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ANNOUNCING A NEW STRATEGIC PARTNER THE MHA GROUP

The MHA Group of companies is one of the largest health care staffing organizations in the country. They offer the resources of over 350 health care staffing professionals in four offices located in Dallas, Texas, Atlanta, Georgia, Salt Lake City, Utah, and Irvine, California.

The MHA Group of companies work together to provide an integrated, "one-stop" approach to health care staffing. Their companies have been selected as the preferred health care staffing providers for over 20 state hospital associations and health care professional organizations. The MHA Group is a national affiliation of health care staffing firms that includes:

- ◆ ALLIED CONSULTING, INC.
- ◆ MERRITT, HAWKINS & ASSOCIATES
- ◆ STAFF CARE, INC.
- ◆ THE EXECUTIVE GROUP

Allied Consulting, Inc. specializes in recruiting allied health care professionals for health care organizations nationwide. As one of the fastest growing firms in the health care staffing industry, Allied Consulting is the largest permanent allied staffing provider in the nation, based on volume of search assignments and placements. Allied Consulting is a leading contract staffing firm, providing contract services in a wide range of allied health care disciplines.

Merritt, Hawkins & Associates is the nation's largest physician search and consulting firm with over 11 years of experience in offering unrivalled physician recruitment resources, and enjoys a national reputation for consistently professional and effective search. Merritt, Hawkins & Associates is also a source of original physician compensation data that has been referenced in leading publications from Modern Healthcare to The Wall Street Journal.

Staff Care, Inc. is a nationally recognized leader in temporary (locum tenens) physician staffing, and is the fastest growing locum tenens staffing service in the country. Staff Care is also proud to be the preferred staffing provider of over 20 hospital associations and health organizations. Staff Care, Inc. has been cited in such prestigious publications as USA Today, Parade, and People magazine and is nationally noted as the sponsor of **The Country Doctor of the Year Award**.

The Executive Group is a national health care search firm specializing in the staffing and placement of senior health care executives and physician executives. The Executive Group draws from a wide range of staffing resources and is exclusively dedicated to recruiting health care executives. Their mission is to provide

clients with both superior service and superior candidates.

Rob Mosley, Vice President of Corporate Marketing for the MHA Group, comments "We believe this can be a tremendously active and productive partnership. Tennessee is a flagship state in health care, and we look forward to exchanging ideas and information with THA members on a wide range of health care staffing topics. The MHA Group focuses on market education, and we are excited about sharing our expertise on compensation, contracts, recruitment strategies and other cutting-edge issues."

If you would like more information about The MHA Group or any of its staffing firms, contact Rob Mosley at phone #800-876-0500 or 972-868-2200 or e-mail at rmosley@mhagroup.com.

Words of Wisdom

Treasure every moment that you have! And remember that time waits for no one.

Yesterday is history. Tomorrow is a mystery. Today is a gift.

That's why it's called the present!

CORPORATE UNDERWRITERS



An Association of Hospitals and Health Systems



UPCOMING SURVEY

THA Solutions Group (THASG) will be developing a user survey to measure the level of current THASG vendor satisfaction. These report cards will be used as tools to evaluate the current vendors and establish guidelines for potential vendor contracts.

After the responses are tallied, THASG will meet with each vendor to discuss their performance and identify opportunities to strengthen the current agreement. THASG staff will also use your input to identify areas where agreements are needed.

As a member of the Tennessee Hospital Association, your facility's input is valuable in determining the portfolio of products/services offered to our membership by THA Solutions Group.

Look for this important survey to be sent in June.

NATURAL GAS PROGRAM UPDATE

On February 24, 1999, THA Solutions Group (THASG) with the assistance of the Kansas Hospital Association, Associated Purchasing Services (APS) awarded the bid for natural gas for all Tennessee hospitals and TNA-HSA facilities to Woodward Marketing L.L.C. located in Franklin, TN. Woodward's response to the RFP proved to be in compliance with the bid specifications in all areas, including pricing, terms and account management.

Woodward Marketing, with its local office in Franklin, TN is the largest natural gas supplier in Tennessee both in terms of number of customers and volume. Woodward currently manages over seventy-five industrial and twenty-eight

municipal customers throughout the state. Their commitment to customer service is reflected in their #2 ranking in the 1997 customer satisfaction survey among 80 of the top natural gas marketing companies in the United States.

Program participation provides many benefits:

- ◆ Savings of up to as much as 30%
- ◆ Contract flexibility tailored to your facility's specific needs
- ◆ Protection from contract "double-talk"
- ◆ Provides the platform for developing utility advocacy

The agreement with Woodward extends through March

31, 2001, allowing for the phasing in of facilities as their contracts expire with their current vendors. The subsequent gas contract will demand more competitiveness, since the entire program volume will renew on the same date. In addition, the cohesiveness demonstrated by the participation in this program will have a direct bearing on the success of subsequent cooperative ventures, such as electricity aggregation.

If you have any questions regarding the program or would like a savings analysis or proposal, please feel free to contact Susan Murphy, THA Solutions Group at 615-401-7418 or Rob Ellis, Vice President, Woodward Marketing at 615-595-2878.

NEW RECOMMENDED SOLUTION VENDOR
HEALTH CHARGE

In today's competitive healthcare environment, providers are continuing to look for ways to reduce operating costs. THA Solutions Group is excited to announce the addition of Health Charge as a Recommended Solution vendor.

The Health Charge program provides a way to help hospitals reduce bad debt expense, convert private pay receivables into cash and increase patient loyalty with the Health Charge Credit Card which replaces current private pay collections efforts with a cost-effective, efficient and private friendly mechanism.

Features of the Health Charge Payment Program include:

- ◆ Outsources collections - Collects all self-pay balances
- ◆ Cash Advance - Up to 50% to the hospital
- ◆ Affordable - Discount to THA member hospitals

The Health Charge Credit Card is the Nation's oldest and most established hospital sponsored patient credit card. Such prestigious institutions as Columbia Presbyterian, John Hopkins and Cedar-Senai currently use the program.

The Health Charge team prides itself on superior staff training as well as patient sensitive collection efforts.

If you would like additional information about the Health Charge program and managing private pay bad debt, please contact your Health Charge Tennessee representative, David Newell, Vice President, at 615-726-5838 or dnewell@hcfp.com.

IMPROVEMENTS TO THA SOLUTIONS GROUP WEB SITE

At THA Solutions Group, we are constantly working on ways to better serve the THA membership. Our latest innovation will be the newly redesigned and user-friendly THA Solutions Group web site.

New features of the Solution's Group web site will include:

- ◆ "Home" page that describes THA Solutions Group's mission and objectives and will include a "What's New" section, calendar of events and a special focus section;
- ◆ Board of Directors section including photos;
- ◆ Direct access to all THA Solutions Group *Resource Directory* information;
- ◆ Archive of *FrontLines*, Solution Group's quarterly publication;
- ◆ Managed care feature section;
- ◆ Internet resources that include collections of web links organized by topic;
- ◆ "Request More Info" e-mail form for those wishing more information on a vendor or topic of interest;
- ◆ E-Newsletters, a free e-mail subscription that will cover special topics and/or vendor updates on a periodic basis.

The staff of THA Solutions Group is excited about the changes to our web site and hope you will find the information useful. The World Wide Web offers Solutions Group the opportunity to get information out to our members in a fast and efficient manner.

Look for our new web site in the summer of 1999. The address will be www.thasolutionsgroup.com.

If you would like to offer any comments or suggestions about the new web site please contact Vickie Bilbrey at THA Solutions Group at 800-258-9541 or 615-401-7417 or via e-mail at vbilbrey@tha.com.



TENNCARE ACTUARIAL REVIEW RELEASED

The actuarial study of the TennCare program, released in March by PriceWaterhouseCoopers LLC, raises a number of questions about the financial and structural integrity of Tennessee's six-year old Medicaid waiver program.

TennCare providers are under significant financial stress and should be expected to force higher payments from MCOs or withdraw from the program, the study concludes. Hospitals, paid significantly less than their costs by TennCare, are suffering the worst under the program. On average, TennCare pays about 40 percent of what commercial insurance plans pay.

Taking a detailed look at TennCare's rate structure, the study found that the methods used to calculate capitation rates in 1994 are not consistent with generally accepted standards. PriceWaterhouseCoopers estimates that correcting the rate methodology would result in capitation rate increases ranging from 5 to 35 percent, with a best estimate of 20 percent. In 1998, a correction in capitation rates to the best estimate level of 20 percent would have resulted in almost \$250 million in additional TennCare funding.

Among its conclusions, the study finds that the rates currently paid to MCOs are

approximately \$11 per member per month lower than considered actuarially sound. Likewise, capitation rates paid to behavioral health organizations are currently \$2 pmpm too low. Changes in the benefit design of TennCare would not have a significant effect on the costs of the program.

The study also concludes that TennCare needs to be clearer on how it plans to treat charity care and provide payments to hospitals that provide charity care. In developing the capitation rates for TennCare, the State assumed that charity care provided by hospitals would be reduced by approximately 46 percent.

Although charity care dropped by 25% through 1995, it has since increased back to pre-TennCare levels.

In 1994, a 22 percent reduction was made to the capitation rates paid to health plans because of the anticipated reduction in charity care. Rates now need to reflect that hospitals and other providers are still giving away millions of dollars of free care to the uninsured.

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615-242-4803

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www.tha.com

"I wish I'd said that..."
TJFASG Quotable Quips

*"Artificial intelligence is no
match for natural stupidity."*
Unknown

*"Part of being sane is being a
little bit crazy."*
Janet Long

*"There cannot be a crisis next
week. My schedule is already
full."*
Henry Kissinger

*"A wise man should have
money in his head, but not in
his heart."*
Jonathan Swift

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-Address correction requested-

Jim Byrd, Director of Contract Services
Vickie Bilbrey, Information & Resources Coordinator

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THERF EDUCATION CALENDAR OF EVENTS

The following education programs are being presented by THERF:

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|--------------|---|
| May 14 | JCAHO Survey Preparation for Hospital-Owned Physician Offices & Clinics |
| June 11 | Legal Issues in Obstetrical Nursing |
| June 24 | Essentials of Managed Care |
| June 28 | JCAHO Implementing Performance Improvement in Ambulatory Care |
| July 22 – 24 | THA Summer Conference |

If you would like to obtain more information about or want to attend any of these education opportunities, please contact Lisa or Melanie at 1-800-258-9541 or 615-256-8240.