

THE REVIEW

Summer 2009

HOSPITALS SEARCH FOR CREATIVE WAYS TO OBTAIN CAPITAL



A MESSAGE FROM BILL CARPENTER, CFO, SVP

The pressures on hospitals to meet community needs are present regardless of the current economic climate. To provide for these needs, hospitals are reevaluating their service lines and acknowledging the requirement to become more creative in their search for capital.

The American Hospital Association (AHA) confirmed the capital crunch when they reported that nine out of ten hospitals surveyed said “it is harder or even impossible to access tax exempt bonds or other important sources of debt such as banks and other financial institutions”. The survey also reported that of the hospitals responding, “82% have stopped facility projects or have put them on hold.”

To meet strategic growth plans hospitals are turning to an assortment of foundations, direct giving campaigns, grants, and (for rural hospitals) The Federal Housing Administration’s (FHA) Section 242 Mortgage Insurance Program.

Generally, the capital that hospitals are seeking is used for core medical services. Diamond has invested considerable time and resources identifying funding sources for specialized services like behavioral health. Diamond’s efforts have focused on developing multiple solutions to help our hospitals meet their capital needs in this area.

In addition to Diamond’s contemporary operating practices that bring proven improvement to the operating results of behavioral health programs, Diamond is uniquely positioned to help hospitals with their behavioral health capital needs as well. Whether the need is capital for renovation of an existing psychiatric unit or the need to design, develop and construct a new unit or pavilion, Diamond can partner with a hospital to bring the necessary capital to fund a project.

Over the past year, Diamond, with direction from its executive committee, has developed relationships with several capital sources to make these resources

available to our hospitals. These sources range from Government backed funding, SBA loans, tax-exempt financing, traditional bank/commercial financing, and private equity placements.

Diamond has been active as well in structuring financing arrangements through real estate joint ventures with hospitals. In addition, based on the hospital’s preference, Diamond can design a leasing package that meets either the capital or operating lease requirement for the hospital.

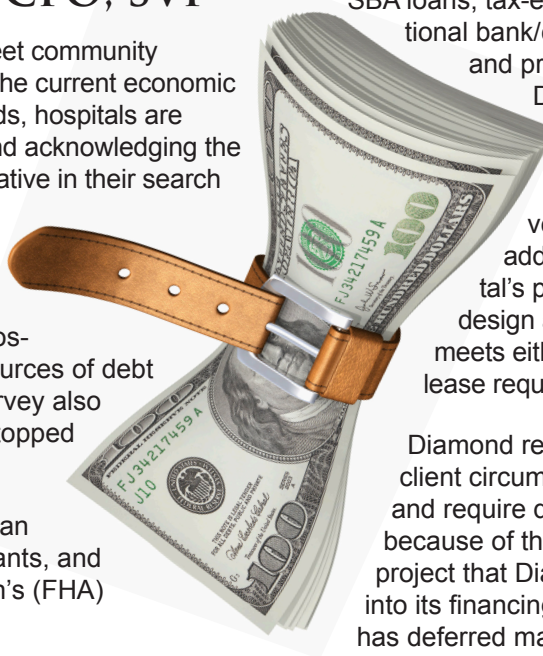
Diamond realizes that individual client circumstances are different and require different solutions. It is because of the uniqueness of each project that Diamond has built flexibility into its financing models. If your hospital has deferred making capital expenditures in the area of behavioral health, but feel that there is a compelling need for these services, Diamond can work with you to craft a financing model that meets your hospital’s needs.



William Carpenter
Chief Financial Officer, Senior Vice President

Sources

“Report on the Capital Crisis: Impact on Hospitals” (American Hospital Association, January 2009), available at <http://www.aha.org/aha/content/2009/pdf/090122capitalcrisisreport.pdf>



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PARKVIEW'S MILITARY CONNECTION: HELPING SOLDIERS HEAL

Parkview Medical Center in Pueblo, Colorado has taken on the responsibility of assisting soldiers and their families with Behavioral Health Services, thanks to solid relationships with several military bases.

"What we started as a compliment to our normal Chemical Dependency program — a five-week program for chemical dependency and post-traumatic stress disorder (PTSD) — has evolved into an eight-week specialized program for chemical dependency with the co-occurring disorder of PTSD, with almost 1/3 of patients being military personnel, said Steve Cavender, Program Administrator, Behavioral Health Services at Parkview. "Additionally, we have seen an increase of military families utilizing our Behavioral Health Services across the board – from adolescents to geriatrics."

Cavender said that the military is tremendously engaged in the soldiers' well-being and has stepped up efforts to find programs that address their needs. He added that it is a privilege to be able to work with the military and that the outcomes and feedback that the Parkview Behavioral Health program has received from commanders has been positive.

Parkview Medical Center has been receiving referrals from Ft. Carson and Peterson Air Force Base in Colorado; Ft. Leonard Wood in Missouri and Warren Air Force Base in Wyoming to name a few and expects to increase referrals as the awareness of the program is heightened.

DIAMOND CELEBRATES NATIONAL SERVICE DAY; FOREGOES ANNUAL CONFERENCE

Diamond is excited to be hosting a National Service Day for its employees. Diamond employees have been asked to take one day, either October 12 or October 13 and choose an organization in their community where they can make a positive difference. This project is unique to each individual's preference and does not need to be behavioral health based.

"The energy that our employees are putting into selecting the perfect project really says a lot about them," said Dick Woodard, Executive VP at Diamond. "It shows that they are dedicated to their community and take pride in outreach projects. It is also great to see management staff at hospitals teaming with our program directors in a joint effort to make a difference in the community."

Diamond will devote a page of its website for photos and descriptions to showcase these 100+ national initiatives. Below is a sampling of the projects that have been submitted:

Legacy Nursing Home - Assisting the Maintenance Director refurbish resident rooms. — *Director of Operations, Wichita, KS*

Philadelphia Green - A project by the City of Philadelphia to clean up heavily visited areas of Fairmount Park. The project will include planting trees, bushes and daffodil bulbs as part of a way to use horticulture to improve the quality of life in Philadelphia's neighborhoods and downtown public spaces. — *The Kirkbride Center, Philadelphia, PA*

Petite 4's - A nonprofit pet therapy program that works throughout the community specializing in hospitals, clinics and community centers. The project will include working on the upkeep of Petite 4's facility as well as assisting with the actual delivery of pet therapy services. — *Senior Behavioral Health Services, Sentara Williamsburg, VA*

Clean the Bay Day – Chesapeake Bay Foundation - The project will include eight hours of collecting trash around the bay area to help prevent pollution and degrading in the bay. — *Maryview Medical Center Pulmonary and Sleep Program, Portsmouth, VA*

DIAMOND ADDRESSES ED PROBLEMS

As a follow-up to our popular "Psychiatric Patients Flood Emergency Departments" article in the Summer 2008 Review, Diamond has initiated a task force of program administrators and corporate based resources to formulate the best practices in place across our company with a comprehensive solution to the growing issues facing ED's. The result will allow our client programs to not only better manage the care of the behavioral patient presenting in their ED but allow them to use their resources and technology to assist other hospitals in their market to do the same. The task force will begin the field testing of this product in our client hospitals shortly. Stay tuned!

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ACCOLADES

WASHINGTON HOSPITAL CENTER'S OUTPATIENT BEHAVIORAL HEALTH SERVICES NAMED DUAL DIAGNOSIS COMPETENT FACILITY

Congratulations Desi Griffin, Ph.D. Executive Director, and the Behavioral Health Team at Washington Hospital Center. The Outpatient Behavioral Health Services program has been awarded a new designation as a "Dual Diagnosis Competent Facility" by the Co-Occurring State Incentive Grant (COSIG) sanctioned by both the Department of Mental Health and Addiction Prevention and Recovery Agency (APRA). Washington Hospital Center is the only hospital in the District with this designation and the second outpatient site with this designation. This recognition was granted after a very intensive survey of the chemical dependency programs and the policies and procedures.

CATHY DANCY - 2009 VASHHRA CHAPTER ACHIEVEMENT AWARD

The Virginia Society for Healthcare Human Resources Administration (VaSHHRA) has awarded Cathy Dancy the 2009 Chapter Achievement Award. This award recognizes an HR professional from Virginia whose significant contributions and exemplary HR leadership during 2008 advance the healthcare human resources profession. In addition, she has accepted VaSHHRA's president-elect position and will transition into the president position in 2010. Cathy is the HR Manager at Diamond's corporate office in Richmond, VA.

CAVENDER ACHIEVEMENTS

Diamond Healthcare Corporation is pleased to announce that Steve Cavender, Administrator at Parkview Medical Center in Pueblo, Colorado, has been appointed to Colorado's Alzheimer Coordinating Council by Governor Bill Ritter, Jr. This council is tasked with developing a state plan for Colorado, one of the two states in the nation expected to have the highest increase in the numbers of people with Alzheimer's disease. The new 22-member Colorado Alzheimer's Coordinating Council was created pursuant to Senate Bill 08-58 (Boyd/Riesberg) to develop a state plan to address the increase of Alzheimer's disease in Colorado. Senate confirmation is not required. Alzheimer's affects about 75,000 Coloradans, and the number is expected to double by 2025.

DIAMOND CONGRATULATES DANIELLE L. VIVAS -KIRKBRIDE CENTER

Danielle Morais-Vivas was honored by Mayor A. Nutter and the City of Philadelphia with a Citation in recognition of her outstanding service to the community and selfless commitment to fellow citizens of Philadelphia. Danielle is the Director of Admissions and Marketing at The Kirkbride Center in West Philadelphia.

WILLIAM J. FARLEY CENTER - FEATURED AS EXPERTS IN DIPRIVAN USE

News sources have sought out the experts at the Farley Center at Williamsburg Place, a premier treatment facility in helping individuals and families struggling with substance use disorders, for clarification about the drug Diprivan.

Dr. Omar Manejwala is one of a very small number of physicians in the nation who has treated a significant number of patients with Diprivan abuse or Diprivan addiction. Dr. Manejwala has shared some of his experience and understanding about this rare disorder with the following news outlets: The New York Times, Primetime Live, Good Morning America, Chicago Tribune, LA Times and The Early Show. Visit www.farleycenter.com for links to videos and articles.

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WELCOME

(as of 5/31/09)



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DIAMOND EXPANDS EDUCATIONAL SERIES

Diamond is excited to offer a Diamond University programming series geared towards its employees. This webinar-based training keeps program directors and other staff in the forefront on new regulations and requirements, financial responsibility, referral development, progressive discipline process, supervisory skills and more.

Visit www.diamondhealth.com and choose Services - Diamond University. See how Diamond can partner with your hospital or healthcare association. Diamond's talented faculty is ready to assist with seminars, webinars and other methods of education.

GROWTH GAUGE

(as of 5/31/09)

Management and consulting contracts: **29 states**

Diamond employees: **648**

WELCOME NEW HOSPITALS

Palomar Pomerado Health
Escondido, CA

Phoebe Putney Memorial Hospital
Albany, GA

City Hospital
Martinsburg, WV

Hoopeston Regional Health Center
Hoopeston, IL

Tyrone Hospital
Tyrone, PA

LOOK FOR US!

ARTICLES:

Introducing the Senior Behavioral Health Services of Girard Medical Center: By Jeanie Erwin, M.D. News, Greater Kansas Edition, Feb. 2009.
View article at: www.diamondhealth.com.
Choose News - Resources

AHA Best Practices: Telepsychiatry Addresses the Mental Health Needs of Patients in a Remote Area: By Robert N. Cuyler, Ph.D. & Jaime Ortiz, MSW
View article at: www.diamondhealth.com.
Choose News - Resources

CONFERENCES:

NRHA Critical Access Hospital Conf.
October 7-9, Portland, Oregon

COMPLIANCE UPDATE

by: Sharon M. Dajon, MHA, CCAM, CHC, Senior Vice President and
Corporate Compliance Officer

RAC Update

Based on the June 24, 2009 CMS Recovery Audit Contractor (RAC) update, CMS has implemented a phase in strategy by review type, not by provider type. Therefore, all provider types will be available for RAC review once provider outreach has been provided in the state under review. Any reviews conducted by the RAC must have been first approved by CMS and posted to the RAC website.

The issues to be reviewed (by type) are as follows:

- Automated Review (Black and White Issues) – June – August 2009.
 - DRG Validation (Complex Review) – August – November 2009.
 - Coding Errors (Complex Review) – August – November 2009.
 - DME Medical Necessity Reviews (Complex Review) – 2010.
 - Medical Necessity Reviews (Complex Review) – 2010.
- RACs will not be able to review claims paid prior to October 1, 2007.
 - Standards have been established on the number of claims that can be requested for review within a certain timeframe (i.e., RACs can request up to 10% of average monthly Medicare claims [maximum of 200] per 45 days per NPI for inpatient hospital services). RACs are required to reimburse providers for copying of the medical records requested.
 - RACs will be paid only on denials that are upheld on every level of appeal.

Definitions:

- Automated Review – RAC makes a claim determination at the system level without a human review of the medical record.
- Complex Review – RAC makes a claim determination utilizing human review of the medical record.

Direct Supervision Update

After receiving requests from various hospital organizations (i.e., AHA, NAPHS, and NRHA) with questions and concerns regarding the CMS clarification of physician supervision in the CY 2009 OPSS regulation, CMS releases a proposed rule regarding this issue in the July 13, 2009 Federal Register. CMS anticipates a flurry of comments on the proposed rule which are due no later than August 31, 2009. The effective date of the proposed rule is January 1, 2010. The highlights of the proposed rule are as follows:

- Under the proposed rule, CMS would permit certain non physician practitioners to provide the required direct supervision of therapeutic services as long as the non physician practitioners are authorized to perform the services themselves. The non physician practitioners that would be allowed to directly supervise outpatient hospital therapeutic services that they may perform themselves are nurse practitioners, physician assistants, clinical nurse specialists and certified nurse midwives.
- CMS is proposing to refine the definition of direct supervision of hospital outpatient therapeutic services. The proposed rule states that “direct supervision means that the supervisory physician or non physician practitioner must be present on the same campus, in the hospital or on the on-campus provider based department of the hospital and immediately available to furnish assistance and direction throughout the performance of the procedure.”

- CMS proposes to define “in the hospital” meaning areas in the main building(s) of the hospital that are under the ownership, financial, and administrative control of the hospital; that are operated as part of the hospital; and for which the hospital bills the services furnished under the hospital’s Medicare certification number.
- CMS has provided some guidance pertaining to the term “immediately available”. While they have not specifically defined the word “immediate” in terms of time or distance but CMS has stated that the general definition of the word means “without interval of time.” Therefore, CMS states in the proposed rule, “immediately available” would not include the “physician or non physician practitioner to be so physically far away on the main campus from the location where the hospital outpatient services are being furnished that he/she could not intervene right away”. Also, if the physician or non physician practitioner were performing another procedure or service that he/she could not be interrupted, then the physician or non physician practitioner would not be considered “immediately available”.
- CMS is not proposing any changes for the off campus provider based departments other than allowing non physician practitioners to provide direct supervision of the services that they may perform themselves.
- CMS does not make comment in the proposed regulation regarding compliance with the CY 2009 regulations regarding physician supervision. Providers have implemented a number of measures to comply with the existing regulation.

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If you have news that you would like to submit for review for the next issue, please contact Jane Odberg at (800) 443-9346 or contact a team member above.

BARRY ROBINSON CENTER OPENS ADOLESCENT CHEMICAL DEPENDENCY & CO-OCCURRING TREATMENT PROGRAM

The Barry Robinson Center, a Norfolk, Virginia behavioral healthcare organization serving youth and their families, has opened a new program, St. Brendan's Harbor. The program addresses the treatment needs of adolescents with primary substance abuse problems requiring a residential treatment setting as well as adolescents with a co-occurring substance abuse and psychiatric condition.

Patrick Bateman, Ph.D, Executive Director of The Barry Robinson Center, reported that the Center conducted a survey of professionals serving youth, and the respondents indicated there was a great need for residential treatment services for substance abusing adolescents.

The program will provide rehabilitation 24 hours a day, seven days a week on the Center's beautiful 28 acre campus. The substance abuse services will be physician-directed and will incorporate the 12-step model. Each adolescent will be assisted in developing a personal recovery plan that includes an emphasis on relapse prevention and family participation in the treatment process.

For more information about this program call 1-800-221-1995 or visit The Barry Robinson Center's website at www.barryrobinson.org.

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