

## •Focus on Finance•

### Answers to your Accounting and Tax Questions

## A Hospital CFOs Top 10 New Year's Resolutions for a Positive 2009

**Q** As a hospital CFO, what are the things I should be thinking about and doing, going into 2009?

**A** *The Washington Post* recently published a story on how hospitals across the nation, which employ 5 million+ people, are "reporting that donations and investment returns are down, patient visits are flat and profitable diagnostic procedures and elective surgeries are declining as people with inadequate insurance delay care." The article continues to specifically mention New Jersey, "where 47 percent of hospitals posted losses in 2007, five of the 79 acute-care hospitals closed (in 2008), and a sixth may close soon." Okay, this is all very doom & gloom, but take heart and stay optimistic. The following is a list of Top 10 New Year's Resolutions every hospital CFO should be making in order to move forward on a positive note in 2009.

1. Make all decisions in concert with an eye on the bottom line, remembering the axiom, "With no money, there is no mission!" Don't contract if it does not make sense, and do make sure you get paid for everything the hospital is legitimately entitled to.
2. "I'm going to lose the fat from our budget." Just like individuals, hospitals are often in denial that there is a problem that needs to be addressed. Remember, cut fat but don't make your organization anorexic.
3. Teach someone how to read.... their benefits, that is. Focusing on helping your patients understand their insurance programs creates good will for the hospital and also reduces collection problems. One hospital in the mid-west educated their patients about deductibles and experienced a spike in year-end spending. Once people realized that fact, year-end elective procedures surged!
4. Don't try to do everything yourself! Most CEOs and CFOs are "Type As" who are reluctant to ask for help or share their burdens. You would be surprised how much the rank and file will support you if they are engaged as part of the solution. Also, don't be afraid to ask a trusted advisor (your CPA or go to consultant) for assistance in tasks or projects that you could not reasonably complete with internal resources.
5. "Compliance and internal controls will be a key driver in everything I do." Increased focus on regulatory audits from DSH, RAC and IRS, to name a few, requires that financial transactions and reporting are done at the highest level of integrity.
6. Bad times don't last forever, so prepare for the future. Sure the economy will be off in 2009, self pays will increase and charity care funding will not keep up, but that is no reason not to review and refocus your strategic plan for emerging from this crisis, ready to take on and beat your competition.
7. Be accepting of the kindness of strangers. One NJ hospital was literally rescued from bankruptcy by taking their plight to the community which rallied financially to prop up the organization. If you have been good to the community, your community will be good to you.
8. Give unto others without reservation. By being active charitable corporate citizens, you not only protect yourself from losing your 501(c)(3) status, but you add to the hospitals resume of community benefit which can be handsomely rewarded (also see 7 above).
9. Mend fences. Reconcile with your admitting and referring physician base, if needed. Physicians are having tough times, too. Helping your physicians and their office staff to thrive builds loyalty and trust that you can depend on.
10. Do make investments for the future. Like most financial advisors preach, the best time to invest, if you can, is when prices are low. IT infrastructure and other projects can be a better purchase in a down economy. Remember that information and new assets that are leveraged effectively results in better utilization of resources and the production of infrastructure to propel the organization forward in 2010!



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