The Bottom Line

hfma oklahoma chapter
healthcare financial management association

Spring 2014

A MESSAGE FROM THE PRESIDENT

Please join us for the ***Spring Meeting April 16-18, 2014,*** at The Skirvin Hilton Hotel Oklahoma City.

For more information please see the meeting agenda and registration form.

We hope to see you there!

Greetings!

It seems like only yesterday that I was nervous accepting a director position. This progression through the ranks has been a great opportunity and fun ride that I recommend to anyone wanting to increase their role in our chapter! The people that have supported our chapter both locally and nationally throughout my term have been amazing to work alongside. I feel confident that the chapter will surely see many improvements over the next years in the capable hands of your upcoming board!

We have continued our pursuit over the last year to contain costs and improve quality of healthcare. It is imperative to be on the forefront of changes in order to offset the eminent increase in costs of quality healthcare while reimbursement declines. HFMA works tirelessly to give its members the tools and information you need to prosper.

I cannot believe that time has passed so quickly this year. At the April tradeshow meeting we will do officer installments for the upcoming 2014-2015 year. I know Jeff Mincher is anxious to start being called Mr. President, so it's OK if you start in April!

Thank you all for the opportunity to serve as your president,

Shannon Fuller
OHFMA President

BEST HOSPITALS IN OKLAHOMA: MOST AFFORDABLE HOSPITALS

by Napala Pratini on March 24, 2014 |

According to the United Health Foundation, Oklahoma has a 32.2% obesity rate and 28.3% of its adults are inactive. As budget cuts have taken a toll on the state's public health funding, Oklahomans need to know where to find the most affordable health care.

NerdWallet Health built a Best Hospitals tool to help patients investigate the cost of hospital care in their local areas. Using this tool, we analyzed the 100 most common treatments at the 50 largest hospitals in Oklahoma to find the most affordable hospitals. We asked the following questions:

- Which Oklahoma hospitals offer the highest number of affordable treatments, and where are they located?
- What are these treatments?
- How satisfied are patients of these hospitals?

The Most Affordable Hospitals in Oklahoma

1. **Tahlequah City Hospital**—Tahlequah, OK
   Founded in the 1920s by a retired Army nurse, the hospital is now a 100-bed regional health care provider with a patient satisfaction rating of 69%. In addition to affordable treatments for acute heart attack and hip replacement, patients can also receive complete cardiac care at the Northeast Oklahoma Heart Center. The center holds a catheterization lab, operating rooms, critical care beds and a cardiac rehabilitation unit. The hospital also features the Northeast Oklahoma Cancer Center, where radiation and chemotherapy are available.

2. **Memorial Hospital of Stilwell**—Stilwell, OK
   Stilwell Memorial Hospital is a 34-bed hospital with a patient satisfaction rating of 59%. In addition to its general medical and surgical options, it offers affordable care for stroke and pneumonia.

3. **St. John Medical Center**—Tulsa, OK
   St. John Medical Center's stroke center was recognized in 2013 by the Joint Commission and the American Heart Association/American Stroke Association, and is the only certified comprehensive stroke center in eastern Oklahoma and one of just three in the state. St. John is also the only Magnet-designated facility for nursing excellence in Tulsa, and it boasts a 74% patient satisfaction rating. Patients can find affordable care for shingles and angioplasty.

4. **Purcell Municipal Hospital**—Purcell, OK
   Serving Purcell and the surrounding communities since 1970, this acute care hospital has a patient satisfaction rating of 73%. It has 39 beds, five full-time admitting physicians and a 24/7 emergency room. Purcell offers laboratory services, physical therapy, imaging and a range of specialty services. Affordable treatments include those for emphysema and severe anemia.

5. **Eastar Health System**—Muskogee, OK
   Formerly Muskogee Regional Medical Center, Eastar Health is accredited through the Joint Commission. The system's cancer program and mammography services have received national accreditation as well, and there's also an intensive care unit, an obesity treatment center and a sleep center. Patients can find affordable care for respiratory failure and internal bleeding here, and the overall patient satisfaction is 52%.

6. **Comanche County Memorial Hospital**—Lawton, OK
   This independent, nonprofit acute care facility has 283 beds and employs nearly 2,000 people, and is accredited by the Joint Commission and the Council on Accrediting Rehabilitation Facilities. Comanche County Memorial recently opened a neonatal intensive care unit—the only Level 2 NICU in the state outside of the Oklahoma City and Tulsa metro areas. It boasts a patient satisfaction rating of 73% and has affordable care options for appendicitis and disk surgery.

7. **Jane Phillips Medical Center**—Bartlesville, OK
   This hospital offers a variety of services, including general medicine, surgical services and maternity and infant care, as well as affordable care for heart rhythm disorder and infection from surgical procedures. Jane Phillips Medical is nationally accredited for its imaging services and its sleep center, and there's also a fully certified cardiac rehab program. Its overall patient satisfaction rating is 72%.

8. **McCurtain Memorial Hospital**—Idabel, OK
   McCurtain Memorial Hospital has been serving its community for 60 years, and in 2002 saw a grand renovation of its emergency room, radiology services, medical records and admissions. Affordable treatments for tuberculosis and congestive heart failure are available here, but it has a patient satisfaction rating of 48%.

9. **Choctaw Memorial Hospital**—Hugo, OK
   Choctaw Memorial Hospital is a general medical and surgical hospital serving the Hugo area. It has 34 beds and offers a Level 4 trauma center. It has a patient satisfaction rating of 45%, and offers affordable care for seizure and asthma.

10. **Oklahoma Surgical Hospital**—Tulsa, OK
    Physicians founded Oklahoma Surgical Hospital in 2001 as an orthopedic hospital. The hospital expanded its surgical procedures in 2007 and changed its name to reflect that. It still offers orthopedic services, and also features robotic surgery, a pain management center and a physical therapy center. Affordable treatment includes care for spinal fusion and surgery to the intestine. There are 20 operating rooms and 76 beds, and the hospital boasts a patient satisfaction rating of 86% as well as five-star ratings from HealthGrades for spine and back and neck surgery.

Ranking	Hospital Name	Location	Most Affordable for Common Diagnoses/Treatments Such As:	Patient Satisfaction
1	Tahlequah City Hospital	Tahlequah	Acute heart attack, hip replacement	69%
2	Memorial Hospital of Stilwell	Stilwell	Stroke, pneumonia	59%
3	St. John Medical Center	Tulsa	Shingles, angioplasty	74%
4	Purcell Municipal Hospital	Purcell	Emphysema, severe anemia	73%
5	Eastar Health System	Muskogee	Respiratory failure, internal bleeding	52%
6	Comanche County Memorial Hospital	Lawton	Appendicitis, disk surgery	73%
7	Jane Phillips Medical Center	Bartlesville	Heart rhythm disorder, infection from surgical procedure	72%
8	McCurtain Memorial Hospital	Idabel	Tuberculosis, congestive heart failure	48%
9	Choctaw Memorial Hospital	Hugo	Seizure, asthma	45%
10	Oklahoma Surgical Hospital	Tulsa	Spinal fusion, surgery to the intestine	86%

Methodology

Affordability: Using CMS Medicare Provider Charge Data, we first determined the 50 largest hospitals in Oklahoma (of 85 total) by calculating the total number of Medicare patient discharges per year. We then calculated which of these 50 has the lowest price for each of the 100 most common medical procedures, and then summed the number of times that each hospital had the lowest price. The data are for services billed for Medicare patients.

Procedures/diagnoses: For the procedures that each hospital was least expensive, we presented the most commonly known.

Patient satisfaction: Patient satisfaction rates were obtained from HCAHPS, a nationally administered survey on patient satisfaction. “Satisfied” was taken to be patients who reported, “I would definitely recommend this hospital” on this survey.

Hospital characteristics: Individual hospital websites and U.S. News & World Report Best Hospitals

OHFMA MEMBERSHIP GOAL

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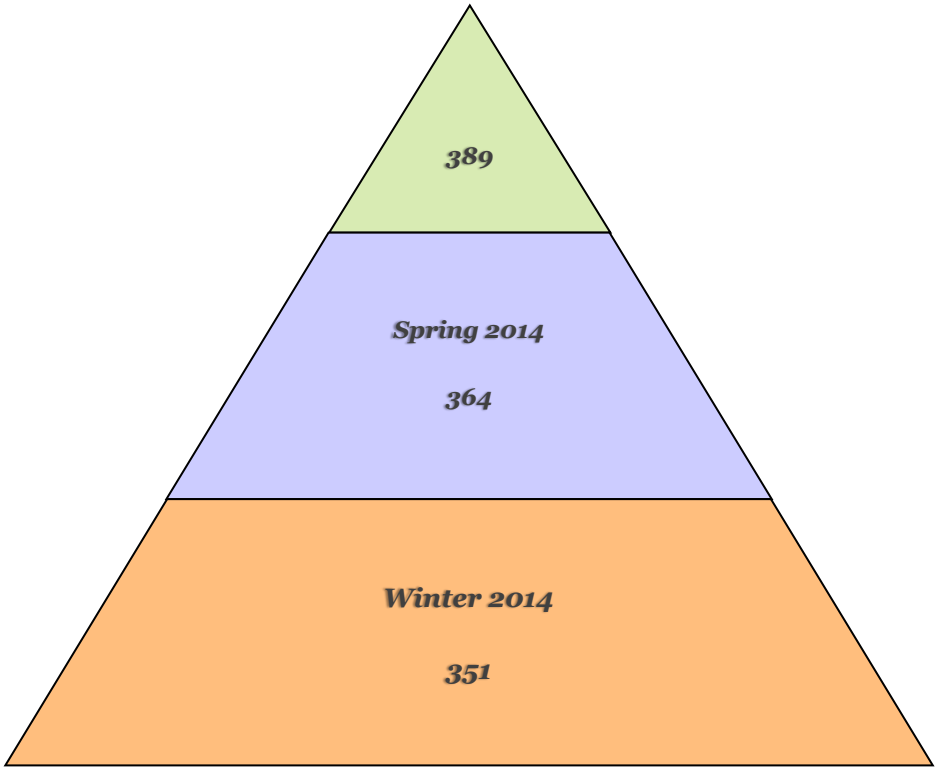

NEW MEMBERS

Amy L. Wood	Accounting Manager	Comanche County Memorial Hospital
Djogan Huang	Assistant CFO	Muscogee Creek Nation Department of Health
Kathy A. Dean	Hospital Chargemaster Consultant	Administrative Consultant Service, LLC
Laura Buxton	Controller/Operations Manager	Carrefour Associates, LLC. Crossroads Hospice
Monica R. Scott	Chief Financial Officer	Great Plains Regional Medical Center
Natra Conner	Corporate Director Central Business Office	St John Health System
Tom Tucker	Chief Executive Officer	Valir Health

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2013-14 Davis Chapter Management Year
CBSC Progress Report
For Period 5/1/2013 - 4/4/2014

CBSC Weight			30				20	20	15		5	5			5	
			Education Hours		Education Hours		Membership	Membership Overall Satisfaction (1)	Certification (2)		Days Cash on Hand (3)	DCMS On-Time Reporting (4)				Overall Score
			Lesser of 0.5% growth or 16.1 hours/member				Equivalent of HFMA overall goal	Lesser of 60%very or extremely satisfied or 5% improvement	% Certified Members = HFMA average (8.3%) or 5% improvement (must be at least 1 member)						40% Provider	
Chap. No.	Chapter Name	Region	(total education hours) Actual	Goal	(hours/member) Actual	Goal	Actual Goal	Actual	Actual % certified	Goal		Chapter Requirements	Chapter Events Q1 Q2 Q3 Q4	Newsletters	Board Composition	
060	Nebraska Chapter	08	7,621.7	4,958.8	24.7	16.1	326 307	94%	17.9%	8.3%	279.5	8	14/14 * 23/23 * 6/6 * 7/11	3	55%	
052	North Dakota Chapter	08	1,879.5	2,704.8	11.2	16.1	151 167	79%	6.0%	7.5%	673.4	8	10/10 * 11/11 * 8/8 * 4/10	3	69%	
058	Show-Me of Missouri Chapter	08	4,210.5	4,202.1	16.1	16.1	269 260	79%	8.0%	8.3%	302.5	8	10/10 * 15/15 * 8/8 * 2/5	3	73%	
063	South Dakota Chapter	08	2,668.5	2,447.2	17.6	16.1	155 151	75%	7.9%	8.3%	387.7	8	2/2 * 4/4 * 5/5 * 4/5	3	82%	
051	Sunflower (Kansas) Chapter	08	7,912.3	4,781.7	26.6	16.1	290 296	70%	11.1%	8.3%	252.4	8	7/7 * 5/5 * 7/7 * 1/4	3	67%	
016	Arkansas Chapter	09	6,218.9	4,459.7	22.5	16.1	280 276	77%	13.4%	8.3%	367.6	8	1/1 * 7/7 * 4/4 * 0/1	3	50%	
053	Lone Star Chapter	09	11,354.7	15,443.2	9.8	13.3	1,197 1,154	58%	7.3%	7.2%	420.4	8	1/1 * 5/5 * 3/3 * 0/6	3	71%	
049	Louisiana Chapter	09	7,393.3	7,164.5	16.6	16.1	438 443	74%	8.5%	8.3%	411.9	8	2/2 * 2/2 * 2/2 * 1/1	3	67%	
005	Mississippi Chapter	09	4,790.8	5,216.4	14.8	16.1	325 333	59%	10.8%	8.3%	496.3	8	2/2 * 6/6 * 2/2 * 0/1	1	70%	
038	Oklahoma Chapter	09	4,576.9	6,295.1	11.7	16.1	364 389	67%	9.7%	8.3%	428.9	8	1/1 * 4/4 * 3/3 * 3/5	6	50%	
075	[illegible]	09	6,318.8	6,101.9	16.7	16.1	388 377	73%	11.1%	8.3%	384.2	8	5/5 * 10/10 * 5/5 * 3/6	3	54%	
069	Texas Gulf Coast Chapter	09	9,292.9	12,268.2	12.2	16.1	768 759	65%	6.4%	7.3%	404.5	8	8/8 * 9/9 * 7/7 * 3/6	3	57%	
057	Arizona Chapter	10	6,161.1	8,347.9	11.1	15.0	542 552	63%	7.9%	8.3%	319.1	8	10/10 * 17/17 * 11/11 * 3/14	3	58%	
061	Colorado Chapter	10	8,835.5	11,173.4	12.7	16.1	698 691	65%	7.9%	8.3%	437.8	8	6/6 * 4/4 * 6/6 * 5/8	4	60%	

(1) Current year's Membership Overall Satisfaction Survey results reported in Jan. | (2) The percentage certified fluctuates throughout the year. |
(3) Days Cash on Hand is a static number calculated on the prior year's year-end QuickBooks balance and is reported in the Fall | (4) Education and Newsletter reporting period due dates: Aug. 10, Nov. 10, Feb. 10, May 10.

HOSPITAL

Tax-Exempt Status

From Charitable Care to Community Benefit

Nonprofit hospitals are in a new era of compliance, with reporting obligations now inextricably tied to an organization's tax-exempt status. Two recent notices from the IRS attempt to provide more clarity for hospital leadership

Internal Revenue Code (IRC) Sec. 501(r), which sets forth requirements nonprofit hospitals must meet in order to maintain federal tax-exemption under IRC Sec. 501(c)(3), was created with passage of the Affordable Care Act (ACA) in 2010. More than half of all hospitals in the United States are nonprofit. Thus, IRC 501(r) will have a significant impact on the manner in which health care will be provided in the local community and across the country.

Charitable Care, Community Benefit

In 1956, the IRS standard for tax exemption required hospitals to provide charity care to the extent of their financial ability. "Community benefit" was first articulated by the IRS in 1969. While charity care remained an important component, hospitals were required to expand efforts and promote health to a class of persons broad enough to benefit the community. The standard remained essentially unchanged until 2009 when the IRS introduced a new Schedule H to supplement financial data collected from all tax-exempt organizations. Enactment of the ACA presented another opportunity to expand and clarify federal community benefit requirements, establishing criteria related to the assessment of community health needs; financial assistance policies; and hospital charges, billing and collection practices.

501(r) provides that a hospital organization will not be afforded tax-exempt treatment under 501(c)(3) unless the hospital meets requirements of 501(r)(3) through (r)(6):

- 501(r)(3) requires a hospital organization to conduct a community health needs assessment (CHNA) every three years and implement a strategy to meet those needs.
- 501(r)(4) requires a hospital organization to establish a financial assistance policy (FAP) and a policy related to emergency medical care.
- 501(r)(5) limits amounts charged for emergency or other medically necessary care that is provided to individuals under the hospital's FAP to not more than the amounts generally billed to insured individuals.
- 501(r)(6) requires reasonable efforts to be made to determine whether an individual is FAP-eligible before engaging in extraordinary collection actions.

There is considerable guidance from tax and legal professionals regarding the nuances and best practices for complying with the requirements of 501(r), including the dynamic nature of the CHNA process and the need for its conclusions and responses to be thoroughly documented.

Notices, Proposed Regulations and Procedures

Implementation of 501(r) has not been without challenges and the IRS has attempted to resolve a wide variety of issues through notices and publication of proposed and temporary regulations. It is in the absence of statutory guidance that proposed regulations offer organizations the best instruction on compliance. Most recently (i.e., on Dec. 30, 2013), two more notices provided guidelines for affected organizations. Notice 2014-2 confirmed that tax-exempt hospital organizations may rely on proposed regulations under 501(r) before final regulations are published. Notice 2014-3 provided correction and disclosure procedures for certain failures to meet the requirements under 501(r).

With the issuance of Notice 2014-2, nonprofit hospitals are provided a clear methodology for compliance with 501(r) based on the proposed regulations dated June 26, 2012 and April 5, 2013. For the earlier guidance, information was provided on the requirements for charitable hospitals relating to financial assistance and emergency medical care policies, charges for emergency or medically necessary care provided to individuals eligible for financial assistance, and billing and collections. CHNA requirements were covered in April 2013 along with a discussion on the related excise tax and reporting requirements for charitable hospitals as well as consequences for failure to satisfy 501(r). The 2013 proposed regulations also specified that failure would be excused (i.e., no loss of tax-exempt status), if a hospital corrected and disclosed errors and omissions promptly after discovery.

Most tax-exempt hospitals were required to meet the CHNA requirement set forth in 501(r)(3) by the end of 2013. As for those organizations that made a good faith effort to comply by the deadline, issuance of Notice 2014-2 on Dec. 30 might be considered anything but timely. Fortunately, Notice 2014- 3 includes a proposed revenue procedure allowing nonprofit hospitals to maintain favorable tax treatment when failure is neither willful nor egregious.

What's New Under 501(r)?

The passage of the Affordable Care Act established four new federal requirements for tax-exempt hospitals under section 501(r) of the Internal Revenue Code. They include:

- Conduct a community health needs assessment (CHNA) every three years and adopt an implementation strategy to meet needs identified in the assessment.
- Adopt a written financial assistance policy that includes eligibility criteria, methods used to calculate charges, applications for assistance, and actions associated with billing and collections.
- Limit charges for services to FAP-eligible patients to levels equivalent to amounts generally billed for insured patients.
- Make reasonable efforts to determine an individual's eligibility for financial assistance prior to extraordinary

A Road Map for Hospitals

The proposed correction and disclosure procedures of Notice 2014-3 provide a road map for organizations seeking to excuse one or more failures as long as action begins before the hospital is contacted by the IRS concerning an examination. Correction includes the following four principles:

- Attempt to restore affected persons to the position they would have occupied had the failure not occurred.
- Take action reasonable and appropriate to the failure.
- Make the correction as quickly as possible after discovery.
- Establish or modify policies and procedures to prevent similar failures from recurring.

Disclosure on Schedule H of Form 990 for the tax year in which the failure is discovered requires:

- A description of the failure, including its type, location, date, number of occurrences, number of persons affected and dollars involved, along with the cause of the failure and practice and procedures in place prior to the occurrence.
- A description of the discovery, including how it was made and timing.
- A description of the correction made, including the method and date of corrections and whether affected persons were restored.
- A description of the practices and procedures, if any, that were established or modified or an explanation as to why no changes were needed.

The IRS states that correction and disclosure does not create a presumption that failure was not willful or egregious. However, correction and disclosure in accordance with the proposed revenue procedure will be considered as a factor and may serve as an indication that failure was not egregious or willful.

It is important to note that minor and inadvertent omissions and errors due to reasonable cause will not be considered a failure to meet a requirement of 501(r), if corrective action is taken promptly after discovery. By contrast, a failure to meet the CHNA requirements of 501(r)(3) subsequently excused as a result of appropriate correction and disclosure actions may still result in the imposition of an excise tax.

501(r): A Shift in Emphasis

The IRS continues to focus on activities and policies of nonprofit hospitals while capturing information to ensure compliance with the ACA. However, many of the provisions of 501(r) were effective for tax years beginning after the date of enactment. As such, and without final rules and regulations, the challenge for affected organizations has been to avoid failure. A recent notice confirms certain proposed regulations can be relied upon for compliance pending the publication of final regulations or other applicable guidance. Another new notice proposes procedures to correct and disclose failures to comply with the requirements of 501(r).

Policy analysts predict less demand by uninsured patients for free and discounted hospital care as the ACA is implemented. The anticipated result is greater resources at nonprofit hospitals to focus on community benefits. The entire industry is shifting from managing illness to promoting wellness. Nonprofit hospitals, in return for retaining favorable tax treatment, are expected to contribute by creating and expanding public and community health initiatives throughout the communities they serve. 501(r) appears to be the tool by which the shift from an emphasis on charitable care to community benefit will be accomplished.

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