## Washington Healthcare News

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Articles, Interviews and Statistics for the Healthcare Executive

#### VOLUME 2, ISSUE 12

#### Practice Administrators of Today: Champions of Challenge and Change

**By Kalen W. Privatsky** President Washington State Medical Group Management Association



Sally just returned from a negotiation meeting with a large healthcare organization. Upon arrival to the clinic, she learns that 2 staff members from the front desk and a medical assistant have called in sick. The garbage disposal in the break room is not working and the toilet in the right hallway is having problems. Also one of the computers in the front desk area is not working. In addition, two staff members are not getting along and have requested a meeting, and Dr. Smith would like to talk to her about the most recent distribution and his overhead Welcome to medical charges. practice management.

Medical practice management has been a profession for years, but it has been the last 20 to 25 years that the importance of this profession has been more prominent. In the past, a physician could hang a shingle in a community, schedule patients on a piece of paper, bill the amount that they felt appropriate and get paid the full amount they billed. Even with the development of insurance organizations, for many years, physicians received full payment for the charges they submitted and had the ability to submit the charges how they preferred.

The modernization of healthcare has brought on a complex and changing environment. This environment requires technology, complex systems and an educated and dedicated staff to be successful. The government is actively involved in issuing regulations related to how a physician will bill for a service, how much the physician will be reimbursed for such service, and how the physician will manage his or her practice. In addition to the government regulations, the commercial payors issue their own set of rules and regulations related to billing and reimbursement issues. These rules and regulations change quite frequently. In order to maintain a steady cash flow, the practice must be prepared for these changes and have systems and management in place to accommodate the changes in a timely manner. Additional laws and regulations associated with employment law, privacy law, and health law add to the complexities associated with running a medical practice today. In order to be

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#### Washington Healthcare News

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#### LETTERS TO THE EDITOR

If you have questions or suggestions regarding the Washington Healthcare News and its contents, please reply to dpeel@wahcnews.com. We will be happy to answer your questions in future newsletters. Dear Reader,

Op-ed articles are personal opinions, articles or observations written by readers of a publication, usually a newspaper. The term came about because op-ed articles are typically printed opposite the Editor's page. The Washington Healthcare News' version of the op-ed is called a "Healthcare Opinion" article.

Letter from the Editor

We publish these articles because:

- Our readers find them interesting, informative and provocative.
- The writers are usually CEOs, Legislators, and/or people in high positions. Our readers want to know where people in positions of power stand on important issues.
- There is an opportunity to improve our healthcare system if we exchange ideas and information. Many of the opinions expressed in the Healthcare Opinion articles are innovative and solution-oriented. Our readers realize that one good idea can change everything.

We will continue to publish at least two Healthcare Opinion articles each month. We are always accepting these articles and hope you consider a submission in the future.

David Peel, Publisher and Editor

#### Washington Healthcare News 2008 Editorial Calendar

Month and Year	Theme of Edition	Space Reservation	Distribution Date	
January 2008	Healthcare Public Policy	December 3, 2007	December 21, 2007	
February 2008	Urban Medical Clinics	January 7, 2008	January 25, 2008	
March 2008	Rural Hospitals	February 4, 2008	February 22, 2008	
April 2008	Insurance Carriers	March 3, 2008	March 21, 2008	
May 2008	Healthcare IT	April 7, 2008	April 25, 2008	
June 2008	Rural Medical Clinics	May 5, 2008	May 23, 2008	
July 2008	Ancillary Services	June 2, 2008	June 22, 2008	
August 2008	Healthcare Human Resources	uly 7, 2008 July 25, 2008		
September 2008	Community Health Centers	August 4, 2008	August 22, 2008	
October 2008	Third Party Administrators	September 8, 2008	September 26, 2008	
November 2008	Insurance Brokers and Agents	October 6, 2008	October 24, 2008	
December 2008	Urban Hospitals	November 3, 2008	November 21, 2008	



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#### Practice Administrators of Today: Champions of Challenge and Change

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successful, a practice must be prepared with management and systems to handle the complexities associated with these additional laws and requirements.

According to the Washington State Medical Association (WSMA), Washington is home to approximately 1,750 medical clinics.

These clinics range in size from one provider to several hundred A large number of providers. these clinics (nearly 40%), have 3 providers or less. Though each of these clinics specializes in different areas, all of them require a medical practice manager/ administrator to guide them through the business of delivering healthcare services. Depending on the size and complexity of a practice, the administrator may be responsible for all aspects of the business management. These skills and duties include: operation management, human resources, budgeting, strategic planning, information technology, negotiations, recruitment, marketing, accounts receivable management, accounts payable, payroll, employment law, healthcare law, coding and billing, personal relations, physical plant management (to handle the clogged toilet), and acting as a referee. Though they may not be an expert at all aspects, a practice administrator should have the ability to perform

these duties.

With the growth of a medical practice, the management complexity and needs intensify. The need to develop a management structure is required to accommodate the needs of a growing practice. For example, a small practice of 3 providers may have up to 15 - 20 employees, but a practice

"Washington State Medical Group Management Association (WSMGMA) is an organization that has existed for over 30 years. With close to 500 active members throughout the state, WSMGMA plays an active role in the medical practice manager community"

with several hundred providers will have several thousand support employees. Though the management requirements are similar, it is impossible for one person to accomplish the necessary duties and tasks. Managers are hired to work under the administrator to support the practice in many different avenues. These managers may specialize in certain areas such as human resources, finance, or operations or a manager may be given the responsibility of a certain department where he or she would be responsible for many different aspects of management for a department or service.

#### **Resources and Assistance**

Washington State Medical Group Management Association (WSMGMA) is an organization that has existed for over 30 years. With close to 500 active members from throughout the state. WSMGMA plays an active role in the medical practice manager community. The members represent many different clinics and range from one-provider clinics to several hundred-provider clinics. The education of the members range from high school diploma to MD/Ph D The mission of WSMGMA is to enhance healthcare delivery and administration through a broad range of group practice leadership and professional development, education, information, communication, technology, advocacy and network activities.

WSMGMA provides many different resources to support a practice manager. The highlights include:

Annual Salary Survey

This survey is presented by group size, specialty and geographic area. It is free to members that participate and can be purchased for a nominal fee.

#### Annual Conference

The annual conference is a true highlight of WSMGMA. The location changes annually and is usually in western

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#### Practice Administrators of Today: Champions of Challenge and Change

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Washington one year and eastern Washington the next. Lately, the annual conference has been held in conjunction with the Oregon MGMA. Nationally recognized speakers are common and the educational aspects are presented by experts in the field which may include other managers/ administrators from the state. The networking opportunities are abundant and the members have the ability to meet with peers and colleagues that have experience in the same field. In addition, a vendor showcase hall representing the vendors and specialists that provide products and services associated with the healthcare market is always present.

#### Website

The WSMGMA website is a valuable tool that is constantly updated with practice management tools, job opportunities, vendor or business partner information and legislative updates.

#### List Serv

The List Serv is a valuable resource that allows the members to post current issues or situations that they are experiencing in their practice today. The question or issue is posed to the membership and usually there is always a member or multiple members that has had experience with the situation and can offer tips and assistance to help the member be successful in their job.

#### • Networking

WSMGMA provides an avenue for practice managers to have access to all members of the association. All members experience the same issues and to have the ability to call or email a colleague to see

"A successful manager will have his or her ear to the ground preparing for the upcoming staff issues, regulation changes or necessary technological advances"

how they accomplished a certain task or issue is an invaluable tool and resource.

#### • Partners Program

This program allows our members to review healthcare service and product vendors as well as supplies contact information.

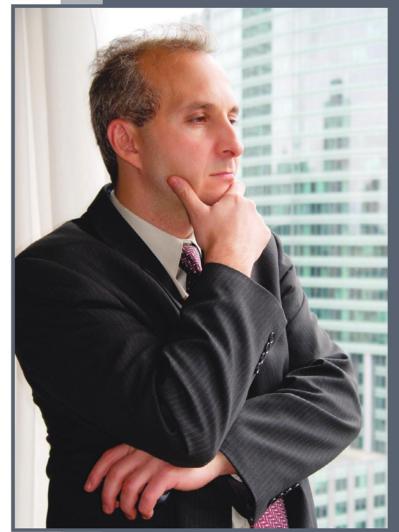
#### Washington State Medical Association Partnership

WSMGMA members are connected to the WSMA through a joint partnership. WSMGMA members are given the member rate to any event sponsored by the WSMA. In addition, members are allowed to access the many different management resources and legislative programs offered by the WSMA.

Medical practice management does consist of a challenging and constantly changing environment. Communication and networking are just one of many keys to be successful in the profession. A successful manager will have his or her ear to the ground preparing for the upcoming staff issues, regulation changes or necessary technological advances. In addition, the successful manager will continually pursue educational opportunities that will keep them up to date with current issues and regulations. He or she will have a network of friends and colleagues within the industry acting as a knowledge resource and an overall support network. WSMGMA is a great option for the practice managers of Washington State to acquire these resources.

Kalen W. Privatsky is President of the Washington State Medical Group Management Asso-He is also the Adminciation. istrator of Valley Orthopedic Associates/Proliance Surgeons, Inc., a fifteen physician Orthopedic practice in Renton Wash-Mr. Privatsky can be ington. via reached e-mail at k.privatsky@proliancesurgeons. com.

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#### **Finding Healthcare Coverage for High Risk Groups**

**By Michael Greve, FLMI, CEBS** *Baldwin Resource Group, Inc.* 

When you cost the system money, nobody wants you.

Say you are the CFO of a 150 employee medical clinic and budget for a 15% annual increase in your employee medical plan premiums. You might feel like you've taken prudent action for the future. When next year's policy arrives, the actual rate increase is 35%.

And the worst thing is, because the 35% increase is based on the cost and quantity of medical services your employees purchased, you deserve it.

Of course, this problem is not confined to a particular clinic. Medical industry employers with high claims experience and a low employee count are the undesirables of the insurance company group department. These employers have a limited choice of insurers and always pay more than larger employers in most other industries.

#### **Can We Change That?**

Actions to reduce the price of services by provider contracting, or requiring the clinic to treat their own employees at a discount can reduce costs, but often this kind of approach has already been stretched to the limit. Efforts to reduce utilization with large claim management, health risk assessments, and wellness programs could be partial long-term solutions. Unfortunately, the crisis is immediate—the clinic can't afford next year's premiums.

Of course, there are two simple solutions: cut benefits, or terminate the plan. Neither option solves the problem of providing good, affordable health care for employees. But before implementing those solutions, there might be other options.

#### Solicit Offers from Competing Insurers

The risks of medical industry employers are well known to the few insurers willing to consider underwriting them. Retention costs (the carriers' administration and risk charges) are already higher in Washington than in other states, and are mostly unchecked by competition. Insurers attempt to add progressively larger amounts of administrative fees, margin and reserves to the premiums every year.

The good news is recently a few national insurers have finally become interested in doing business in Washington. However, that interest isn't yet (and may never be) strong enough for them to bid on high-risk groups.

#### Join an Association Plan

Since insurers backstop the in-

sured associations, they are subject to the same issues discussed above. In addition, association rules generally prevent any flexibility in rates and plan design.

Quotes by self-insured associations are almost non-existent. Due to state regulations, there are only four self-insured association plans in Washington, and three only allow employers from specific industries. All four are required by law to pay premium taxes and comply with state mandates, which drives up the cost of their coverage.

Still, in spite of the taxes and state mandates, insured association plans can save money due to lower administrative costs, and if you qualify, self-insured association plans save even more.

#### Self-Insure

Self-insured groups have lower administration fees, no state premium taxes to pay, and can further reduce costs by ignoring state mandated benefits. Long-term savings are likely, but especially for smaller groups, short-term risks are substantial.

Claims liability can be limited by excess loss insurance, but coverage is expensive. Some policies have coverage gaps, and many allow the carrier to "laser," or exclude certain claims from coverage resulting in additional **Continued on next page** 

#### **Continued from prior page**

liabilities for the employer.

Despite the risks, as the number of state mandates climb, and legal and administrative burdens on insurance carriers increase, the resulting higher costs are forcing smaller and smaller employers to consider self-insuring.

#### **The Simple Solutions**

Benefit cuts and plan termination have the impact of a hammer, but sometimes the blow can be softened. For example, benefit cuts can be in the form of a high deductible plan supplemented with a contribution to a Health Savings Account.

Even plan termination can be easier for employees to deal with if accompanied by pay increases or partial reimbursement for individual health coverage.

Of course, tax considerations complicate even the simplest solutions. Furthermore, these remedies can cause big problems in employee retention and recruiting. Valuable employees might move to companies who can provide comprehensive coverage.

#### Conclusion

Unfortunately, as options become scarce and costly, more Washington employers are considering the simple solutions of benefit cuts or plan termination. But there are other options worth investigating.

Insurers are subject to increasing expenses, and the costs of medical

care are high and difficult to predict. These factors are evident in their premium rates. Even so, occasionally, there are deals to be made. And in spite of the financial risks, self-insuring is an answer used by an increasing number of Washington employers every year.

Someday there may be no alternative to benefit cuts or plan termination, but today there are still options, even for high-risk groups.

Michael Greve is an employee benefits consultant at Baldwin Resource Group, Inc. in Bellevue, WA. He can be reached at (425) 775-4227, or by email at mgreve@baldwinrgi.com.

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Prime Advisors, Inc. of Redmond, WA was recently named one of the 5,000 fastest growing companies in America by Inc.com magazine. The company ranked as the 76th fastest growing company in the Seattle-Tacoma-Bellevue geographic area.

Duane Castles, Prime's Chairman and Chief Executive Officer states, "Our revenues grew 62% from 2003 to 2007. We attribute most of this rapid growth to our increased client base."

In 1986, the insurance industry environment changed through tax laws that introduced new complexities in the allocation of taxable versus tax-exempt bonds. Castles realized the typical insurance company with \$2 billion or less in assets did not have necessary internal actuarial resources to develop and implement effective investment plan(s) that would consider changing asset and liability balances over a predetermined period of time as well as integrate the impact of the 1986 tax law changes. It was at this time that Mr. Castles, who had municipal bond trading experience at both Seattle Northwest Securities and U.S. Bank, began to develop the idea that taxexempt municipal securities could provide a boost to insurance company portfolios through a crossover strategy. So in 1988, Prime Advisors, Inc. was born.

Not long after Prime's inception, Castles began working with Vince Rowland, then practice leader of the Tillinghast Financial Modeling Group. With his Tillinghast background (the world's largest actuarial consulting firm) and his experience as CFO of a property and casualty insurance company, Mr. Rowland proved an invaluable resource. Rowland opened the Connecticut location of Prime in 1992.

Rowland observes, "When I was a CFO, I frequently heard investment advisors tell me they would do whatever I wanted them to do. To me, that wasn't enough. An investment advisor should provide comprehensive advice tailored to a client's individual financial situation." He feels that customization is Prime Advisor's differentiator. "Our pairing of actuaries with portfolio managers gives our clients the customized expertise they need and deserve in their investment advisor."

Prime is indeed prime – for growth. With 49 insurance company clients and \$8.1 billion in assets under management, the company has focused its sights to include the hospital and health care sector.

Castles anticipates significant growth in new health care and hospital clients. "We believe hospitals and health care plans share many of the same investment management needs as insurance companies." Both sectors have performed well over the past decade and accumulated significant portfolios. "In fact, hospitals and health care plans we work with will appreciate working with an investment manager who brings both the actuarial and financial resources to bear in the investment management process."

To reach Duane Castles, email castles@primeadvisors.com or call 1.800.729.2499.

Prime Advisors, Inc. Snapshot		
Description	Company information	
Key executives	Duane Castles, Chairman & CEO, Mark Tollefson, Chief Investment Officer	
Service area	Washington State and the rest of the United States	
Targeted market	Insurance companies, hospitals, health care organizations	
Contact information	castles@primeadvisors.com   1-800-729-2499   www.primeadvisors.com	



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#### **Digging for the Gold in Healthcare Billing**

#### **By Melania "Lani" Antonio, CPC** *Revenue Cycle Improvement Specialist Derry, Nolan & Associates, LLC*

So many issues contribute to the soaring volume of claim denials. And those claims denials affect medical organization revenue opportunities adversely. While it is common knowledge among those of us in the industry that medical insurance billing complexity is increasing exponentially, not so common is the knowledge of root cause and how to proactively correct and improve denial patterns.

Where does the denial begin? Perhaps issues are technical - incorrect data parameters in the system. Or perhaps the technical issues simply compound the human equation - rapidly changing regulations are difficult to keep up with, sheer transaction volume can overwhelm staff – billing staff who already spend non value added time on researching duplicate claims or touching a claim multiple times as part of re-work. The bottom line is immediately impacted with increased labor costs combined with decreased cash flow.

The Center for Medicare and Medicaid Services (CMS) notes that one common reason for claim denials is not meeting Medical Necessity requirements. Another respected source, Noridian Medicare Bulletin, provides a "Top Ten" for responsible claim denial errors. Unlike Letterman's "Top Ten" this list is far from laughable.

- 1. Records indicate the performing physician, supplier or practitioner is a member of a group practice; however, the individual and group NPI/ PINs were not entered accurately.
- 2. Patient cannot be identified as our insured.
- 3. Payment denied due to procedure code/modifier was invalid on the date of service or claim submission.
- 4. NPI/UPIN of the ordering, referring or performing physician is missing or invalid.
- 5. Procedure code is inconsistent with the modifier used, or a required modifier is missing.
- 6. Did not complete or enter accurately the CLIA number.
- 7. The procedure code/bill type is inconsistent with the place of service.
- Referring, ordering, supervising provider's name and/or UPIN/NPI are missing or incomplete.
- 9. Item 11 not completed.
- 10. Missing, incomplete or invalid information on where the services were furnished.

So where's the gold? The revenue that medical organizations need to survive? A map is usually pretty helpful when looking for buried treasure. Healthcare billing just needs that map, the one that can find hidden revenue opportunities. Identify the root of the problem when you examine the overall revenue cycle. Based on the most common errors, we put together a matrix to help identify affected processes, probable root causes, and possible resolution activities. The matrix on page 14, developed by Derry, Nolan & Associates, LLC, helps identify the processes that are affected, probable root causes, and some action items for resolving the issues.

Set your organization up to win. Train, test and audit staff and providers routinely so any deficiencies leading to denials are identified and resolved quickly. Render the "gold" tangible with revenue your organization deserves because it proactively addresses workflow problems, infrastructure issues and training gaps.

Melania "Lani" Antonio, CPC is a Revenue Cycle Improvement Specialist with the consulting firm Derry, Nolan & Associates, LLC. (www.derrynolan.com) The company is a healthcare consulting firm that specializes in business improvement strategies for large and small private physician groups, hospitals, and integrated health systems. Ms. Antonio can be reached at lani@derrynolan.com.

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### Matrix of Coding Errors, Workflows Affected, Probable Causes and Action Required for Resolution

Denial	Billing Workflows That May be Affected	Probable Root Cause	Action Required	
<b>1.</b> Records indicate the performing physician, supplier or practitioner is a member of a group practice; however, the individual and group NPI/PINs were not entered accurately.	<ul><li>Internal billing parameter setups</li><li>Clearinghouse</li></ul>	• Provider numbers may not be linked to the appropriate fields on the claim forms	Review system parameter setups and make appropriate change	
2. Patient cannot be identified as our insured.	<ul><li>Scheduling</li><li>Registration</li><li>Check-in</li><li>Billing</li></ul>	<ul> <li>Data entry inaccuracies and/or missing verification of insur- ance coverage</li> </ul>	• Review each step of the workflow and hold staff accountable for accurate information, which may require addi- tional education and training	
<b>3.</b> Payment denied due to procedure code/modifier was invalid on the date of service or claim submission.	Provider reporting	<ul> <li>Inaccuracies of reporting the codes in the Electronic Medi- cal Record or on the charge slip/Superbill</li> </ul>	<ul> <li>Verify the codes that were denied</li> <li>Determine the appropriateness of reporting the code, i.e. modifier 26/ Technical Component</li> <li>Verify the place of service (POS)</li> <li>Education/training and templates</li> <li>TIP: Global codes cannot be billed with place of service (22) hospital outpatient</li> </ul>	
<ol> <li>5. Procedure code is inconsistent with the modifier used, or a required modifier is missing.</li> <li>7. The procedure code/bill type is</li> </ol>	<ul> <li>Charge slip/Superbill</li> <li>Electronic Medical Record (EMR) system setups</li> <li>ChargeMaster setups</li> <li>Interface setups</li> <li>Internal billing system setups</li> </ul>	<ul> <li>Inaccuracies of codes on forms and system setups</li> </ul>		
inconsistent with the place of service.	<ul><li>Charge entry</li><li>Charges via interface</li><li>Billing</li></ul>	<ul> <li>Data entry inaccuracies and/or reporting of codes</li> </ul>		
<ol> <li>4. NPI/UPIN of the ordering, referring or performing physician is missing or invalid.</li> <li>8. Referring, ordering, supervising provider's name and/or UPIN/NPI are missing or incomplete.</li> </ol>	<ul> <li>Scheduling</li> <li>Registration</li> <li>Check-in</li> <li>Charge slip/Superbill</li> <li>Charge entry</li> <li>EMR</li> <li>Charges via interface</li> <li>Internal billing system setups</li> <li>Clearinghouse</li> </ul>	Missing or inaccurate setup of providers	<ul> <li>Review system setup and make appropriate changes</li> <li>Review workflow steps to determine the root cause of the errors</li> <li>TIP: Referring provider is required when billing diagnostic services, such as lab, radiology, etc.</li> </ul>	
<b>6.</b> Did not complete or enter accurately the CLIA number.	<ul><li>Internal billing parameter setup</li><li>Clearinghouse</li></ul>	•CLIA numbers may be setup inaccurately	<ul> <li>Review parameter setup and make appropriate changes</li> </ul>	
9. Item 11 not completed.	• Billing	<ul> <li>Claim system setup for line item 11 is blank when "NONE" should be reported</li> </ul>		
<b>10.</b> Missing, incomplete or invalid information on where the services were furnished.	<ul> <li>Provider reporting</li> <li>Charge slip/Superbill</li> <li>Charge entry</li> <li>EMR</li> <li>Charges via interface</li> <li>Internal billing system setups</li> <li>Clearinghouse</li> </ul>	<ul> <li>Inaccuracies of reporting POS and the facility where services were performed</li> </ul>		
Medical Necessity Claim Denia	lls			
	• Provider reporting	• Coverage limitations apply	<ul> <li>Verify the CPT and diagnosis codes that were denied</li> <li>Review Local and/or National Cover- age Determinations</li> <li>Review provider documentation on the appropriateness of reporting the codes</li> </ul>	

Source: Derry, Nolan & Associates. For more information see www.derrynolan.com or contact Melania "Lani" Antonio, CPC at lani@derrynolan.com.



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> Lois Paynter Director of HMO/PPO Administration Saint Mary's HealthFirst





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#### Children's Health Initiative: Providing Access to Quality Care

#### **By Scott Armstrong**

President and Chief Executive Officer Group Health Cooperative

Two events occurred last month that say a lot about the past, present, and future of healthcare in Washington State.

One was the marking of Group Health Cooperative's 60th anniversary at our annual membership meeting.

The second was an announcement by King County Executive Ron Sims that the health care community had reached the goal of raising \$3 million in donations for the Children's Health Initiative.

Both events demonstrate how powerful a collective belief in a common cause can be.

In 1947, Group Health founders realized their vision to bring to life a new kind of health care. For \$5 a month each member was guaranteed access to the health care they needed.

I see a similar community impulse in the remarkable feat of raising \$3 million in private sector donations and \$3 million in King County taxpayer dollars to fund the Children's Health Initiative.

It is incredible that it was just a year ago that I first met with Executive Sims to imagine what might be possible to do. Group Health offered the first \$1 million, to be matched by an additional \$2 million in private sector donations. A few months later the Washington Dental Service boldly stepped up with another \$1 million donation.

Commitments for the final \$1 million came from 16 organizations: Children's Hospital, Community Health Plan, Evergreen Health Care, Harborview Medical Center. Molina Health Care. Northwest Hospital, OneHealth-Port, Providence Health & Services, Robert Wood Johnson Foundation. Swedish Medical Center, United Way of King County, University of Washington Medical Center, Valley Medical Center, W.K. Kellogg Foundation and Washington State Hospital Association.

This private and public sector initiative is on track to enroll more than 1,000 children into public health insurance programs by the end of this year. In 2008, we hope to see another 3,000 children gain access to quality health care.

Here are some of the key projects within the Children's Health Initiative:

• Online enrollment: This project is developing a more seamless connection for enrolling families to get information, enroll for care and even select their health plan, physician and dentist. This will be done through support of a non-profit agency, Within Reach, which has developed www.parenthelp123.org to assist families in receiving social services.

- Oral health: An oral health demonstration project, to be administered by Washington Dental Service, will improve the delivery of oral health services to children between 250 percent and 300 percent of the federal poverty level.
- Mental health: A behavioral health pilot project will explore the effectiveness of behavioral health specialists in primary care settings using mental health screening tools for maternal depression and childhood behavioral and mental health issues. A similar approach used by the Odessa Brown Children's Clinic has shown substantial access improvements for lowincome families needing mental health services.

A study published in last month's New England Journal of Medicine found that only 41 percent of children with health insurance got recommended preventive care. And only 53 percent received recommended care for chronic conditions. Participants in the study included Children's Hospital Research Institute and University of Washington School of Medicine.

The study provides further evidence that our health care system **Continued on next page** 

#### **Continued from prior page**

is broken.

Sadly, care coordination and preventive care are not sufficiently supported by a financing system that emphasizes reimbursement for expensive treatments. As a nation, we do a better job of promoting Cialis than physical education and nutrition for kids.

I'm proud to live in a state that is among those leading the nation – nudging along a reluctant Federal government – to implement health care reform. The King County initiative dovetails nicely with Gov. Christine Gregoire's and the state Legislature's commitment to extend coverage to all children in Washington State by 2009.

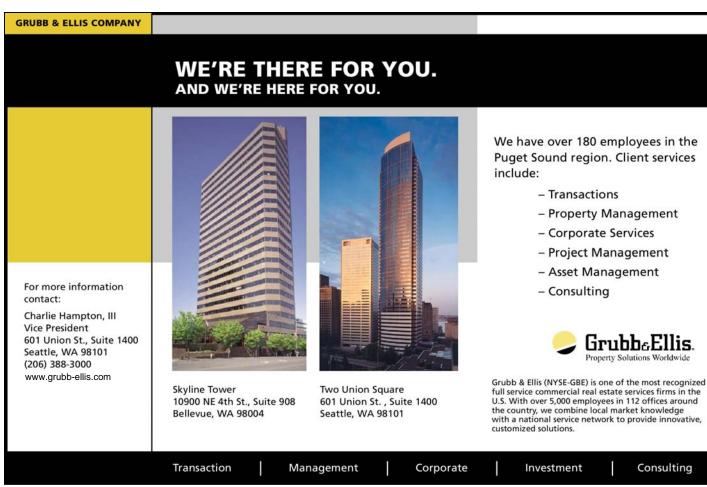
Health care has changed a lot

since 1947. At Group Health we remain true to the fundamental vision of the individuals and physicians who founded the organization. They integrated coverage and care in a way that aligns our incentives with the goal of keeping people healthy. We can invest in immunizations, health screens and reminders, secure emailing and electronic medical records because they improve care in service to improved health.

Part of their vision 60 years ago was "to serve the greatest number", by providing access to affordable healthcare that did not exist at the time. King County citizens are again stepping up to transform the health care system and find a way to serve the greatest number. The state's most populous county is moving ahead quickly to be the first county that can say every child has access to quality care. That is truly something of which we can all be proud.

Scott Armstrong is President and Chief Executive Officer of Group Health Cooperative. Based in Seattle, Group Health Cooperative and its subsidiary health carriers, Group Health Options, Inc. and KPS Health Plans, serves more than half a million residents of Washington & Idaho.

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#### The Power of Great Workplace Culture

By John W. Mitchell

Leader/CEO Grays Harbor Community Hospital Aberdeen, WA

I have worked at more than one organization that publicly stated that people were their most important asset. Too bad the leaders of these organizations did not deliver on their lofty sentiment by creating great culture. Great workplace culture - where employees are engaged and act with a maniacal focus on service is the single most predictor that I know of for organizational success. For hospitals, great culture will launch patient satisfaction scores, assure top level quality/safety scores, increase market share and improve margin. The catch is while it's easy to talk about great workplace culture, it's really hard to do.

As a relatively new CEO (two years) I notice little is written in trade publications and journals about the impact of great workplace culture. Ironically, nearly every issue of concern affected by workplace culture – from national patient safety/quality scores to turnover to costs to union relations - are examined in detail. But hardly any effort is spent talking about how culture is a driver of everything that gets accomplished in a hospital. My experience as a department manager, system VP, COO and now CEO leader is that in the end,

staff will reach the benchmarks important to administrators only if they feel inspired. Fear and intimidation will work in the short run but results will not be sustained. Once an employee discovers great work place culture, they're like a cave person running through the night with torches after fire is discovered. Everyone wants to feel inspired at work and

"The traditional "command and control" type of leadership style is no longer effective in a profession where employees can get a job anywhere they wish to live or travel"

patients want to go to hospitals where staff is happy to be there.

This transformation starts at the top with a leader. Great culture cannot be delegated to someone else. A leader must give up control to get control because culture cannot be driven from the top down. It has to be pushed from the bottom up by staff. It does take a servant leader to be successful, to be the straw that stirs the drink. The traditional "command and control" type leadership style is no longer effective in a profession where employees can get a job anywhere they wish to live or travel. Through our cultural journey at Grays Harbor Community Hospital, I have realized there are four important staging events in beginning cultural transformation.

#### Get Help

A leader wouldn't try to put a new IT system in without consultants. There are several proven and successful "cultural coaches" who can guide an organization as complex as a hospital on its cultural journey.

#### Be Ready to Change

Amazing levels of organizational achievement are in store for any leader when staff successfully manages their own morale. It requires that leaders be visible with and consult staff through a very structured network of work teams.

#### Budget

Great workplace culture cannot be done on the cheap. The good news is the ROI is excellent.

#### Hold Everyone Accountable

A hospital that makes great culture voluntary will, in the end, be worse off -I know. I've seen this mistake first hand. Lack of accountability leads to "program of the month" mentality which destroys organizational credibility.

#### **Continued from prior page**

Everything from strategic plans to management compensation to performance evaluations have to be hardwired to support cultural change.

We have seen magnificent results from our cultural journey – and we've just scratched the surface at my hospital. For great background on the power of culture, I recommend the following three books;

*"Hardwiring Excellence"* by Quint Studer.

*"It's Your Ship"* by Captain Michael Abraschoff.

"Good to Great" by Jim Collins.

John W. Mitchell is the Chief Executive Officer of Grays Harbor Community Hospital in Aberdeen, WA. John can be reached at jmitchell@whnet.org.

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#### Do you have an opinion on a healthcare related issue?

We are currently accepting Healthcare Opinion articles for the March 2008 through July 2008 editions of the Washington Healthcare News. Recommended length is 750 - 850 words. Send your PDF or Word file via e-mail to:

**David Peel, Publisher & Editor** dpeel@wahcnews.com. Call 425-577-1334 with questions.

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#### The Life Sciences Discovery Fund: Creating a Healthy Future for Washington

#### By Jerome Delvin

#### Senator 8th Legislative District

Like other states, Washington is facing serious problems — the burden of chronic disease, dramatic gaps in health-care coverage for children, the increasing weight of health insurance premiums on businesses and workers, rural communities with few health care providers, dramatic disparities in health-care quality, and spiraling costs.

At the same time, the state has one of the most creative and productive life sciences industries in the nation. We have an unparalleled tradition of technological innovation. Our business community's entrepreneurial spirit has developed world-class products and ideas for the clinic and the market.

These challenges and creative capabilities are why the State Legislature created the Life Sciences Discovery Fund (LSDF) in 2005. The Fund's goal is to use Washington's \$350 million tobacco settlement bonus to boost life sciences competitiveness, improve health and health care, and promote economic growth.

As a Trustee of the Life Sciences Discovery Fund, I can assure you that this strategy has already created major value for the state. The Allen, Gates, and Group Health foundations, as well as corporations like Amgen, Microsoft, and Safeco, have contributed private donations to get the Fund's work started even before the tobacco dollars arrive. Our first research grants are packed with promise.

For example, the LSDF will support the work of Dr. Neil Ivory and associates at Washington State University, who are devel-

"the LSDF will support the work of Dr. Neil Ivory and associates at Washington State University, who are developing a portable microchip test for rapidly diagnosing acute cardiac distress"

oping a portable microchip test for rapidly diagnosing acute cardiac distress. The team's microchip will be able to use the tiniest blood sample to provide a realtime snapshot of a patient's cardiovascular health. The chip, which can be used in both emergency-care situations and for long -term prognosis of cardiovascular disease, has the potential to dramatically improve the treatment of heart attacks and improve cardiac health. The Life Sciences Discovery Fund is also backing a new diagnostic screening technology now being tested by Dr. Bill Hagopian at the Pacific Northwest Research Institute in Seattle. With this new, low-cost method for testing infant blood, the Hagopian team has been able to identify children at high risk for developing type 1 diabetes - long before it would normally be detected. As a result, physicians can detect the onset of disease earlier, head-off illness and hospitalizations at diagnosis, and reduce costs.

Another exciting example is our investment in a plan to apply information technology to managing medication. Dr. Jeff Hummel of Qualis Health is teaming up with two for-profit companies, OneHealthPort in Seattle and Chart Connect in Yakima to deliver real-time patient medication history information to health-care providers. This cutting-edge approach to medication management can reduce medical errors and adverse events in patient treatment, improve chronic illness care, and eliminate unnecessary direct costs.

In all, six projects have been recently funded in the LSDF's first grant competition. Others include using advanced technologies to diagnose breast cancer metastasis,

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treat hemorrhagic stroke, and improve surgical care and outcomes in more than thirty hospitals across Washington.

When the Legislature established the Life Sciences Discovery Fund, these were exactly the kinds of projects we envisioned. They use leading-edge technologies, address profound health problems, involve institutional collaborations and offer potential benefits that will reach countless communities across the state.

The first installment of Washing-

ton's tobacco bonus arrives in April, 2008. With that money, and subsequent annual installments over the next ten years, the Life Sciences Discovery Fund will be able to send the creativity and imagination of our state's research community into overdrive. We'll select innovative new projects and programs every year aimed at solving our state's most pressing health-care problems.

The long-term positive impact for our citizens is incalculable. Someday, I'd like to see a world where diabetes is rare and easily controlled, spinal cord injuries can be reversed, chronic disease is routinely managed, and heart disease and cancer are diseases of the past. The Life Sciences Discovery Fund is the first step on that journey. I'm thrilled at where it may take us.

Sen. Jerome Delvin represents the 8<sup>th</sup> Legislative District, which includes Richland, Kennewick, Benton City, and Prosser.

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This position works closely with the EVP, administrators, clinic managers and physician leadership. Work situations include a variety of complex duties and responsibilities that require policy development, technical expertise, problem-solving skills, decision making, organizational skills, accountability, leadership and the use of discretion and good judgment.

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**Franciscan Health System** (FHS) is proud in continuing to meet the growing healthcare needs of Gig Harbor and our surrounding communities by expanding our services with the building of our brand new, state-of-the-art, 80-bed **St. Anthony Hospital**. The hospital will not only ensure our ability to provide for our Gig Harbor, Key Peninsula and south Kitsap County residents, but also broaden your opportunities to grow alongside our success as well.

Scheduled for completion in early 2009, St. Anthony Hospital will create an additional 450 jobs in the near future. As part of this, we are embarking initially on our recruitment of the following positions:

- Chief Operating Officer
- Director, Emergency Services
- Director, Perioperative Services
- Director, Acute Care Services

Please note: The selection and posting of staff positions for St. Anthony Hospital will begin in early 2008. Please visit our website for updates.

FHS was recently ranked **#8 in the Nation** on the prestigious *Verispan* "Top 100" annual list of the most highly integrated, most efficient and best-performing healthcare networks.

Help continue the legacy of FHS as we build the foundation of our staff now – while we continue building St. Anthony Hospital each day. We offer excellent pay and benefits such as paid time off, tuition reimbursement and relocation expenses. Visit us at **www.fhshealth.org** for more information about these positions, or call **(253) 857-1433**. FHS is a tobacco-free and drug-free environment. EOE

#### www.fhshealth.org



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## Plan and Hospital Financial Information

	YTD Net Income and Members through 09/30/07 for the Largest Health Plans in Washington State <sup>1</sup>						
Plan Name	Net Income	Members	Plan Name	Net Income	Members		
Health Plans:			LifeWise Health Plans of AZ.	(\$11,164,137)	31,266		
Regence BlueShield	\$66,554,186	885,521	Arcadian Health Plan	(\$924,311)	19,090		
Premera Blue Cross	\$76,438,960	726,319	Timber Prod. Manuf. Trust	\$460,174	9,611		
Group Health Cooperative	\$72,789,487	401,888	Washington Employers Trust	(\$1,560,699)	9,122		
Molina Healthcare of WA	\$32,585,577	283,931	Aetna Health, Inc.	\$1,977,998	6,708		
Community HP of WA	\$9,300,708	232,579	Washington State Auto Ins. Trust	(\$1,654,448)	3,100		
Group Health Options	\$114,549	103,491	Puget Sound Health Partners	(\$1,675,215)	C		
Asuris Northwest Health	\$4,047,694	90,828	Vision or Dental Plans:				
LifeWise Health Plan of WA	\$1,623,819	89,102	Washington Dental Service	\$12,560,083	907,902		
Pacificare	\$33,427,691	52,399	Vision Service Plan	\$6,141,567	544,640		
KPS Health Plans	(\$943,114)	45,740	Willamette Dental	\$461,985	70,043		
Columbia United Providers	(\$1,570,608)	35,681	Dental Health Services	(\$1,003,741)	25,664		
YTD Margin	and Days throug	gh 06/30/07 f	or the Largest Hospitals in Washing	gton State <sup>2</sup>			
Hospital Name	Margin	Days	Hospital Name	Margin	Days		
Sacred Heart Medical Center	\$22,077,028	75,945	Deaconess Medical Center	\$1,133,989	28,424		
Swedish Medical Center	\$47,505,728	71,688	Good Samaritan Comm. Health	\$24,463,794	28,075		
Harborview Medical Center	\$3,948,000	66,544	Valley Medical Center	\$12,737,249	26,894		
Providence Everett Med Ctr.	\$18,004,767	50,971	Yakima Valley Memorial	\$4,612,718	25,281		
University of WA Med Ctr.	\$22,367,221	50,150	Evergreen Healthcare - Kirkland	\$3,995,575	24,210		
St. Joseph Medical Center	\$42,578,827	46,225	Highline Community Hospital	\$6,379,484	23,062		
Virginia Mason Medical Ctr.	\$9,034,449	43,702	Swedish Cherry Hill Campus	(\$6,612,725)	21,094		
Southwest WA Med Ctr.	\$1,143,974	43,674	Northwest Hospital	\$3,878,184	20,837		
Providence St. Peter Hospital	\$15,973,315	42,529	Central Washington Hospital	\$7,161,164	20,303		
Tacoma General Hospital	\$24,855,393	41,694	Kadlec Medical Center	\$4,991,856	20,222		
Children's Hospital	\$13,806,001	34,312	Holy Family Hospital	\$1,612,666	19,843		
Harrison Medical Center	\$15,384,432	32,271	Stevens Healthcare	\$1,468,957	16,607		
	<b>#7</b> 000 050	30,278	Legacy Salmon Creek Hospital	(\$4,155,362)	16,068		
Overlake Hospital Med. Ctr.	\$7,093,253	50,278	Leguey Sumion Creek Hospital	(\$1,155,502)	10,000		



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