

# **Report of the QHR Renewal Review Committee**

**(Established as an Ad Hoc Committee  
by the Holy Cross Hospital Board of Directors)**

**Submitted June 24, 2015**

## **Committee Charge and Composition**

The QHR Renewal Review Committee—composed of Board Members Linda Aubrecht; Geilan Ismail, MD; Karen Matherlee; Fred Peralta; and Tim Moore, MD—was charged with reviewing Holy Cross Hospital’s (HCH’s) relationship with Quorum Health Resources (QHR) and recommending whether or not HCH’s current contract should be renewed after its April 30, 2016 expiration date.

## **Committee Activities**

The committee met on April 1, April 13, April 27, and June 19, 2015. It completed the following:

- Review of the current HCH-QHR contract;
- Research on group purchasing services provided by QHR to HCH, as well as on vendors that contract directly with HCH;
- Study of the QHR Annual Report, May 31, 2014, “Value through Partnership”; QHR Fact Sheets; and availability of other health care management consulting firms;
- Breakout of the services provided by QHR, with a validation of each service (requested of and provided by Regional Vice President Tom McCall); and
- Survey of HCH’s managers and supervisors to gain their views of QHR’s value to HCH.

## **Committee Recommendations**

The committee concluded that HCH should renew its contract with QHR for the following reasons:

- **QHR's provision of group purchasing discounts and absorption of membership dues are very advantageous to HCH.**

**Justification:** QHR offers significant value—amounting to \$676,948 for the hospital fiscal year ending May 31, 2014—to HCH through its preferred vendor savings, MD buyline membership, and American Hospital Association membership. (See Appendix I.)

- **QHR gives essential consulting services to HCH.**

**Justification:** If subjected to “retail pricing,” these consulting services would approximate \$335,065. Broken out, they consist of operational business assessment and market repositioning; hospital-based clinic conversion research; contractual and bad-debt, critical access reimbursement, and sole community facility agreement review; quality assessment; revenue cycle team function facilitation; and annual licensing for Vantage productivity (not an actual consulting project, but a productivity tool). (See Appendix I.)

- **QHR offers other services to HCH.**

**Justification:** In addition, although it is difficult to assign tangible value, QHR provides regional team advice, support, and education to the HCH Board of Directors and its management team; reimbursement advisories; marketing assistance; compliance information through its website; support on business practices; Affordable Care Act updates and alerts; and topical guidance and alerts (for example, on the International Classification of Diseases, Clinical Modification 10 coding system). (See Appendix I.)

- **QHR employs HCH's chief executive officer (CEO) and chief financial officer (CFO).**

**Justification:** CEO Bill Patten and CFO Steve Rozenboom are QHR employees who serve HCH. Mr. Patten was appointed earlier this year as a result of an exhaustive search conducted by QHR, in partnership with HCH. It would have been prohibitively expensive for HCH to have conducted its own search, to have drawn candidates of the quality QHR presented, and to have done the vetting process, including background checks, that QHR performed.

Mr. Rozenboom has provided excellent service to HCH since January 2014, including acting as interim CEO during the executive search that

resulted in Mr. Patten's selection. If the HCH Board of Directors decided not to renew the QHR contract, HCH would lose both valued QHR employees.

- **QHR is highly thought of by HCH managers and supervisors , according to a survey conducted by the committee.**

**Justification:** Thirteen surveys were distributed, nine of which were returned and eight of which were very positive. (The survey questions and a sampling of the responses are included in Appendix II.)

- **While QHR has a few competitors—management consulting firms that contract with small, rural hospitals—the committee did not consider any of them to be superior to QHR.**

**Justification:** The larger management consulting firms have not shown interest in contracting with smaller hospitals, particularly those in isolated areas. One potential competitor is active in only two states. Another is subject to an investigation by the US Department of Health and Human Services' Office of Inspector General. Therefore, the committee is not recommending a request for proposals.

- **If the HCH Board of Directors accepts the committee's recommendation that the HCH-QHR contract be renewed, the committee suggests that the contract be thoroughly reviewed and proofread.**

**Justification:** While it is not within the committee's purview to be involved in contract negotiations, it does note that the current contract contains numerous typographical errors, including at least one egregious error.

- **If the HCH Board of Directors accepts the committee's recommendation that the HCH-QHR contract be renewed, the committee recommends that this report be distributed for public consumption, so that the members of the Taos community will be aware of the reasons for its decision.**

## APPENDIX I

**From:** "McCall, Tom" <[Thomas\\_McCall@QHR.com](mailto:Thomas_McCall@QHR.com)>  
**Date:** May 8, 2015 at 9:10:45 AM MDT  
**To:** "[KMatherlee@taoshealth.com](mailto:KMatherlee@taoshealth.com)"  
**Subject:** QHR Value Estimate

Per your previous email and the Year ending 05/31/14 QHR Value Report, tangible value was listed in two areas:

Savings through QPA Purchasing Advantage  
o GPO and QHR Preferred Vendor savings = \$636,122  
o MD Buyline Membership = \$ 11,000  
o AHA Dues Discount = \$ 18,628  
  
Estimate Savings from QHR Education = \$ 11,198

**TOTAL TANGIBLE VALUE SUBTOTAL = \$676,948**

I have worked with our consulting division to get "retail pricing" for the projects completed for Holy Cross during the year ending 5/31/14. These prices are the amounts we would charge an external client to perform those engagements. Listed below are the consulting projects completed by QHR during the reporting period and the external pricing associated with each one:

1. Operational Business Assessment/Market Repositioning = \$175,000  
2. Hospital-based Clinic Conversion Study = \$ 23,725  
3. Contractual & Bad Debt Review = \$ 21,200  
4. Critical Access Reimbursement Review = \$ 24,400  
5. Sole Community Facility Agreement Review  
(Managed Care Contract Negotiation) = \$ 4,000  
6. Quality Assessment = \$ 35,000  
7. Revenue Cycle Team Function Facilitation = \$ 26,740  
8. Annual Licensing for Vantage Productivity = \$ 25,000  
(not actually consulting project but productivity tool)  
**CONSULTING SUBTOTAL = \$ 335,065**

As I explained during my last visit, there are a number of items that are much more difficult on which to place a tangible value:

Regional Team Advice and Support to Board and Management Team  
Reimbursement Advisories  
Marketing Assistance  
Compliance Website, updates, etc.  
QHR Business Practices  
ACA Updates and Alerts  
Topical Guidance/Monitoring (Meaningful Use, ICD-10, etc)

However, using the areas on which we can reasonably place an estimated dollar amount, the total value for FYE 2014 = **\$1,012,013**.

Please let me know should you have questions or need additional information.  
Thanks.

**Tom McCall**

Regional Vice President  
**Quorum Health Resources, LLC**

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## **APPENDIX II**

### **Survey for HCH Management and Internal Management Concerning QHR Services**

Have you found the management and consulting services provided by QHR helpful in carrying out your responsibilities at Holy Cross Hospital?

More specifically:

How effective has QHR been to the CEO and CFO in providing advice on local, regional, and national health care issues important in the decision making process at HCH?

How effective has QHR been in the evaluation of the continuous changes in the health care environment?

How effective has QHR been in offering financial oversight and identifying and suggesting changes to counteract diminishing government reimbursement?

Has QHR completed an operational business assessment to address operational expense reductions and revenue enhancements?

Has QHR provided HCH with consulting services concerning improving quality patient care and resulting patient satisfaction?

How effective has the QHR Learning Institute been in providing conferences, webinars, and e-mail publications to keep you informed and up-to-date?

How helpful have QHR services been in staff recruitment and development?

Has QHR recognized and reported areas of concern so that issues can be resolved early?

Has QHR monitored HCH use of "Best Practices" to manage and improve fiscal operations and patient care?

How effective has QHR been in normalizing departmental performance?

*Please use included pages to respond and return this survey to Lenora Cisneros by Friday, April 24. Thank you for your honest appraisal. The QHR Renewal Review Committee*

### **Survey for HCH Management and Internal Management Concerning QHR Services**

1. “QHR provides significant advice, especially at the national level, in many areas of the organization. Advice regionally, and especially locally (State of New Mexico), is not as robust, but there is some level advice available in most areas for virtually all levels, including local at the community level. The national advice is of particular importance as there are many national issues that impact HCH directly. Reimbursement issues, cost report analysis, critical access hospital analysis, Health Information Technology information and trends (including coding and ICD-10), contracting, etc. are a few of the issues for which I’ve utilized QHR resources directly in the past year. The advice and expertise from a “deep bench” has been invaluable.”
  
2. “QHR provides a number of webinars on a regular basis to help their clients stay abreast of changes in the health care environment. John Waltko is an expert in health care reimbursement and holds regular reimbursement update webinars in which HCH participates. QHR also provides written notices and advisories almost weekly on national topics and trends. Our infection control nurse utilized a number of QHR services during the Ebola crisis last year.”
  
3. “QHR has been on-site to complete an overall assessment, but also to provide specific targeted area assessments that could impact reimbursement. For example, last fall a charge capture review was done on site for a week. This review was followed up with a specific management action plan to improve some of our charge capture, which enhances our reimbursement, especially for OP services. More recently, QHR has been addressing changes in reimbursement models and has been providing information and encouraging hospitals to consider participation in an ACO, if possible.”

4. "An overall assessment was completed in 2013 and the board elected to implement portions of the recommended operational changes. As noted above, in addition to the overall assessment, other assessments have been completed including charge capture, materials and inventory management, and compliance (these are the reviews of which I'm aware)."
5. "Although I know QHR offers services in these areas, I haven't had specific exposure to this and am unable to comment on the effectiveness or related value."
6. "Many of the items in the question I've referenced above. However, those comments were not necessarily related to the QHR Learning Institute. I know we have sent staff, and board members, to participate in various "boot camps" sponsored by the QHR LI. New board member, compliance, and case management are a few of which I'm aware we've had specific participation. I was also involved in CFO orientation through the Institute."
7. "QHR does have a national reach for CFO and CEO. I'm not sure I would have been aware, or interested in, the CFO opportunity had it not been related to QHR. From my perspective, the national presence represented by QHR was very important, as was the fact they had involvement with many other hospitals, both management and consultative. It provided some level of increased job security that a small, rural, independent hospital would not be able to provide on its own. With regard to other staff, I don't believe it has had much impact. However, there may be some that have been recruited that may also feel increased sense of security having a national organization involved in the management."
8. "In addition to the assessments noted above, QHR has regularly checked in on our status regarding conversion to ICD-10 and has

provided numerous tools to assist in our readiness. I'm not aware of any other specific issue identification."

9. "Another tool QHR provides is a productivity measuring system. This is a very versatile tool that can and should be used to help manage FTEs within the organization. Current benchmark data that is associated with best practices is used in the Vantage program. Advisories and bulletins are often provided and AVP and RVP also address many issues in monthly MOR calls and board reports. Individual departments may also receive specific best practice information. HCH is also able to call or otherwise contact QHR to have questions about best practices answered, or be directed to appropriate resources."
  
10. "Department performance is more directly impacted by local management. However, QHR does provide resources to enhance and improve many areas. It's up to individual departments to access and utilize tools QHR may have available to help in this area. HCH management needs to do a better job ensuring local managers and directors are aware of and utilize the services available from QHR."