

COUNCIL CONNECT

Excellence Through Leadership & Collaboration

January 31, 2008

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SACRAMENTO COUNTY AWARDS LEVEL II TRAUMA DESIGNATION Historic Precedent Achieved by Kaiser South Sacramento

Kaiser Permanente's South Sacramento Medical Center achieved an historic precedent by being awarded an Adult Level II trauma center designation by the Sacramento County Board of Supervisors on December 11, 2007. This is the first time that any Kaiser hospital has sought and received approval to be a designated Level II Trauma Center in the Northern California region.

Over a year's effort by the Kaiser team to plan, propose, testify and convince the Board of Supervisors that they could produce a class-level trauma system for the community of south

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Sacramento County culminated in the designation. This "out-of-the-box" service for Kaiser has also introduced a new face to Kaiser Permanente as it strives to serve the community as a full-service hospital to all who enter its emergency departments.

The trauma debate was hot and heavy during this past year as both Kaiser and Methodist Hospital of California Healthcare West competed for this designation. Both institutions proved to be qualified and able to produce a first-class trauma service which resulted in a political battle in the Board of Supervisors chambers during at least four hearings. Some 50 individuals from both sides testified to the strength of both facilities and staff. In the end, the board vote was split three to two in favor of Kaiser. What did prevail in the hearings was that both hospitals had reputable and high quality physicians, staff and service history. This provided to the Board an easy decision base because they couldn't go wrong with either choice.

For more information, contact Scott Seamons, Regional Vice President, (916) 552-7564, sseamons@hospitalcouncil.net.

WORKFORCE INITIATIVES YIELD SIGNIFICANT RESULTS

Healthcare Laboratory Workforce Initiative (HLWI)

On December 19, 2007, the California Department of Public Health began accepting applications for medical laboratory technician (MLT) licenses. This is a major achievement for the HLWI, which has pushed for MLT licensure since the State regulations were approved

in 2005 as a way to broaden the laboratory workforce and build a career ladder for the position of clinical laboratory scientist (CLS).

An MLT is a mid-level laboratory professional who can assist a CLS and perform certain kinds of waived and moderately complex tests. Hospitals are encouraged to review their own laboratory staffing and determine how using MLTs can be of benefit.

For more information, contact Rebecca Rozen, Regional Vice President, (925) 746-1550, rrozen@hospitalcouncil.net.

San Joaquin Valley Nursing Education Consortium – 200 More Nurses!

We are pleased to report that due to the work of the Consortium, 84.32 percent of graduates in Valley nursing programs passed the national licensing examination (NCLEX) in 2006-07, an increase from the 80 percent pass rate in 2004-05. This translates to approximately 200 more registered nurses for the Valley. In addition, the Consortium completed its first faculty training course. Twenty-four Valley registered nurses are now certified to serve as clinical faculty members.

In the coming months the Consortium will be

- selecting a vendor to create a computerized clinical placement system;
- awarding grant funds to enhance the distance learning nursing programs at three Valley community colleges; and
- sponsoring a second faculty training course in July.

Please find a copy of the 2007 Progress Update, December 2007 at the end of this newsletter.

For more information, contact Lynne Ashbeck, Regional Vice President, (559) 650-5694, lashbeck@hospitalcouncil.net

North Bay Pharmacy Hub

In 2009, the School of Pharmacy, University of California, San Francisco, will open a North Bay hub. Pharmacy students will attend classes locally and hospitals in Napa, Sonoma and Solano counties will provide the clinical training. The hub will ensure that there are 12 pharmacy students per year available to hospitals in the area.

For more information, contact Ron Smith, Regional Vice President, (415) 616-9990, rsmith@hospitalcouncil.net.

SCHOLARSHIPS AVAILABLE FOR CLS STUDENTS

Scholarship Applications Due Feb. 29

The Healthcare Foundation of Northern and Central California will award six \$1,000 Barbara Harrelson Health Sciences Scholarships on April 15, 2008, to students enrolled in CLS programs. Additionally, another three \$1,000 scholarships will be awarded July 31, 2008.

Barbara Harrelson was a Hospital Council regional vice president who passed away suddenly in 2006. A leader within the Hospital Council, Barbara addressed healthcare workforce shortages with the hospitals and community organizations she served. Her goals were to promote health careers to a wider audience and provide support to training programs and the students enrolled in them.

In honor of her memory and the reputation she earned on workforce issues, the Hospital Council established the Barbara Harrelson Health Sciences Scholarship Fund. The Fund will provide scholarships to students who are enrolled in accredited healthcare clinical education degree or credential programs leading to practice in California for the first time. The Scholarship Fund began with a very generous donation from the Harrelson family, in support of Barbara's advocacy.

Initially, scholarships will be awarded to students enrolled in CLS programs since Barbara spearheaded the Healthcare Laboratory Workforce Initiative (HLWI) for the Hospital Council, in conjunction with the California Hospital Association (CHA), to find innovative solutions to the laboratory workforce shortage.

Scholarship awardees will also be guests of the Hospital Council at its Annual Leadership Summit on September 11, 2008, at the Palace Hotel in San Francisco, where they will receive personal acknowledgement and accolades.

A complete scholarship application packet can be downloaded from the Hospital Council's Web site (www.hospitalcouncil.net). The deadline to submit scholarship applications is 5:00 pm, February 29, 2008.

For more information, contact Petrina Aiello, Manager, Member Services, (925) 746-5106, paiello@hospitalcouncil.net.

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ANNUAL HEALTH CARE SUMMIT HAS A NEW NAME

2008 Leadership Summit announces registration discount and keynote speakers



The Hospital Council's Annual Health Care Summit will now be known as the Leadership Summit and the 2008 program will provide CEOs, CFOs, CNOs, public information officers, government relations directors, and quality and risk managers alike, educational opportunities covering the latest information, a chance to network with peers and a fun time.

Along with the new name, Hospital Council is announcing a new group discount registration rate. When more than two executives from the same facility register and attend the summit, the following tiered fee schedule applies:

- Three or more executives: \$395 per person.
- Two executives: \$450 per person.
- Single executive: \$495.

Summit keynote speakers include Dr. Larry Brilliant, executive director of Google.org, the philanthropic wing of the Internet search engine. A self-described social change "addict," Dr. Brilliant won the prestigious TED Prize in 2006 which granted him \$100,000 and one wish to change the world. His wish—to *build a global system to detect each new disease or disaster as quickly as it emerges or occurs*—resulted in the International Networked System for Total Early Disease Detection (INSTEDD), an international, non-governmental network that will detect early signs of emerging, global health crises such as pandemic bird flu. Dr. Brilliant also serves as a member of strategic advisory committees for the University of California, Berkeley, School of Public Health, and for the Kleiner Perkins Pandemic and Bio Defense Fund.

Retired Navy Commander Scott Waddle's pursuit of integrity against all odds provides an inspiring challenge to anyone facing difficult choices in life. "Failure is not Final" is Commander Waddle's personal story of the fateful day in February 2001, when he gave the order to perform an emergency surface maneuver that inadvertently caused the USS *Greeneville*, a 9,000-ton submarine, to collide with the *Ehime Maru*, a 500-ton Japanese fishing vessel, killing nine people on board. Against the advice of his lawyer and the direction of the Navy, Commander Waddle followed his conscience. Unlike many other leaders in the public eye who have denied or made excuses for their behavior, Waddle stood boldly and took complete responsibility for his actions. In October 2001, he was honorably discharged from the Navy and retired from active duty as a commander.

Dick Morris, a prominent American political consultant, is a familiar figure in his role as commentator for the Fox News Channel. He is well known for hard hitting, nonpartisan, objective commentary about the U.S. political scene. He writes a weekly column for the *New York Post*, the *Hill Magazine* in Washington D.C., and for Fox News. Morris will provide his insights and opinions of the 2008 Presidential Campaign.

The Leadership Summit also provides workshops and breakout sessions especially designed for public information and government relations officers, nurses, and quality leaders. Watch for additional information coming your way in upcoming issues of *Council Connect*, the Hospital Council's Web site (www.hospitalcouncil.net), and information mailed to your office. Online registration will be available March 31, 2008.

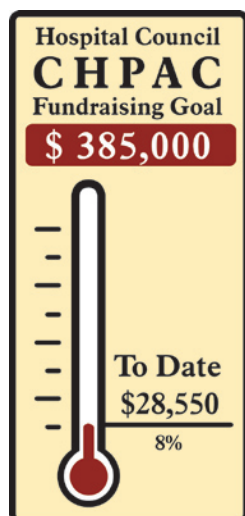
For more information, contact Petrina Aiello, Manager, Member Services, (925) 746-5106, paiello@hospitalcouncil.net.

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CHPAC UPDATE

Ken King wins trip to Europe

Congratulations to Ken King, Vice President, Facilities Services, El Camino Hospital, winner of the Hospital Council CHPAC raffle. Ken will enjoy a trip to Europe at a deluxe hotel in the city of his choice.



The 2008 CHPAC fund-raising campaign has begun. This year's statewide goal is \$1,000,000. The Hospital Council's portion of the statewide goal is \$385,000.

Hospital CEOs can support CHPAC by appointing a CHPAC campaign coordinator for your facility, initiating staff campaigns in coordination with the CHPAC office, soliciting hospital vendors for the Corporate Presidents' Club, and making personal CHPAC contributions.

The CHPAC is the only organization that gives financial support to responsible pro-health care candidates running for office throughout the state.

Make your CHPAC contribution today at one of the following levels:

- Presidents' Club member at \$1,250
- Leadership Board member at \$750
- Golden State Club member at \$500

For more information, contact Justin Matheson, CHPAC, Executive Director, (916) 552-7533, jmatheson@calhealth.org

WELCOME NEW CORPORATE MEMBERS

Hospital Council welcomes the following new corporate members:

- Moss Adams, LLP, provides accounting, tax, and consulting services to public, private, and nonprofit enterprises in many different industries. Headquartered in Seattle, Washington, the firm has 19 offices in Washington, Oregon, California, Arizona, and New Mexico.

- Valley Emergency Physicians Medical Group (VEP) is a California professional corporation, with practicing physicians and allied health providers as its stockholders. Headquartered in Oakland, VEP provides emergency medicine and primary care physician services to 24 hospitals and three hospital-affiliated clinics.

For more information, contact Petrina Aiello, Manager, Member Services, (925) 746-5106, paiello@hospitalcouncil.net.

BUSINESS PARTNER PROFILE

The MHA Group

The MHA Group is the nation's leading provider of clinical health care staffing and consulting services. The MHA Group provides the complete spectrum of clinical health care staffing services including permanent and temporary physician staffing, permanent and temporary allied professional staffing, and medical staff development planning.

When you do business with a Hospital Council Business Partner, you help generate non-dues revenue in support of member services. Please see the end of this newsletter for *Stark Law Changes and Physician Recruiting*, by Kurt Mosley, Vice President, Business Development, The MHA Group.

For more information, contact Kurt Mosley, Vice President, Business Development, The MHA Group (800) 876-0500, kmosley@mhagroup.com, www.mhagroup.com; or contact Petrina Aiello, Manager, Member Services, (925) 746-5106, paiello@hospitalcouncil.net.

CEO UPDATES

Lorene Perona is the Interim CEO at Kindred Hospital-Sacramento, replacing Virginia Matthews.

Sandra Yule is the new CEO at Kindred Hospital-Modesto, replacing Ruth Ann Noviello.

Mary Schwind is the Interim CEO at Kindred Hospital-San Francisco Bay Area, replacing Stan Lentz.

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Lori Austin is the Interim CEO at Palm Drive Hospital, replacing Jim Sato.

Jim Sato is the Interim CEO at Modoc Medical Center, replacing Stan Oppgard.

Dolores Horvath is the Interim CEO at Bakersfield Heart Hospital, replacing Richard Priore.

UPCOMING SPECIAL EVENTS

Rural Health Care Symposium
February 27 – 29, 2008
Crowne Plaza, Redondo Beach
Contact: Liz Mekjavich, (916) 552-7500

Health Policy Legislative Day
March 5, 2008
Sacramento
Contact: Dawn Vicari, (916) 552-7659

IHI Town Hall Education Meeting
March 13, 2008 10:00 am – 3:00 pm
Fresno Location TBD
Contact Debby Rogers, (916) 552-7537

California Congressional Action Program
April 6 – 9, 2008
Washington, D.C.
Contact: Dawn Vicari, (916) 552-7659

Hospital Council / Davis Wright Tremaine, LLP
Executive Briefing: 2008 Healthcare Regulatory
& Compliance Update
May 1, 2008 8:00 am – 1:00 pm
Westin Hotel - SF Airport, Millbrae
Contact: Petrina Aiello, (925) 746-5106

Hospital Council 2008 Leadership Summit
September 10 – 12, 2008
Palace Hotel, San Francisco
Ca'Bianca Restaurant, Santa Rosa
Contact: Petrina Aiello, (925) 746-5106

FEBRUARY / MARCH SECTION MEETINGS

San Joaquin/Mother Lode & Stanislaus/Merced Section Meeting

February 21, 2008 Noon – 2:00 pm
Memorial Hospital Association Board Room, Modesto

North Bay Hospital Council Section Meeting

February 28, 2008 Noon – 2:00 pm
Ca'Bianca Restaurant, Santa Rosa

Santa Clara Section Meeting

February 28, 2008 8:00 – 10:00 am
Santa Clara County Medical Association, San Jose

Northern Sierra Section Meeting

March 14, 2008 11:00 am – 2:00 pm
Mercy Medical Center, Redding

Redwood/Mendocino/Lake Section Meeting

March 21, 2008 11:00 am – 2:00 pm
Ukiah Valley Medical Center, Ukiah





PROGRESS UPDATE

December, 2007

Consortium Goal:

Increase the number of RN graduates in the San Joaquin Valley by 250 each year, beginning in January, 2008.

- **Objective I: Increase retention of nursing students by 6% and NCLEX pass rates by 10%.**
- Increased NCLEX passing scores for valley nursing programs from 80% in 2004-2005 to 84.32% in 2006-2007. This translates to approximately 200 more nurses for the valley.
- Working on retention strategies such as tutoring and mentoring programs for students that will help them stay in the program.

New Opportunities: Standardize the use of testing strategies by all the valley nursing programs that will help graduate nurses pass the NCLEX exam.

Continued Challenges: Additional funding needed to help support the efforts.

- **Objective II: Increase the supply of faculty and create centralized faculty resource center.**
- Completed our first faculty training course sponsored in part by the grant. 24 valley RNs have completed the on-line certificate course which will now allow them to serve as clinical faculty. These RNs were referred by either hospitals or colleges.

New Opportunities: The grant will help sponsor another class (30 + students) in July, 2008.

Continued Challenges: Having more Associate degree nurses further their education by going back to school to obtain their bachelors or masters degree in nursing. In addition, having hospitals release these nurses to teach a clinical rotation.

- **Objective III: Create a Computerized Clinical Placement System (CCPS).**
- Request for Proposals (RFPs) for the computerized clinical placement program were sent out to interested parties. Only had one RFP response which did not meet the minimum number of points to be selected. New RFP sent out mid November with a due date of December 17th. Review committee will meet mid January to discuss proposal returned. RFP review mtg. on January 29, 2008.

New Opportunities: Utilize the computerized clinical placement program to develop a “faculty pool” where nursing schools can post their faculty needs and faculty can post their availability.

Continued Challenges: Identifying the right vendor, costs involved in maintaining the program, location for the system, and on-going financial support.

- **Objective IV: Enhance the Use of Distance Learning in Nursing Education**
- Working with 3 valley Junior Colleges (Modesto, Fresno, & Bakersfield) that have distance learning nursing programs. They will be awarded grant monies for tutoring the students in the distance education nursing programs. MOUs have been developed and sent to the colleges.

New Opportunities: Look to work with the CSU systems that have an RN to BSN distance education program to help gain additional faculty.

Continued Challenges: Securing additional funding.

- **Objective V: Sustained Funding of the grant**

New Opportunities: Applied for a Department of Labor grant for \$2,000,000 for expansion of simulation labs in the valley colleges with nursing programs; sponsor additional skills lab faculty that would allow nursing programs to expand their programs; and, also allow hospitals to utilize the simulation labs for specialty training and remediation of staff.

Worked with the California Community Colleges, Economic Workforce Development Office which gave \$5,000 to both Fresno City College and Bakersfield College for faculty training on simulation equipment in both the southern and northern San Joaquin Valley. Classes being held April 4th in Fresno and April 12th in Bakersfield.

Continued Challenges: Have sufficient expert faculty for simulation lab equipment, have critical care scenarios developed and obtain additional funding from businesses like Leardal.

Next Consortium Meeting

March 12, 2008

1 – 4 pm

St. Joseph’s Hospital, Stockton, CA



STARK LAW CHANGES AND PHYSICIAN RECRUITING

**By Kurt Mosley, Vice President of Business Development
Merritt Hawkins & Associates**

As the premier national physician search and consulting firm, Merritt Hawkins & Associates monitors laws and regulations pertaining to physician recruiting. We are not a law firm, however, and do not offer legal advice. The following is for informational purposes only and is not intended to constitute legal advice. Should you have additional questions, we encourage you to contact your legal counsel.

Physician recruiting first emerged as an industry separate from executive recruiting in the 1970s and the early 1980s. At that time, physician recruiting was a relatively unregulated activity. Hospitals had considerable latitude when it came to the types of recruiting incentives they could offer physicians, and their physician recruiting activities were not vigorously monitored by government agencies.

That began to change about 20 years ago as both the Internal Revenue Service and the Department of Health and Human Services issued rulings and opinions defining the circumstances under which hospitals could offer physicians recruiting incentives, the types of incentives that could be offered, and the types of physicians to whom incentives could be offered.

Subsequently, the so-called “Stark Laws” governing physician-self referrals also imposed physician recruiting guidelines. In 2004, regulations implementing the Stark Law compelled hospitals to revise a physician recruiting practice that had been standard procedure for a number of years. The regulation in question stipulated that a hospital funding recruitment for an existing medical group could only pay for “additional incremental expenses” that accrue to the group because of the new physician. It could not pay for a pro-rated share of the group’s fixed overhead expenses such as office rent, equipment, or personnel, unless such expenses were a direct result of the new physician joining the group. This rule was intended to eliminate any financial benefit that physicians already established in the group might gain when a hospital assists the group to recruit physicians.

This regulation has proven problematic in a number of physician search assignments Merritt Hawkins & Associates has represented. A problem arises when an existing medical group loses a physician to retirement, death or relocation. Prior to the 2004 Stark regulation, a hospital could assist an established medical group to find a new physician by providing a salary or income guarantee to the incoming physician and allocating to the new physician a pro rata share of existing office space, equipment, personnel and other expenses associated with the new physician's practice for one year.

When that arrangement was prohibited, an established group that lost a physician would have to absorb that physician's share of the overhead and could get no relief from its affiliated hospital. This may not be a serious financial consideration in a large group practice, but it is in a smaller one, where physicians can see overhead increase by 50% upon departure of a colleague from the practice. Without assistance from the hospital, these groups may not be able to support higher overhead costs created by the sudden absence of a physician. The existence of the entire group therefore is threatened.

In addition, the hospital, hampered by this regulation, could be obliged to recruit into a solo setting where it would be able to front the new physician's overhead expenses. However, very few physicians are attracted to solo settings in rural areas. Long-term, the Stark "incremental expenses" regulation had the potential to undermine recruiting efforts in rural areas.

In September, 2007, CMS released final regulations implementing Phase III of the Stark Law, which are referred to as the Final Phase III Regulations. Reacting to comments from the field, including those submitted by Merritt Hawkins & Associates, the 2007 Stark regulations create an exception to the "incremental expenses" rule. In a case where an established medical group in a Health Professional Shortage Area (HPSA) or a Rural Area is replacing a deceased, retiring, or relocating physician, the hospital *can* pay for a pro-rated share of the group's fixed overhead expenses, such as office rent, equipment, or personnel, not to exceed 20% of the practice's aggregate costs. A Rural Area is any area not defined as a Metropolitan Statistical Area by the U.S. Census Bureau.

This restores, to some extent, standard physician recruiting practices and incentives that have been in place for years and which have been essential to attracting physicians to rural and other traditionally underserved areas. Hospitals in Rural Areas and HPSAs now should no longer feel confined to recruiting into solo settings but should be able to partner with established groups to help create the most competitive recruiting packages possible. It is gratifying that CMS responded to comments generated by those who felt handicapped by the "incremental expenses" rule, and that the rule was modified to conform to existing physician recruiting realities.

Other changes made in the Final Phase III Regulations also affect physician recruiting. One of the more controversial provisions of the "physician recruitment exception" to the Stark Law is the prohibition against a group practice imposing practice restrictions on a newly recruited physician. The Final Phase III Regulations significantly

relax these prohibitions. The Preamble to the Final Phase III Regulations acknowledges that a number of practice restrictions are permissible, including restrictions on moonlighting, prohibitions on soliciting patients and/or employees, and others. The Preamble even acknowledges the ability of a group practice to impose a *limited reasonable non-compete clause* on newly recruited physicians, and indicates that state law restrictions on non-compete agreements would likely be helpful in determining the reasonableness of the clauses. The Final Phase III regulations also address the establishment of a geographical service area and other matters relevant to physician recruiting.

The Final Phase III Regulations were set to become effective December 4, 2007. It is advisable to review physician recruitment arrangements to assure that they are structured in compliance with the requirements of the Stark Law as revised by the Final Phase III Regulations.

Disclaimer

In our role as physician recruiting consultants, Merritt Hawkins & Associates seeks to become familiar with various laws and regulations regarding physician recruiting. We are not a law firm, however, and do not offer legal consultation or advice. All physician recruiting arrangements should be reviewed and approved by attorneys familiar with this area of the law.

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Kurt Mosley is Vice President of Business Development for Merritt Hawkins & Associates, a national physician search and consulting firm and a division of AMN Healthcare, the largest health care staffing company in the United States. He can be reached at kmosley@mhagroup.com or (800) 876-0500.



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