



IDAHO HOSPITAL
ASSOCIATION

2003 ANNUAL REPORT

HIGHLIGHTS OF 2003

While providing community care 24 hours a day 7 days a week, our hospitals faced mounting challenges in 2003 which threatened the core of their essential public service to their communities. These challenges included declining reimbursements, increasing financial pressures, need for tort reform, ongoing workforce shortages, and niche provider issues, to mention a few. These concerns--combined with other issues hospital have taken on, including disaster preparedness, privacy of patient information, quality of care initiative--necessitated a strong advocacy message at the national and state level.

Early in May, IHA and Idaho hospital representatives met with our congressional delegates in Washington, DC and addressed issues including Medicaid and Medicare reform, niche provider concerns, and House and Senate measures to enhance critical access hospital benefits. Continued advocacy at the national level resulted in our congressional delegation supporting passage of the history making Medicare Prescription Drug Improvement and Modernization Act of 2003 at year's end. This legislation not only provides seniors affordable prescription drug coverage, but strengthens payments to all Idaho hospitals. provides relief for hospitals treating large numbers of Medicaid and uninsured patients, placed restrictions on the development of niche provider facilities, and created program and payment enhancements for critical access hospitals.

Additionally, at the state level, IHA tracked well over 100 pieces of legislation in 2003. Staff worked through Idaho's longest legislative session in history to protect hospital interests and pursue many legislative and regulatory issues. These included:

- H92, a tort reform measure (a top IHA priority) to eliminate joint and several liability, reduce the cap on non-economic damage awards from \$682,200 to \$250,000, and provide a limitation on the recovery of punitive damages in civil court cases to the greater of \$250,000 or three times actual damages. Additionally, the measure provided a stricter punitive damages standard of "clear and convincing evidence" in lieu of "a preponderance of the evidence." Bonding requirements in the bill also were limited to punitive judgment appeals. The measure, despite concerted pressure from the Idaho Trial Lawyers Association, passed the House with a vote of 58-12, and the Senate on a vote of 27-8. Governor Kempthorne signed H92 on March 26, and, on July 1, the new bill became law marking completion of IHA's top priority.
- Passage of legislation (H1102a) agreed upon by IHA, the Idaho Medical Association and the Board of Medicine to define peer review, peer review records, patient care records, and maintain records' confidentiality was another key success for the year. This measure specifically protects participants in peer review from liability, and protects physicians and other entities, such as accrediting bodies, from sharing peer review information.
- IHA also supported H376 to enhance insurance access for small businesses, qualifying employees, and their spouses and children if the company opts to participate in the premium-sharing limited pilot program for adults and in the CHIP and "CHIP-lite" programs for their children. The measure passed the House by a vote of 57-17 and the Senate 30-0 becoming law July 1.

Medicare Rural Hospital Flexibility Activity

With reauthorization of the Medicare Rural Hospital Flexibility Program, IHA completed the fourth and began the fifth FLEX grant cycle during 2003. The grant funds from this vital program provide increased opportunities for assistance to our smallest hospitals. Idaho's Critical Access Hospital (CAH) number grew by five, to a total of 23, during 2003. The 24th CAH was designated just after the year's end on January 1, 2004. Significant assistance is provided all CAHs, with focus particularly on those new to the program or encountering unique challenges.

During this past year ongoing activities and new projects included:

Quality: IHA has quality assurance and credentialing agreements with 18 CAHs. Staff and subcontractors have performed onsite review of the quality and credentialing programs at designated intervals and provided technical assistance for improvement of policies and procedures. The web-based quality indicator project began collecting data in January 2003. Most CAHs are participating, and additional indicators are scheduled for the program in 2004.

Databank: Participation in the Databank program has been steady, and several CAHs have two full years of data for

comparative analysis. Most CAHs are using the Databank program in various settings, including the provision of additional financial and utilization information to their boards.

Financial: Six small-group cost-allocation educational sessions were held over the summer and early fall, responding to a need expressed by CAHs at the FLEX meeting in January 2003. The training provided practical instruction on cost-based reimbursement. Each hospital received follow-up training to provide clarification of individual issues. In addition, six educational programs were conducted concerning HIPAA transactions and code sets and privacy issues for the business office.

Education: Improving credentialing techniques was identified as a critical need for many CAHs. To that end, CAHs were provided on-line training on the subject. Most CAHs took advantage of this opportunity. As in past years, newly designated CAHs were provided a subscription to careLearning.com, an internet-based staff education service to meet their required health and safety compliance training requirements.

The focus for the fifth grant cycle, which began this past fall, is performance improvement. To best respond, IHA has hired a performance improvement director to our staff. In addition to the current quality, credentialing, policy and procedures and educational activities, a

quality collaborative was formed. Fourteen CAHs have teamed up in a collaborative effort with IHA, the State Office of Rural Health, and Qualis Health to provide a framework for improving patient care in their facilities. IHA will also direct attention to developing a balanced scorecard methodology and is researching methods to assist CAHs with their peer review process.

Continuing efforts include strategic planning, financial training, board and medical staff education, assistance with compliance issues and information updates on issues key to CAH's success.

Consultation

IHA staff provides consultation on various regulatory, legal, and legislative issues. The following are some of the key areas other than those cited elsewhere:

EMTALA: Recent modifications to the Emergency Medical Treatment and Active Labor Act (EMTALA) should provide some respite for members who might have been dealing with an over zealous interpretation of the original law. These changes, finalized in the *Federal Register* last fall make it clear that EMTALA would virtually never apply to inpatients, and may not even apply to all emergency department presentations. Also, presentations at hospital departments not a "dedicated emergency department" would not ordinarily trigger EMTALA. IHA staff is

awaiting the publication of the interpretive guidelines on the new regulations, and once those are released will schedule training for our members.

HIPAA: The privacy provisions of the Health Insurance Portability and Accountability Act (HIPAA) went into effect on April 14, 2003. Hospitals in Idaho were ready with their privacy notices and had put into place many new policies and procedures. To help with these efforts, IHA provided statewide workshops in the month of February. In addition, the Idaho-specific preemption analysis completed in early April 2003 was provided to all Idaho hospitals. The transaction and code set (TCS) HIPAA deadline came and went on October 16, 2003. Although Medicare has extended the deadline for compliant transactions indefinitely, most hospitals were ready to bill in the compliant 837 format at that date. To assist some of the smaller hospitals, IHA provided a TCS workshop through the SHIP grant on June 11, 2003. This workshop focused on testing. Through funds provided by the FLEX grant, IHA brought workshops to various areas of the state. The first workshops were held in June; the second set of workshops in October, just after the TCS deadline. While not all hospitals were able to bill in the compliant format by the end of 2003, all have made significant progress toward this goal.

Malpractice Insurance: The big news in this arena was the Farmers Insurance announcement that they are withdrawing from the market by January 1, 2005. Farmers contract with IHA for risk management services by IHA staff was terminated effective at the end of 2003. IHA staff is actively pursuing other options for members interested in a group program.

Education

Convention: The theme for IHA's 70th annual convention, held October 4-7 in Sun Valley, was "Positive Attitudes...Positive Outcomes." Keynote speaker Keith Harrell, president of Harell Performance Systems, Atlanta, GA, presented a powerful message emphasizing that attitude is an effective leader's most important tool. Individuals who are positive routinely outperform those who are negative. Harrell went on to say there are two kinds of people, those who pull you up and those who pull you down. He cautioned, "watch out for those negative people, they zap a person's energy. If you allow them to steal your joy they steal your power," he warned. A leader who chooses to be positive is proactive, said Harrell. Proactive leaders don't point the finger, they accept accountability and responsibility. He added that attitude is more important than facts. "Attitude will make or break a company and is the one thing we can

change." He concluded with some very powerful advice. "We control our destiny by what we say to ourselves. If your hospital does not have enthusiastic employees, look to the top."

Idaho Hospital Association Chair Susan Kunz shared her own experiences in surveying patients and employees to discover what they really thought and wanted from the hospital. With strong survey scores, they could have chosen to simply pat themselves on the back; however, "armed with the data from our survey, we are implementing specific initiatives to reinforce our strengths and eliminate our weaknesses in pursuit of the best possible work environment for our staff and the best possible care for our patients," said Kunz. Kunz summarized her experience in implementing the hospital's "culture of care initiative" by imparting the fundamental principle that there is "always a choice about the way we do our work—even if there is not a choice about the work itself. The most important lesson we learned in changing our culture is that we can choose the attitude we bring to our work."

Legislative Conference: At the 2003 Legislative Conference, Senate Health and Welfare Committee Chairman Skip Brandt brought members up-to-date on his committee's 2003 agenda. He noted that seven of the nine members of this important committee are either freshman or

veterans who served on this committee some years back. He went on to emphasize the importance of committee members learning firsthand about the issues affecting hospitals and further highlighted the importance of hospital leaders inviting committee members into their facilities to discuss issues.

James Weatherby, PhD, chair, Department of Public Policy and Administration at Boise State University, discussed results of the College of Social Sciences and Public Affairs 14th Annual Idaho Public Policy Survey. Findings revealed the economy and education as top concerns for Idahoans. Mike Ferguson, the state's chief economist, addressed the state budget shortfalls, calling the state economic situation "cloudy at best." Mike Rock, senior associate director of legislation from the American Hospital Association (AHA), Washington, DC, was on hand to outline the AHA 2003 agenda and payment relief strategy. While, Dick Schultz, administrator, Division of Health, discussed the latest on the state's smallpox plan.

Governance Conference: The Governance Conference centered around patient safety with John Combes, MD, senior medical advisor for the American Hospital Association outlining various quality measurement and reporting programs and patient safety reporting initiatives. Judy Eaton, manager, safety and risk management, St. Luke's Regional

Medical Center, Boise, and Ron Fulkerson, professional liability claims representative, Farmers Insurance, Post Falls, addressed important patient safety factors including an ultimate organizational commitment and goal to learn and improve. Ramonna Tooley, director of marketing and public relations for Swedish Medical Center, Englewood, CO, rounded out the program with a presentation directed at the public release of information in light of HIPAA privacy standards.

Spring Forum: In May, attendees at IHA's annual Spring Forum in Coeur d'Alene heard the latest from Mark Murphy, president/CEO of Murphy Leadership Institute on "Building a Committed Culture in Healthcare." Murphy imparted that a committed culture is 250 percent more profitable than one that is uncommitted. A culture where employees passionately and productively pursue service excellence leads to financial, quality, people and market success, he said. Kim Stanger, attorney, Hawley, Troxell, Ennis and Hawley, Boise, presented an "Introduction to New Model Medical Staff Bylaws," and "Credentialing and Credentialing Issues," followed by a program on "Corrective/Legal Actions and Your Medical Staff," presented by Joseph McCollum and Cathy Silak, also attorneys from Hawley, Troxell, Ennis and Hawley. Michael R. Bell, CPA, Bell and Company, Spokane, WA, rounded out the day with issues related to decisions under cost-based reimbursement.

careLearning.com: IHA continued to enroll hospitals in careLearning.com, a comprehensive website featuring courses for healthcare professionals and a learner management system to track enrollment, registration, course completion, and test scores. While course content is added on an ongoing basis, the site currently houses close to 200 courses.

Auxiliary Leadership Conference:

Hospital auxiliaries and volunteer leaders from around the state convened in Boise for the 2003 Leadership Conference in May. The program focused on volunteer recruitment, HIPAA compliance, and visual merchandising.

WRTS: The 7th Annual Western Regional Trustee Symposium this year brought nearly 300 trustees and CEOs from eight western states to Albuquerque, NM, for two and a half days of governance guidance. IHA is a sponsoring state.

Recognition

IHA awarded its most prestigious award, the Star Garnet, to Jon H. Miller, board member, St. Luke's Regional Medical Center, Boise. Honors for Trustee of the Year went to Duane A. Daugharty, MD, former chairman of Kootenai Medical Center, Coeur d'Alene. The board recognized Sharon Lee, vice president patient care services, St. Luke's Regional Medical Center, Boise, with the

Distinguished Service Award. The Leader of Volunteer Excellence (Love) Award went to Dorothy Curington of the Veterans Affairs Medical Center auxiliary, Boise. Citation for Meritorious Service was awarded to Niculina Bistriceanu and Michael Farruggia of the Veterans Affairs Medical Center in Boise. Retirement Awards of Recognition were presented to Marge Dalzell, retired director of nursing at the Idaho Elks Rehabilitation Hospital, Boise, and Milt Kutsurelis, past president and chief executive officer of MedNow, Nampa.

Ongoing Services

Cancer Data Registry of Idaho (CDRI):

The Cancer Data Registry of Idaho received a “gold” level award for excellence—the highest possible—from the North American Association of Central Cancer Registries (NAACCR). During the year, staff added 6,312 new cancer cases to the registry database; 5,789 of these cases are Idaho residents. Staff responded to 53 requests for cancer registry data. “Cancer in Idaho by Race and Ethnicity, 1990-2001” is a new publication available. This and other reports can be found on CDRI’s webpage at www.idcancer.org.

Group Unemployment Compensation Program (GUCP):

IHA’s GUCP staff handled 492 claims during 2003, up from 456 in 2002. Staff also assisted members

with 38 hearings during the year. Other human resource-related services and activities provided by GUCP staff included the annual salary survey, telephone consultation, handbook review, and assistance with policy development.

Databank: The Databank program has remained a practical source to track financial and utilization data for Idaho’s hospitals. A quarterly report, highlighting a number of the data elements available, is sent to each hospital’s CEO/administrator. The report provides each hospital’s performance with comparisons to various peer groupings. The program has been enhanced again in 2003, adding technical improvements as well as additional reports.

Maryland Quality Indicator Project: IHA is a sponsor of this Quality Indicator Project offering participating facilities comparisons on state and national clinical data to improve facility quality and performance. In 2003, 17 facilities submitted data in one or more indicator sets (acute care, long term care, home care and psychiatric).

Beyond 2003

At year’s end, the IHA gavel passed to incoming chairman Carl Hanson, administrator, Minidoka Memorial Hospital,

Rupert. Louis Kraml, chief executive officer, Bingham Memorial Hospital, Blackfoot, is chairman-elect, and Gary Moore, chief executive officer of Shoshone Medical Center, Kellogg, became secretary-treasurer. New board members for 2004 are Craig Johnson, chief executive officer, Boundary Community Hospital, Bonners Ferry; Anne Oglevie, administrator, Weiser Memorial Hospital, Weiser; Keith Steiner, chief executive officer, Madison Memorial Hospital, Rexburg; Edwin Dahlberg, president/chief executive officer, St. Luke’s Regional Medical Center, Boise; and Linda Porter, trustee, Madison Memorial Hospital, Rexburg. Members continuing on the board include: Susan Kunz, immediate past chairman, administrator/chief executive officer, Teton Valley Hospital and Surgicenter, Driggs; Jeff Martin, chief executive officer, Gritman Medical Center, Moscow; Joe Messmer, president/chief executive officer, Mercy Medical Center, Nampa; Doug Crabtree, chief executive officer, Eastern Idaho Regional Medical Center, Idaho Falls; John Hoopes, chief executive officer, Caribou Memorial Hospital, Soda Springs; Bill Ringert, trustee, Elmore Medical Center, Mountain Home; Jerry Cobb, trustee, Shoshone Medical Center, Kellogg; Mark Adams, chief executive officer, West Valley Medical Center, Caldwell; Jess Hawley, administrator, Syringa General Hospital, Grangeville; and Steve Millard, IHA President.

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