

December 5, 2003

Dear Colleagues:

## **A MESSAGE FROM THE PRESIDENT**

As we approach the end of the calendar year, I want to take this opportunity to reflect on all of the excellent work that has been going on during this chapter year. I also, would like to thank the efforts of all the members who contributed their time and energy to provide all the Metropolitan Philadelphia Chapter all the services that they request.

The Program committee has hit the road running with three successful meetings, all with over 100 attendees at each meeting.

September – The Revenue Committee chaired by Betsy Seeber, Mike Calder and Frank Smith put on an outstanding and timely meeting on September 17, 2003 at the Holiday Inn in Center City.

October – The Reimbursement Committee chaired by Doug Maier, Joe Sabatina and Ann Saputelli put on the Annual Cost Report workshop at Thomas Jefferson University and

November – John Dugan chaired a new program entitled Coding for the Finance Professional at Jefferson.

My thanks to all who were involved in the preparation and execution of the meetings.

The Program Committee, under the direction of Chris Kops and Tony Scarcelli, has six additional meetings planned for the balance of the chapter year.

**As a reminder this is a reporting year for CPA's. The tax seminar planned for December 18 provides eight (8) cpe's. If you have not signed up yet you can check the web site for details.**

The Membership directory was completed and mailed last month. Kudos for Joe Cunningham who did a significant and outstanding job in publishing the directory.

The web-site, managed by Ann Saputelli, has become a considerable and noteworthy source of information about the chapter. The newsletter and meeting information can be viewed on the site. Our site also has a link to the National HFMA web page. Ann has done a great job in forging our web page to the present.

The chapter's Certification program is running very smoothly. Tom Herron has developed an educational program for our members to assist them in passing the tests for certification in

their respective specialties. This year Ann Saputelli, Jonathan Ketcham, Edward McKillip and Ronald Fabrizio have successfully completed their requirements to become a Fellow or a Certified Healthcare Financial Professional in HFMA. To learn more about the Certification Program please read the chapter concerning certification in your membership booklet. You may also contact Tom Heron.

The Social Committee has put together an event at Longwood Gardens. Please contact Jean McNeil concerning tickets for this event. Jean also tells me that there are plans in the works to put together an outing this spring to go to a baseball game.

These are a few of the activities taking place. I look forward to the next six months of events that have been planned. I look forward to seeing you there.

As always, should you have any questions related to the chapter do not hesitate to contact me at [TomDonaghue@NewSeasons.com](mailto:TomDonaghue@NewSeasons.com).

Sincerely,

Thomas G. Donaghue  
President

## **A MESSAGE FROM THE EDITORS**

As this year is quickly flying by and coming to an end, we would like to take this opportunity to wish everyone health and happiness as we approach the Holiday Season. We hope that the Holidays provide everyone a chance to relax, recharge those batteries, and spend time with family and friends. As this calendar year is coming to a close, we take a moment to reflect on our professional experiences this past year within our Chapter of the HFMA. We look forward to the challenges of the upcoming year, and to the many experiences that we will share with each other through the programs and events sponsored by the Philadelphia Chapter of the HFMA. We hope that you find updates and articles in this newsletter helpful. If you have any suggestions of things you would like to see in our Chapter's newsletter, or if you would like to submit an article for our upcoming newsletters, please let us know. We hope that you take advantage of the many opportunities within the HFMA and continue to enjoy your experiences with our fellow colleagues in the Metropolitan Philadelphia Chapter of the HFMA. Happy Holidays!!!

Jonathon Kellerman, Co-Chair  
(267) 330-2466  
[jonathan.l.kellerman@us.pwcglobal.com](mailto:jonathan.l.kellerman@us.pwcglobal.com)

David Johnson, Co-Chair  
(267) 330-4027  
[david.e.johnson@us.pwcglobal.com](mailto:david.e.johnson@us.pwcglobal.com)

## **METROPOLITAN PHILADELPHIA CHAPTER UPDATES...**

*Have you visited our Philadelphia Chapter Web Site?*

Come visit us at: [www.hfmaphila.org](http://www.hfmaphila.org)

Our HFMA Philadelphia Chapter web site is designed for the busy HFMA professional. Our most frequently visited pages show a list of our Calendar Events, give information on the HFMA Certification process and show the great opportunities listed in our Employment Job Bank.

The Calendar Events page lists all of the Philadelphia Metropolitan Chapter events, with links to the new on-line registration for the educational programs. This on-line registration will be available for the December 18<sup>th</sup> Tax and Financial Planning seminar. This new registration feature is available to both members and non-members of HFMA. You may register on-line and even make payment using your credit card. Remember, this is a CPA credit reporting year, and the December 18<sup>th</sup> Tax and Financial Planning seminar offers 8 CPE TAX credits. Space is limited for the December 18<sup>th</sup> seminar, so register quickly via our web site.

The HFMA Certification page is another frequently viewed page. Check it out for the answers to all your questions regarding the benefits of HFMA certification and testing site dates and times.

The HFMA Job Bank page is viewed by members and non-members. This page lists opportunities posted for all Healthcare professionals interested in furthering their careers. This page allows communication between prospective employers and healthcare professionals. If you would like to list any career opportunities please contact Stephen J. Nowicki at (215) 728-2565 or e-mail your ad to SJ\_Nowicki@fcc.edu.

We are always looking for new ideas for the Philadelphia Metropolitan Chapter web site, please send suggestions to Don Friel at dfriel@holyredeemer.com or Ann Saputelli, at annms@mail.med.upenn.edu

### ***Do You Know Your HFMA Member Identification Number?***

As we noted above, registration for our training and education programs is now available on-line via our Chapter's web site. For our member registration on-line, you will be prompted for your HFMA membership identification number on all registration forms. Your HFMA member identification number can be found on your membership card, adjacent to your name on the HFMA mailings, or you may call HFMA member services at 1-800-252-4362, extension 2. So make sure that you have your HFMA membership number readily available and take advantage of this easy way to register for our courses and ensure member discounts on all events.

### ***HFMA Directory***

The annual Philadelphia Metropolitan Chapter Membership Directory should be arriving very shortly, if you have not received it to date. We would like to take an opportunity to thank the following sponsors of this directory:

- AllHealth
- Commerce Bank
- Ernst & Young LLP
- Marsh
- McFaul & Lyons Group, LLC
- Tsoules, Sweeney & Kepner & Martin, LLC
- Wachovia
- WithumSmith + Brown

## ***HFMA Certification***

HFMA's certification programs lead to the designation Certified Healthcare Financial Professional (CHFP) and Fellow of the Healthcare Financial Management Association (FHFMA). Meeting the HFMA certification requirements helps prepare you for increasingly responsible positions in the healthcare industry and demonstrates your dedication to professional development and a higher standing. Research indicates that there is a clear relationship between certification and career advancement. Certified members of HFMA earn a higher annual salary, are more likely to be hired for upper-level positions in healthcare finance, are promoted faster, and are respected members of the healthcare leadership team.

Through a partnership with St. Joseph's University, the Professional Education Committee is pleased to offer HFMA members the opportunity to obtain these certification credentials locally. The next examinations will be held on Sunday January 25, 2004, and April 25, 2004 at 9:00 A.M.

Registration for the examination must be done in advance with HFMA national in order to take the test. To register for the examination, visit the National HFMA web site at [www.hfma.org/sitemap.htm](http://www.hfma.org/sitemap.htm) and then click on the Exam Application link under the Careers section to access the on-line application.

The January examination will be proctored by Tom Heron, Vice President of Maxis Health System, and Ronald A. Fabrizio, Controller of the Abington Memorial Hospital, will proctor the April examination. Applicants must provide the name of the proctor at the time of the application, or the application will be considered incomplete. Payment by credit card of \$100 for the core examination, or \$70 for a specialty examination is also required at the time of registration and will be refunded to the member after the examination is completed.

Once the member notifies the committee that authorization has been received from the national office, study materials will be provided to the member free of charge. Because of the number of examinees that can be accommodated by the Chapter, admissions may be limited. Therefore, you are encouraged to sign up for the testing dates of your choice. According to the National Office, 24-30 hours of study time are encourage for the core examination and 16-20 hours for each specialty examination

### *Contact Name and Information for Certification Information*

Tom Heron  
Marian Hospital  
Telephone: (570) 282-1005  
Email: tomh@marianhospital.org

### *Contact Name and Information for Study Materials*

Jonathan Ketcham, FHFMA  
Mercy Hospital of Philadelphia  
Telephone: (215) 748-9321  
Email: jketcham@mercyhealth.org

## ***Philadelphia Chapter Enrollment***

We are all aware of the many benefits, experiences, friendships, and opportunities that are a part of being a member of the Philadelphia Chapter of the HFMA. We would like to extend these benefits of being an HFMA member to other potential HFMA members. We can all be a part of the continued growth and development of our Philadelphia Chapter through the HFMA 2003-2004 Strength in Numbers, Health in Numbers Member-Get-A-Member campaign. We would like to remind everyone of the benefits and rewards for recruiting new HFMA members to our Chapter, which will increase our Chapter enrollment and extend the many resources and benefits of our Chapter to the prospective new members. The rewards for recruiting new HFMA members are explained in further detail on the national HFMA web site at the following address: [www.hfma.org/members/strength](http://www.hfma.org/members/strength)

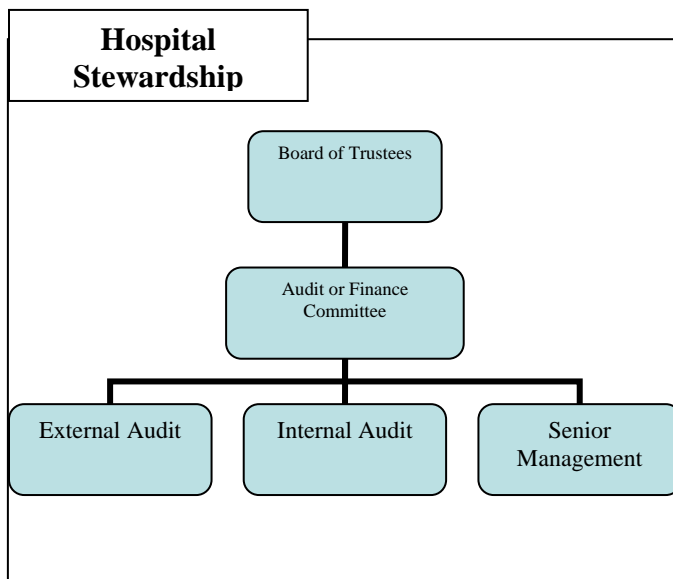
These rewards include the following for the recruitment of potential members:

- Recruit one or two new members who begin their membership between June 1, 2003 and April 30, 2004 and you will win your choice of an HFMA apparel item (approximate retail value of \$25.00).
- Recruit 3 or 4 new HFMA members and you will receive a \$100.00 gift certificate that can be redeemed at hundreds of brand name merchants. You will also be entered into a drawing among all those recruiting three or four new members to receive a \$1,000 cash prize. Please note that you will receive one entry in the drawing for every new member you have sponsored.
- Recruit 5 or more new HFMA members and you will receive a \$150.00 gift certificate.
- A grand prize of \$2,500.00 in cash will be awarded based on a random drawing of those of you who recruit five or more new members. Remember, as you will receive one chance for each new member you bring in to the HFMA, the more new members you sponsor, the greater your chances are to win this drawing.

## ***Rise to the Challenge - The Need for Financial Experts in Healthcare Governance***

by Kevin McPoyle

Healthcare is a unique business. Confronted by economic challenges beyond those typically presented in any business school, healthcare management can be a highly specialized area. At the top of this management pyramid sits the Board of Trustees, or Directors, who often serve in a



unique capacity themselves. In not-for-profit healthcare systems the Board members do not represent shareholders but rather a diverse set of "stakeholder" interests involving the community. In meeting either shareholder or stakeholder responsibilities the Board members oversee a set of financial and operational transactions that can be very perplexing. To help, the Board

often forms a sub-committee of financial experts to serve on a Finance or Audit Committee for the organization. The Committee members receive reports from senior management and the auditors concerning the financial and business operations of the organization. The Committee provides oversight for management as well as insight for some of the challenges management may be facing. In addition and perhaps more importantly, the Committee oversees the external and internal audit functions. This enables the auditors to remain independent from management.

A new law signed in July 2002 known as the Sarbanes-Oxley legislation requires a number of significant corporate governance and accounting reforms. Among them is a requirement to assure the adequacy of financial expertise on the Audit Committee. While not-for-profit healthcare organizations are not required to follow Sarbanes-Oxley, many are voluntarily incorporating the doctrine in an effort to maintain good corporate governance. Furthermore if an organization should seek to trade bonds publicly, they may be required to follow Sarbanes-Oxley despite their not-for-profit status. Finally, some would argue that a healthcare system that does not incorporate certain components of the new legislation may subject itself to outside scrutiny. So for most healthcare systems there is a current concern over strengthening their governance structure, particularly by supplementing their Audit or Finance Committees with appropriately deemed financial experts. There is growing concern however over where governance Boards are going to find sufficient numbers of financial experts to serve on Audit and Finance Committees.

Our HFMA chapter may very well be the best source for potential candidates given the criteria for needed financial experts. The definition of a financial expert in this regard typically describes a person who has sufficient experience in preparing or auditing financial statements in the role of a principal financial officer, controller, or auditor. In addition, due to the complexities of the healthcare business environment, related industry experience would greatly assist an Audit Committee in meeting its fiduciary responsibilities.

HFMA members are skilled professionals. Many of our members may be ideally suited to step up to serve at the governance level of our healthcare organizations. And we should. The scandals surrounding corporate failures like those at Enron and WorldCom were not new to us. We saw the same type of deficient oversight take place at AHERF. We sat by and watched some of the most respected names in Philadelphia's long history with medical education get impaled by the faulted ego of a few bad men. Could we stand by and watch it happen again? There are those among us with the expertise and ability that would have seen the defective strategy of AHERF long before a bankruptcy court was involved. We ought to rise to the challenge of this post-Enron world and offer to place our expertise and insight where it can truly make a difference.

Serving on a governance board or committee may be the next step you need in your career. The opportunity would enable you to apply the skills you have accumulated and contribute real

### **7 Major Challenges Facing Healthcare Governance**

1. Heightened Board responsibility and scrutiny due to Sarbanes-Oxley
2. Declining financial performance
3. Significant management turnover experienced at many organizations
4. Common occurrence of large fourth quarter adjustments to financial statements
5. Complicated financial instruments like SWAPs and derivatives
6. New information systems required throughout the industry
7. Complex regulatory environment

value to other organizations. While conflicts of interest would need to be avoided while serving in a governance capacity, the opportunity to develop key relationships with other directors in the industry would be extraordinary. And there are many potential opportunities that would not conflict with your current employment. A current CFO of a home health agency may be a welcomed addition to the Board at a long term care organization. An auditor who specializes in long term care audits could contribute much value to an Audit Committee at an acute care hospital. Considering the many non-for-profit health and social welfare organizations in our area, there are numerous avenues for governance participation without compromising your current position.

In response to the challenges presented by Sarbanes-Oxley legislation, the Metro-Philadelphia Chapter of HFMA is creating a Director's Registry. This Registry is a database of experienced professionals in our area available for board service. This information will be distributed to organizations seeking directors or committee members who possess strong healthcare financial experience. Over the coming months you will receive additional information on governance challenges and how HFMA can respond. In the meantime, should you be willing to explore the possibility of serving on a governance board or committee, please contact Kevin McPoyle for entry into the Registry. (Kevin can be reached at 610-567-6922 or [kmcpoyle@chanllc.com](mailto:kmcpoyle@chanllc.com).)

### ***Upcoming Events- Local***

The following represents a list of the Philadelphia Metropolitan Chapter upcoming events for this year. Please take advantage of the on-line registration available starting with the December 18<sup>th</sup> Tax and Financial Planning seminar. Please, visit the Calendar Event section of our web site for more information on Philadelphia Chapter events.

<b>Date</b>	<b>Event</b>	<b>Location Event Chair</b>
<i>December 18, 2003</i>	Tax and Financial Planning	TJU- Bluemle Life Sciences Building 8 Tax CPE Credits Rob Friz
<p>The workshop is designed to discuss important tax, financial and business issues relating to healthcare organizations, as well as to provide insight regarding personal tax planning matters. See the agenda for this workshop on the Philadelphia Chapter web site.</p>		
<i>January 20, 2004</i>	Regulation & Legislation Update Dinner Meeting	Adam's Mark Hotel Bob DeLuca & Joe Sabatina
<i>January 25, 2004</i>	HFMA Certification Exam	St. Joseph's University
<i>March 4, 2004</i>	Annual Reimbursement Seminar	LaSalle College Doug Maier, Joe Sabatina, Ann Saputelli

<i>April 20, 2004</i>	Decision Support	Crozer Chester Medical Center Sharon Sellman, Kevin McPoyle
<i>April 25, 2004</i>	HFMA Certification Exam	St. Joseph's University
<i>May 27, 2004</i>	Accounting & Audit Update Golf Outing	Paxon Hollow Golf Course Joe Cunningham

## **On the National Scene - HFMA Wants You to Know...**

### ***Financing the Future Series***

Now available on the HFMA web site is the first report in the Financing the Future series, which focuses on factors that affect a hospital's ability to access capital?

Financing the Future is a year-long project that will give healthcare professionals the perspective and tools necessary to meet the capital challenges of today and tomorrow. The project is led by HFMA in partnership with GE Healthcare Financial Services and with research conducted by HFMA and PricewaterhouseCoopers.

The following represents a timeline of the expected release dates of the next reports, as well as the focus of the reports in the Financing the Future series, which will have an overall focus on the current and future demand for capital, the future supply of capital, on future strategies for providers and on implication for policy, all designed to help the healthcare industry seize the opportunity to finance the future.

#### ***Report 2:***

January 2004

What are the factors that influence hospitals' capital needs and spending?

#### ***Report 3:***

March 2004

What are hospitals' capital needs likely to be over the next five to ten years?

#### ***Report 4:***

May 2004

How available is capital likely to be over the next five to ten years?

#### ***Report 5:***

July 2004

What are the implications for providers regarding future capital needs and supply?

#### ***Report 6:***

September 2004

What are the policy implications of future capital needs and supply?

See more on the Financing the Future series on the web at: [www.financingthefuture.org](http://www.financingthefuture.org)

### ***Upcoming Events- National***

The following represents a list of the seminars and conferences in the upcoming months that are sponsored by HFMA National. Please visit the national HFMA web site for more information on these events.

#### ***Fall Seminar Series***

The last session of the fall seminar series will be held in Chicago on December 8-11, 2003.

#### ***Spring Seminar Series***

The following are the dates and locations announced for the Spring Seminar Series, which offer education and training sessions on a variety of topics within Financial Management and Reimbursement, Revenue Cycle, Managed Care Operations and Processes, and Long-Term Care/Home Health Care

**Feb. 23-26, 2004-** San Antonio

**Mar. 15-18, 2004-** New Orleans

**Apr. 21-22, 2004-** Alexandria (Washington D.C.)

**May 17-20, 2004-** San Diego

#### ***Healthcare Finance Executive Summit***

**Feb. 29–Mar 2, 2004-** New York

Please visit the national HFMA web site for further information regarding the aforementioned seminars and conferences