

2011



Texas Hospital Association **Annual Report**



TEXAS HOSPITAL ASSOCIATION





2011

Dear Colleagues:

Hospitals faced many unprecedented challenges in 2011. The economic downturn, combined with a strong public backlash against “Obamacare,” set the stage for a contentious, ideological state legislative session. The Texas Hospital Association – your hospital association – worked hard to minimize the negative financial impact of a \$27 billion shortfall on hospitals and health care systems as Medicaid was targeted for significant savings.

THA and its almost 450 member hospitals/health care systems fought a continuous battle to make the resulting outcomes of the proposed budget cuts known to legislators. Preservation of Upper Payment Limit funding was a crucial goal. THA inserted safeguards to protect UPL funds through the Medicaid 1115 waiver process and secured add-ons that recognize important differences in hospitals to the new statewide Standard Dollar Amount. One of the bright spots in the session was the approval of long-sought legislation to allow rural hospitals – and a few large public facilities – to employ physicians.

Perhaps the most significant achievement of 2011 was the breadth and depth of member involvement that occurred. From legislative days at the Capitol to community engagement through THA’s “Some Cuts Don’t Heal” campaign, we have never seen members so active in a legislative session. Much was at stake, and hospitals rose to the challenge.

As hospitals focus on implementing dramatic changes in Texas Medicaid and adjust to lower Medicare reimbursement – and fight even more cuts being discussed in federal deficit reduction initiatives – a strong, unified voice is essential. THA is the only association that represents the collective interests of Texas hospitals. The strength of our numbers means that lawmakers and regulators listen when we speak, and this annual report provides highlights of the just-completed 2011 fiscal year.

Thank you for your continued membership; I hope you will make the most of your investment by becoming even more involved in THA.

Sincerely,

A handwritten signature in black ink that reads "Dan Stultz". The signature is fluid and cursive, with a large, sweeping flourish at the end.

DAN STULTZ, M.D., FACP, FACHE
President/Chief Executive Officer

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Editor

Debbie Ritenour

Assistant Editors

Sue Durio

Ann Ward, APR

Art Director

Barbara Battista

Design

Lynne Henderlong-Rhea

www.tha.org

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TEXAS HOSPITAL ASSOCIATION

Mission AND Vision

The Texas Hospital Association brings value to Texas hospitals by leading change that enhances access to safe, affordable, quality health care.

THA's vision is to be the most trusted voice representing Texas hospitals and health care systems.

Advocacy



“THA advocates were relentlessly persistent in sharing the hospital message at the Capitol during the legislative session. With THA’s leadership, hospital representatives became involved in advocacy at levels not witnessed before this session. Working together with THA, hospital advocates across the state shared a consistent message locally and statewide.”

VICKI PERKINS
Chief government relations officer
CHRISTUS Santa Rosa Health System,
San Antonio

In FY 2011, the state legislative session was the primary focus for THA and its members. THA staff met with state officials and leaders throughout the session to advocate on behalf of Texas hospitals.

82nd Legislative Session

The 82nd Texas legislative session began with a \$27 billion shortfall and a supermajority of Republican legislators in the House seeking to balance the budget within available revenue. In addition to the budget, the Legislature chose to debate several issues related to federal health care reform and tackled numerous other contentious health care topics. THA remained engaged with legislators and members throughout both the regular session and the special session in order to best represent the interests of Texas hospitals and health care systems.

With more than one-third of the funding shortfall attributable to increasing caseloads and the loss of federal stimulus funding in the Texas Medicaid program, it was clear early on that health care providers were targeted for reductions in state spending. Anticipating the challenge, THA established a Special Task Force on Medicaid Reform charged with developing an industry position on potential Medicaid reforms so that hospitals could speak with one voice on this critical issue. Members from the task force met with representatives from the Texas Health and Human Services Commission to discuss the expansion of Medicaid managed care – specifically, strategies for mitigating the potential loss of hospital Upper Payment Limit program payments. In addition, THA staff developed talking points about the budget in general for hospitals to distribute to elected officials.

In February, John Hawkins, THA senior vice president of advocacy and public policy, testified before the Senate Finance Committee and the House Appropriations Committee Subcommittee on Health and Human Services during hearings on Article II (Health and Human Services) of the proposed state budget. Hawkins explained that the real impact of the proposed Medicaid budget was far greater than the stated 10 percent rate reduction to providers. In addition, Dan Stultz, M.D., FACHE, FACP, THA president/chief executive officer, testified before the House Public Health Committee on the potential long-term negative impact of cost containment measures in Medicaid and the Children’s Health Insurance

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Bills Tracked During the Regular and
Special State Legislative Sessions



THA's Special Task Force on Medicaid Reform met on April 27 to discuss Texas Health and Human Services Commissioner Tom Suehs' ideas for Medicaid financing and payment reform. Some 60 task force members and other interested parties debated the proposal at THA headquarters.



On Feb. 16, THA President/Chief Executive Officer Dan Stultz, M.D., FACP, FACHE, center, spoke at a Capitol news conference on Senate Bills 7 and 8. The legislation was introduced by Lt. Gov. David Dewhurst, right, and Sen. Jane Nelson (R-Flower Mound), left.

Program. THA also provided written testimony to the committee, outlining some of the key challenges facing Texas hospitals, including public health issues, comprehensive delivery system reform and continuing workforce shortages. THA continued to work with legislators and the Texas Health and Human Services Commission and provide testimony on Medicaid funding and related issues throughout the session. THA members and staff interacted directly with the special Senate Finance subcommittee appointed to advise on Medicaid issues, and throughout the session THA and its members testified on bills at the request of legislators, primarily before the House Public Health and Senate Health and Human Services committees.

THA worked with legislators on several other important issues not directly related to funding. Most important to rural hospitals, THA worked alongside the Texas Organization of Rural & Community Hospitals to finally pass legislation allowing rural hospitals the option of directly employing physicians. Once again, the efforts of THA members in coordinating the testimony of physicians and community leaders in support of the measure paved the way for the Legislature's ultimate support. Also, Charles Bailey, J.D., THA's senior vice president and general counsel, testified in support of a bill proposing the establishment of a Texas Health Insurance Connector – a simplified insurance market that would serve as the state's insurance exchange as required under federal health care reform in March. THA registered support for a number of bills, including one updating the Texas Board of Nursing's regulation of nurses to improve patient safety and one reducing the length of time for a foreign medical graduate to complete graduate medical training as a condition of licensure. THA also worked with legislators on a bill addressing the electronic exchange of protected health information.

Ultimately, lawmakers were not willing to raise revenues and significantly decreased health and human services funding by a total of 17.2 percent for the 2012-13 biennium, consistent with reductions in other articles of the budget. Despite the setback, Texas hospitals and health care systems worked together to ensure some significant victories, including:

- Restoring \$30 million for the biennium for the Professional Nursing Shortage Reduction Program when the initial version of the budget had zero-funded the program;
- Preserving the Driver Responsibility Program, which partially funds uncompensated trauma care in the state;
- Preventing the passage of several bills that would have gutted the Texas Advance Directives Act; and
- Allowing specific urban hospital districts to directly employ physicians, in addition to rural hospitals.

Throughout the session, THA kept members informed through the weekly *Health Care Advocate* and *Call to Action* e-newsletters, as well as the CEO newsletter. In addition, THA sent out *Action Alert* emails as needed urging hospitals to take action on various hot-button issues.

Public Education

Knowing local hospital involvement was imperative this session, THA led a high-profile grassroots advocacy effort to inform legislators and the general public about the consequences of deep cuts in Medicaid and other health care spending. THA's "Some Cuts Don't Heal" campaign integrated podcasts, social media, YouTube videos, a dedicated website, direct mail, print and radio advertising, earned media, op-ed pieces and editorial board visits. THA facilitated dozens of media requests for interviews and background information, generating more than 100 news articles as well as several opinion-editorials and editorial mentions.

The campaign centered on using key messages identified through public opinion polling to educate the public about the long-term implications of the cuts and urge lawmakers not to balance the state's budget with cuts alone. THA's Strategic Communications Constituency Council provided input on the creation of resources hospitals could use in their local communication efforts.

Weekly *Call to Action* emails sent to hospital chief executive officers, trustees, hospital government relations staff and communications professionals provided ideas and tools for hospitals to involve local stakeholders. Chamber resolutions, local news conferences, letter-writing campaigns, pages on hospitals' websites and social media posts were among the ways individual hospitals got involved.

In conjunction with THA's "Some Cuts Don't Heal" campaign, San Antonio-area hospitals hosted a news conference March 31 to bring attention to funding issues. Pictured left to right are Richard Perez, president/chief executive officer of the Greater San Antonio Chamber of Commerce; Jaime Wesolowski, president/CEO of Methodist Healthcare System of San Antonio; Bexar County Judge Nelson Wolff, J.D.; George Hernandez Jr., J.D., president/CEO of University Health System; Patrick Carrier, president/CEO of CHRISTUS Santa Rosa Health System; and Graham Reeve, president/CEO of Baptist Health System.





Bill Webster, FACHE, center, chief executive officer of Medical Center Health System in Odessa and chairman of the THA Board of Trustees, called on lawmakers to protect funding for local hospitals, doctors and nurses during a March 29 Capitol news conference. Also pictured are David Pearson, left, president/CEO of the Texas Organization of Rural & Community Hospitals, and Bryan Sperry, president of the Children's Hospital Association of Texas.



Rep. Diane Patrick (R-Arlington), center, received her THAT Award from David Tesmer, HOSPAC chairman and senior vice president of advocacy and community benefit at Arlington-based Texas Health Resources, and Jennifer Banda, J.D., THA vice president of advocacy, public policy and HOSPAC.

Media Relations

In addition to leading grassroots efforts to generate media coverage, THA conducted its own public relations campaign throughout the session. In January, THA staff met with editorial boards at major newspapers across the state, including the *Austin American-Statesman*, *Dallas Morning News*, *Houston Chronicle* and *San Antonio Express-News*. These meetings resulted in positive coverage from those publications.

THA participated in several news conferences throughout the session. On Feb. 16, THA President/Chief Executive Officer Dan Stultz, M.D., FACP, FACHE, spoke at a Capitol news conference on Senate Bills 7 and 8, designed to implement payment reforms in Medicaid and the Children's Health Insurance Program and allow the creation of health care collaboratives (accountable care organizations) to improve quality while reducing health care costs. THA also worked with the Coalition to Protect Trauma Care to organize activities and a news conference during Texas EMS and Trauma Day at the Capitol on Feb. 22. On March 29, THA hosted a news conference launching the "Some Cuts Don't Heal" campaign.

Post-Session Activities

The day after the regular session adjourned, THA distributed a special edition *Health Care Advocate* that provided an overview of health care issues addressed by the Legislature.

THA hosted a special Member Connection call on June 1 to recap the regular session and answer members' specific questions. A July 19 webinar also updated members on legislative changes that impacted their hospitals and incorporated the results from the special session.

THA published *New Health Care Laws: A Report on the 82nd Texas Legislature* in August. The comprehensive reference guide discusses new state health care-related laws and how they impact hospitals. Complimentary printed copies and fully searchable CD-ROM versions were mailed to chief executive officers, hospital government relations staff and in-house counsel at THA-member hospitals and health care systems.

The THA Board of Trustees honored five state legislators with the Texas Hospital Advocacy Tribute award in recognition of their accomplishments during the legislative session: Sen. Robert Duncan (R-Lubbock), Rep. Garnet Coleman (D-Houston), Rep. Craig Eiland (D-Galveston), Rep. Diane Patrick (R-Arlington) and Rep. John Zerwas, M.D. (R-Simonton).

Federal Advocacy Initiatives

While much of the action in FY 2011 took place in Austin, THA staff stayed on top of activities occurring in Washington, D.C., as well. THA submitted comments on a variety of issues at the federal level, including the extension of the Emergency Medical Treatment and Labor Act to the hospital inpatient setting and a proposed National Labor Relations Board rule requiring employers to post a notice describing employee rights. In addition, the U.S. Department of Health and Human Services held an information session at the THA headquarters regarding two new federal programs, the Pre-Existing Condition Insurance Plan and the Consumer Assistance Program. Also, THA successfully recruited members of the Texas delegation to sign several “Dear Colleague” letters that resulted in mitigation of potential negative Medicare payment updates.

THA hosted a reception for the more than 40 Texas health care leaders who attended the 2011 American Hospital Association Annual Membership Meeting in April. THA also arranged special meetings with U.S. Sen. John Cornyn and U.S. Reps. Joe Barton, Michael Burgess, M.D., and Lamar Smith as well as several key committee staffers and AHA executives. THA staff made a concerted effort after the state session to brief the Congressional delegation on the Medicaid payment reductions to hospitals, advocating for no additional harm to the program from the federal level.

HOSPAC

In calendar year 2010, HOSPAC – the political action committees for THA – raised more than \$300,000 for the first time. For calendar year 2011, the 33-member HOSPAC Board of Directors challenged HOSPAC with raising 25 percent more. As of Aug. 31, HOSPAC had raised \$242,612, or 71 percent of its goal. With three months remaining in its fiscal year, HOSPAC hopes to meet or exceed its contribution goal of \$339,000 thanks to the generous support of hundreds of member-hospital employees, trustees, volunteers and other supporters.

The HOSPAC board established individual goals for each THA-member hospital and health care system based on \$2 per FTE, with a \$500 minimum. HOSPAC congratulates the 24 hospitals exceeding or meeting their individual goal thus far. Those 24 hospitals alone have brought in \$78,642 to HOSPAC in 2011.

HOSPAC keeps its members connected through collateral materials and the HOSPAC website. *HOSPAC Notes*, a bimonthly e-newsletter, keeps hospital leaders informed on HOSPAC’s activities and fundraising progress.

In the past year, HOSPAC hosted six leadership receptions across the state that honored Speaker of the House Joe Straus (R-San Antonio), Rep. Veronica Gonzales (D-McAllen), Rep. Diane Patrick (R-Arlington) and former Rep. Ellen Cohen (D-Houston). The HOSPAC Leadership Reception held at the THA 2011 Annual Conference featured Len Nichols, Ph.D., director of the Center for Health Policy Research and Ethics and professor at George Mason University, who spoke about the future of federal health care reform.



U.S. Sen. John Cornyn speaks to a group of Texas health care leaders during the American Hospital Association Annual Membership Meeting.



Len Nichols, Ph.D., spoke during a HOSPAC Leadership Reception held in conjunction with the THA 2011 Annual Conference.

Member Involvement



“As a member of the THA Board of Trustees for the past two years, I have become more acutely aware of THA’s efforts to keep its members well informed about the challenges facing Texas hospitals and the health of Texans. Texans and Texas hospitals are fortunate, indeed, to have THA on their side as advocates for safe, high-quality, accessible and cost-effective health care.”

NATE GOLDSTEIN III, M.D.
Chief medical officer
Northwest Texas Healthcare System,
Amarillo

In a legislative year when hospital collaboration was more important than ever, THA worked to engage members with the association, legislators, their communities, the media and one another.

Constituency Sections/Councils

Under the leadership of the 30-member THA Board of Trustees, a network of committees and councils provided valuable input to the association on topical issues and policy positions from their particular vantage point in FY 2011. They also provided unmatched opportunities to network and exchange information and ideas among peers who share similar areas of work responsibility or interests. THA’s four formal constituency sections are governed by councils appointed by the THA chairman based on member input.

- **Council on Policy Development.** In 2011, THA’s five policy committees helped THA address key legislative issues. After being fully vetted in these committees, recommendations went to the Council on Policy Development. COPD positions then were sent to the THA Board of Trustees, which makes official policy for THA.
- **Hospital Physician Executives Constituency Council.** Created to bring together physician executives from THA-member hospitals/health care systems, the Hospital Physician Executives Constituency Council provides a forum for sharing of evidence-based best practices, input on public policies and networking. The council met three times in FY 2011 to discuss various topics, including health information technology/meaningful use, physician employment and the changing role of the chief medical officer.
- **Psychiatric and Chemical Dependency Services Hospitals Constituency Council.** Members of the council provided technical guidance to THA government relations staff. The council also provided direction and identified speakers for the annual Behavioral Health Conference and continued to be an informal networking group to assist members in problem-solving.

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Texas Hospitals/Health Care
Systems Represented on THA
Councils and Committees



Bob Hendler, M.D., vice president of clinical quality at Tenet Healthcare Corporation in Dallas, spoke at the June 2011 meeting of the Hospital Physician Executives Constituency Council.



Sierra Providence East Medical Center in El Paso hosted the July 2011 meeting of THA's Leadership Development Council. Pictured left to right are the hospital's Benson Chacko, associate administrator; Sally Hurt-Steffen, RN, FACHE, chief executive officer; and Monica Vargas-Mahar, FACHE, chief operating officer.

- **Rural Hospital Constituency Council.** The Rural Hospital Constituency Council played an active role in the development of health care policy for the 2011 legislative session, addressing the special needs and issues of rural and small hospitals. In addition, the council launched a pilot program to help rural hospitals share resources and helped plan the 2011 Texas Rural Health Forum, which THA co-sponsors.
- **Strategic Communications Constituency Council.** Representing 13 media markets in Texas, the council provides input on management of priority issues and helps THA implement specific communication strategies. In FY 2011, the council helped implement THA's "Some Cuts Don't Heal" communications campaign, which highlighted the negative effects of proposed state Medicaid cuts in the media and with legislators.

Committees and Groups

THA's committees and groups provided a number of opportunities for members with similar interests to interact and provide guidance to the association on hot topics during FY 2011.

- **Hospital Advocacy Group.** Hospital government relations staff and lobbyists met weekly during the 2011 legislative session to strategize on the many bills being tracked by THA. When the Legislature was not in session, the group met monthly at THA's headquarters to discuss current legislative and regulatory issues. The group also provided input to THA on these issues.
- **Leadership Development Council.** Composed of 20 emerging THA leaders who each serve three-year terms, the Leadership Development Council provides important networking opportunities for these health care executives through educational events and site visits at hospitals around the state. In FY 2011, the council toured East Texas Medical Center Tyler, Memorial Hermann Sugar Land Hospital, Memorial Hermann - Texas Medical Center in Houston, Sierra Providence East Medical Center in El Paso and TIRR Memorial Hermann in Houston. Educational programs for the year covered such topics as broadening physician recruitment and employment, clinical integration, electronic medical records and meaningful use, and community partnerships.
- **Legal Counsel Meetings.** In-house legal counsel met at THA headquarters to discuss current legal and compliance issues faced by Texas hospitals. The group also provided input on legislative and regulatory initiatives being pursued by THA.
- **Texas Hospitals Editorial Board.** *Texas Hospitals* magazine is published bimonthly for THA members under the direction of a 15-member editorial board. In FY 2011, the board helped plan the 2012 editorial calendar, focusing on issues that may come up in the 2013 legislative session, and provided content ideas and feedback.

Quality Initiatives



“The work that we have done through the Texas Center for Quality & Patient Safety’s On the CUSP: Stop BSI initiative has altered our culture. The climate of quality care and patient safety is not simply a goal but a reality.”

THERESA HICKMAN, RN
Nursing educator
Peterson Regional Medical Center, Kerrville

Quality is more than a hot topic for Texas hospitals – it’s a way of life. THA continued to support Texas hospitals in their quest to improve quality and patient safety through the Texas Center for Quality & Patient Safety, an affiliate of THA’s nonprofit foundation.

Texas Center for Quality & Patient Safety

After its founding in 2010, the Texas Center for Quality & Patient Safety launched a successful statewide collaborative to reduce or eliminate central line-associated bloodstream infections in hospital intensive care units. The project, On the CUSP: Stop BSI, is part of a nationwide initiative administered by The Health Research & Educational Trust of the American Hospital Association in collaboration with the Johns Hopkins University Quality and Safety Research Group and the Keystone Center for Patient Safety & Quality at the Michigan Health & Hospital Association. States in cohorts 1-4, including Texas, saw CLASBI rates decrease 33 percent after 10-12 months of participation in the project. In addition, the percentage of units with zero quarterly CLABSIs increased from 27.3 percent to 69.5 percent.

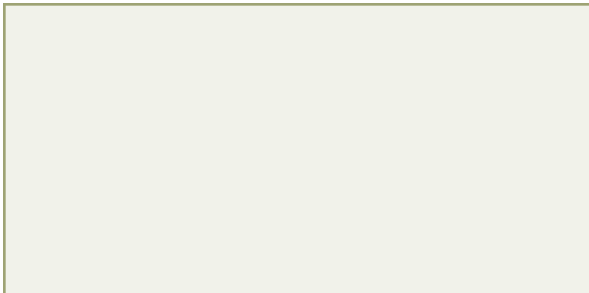
In FY 2011, TCQPS launched several more initiatives, including the following:

- **On the CUSP: Stop CAUTI**, which looks to reduce catheter-associated urinary tract infections using the Comprehensive Unit-based Safety Program;
- **Project RED** (Re-Engineered Discharge), an evidence-based framework for reducing preventable readmissions; and
- **TeamSTEPPS**[®] (Strategies and Tools to Enhance Performance and Patient Safety), a teamwork improvement system based on more than 25 years of research and evidence on team performance in high-risk areas like health care.

In addition, TCQPS is partnering with the TMF Health Quality Institute on a surgical site infection reduction initiative and with the Texas Department of State Health Services in conducting a gap analysis on electronic laboratory reporting practices in the state. TCQPS also funded five

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Hospitals Participating
in TCQPS Initiatives



Some 52 people from 20 hospitals across the state attended the March TeamSTEPPS training session.

More than 100 people attended the July mid-course meeting for hospitals that have launched surgical site infection and bloodstream infection reduction collaboratives.



hospitals' upgrade of electronic laboratory reporting systems in order to improve the efficiency of the process of reporting certain diseases to TDSHS.

TCQPS received a \$30,000 grant from the Cardinal Health Foundation to improve medication safety in rural hospitals. The grant will allow TCQPS to work with three facilities on improving the discharge process, enhancing medication safety and ultimately reducing the number of avoidable readmissions. The three chosen facilities, Memorial Medical Center in Port Lavaca, Peterson Regional Medical Center in Kerrville and Rolling Plains Memorial Hospital in Sweetwater, are participating in the Project RED initiative and will adopt additional safeguards to ensure compliance with medications by expanding on and evaluating the role of clinical pharmacists in post-discharge care. In addition to the medication safety grant, the Cardinal Health Foundation offered TCQPS and the three hospital teams an opportunity to receive \$6,000 worth of training at an Institute for Healthcare Improvement course.

A January survey of rural Texas hospitals conducted by TCQPS found that 12 percent of respondents did not conduct nursing peer review at their facilities although it is mandated under Texas law. TCQPS published a white paper on the subject in the summer that explored the prevalence of nursing peer review in Texas hospitals, described the types of nursing peer review, and explained when it is required by law. THA offered a corresponding two-part webinar in August.

Education



“Keeping up with legal, regulatory and reimbursement changes is more challenging than ever for hospital executives. THA’s webinars and live events, especially the annual conference, provide cost-effective educational tools for my hospital team.”

CHRIS EKREM
Chief executive officer
Yoakum County Hospital, Denver City

With health care evolving at a rapid, almost dizzying pace, hospital and health care system leaders are pressed to find time to educate themselves on all the changes in addition to performing their regular duties. To help members stay up-to-date on everything from new regulations to hospital operational issues in an efficient, cost-effective way, THA offered almost 60 education programs throughout the year. As an approved provider of multiple types of continuing education credits, THA is able to educate various health care professionals, including executives, nurses and physicians.

Live Events

THA’s annual conference continues to be the association’s most popular event, with nearly 1,000 people registering for the event in 2011. Much of the conference’s educational session focused on the details involved in implementing federal health care reform, but attendees also heard from industry experts on such topics as communicating about unions and addressing violence in the workplace. The sold-out Exhibit Hall brought in nearly 200 companies, making it the largest health care exhibit show in Texas. Innovation centers – new this year – showcased member hospitals’ best practices.

THA also offered more specialized in-person meetings throughout the year. These events included:

- The Texas Health Law Conference;
- The Texas Rural Health Forum;
- The Behavioral Health Conference;
- An update on The Joint Commission’s National Patient Safety Goals; and
- An update on The Joint Commission accreditation.


**THA ANNUAL
CONFERENCE** 2011
TEXAS HOSPITAL ASSOCIATION
FEBRUARY 2-3
AUSTIN CONVENTION CENTER

996

Registrants for
the THA 2011
Annual
Conference



Some 80 hospital administrators and other interested health care professionals attended the 2011 Behavioral Health Conference.

THA's meetings were headlined by legislators, hospital leaders and nationally known health care experts, including Rep. Lois W. Kolkhorst (R-Brenham); economist Len Nichols, Ph.D.; Rep. Garnet F. Coleman (D-Houston); Mayo Rochester Hospitals/Mayo Foundation/Mayo Clinic Chief Medical Officer Mike Rock, M.D.; and Texas Health and Human Services Executive Commissioner Tom Suehs.

Distance Learning

For those busy professionals who couldn't take time away from their hospitals, THA offered more than 50 webinars on such hot topics as community benefit, patient safety, observation/physician services, documentation update, credentialing and privileging, and the Emergency Medical Treatment and Labor Act. Many of these distance learning events were recorded and made available on CD.

Attendees of the THA 2011 Annual Conference networked and perused the Exhibit Hall between sessions.



Communications



“Working alongside my colleagues on the Strategic Communications Constituency Council, I know firsthand the level of expertise this group brings to effective and strategic communication, which was evident in the latest budget battle. THA worked to communicate with members, local communities and the media throughout the state and nationally, allowing for a stronger voice for all Texas hospitals.”

RUTH PADILLA
Senior director of strategy, Division II
Community Health Systems

THA's efforts to communicate with members in FY 2011 ranged from a traditional bimonthly printed magazine to a special webcast on the results of the November 2010 General Election.

Print Publications

THA's flagship publication, the bimonthly *Texas Hospitals* magazine, covered such timely issues as health care reform, Medicaid funding and hospital security during FY 2011. Advertising income from the magazine continued to provide a stable source of non-dues revenue for the association, as did advertising income from the 2011 edition of the *Directory of Texas Hospitals*, which was published in January and provided to hospital chief executive officers as a member benefit.

In addition, THA and its family of companies continued to publish the quarterly newsletters *Sharing*, which highlights THA-endorsed companies, and *Your Money Your Future*, which is sent to participants in the THA Retirement Plan.



Electronic Communications

THA's website continued to house information on the association as well as valuable resources available to members only. In addition, THA's 11 electronic newsletters targeted specific audiences to keep members informed on the topics that most interest them.

THA remained an active user of social media throughout the year, maintaining pages on Facebook and Twitter and posting videos on YouTube, including the videos developed as part of the “Some Cuts Don't Heal” campaign during the legislative session. THA also communicated with members during the session via weekly *Capitol Update* video podcasts.

Member Connection Calls

THA hosted Member Connection calls as needed during FY 2011 to keep members up-to-date on fast-breaking health care news. The calls allowed time for participants to ask questions of THA staff. In November, THA and HOSPAC hosted a special Member Connection webcast to discuss the results of the General Election and the impact on health care policy decisions in Washington, D.C., and Austin.

92%

of Readers Rate *Texas Hospitals*
Magazine as High Quality

Products AND Services



“In my role as member of the HealthSHARE Board of Directors, I have witnessed firsthand the extensive research done before a company is recommended for THA-endorsed status. As administrator of a rural hospital, I am well aware of the value and savings THA-endorsed companies can provide. The products and services THA offers through its endorsed companies help Texas hospitals provide high-quality care at a reasonable cost.”

ERNEST FLORES JR.
Chief executive officer
Dimmit Regional Hospital, Carrizo Springs

THA and its endorsed companies provide valuable products and services to help THA members provide the highest-quality care efficiently and cost-effectively.

HealthSHARE

Through HealthSHARE, THA's marketing subsidiary, Texas hospitals continued to access dozens of companies hand-selected as THA-endorsed companies for their world-class business offerings in FY 2011. These companies deliver products and services that help Texas hospitals improve operational efficiencies and deliver the highest-quality care to their communities. Through HealthSHARE's extensive due diligence process, the THA Board of Trustees reviewed and approved 14 new business partners with services ranging from remote pharmacy supervision to electronic payment processing.

HealthSHARE and the 72 companies that bear the prestigious THA-endorsed company status played a key role in THA's financial health this fiscal year. These companies contributed \$486,000 in royalty payments to THA in FY 2011, which, combined with the \$2.5 million in HealthSHARE revenue, is a great source of non-dues revenue.

HealthSHARE's regional executives made an average of 105 hospital visits each month to speak with hospital executives and learn how THA can better meet their needs. In addition, the regional executives listened and asked questions to determine how they can assist the hospitals in solving any problems they are having, from licensing issues to Medicaid managed care contracting. The regional executives then determined if the problems could be addressed by THA staff or one of the endorsed companies. The portfolio of THA-endorsed companies has been built based on hospital need identification.

Manuals and Guidebooks

Developed by experts in their fields, THA's manuals and guidebooks help hospitals address critical legal and operational issues. New offerings in FY 2011 included *Protect Your Signature*, a DVD designed to educate nurses on union participation, and *New Health Care Laws: A Report on the 82nd Texas Legislature*, a comprehensive reference guide on new state health care-related laws and their potential impact on Texas hospitals.



\$486,000

Contributed in Royalty
Payments to THA by
Endorsed Companies

Data Services



“We use the inpatient discharge data provided through the THA Patient Data System to evaluate how to expand our services to better meet the needs of the underserved areas in our community. The THA data are the only data available that also allow us to see the physician activity and to encourage our physicians to participate in expanding into underserved areas.”

KEITH HART

Vice president of decision support
HCA Gulf Coast Division, Houston

Before you can improve, you need to know where you stand. In FY 2011, THA offered numerous resources that provide data and information to help Texas hospitals improve patient care.

THA DataGen

A valuable member-only service, the THA DataGen Service gives hospitals critical data to assess the impact of proposed Medicare regulations and legislative proposals on their bottom line and hospital operations. Although these hospital-specific analyses initially focused on Medicare payments, the analyses have expanded into the quality arena as the Medicare data have become available. Examples of the DataGen payment reports include inpatient payments, outpatient payments and electronic health records incentive payments. Examples of the DataGen quality reports include hospital-acquired conditions, readmissions and outpatient product lines.

Although there are a few routine reports that are produced each year, the majority of the reports are developed in response to the changing health care environment. In 2011, for example, THA sent member hospitals three reports on value-based purchasing – a timely topic considering the Patient Protection and Affordable Care Act established the Hospital Value-Based Purchasing Program, which will allow the Centers for Medicare & Medicaid Services to base a portion of Medicare reimbursement payments on how well hospitals perform.

THA Patient Data System

THA continued to help hospitals track patient migration and better manage service lines through the THA Patient Data System in FY 2011. PDS is a comparative hospital database used to assess utilization, determine market position, and monitor quality and efficiency. The basic service package, known as PDS Care Comparison®, offers unique comparisons of each hospital’s actual performance with its expected performance and that of its peers in key performance categories. The PDS Polaris Suite®, Outpatient Data Collection® Solution and Market Expert® State Data Analyst offer more in-depth analyses and services.

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DataGen Reports Sent to THA
Members in FY 2011

THA Insurance Services



“THIE has a comprehensive range of affordable business insurances and products. I find THIE to be committed to excellence and the highest level of quality, having utilized their services for the past 36 years. The THIE team is knowledgeable and will go above and beyond to assist with your hospital needs.”

SANDRA GAYLE WRIGHT, RN, ED.D.
Chief executive officer
Tyler County Hospital, Woodville

THA brought all of the insurance pieces throughout the THA family of companies together in one place for the first time in FY 2011. The THA Retirement Plan, Texas Hospital Insurance Exchange, HealthSHARE and new partner McNearly Inc. now are working together to provide needed services to Texas hospitals. This synergy creates opportunities for mitigating risk for Texas hospitals in new and innovative ways. Through this new partnership, THA can provide services that range from fully insured products to a completely self-insured suite of services.

Liability Coverage

The Texas Hospital Insurance Network, which manages the Texas Hospital Insurance Exchange, provides a range of affordable business insurance products and services for small and rural hospitals. THIE continued to achieve positive financial results in FY 2011. In August 2010, A.M. Best Company reaffirmed THIE's rating of B+ (Good) with a stable outlook.

In January, THIE launched its 11 in 11 Refund Plan. For those subscribers who had adequate funds in their subscriber surplus accounts, a check equal to 11 percent of the 2011 renewal premium was refunded. THIE staff traveled around the state throughout the year to personally deliver the refund checks, which totaled more than \$705,000.

That wasn't the end of the good news for subscribers. THIE also awarded \$15,000 to three hospitals implementing projects targeted at reducing hospital readmissions. The grants were given to Limestone Medical Center in Groesbeck, Parmer Medical Center in Friona and Rolling Plains Memorial Hospital in Sweetwater.

THIE's June Hot Topics Workshop drew some 30 health care professionals to the Cliffs Resort on Possum Kingdom Lake for two days of networking and continuing education. The workshop was such a success that THIE scheduled a second one for late 2011 in Amarillo.

Employee Benefits

Texas Hospital Association subsidiary HealthSHARE markets a variety of employee insurance and benefits programs for Texas hospitals, including the THA Retirement Plan. In FY 2011, THA added a full-service insurance broker and a company that provides risk management solutions in the Texas workers' compensation non-subscriber market to its list of endorsed companies specializing in insurance programs.

\$705,395

Refunded to THIE
Subscribers
via Surplus Checks

Facts AND Figures

In 2011, THA represented 78 percent of non-state, non-federal Texas hospitals and health care systems – or almost 450 hospitals, some 355,000 hospital employees and 4,000 hospital trustees. By Oct. 10, 2011, some 67 percent of 2011-12 dues had been collected.

Financial Highlights

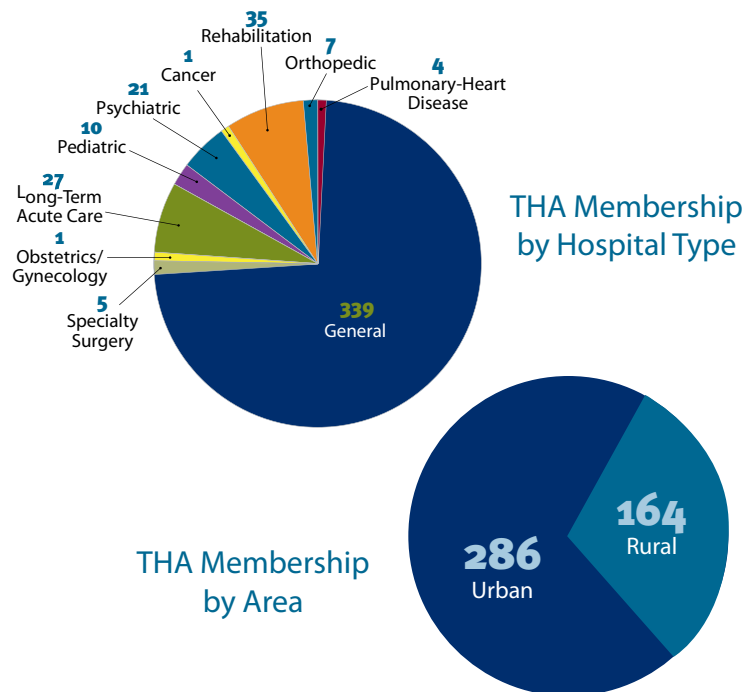
Like its member hospitals, THA continued to face a challenging economic environment in FY 2011 and took aggressive action to maintain a strong bottom line. As a result, THA exceeded budgeted net income by more than 33 percent. THA also achieved all its strategic financial goals for the fiscal year:

- The actual annual return on members' net assets of 6.9 percent exceeded the 4 percent goal and represents a positive return;
- The current assets to current liabilities ratio of 2.5 exceeded the goal of 1.5:1; and
- The 4.9 months of operating costs held in reserves was within the targeted range of 4-6 months.



“As chairman of the THA Finance Committee, I can proudly report that our THA leadership team has established a strategic financial plan and budget that is aligned to work together with us to provide the types of programs and services that are essential to support the mission and vision of the organization and to ensure the long-term financial stability of the association.”

GARY BROCK
Chief operating officer
Baylor Health Care System, Dallas



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Hospital Members

Texas Hospital Association
P.O. Box 679010
Austin, TX 78767-9010

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