



# **CORE – Finance Conference**

## Needs Assessment

Needs assessment for the CORE Finance Conference March 6, 2009 at the Fawcett Center. This is a review of why the conference is being offered.

**Pamela Royston**  
**1/6/2009**

Many of the CORE participating hospitals are facing serious declines in profit margins due to the economy and the loss of health care benefits by community members. As worries over profitability increase hospitals are continuing to utilize funds from graduate medical education (GME) reimbursement by the Centers for Medicare Services (CMS).

As medical education is pressured by hospital administration to reduce costs, there has to be a balance to ensure that quality training is being offered. In August, one of the CORE members asked to have data regarding the contribution margin from medical education. There was also the question on how costs were allocated. The survey was sent to 19 different institutions to collect the data. Only four members responded and the results of the survey were varied to the point of being useless. (Survey document in appendix).

After repeated attempts to collect data from medical education and the various finance departments, it was determined there was a disconnect in most institutions. The finance departments were not versed in CME's rules and regulation. Finance was more intent on absorption costing for financial statements than producing the true variable cost of graduation medical education. The Director's of Medical education were not sure what was being allocated to the department and the numbers that were presented made GME a loss leader.

In order to improve the situation, CORE was asked to develop a conference that would include all the stakeholders in the hospitals. The conference is structured so that all attendees will be together in the morning to learn the background and rules of GME financing. In the afternoon break-out sessions will give each participant time to learn more about specific areas.

The goals of the conference are:

- Understand CMS reimbursement and how to capitalize on it
  - Better align your hospital strategy and GME strategy for greatest return on investment
  - Discover the hidden costs and benefits in financing GME programs
  - Apply knowledge about case index, bed additions and disproportionate share to hospital reimbursement
  - Learn about the history of GME financing and potential changes
  - Craft non-provider agreements, align IRIS reports with medical education schedules, avoid CMS audits and structure rotations to maximize reimbursement

The objectives of the break-out sessions are:

**Session One - GME Reimbursement**

- Understanding GME & IME-indirect medical reimbursement
- How to calculate the cost of medical education – variable costing, segment reporting
- How case index, bed additions, disproportionate share impact reimbursement
- How to make your program indispensable to your hospital

**Session Two - GME Return on Investment**

- What is the Revenue side of graduate medical education
- What are the Hidden cost & benefits
- How do you move slots
- How does GME strategy work with hospital strategy
- How do you calculate GME Return on Investment

**Session Three - Budgeting for GME Programs-**

- How do you Construct Rotation Schedules to maximize reimbursement
- How does clinic time and didactic time fit into the schedule
- How to maximize reimbursement for Rotations to non-providers
- How to budget for GME programs
- What are the Documents necessary for CMS audits

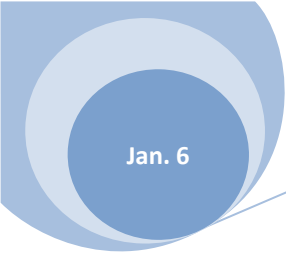
In order to accomplish the goals and objectives we secured a carry-over grant from CORE for \$10,000. This enabled us to bring in nationally renowned speakers in the area of GME financing. By participating in this one day intense training all stakeholders in GME financing will have a greater understanding of the costs and benefits from graduate medical education training.



Jan. 6

CORE – Finance Conference

APPENDIX I  
Survey Document - August 2008



## Medical Education Survey

**Please complete and return to:**

**CORE System Office**

**D. Keith Watson, D.O.**

**Associate Dean for GME**

**211 Grosvenor Hall**

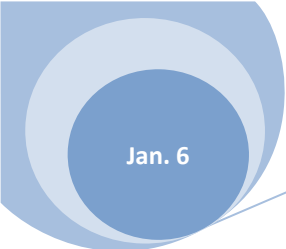
**Athens, OH 45701**

**[coresystemoffice@oucom.ohio.edu](mailto:coresystemoffice@oucom.ohio.edu)**

**PH: 740-593-2189**

- 1) Does your hospital allocate the following as indirect or direct expenses to the Medical Education Program for internal management accounting purposes?

	No Allocation	Yes Indirect	Yes Direct	2007 \$
Depreciation				
Employee Benefits				
Admin & General				
Professional Liability Ins.				
Operation of Plant				
Housekeeping				
Other Indirect Expenses: (please specify nature & dollar amount)				



- 2) Provide a copy of the overhead allocations to GME on Worksheets B & B-1 (pages 7 & 8) from your FYE 2007 Medicare Cost Report.
  
- 3) What are your non-governmental funding sources for Medical Education?

	No	Yes	2007 Amount
Medical Education Restricted Foundation			
Non-restricted Foundation			
Grants			
Contributions			
Other			

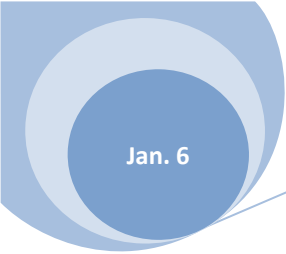
4) What was your hospital’s 2007 contribution margin for Medical Education? \_\_\_\_\_ (please use attached Excel spreadsheet to calculate)

5) Number of Approved Training Slots \_\_\_\_\_  
 Number of fill Positions in 2007-2008 year \_\_\_\_\_

Your Name: \_\_\_\_\_ Date: \_\_\_\_\_

Your Facility Name: \_\_\_\_\_

**Please Respond by August 18, 2007**



APPENDIX II  
Supplemental Form to Survey

**Hospital Name:**  
**Medical Education Contribution Margin**  
**FYE 2007**  
**Worksheet for Question #4**

**FTE's**

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Interns & Residents	_____
Support staff	_____
 Total FTE's	 _____
 IME cap	 _____
DME cap	_____

**Revenue**

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Medicare	
IME	_____
DME (weighted)	_____
Medicaid	_____
Other (provide detail on survey form)	_____
	_____
Total Revenue	- _____

**Direct Expenses of Medical Education**

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Salaries & wages	
Employee benefits	_____
Total labor expense	_____
 Physician fees	
Accreditation Fees:	
AOA Resident Fee	
CORE Membership Fee	

