spokane, WA
Director -Regional Revenue Mgmt .....	Providence Health Systems .....	Portland, OR
Financial Analyst .....	Providence Health Systems .....	Portland, OR
Financial Analyst (2) .....	Evergreen Healthcare .....	Kirkland, WA
Fixed Asset/CIP Accountant .....	PeaceHealth, St. Johns Med Ctr.....	Longview, WA
Managed Care Contract Spec .....	Children’s Hospital & Med Ctr .....	Seattle, WA
Medical Billing Analyst .....	Software Development Co .....	Spokane, WA
Patient Bus Svcs Mgr, Collections Cust Svc .....	Legacy Health Systems .....	Portland, OR
Prog. Operations Specialist/Analyst– Bonds, CIP # 4393 .	Harborview Medical Center .....	Seattle, WA
Regional Sr. Decision Support Analyst .....	Health Services.....	Alaska
Reimbursement Manager .....	Providence Health Services.....	Portland, OR
Revenue & Reimbursement Specialist.....	PeaceHealth, St. Johns Med Ctr.....	Longview, WA
Revenue Accounting Analyst # 3164.....	Harborview Medical Center .....	Seattle, WA
Revenue Cycle Manager #851 .....	UW Health Sciences Center .....	Seattle, WA
Sr. Decision Support Analyst .....	Providence Everett Med Center .....	Everett, WA
Senior Financial Analyst.....	Central Washington Hospital .....	Wenatchee, WA
Sr. Financial Analyst, Oracle System Support .....	Virginia Mason Medical Center .....	Seattle, WA
Sr. Financial Analyst .....	Providence Everett Med Center .....	Everett, WA

## FOR MORE INFORMATION...

...on these listings or to include a listing, please contact Peg Figy,  
(509) 482-2348 or emailto: [figypa@holy-family.org](mailto:figypa@holy-family.org)

See also National HFMA’s website ([www.hfma.org](http://www.hfma.org)) for additional job listings.

Last update:February 15, 2005

**C**an your hospital absorb a multi-million dollar settlement resulting from a class action lawsuit? How about the embarrassment of a congressional inquiry courtesy of the House Ways and Means or Energy and Commerce Committees? Do these situations apply to your hospital, could they? There are serious issues revolving around hospital pricing. Are you charging more than your competitors for the same service? Do you know for sure that you aren't charging \$25.00 for a Tylenol tablet? Have

# Price Creep

by  
**Kevin D. Hamilton**



you been instituting across the board price increases for as long as anyone can remember? Are you one of the 20 organizations currently under investigation?

Setting defensible prices has never been more important! No one wants to be held up as an example of the rampant "overcharging" of patients.

Exhibit 1 shows how a hospital can get into the situation of being significantly more expensive than their competitors. This exhibit shows actual market data from the years 2000-2002 for this simple laceration repair. The market data for years 2003 and 2004 was extrapolated based on the previ-

ous years trend. First lets assume that your hospital had priced this procedure to market in 2000, and then assume modest 10% per year increases. By 2004, this procedure is priced just over 200% of the market rate and more than 3.5 times the APC payment rate! Obviously, procedural prices do not usually decline year over year, but do you really know what your competitors are doing?

Pharmaceutical and supply prices are another area that can quickly spiral out of control when across the board price increases are instituted. Typically these items are priced on a cost plus markup basis. By instituting across the board price increases, these prices can be skewed significantly. Exhibit 2 outlines the potential issues that may exist in your facility. By looking at the table, it can be seen that in the initial year of the supply item, the patient charge was set at 4 times cost. However, after 3 years of 10% across the board price increases as well as corresponding cost decreases as the product ages, the patient charge has now skyrocketed to 6.2 times the cost to the facility! This markup is not what was originally intended and may cause your facility to be significantly overcharging patients.

The two scenarios above are very common examples of how prices can be significantly higher than hospital administration intended. Many of the hospitals that I have worked with did not realize that these ever escalating prices were occurring. Once management learned that this was happening they quickly wanted to address this issue, they also wanted to minimize the bottom line impact of the project. What follows is a few tactics to address this situation to first determine if you are overpriced, and second to take corrective action without substantially eroding the bottom line. The first thing that should be done is to commission a market study report to assess whether the hospital is currently overpriced. Several strategies can be employed to correct any overpricing that may exist in the hospital.

1. If the whole hospital appears to be slightly overpriced, holding off on the annual price increases should cause the hospital to fall back in line with the market. Due to the different factors

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that go into hospital pricing, this is not a very common scenario. The next two scenarios are much more common.

payment floor, not increasing prices where the hospital is lower than market, and not being aggressive enough with prices that are well above the market price. Utilizing experienced people in

2. If the hospital is significantly over-priced in specific departments, freezing price increases for those departments or rolling back

Exhibit 1: CPT 12001 Simple Laceration Repair					
Category	Price				
	2000	2001	2002	2003	2004
Your Price	\$ 223.00	\$245.30	\$ 269.83	\$296.81	\$ 326.49
Market Price	\$ 223.00	\$220.00	\$ 193.00	\$173.70	\$ 156.33
Medicare APC Payment					\$ 91.94

Exhibit 2: Effect of Across the Board Increase on Supplies and Pharmaceuticals					
Year	Across the Board Amount	Cost	Markup Factor	Markup	Patient Charge
Initial	0.00%	\$ 10.00	4.00	\$ 40.00	\$ 50.00
1	10.00%	\$ 9.75	4.64	\$ 45.25	\$ 55.00
2	10.00%	\$ 9.50	5.37	\$ 51.00	\$ 60.50
3	10.00%	\$ 9.25	6.19	\$ 57.30	\$ 66.55

prices may be necessary. This scenario requires the use of techniques to ensure that the hospital department can continue to operate in a revenue positive manner even after price reductions. Pharmacy and central supply are typically found to have experienced this price creep and are good candidates for specific departmental price lowering. Typically, a strategic pricing project can be done that will allow the specific over inflated departments to be normalized while applying tactics in other departments that results in an increase to bottom line revenue for the whole hospital.

performing this type of project is imperative. Strategic price lowering can be done with surgical precision to minimize the erosion to the bottom line, or it can be done haphazardly and result in major financial issues for the institution.

A house cleaning of this type will not be a pleasant experience. However, skilled professionals can employ techniques that help to minimize the impact of this project to your cash.

3. In a worst-case scenario, it is found that the majority of the hospitals procedures are significantly overpriced. In this case, a strategic pricing project should be undertaken to lower prices. Prime targets for this type of price lowering are room rates, surgery procedures, and other procedural items that are paid on a per diem or fee schedule basis. Common pitfalls of this type of project are: lowering per diem prices below the

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# Welcome New Members



The Washington/Alaska Chapter is pleased to announce the following new members

**Timothy J. Hein**

Corporate Account Executive  
Johnson & Johnson  
Camas, WA

**Caroline Leung**

Chief Financial Officer  
Toppenish Community Hospital  
Toppenish, WA

**Jennifer R. McNatt**

Marketing Representative  
Audit & Adjustment Company, Inc  
Lynnwood, WA

**Diane Blake**

Director of Accounting  
Cascade Medical Center  
Leavenworth, WA

**Robert Morrison**

Deputy Director  
Washington Association of Community &  
Migrant Health Centers  
Olympia, WA

**Rhonda Handly**

Controller  
Columbia Basin Hospital  
Ephrata, WA

**Linda A. Gray**

Account Executive  
Siemens Medical Solutions  
Woodinville, WA

**Mary M. McDaniel**

Account Executive  
Boise, ID

**David W. Power**

Finance Manager  
Bellevue, WA

**Robert Flynn**

Regional Director  
GE  
Redmond, WA

**Michael Sohns**

Business Development Manager  
Active Credit Services  
Bothell, WA

**Cheryl A. Mustard**

Manager, Revenue Cycle Management  
Harborview Medical Center  
Seattle, WA

**Michael Sheils**

Director  
Highline Community Hospital  
Seattle, WA

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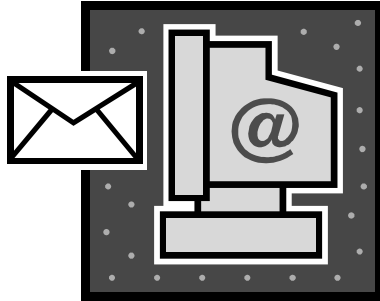
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**Get  
Connected!**



# HOW DO I CHANGE MY HFMA INFORMATION?

All of our chapter directory information including e-mail and addresses



for the newsletter are received from the National HFMA database.

The easiest way to make changes is via the internet. Simply follow these steps to change any of your personal information.

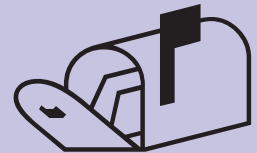
- 1. Log on to <http://www.hfma.org>**
- 2. Go to the membership section**
- 3. Log in using the username and password prompts**
- 4. Follow instructions to access your Profile**
- 5. Edit information.**

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You could win \$100 by writing an article for N.W. Outlook! Share your knowledge & experiences with other HFMA Members. You can help make a difference!

Please send information & articles for upcoming newsletters to:



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Phone: 509-456-8810  
FAX: 509-456-8811

E-mail:  
[cshank@pacificmedicaid.com](mailto:cshank@pacificmedicaid.com)



## Mark Your Calendar

**May 25-27, 2005**

**HFMA**

**Workshop & Meeting**

**Campbell's Resort &  
Conference Center  
Chelan, Washington**

**SEE YOU THERE!**

*Would you like to check  
your progress toward a  
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*Individual scoring records  
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Facsimile: (360) 664-8579

Email: tom.muller@doh.wa.gov

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## UPCOMING CHAPTER MEETINGS

DATE	EVENT	LOCATION
May 25-27, 2005	Workshop and Meeting	Campbell's Resort & Conference Center - Chelan, Washington
September 21-23, 2005	Workshop and Meeting	Bremerton Harborside Hotel - Bremerton, Washington
October 2005	Joint Meeting with Alaska State Hospital & Nursing Home Association	Anchorage, Alaska
December 1, 2005	Joint Workshop with AAHAM	SeaTac, Washington
January 2006	HFMA Region 11 Symposium	Las Vegas, Nevada
February 15-17, 2006	Workshop, Meeting and Vendor Fair	Tacoma, Washington
May 17-19, 2006	Workshop and Meeting	Davenport Hotel - Spokane, Washington
September 27-29, 2006	Joint Meeting with Oregon HFMA	Skamania Lodge - Stevenson, Washington

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