

■ EXECUTIVE SEARCH
■ AND STAFFING

Replacing Key Employees (Part I)

by Sherri Werner

"I quit." Those words, when spoken by a key person on your team, are dreaded by every manager, whether they work in a large organization or small. A manager for a large organization can contact the HR department and turn the whole situation over to them. If you are running a smaller company, however, you most likely are the HR department. You may have the option to work with an outside recruiter—if not, you will have to go it alone. How do you begin the process of replacing your valuable employee with someone just as good, or maybe even better?

First things first

The first phase of the process is recruiting. Begin by reviewing the current status of your company or department. Is there someone promotable who could transition into the position? Can the work be divided among others? Is there a need for this person long-term or could a temporary worker be the solution?

Review the position

Talk to your associates who work with this position on a regular basis and gather feedback. What worked well and why? Ask them what skills, background and qualities they think are important in this position.

Reflect on the reasons for the person's departure. Are there problems within the job itself that need to be resolved? Was the person a good fit? Were they challenged or overwhelmed? If possible, conduct an exit interview and ask what you could have done differently in order to retain them.

Next take all this input and review the position description. Does the description still fit with your current mission? Does it need to be upgraded to attract more talent? Does it need to be pared down to a more manageable workload?

Find your candidate pool

Advertise, both online and in print media. Write your ad with the prospective candidate in mind. Focus on what will attract star candidates to apply and make sure the ad is placed where the desired candidates will see it. Don't forget about networking. Talk with friends and professional contacts. Get referrals and work them. The best candidates are probably not spending their Sunday perusing the want ads.

Through this process, you'll get an idea of the candidate you are seeking, a viable job description and will soon have applicants. In the next issue of *EFFECT*, we will discuss the next phase, the interview process.

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■ FINANCIAL INSTITUTIONS

FDIC Insurance Defined

by Lisa Stark

Many Americans, especially those close to retirement, are moving funds out of the stock market and into banks. A well-functioning federal deposit insurance system is the foundation on which consumer confidence in our banking and financing system rests.

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Some of us are too young to remember the panicked withdrawals that crippled the nation's financial system during the Great Depression.

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Among the actions taken by Congress to bring order to the system was the creation of the FDIC (Federal Deposit Insurance Corporation) in June 1933. Since the start of the FDIC Insurance on January 1, 1934 not one depositor has lost a cent of insured funds as a result of a bank failure.

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How well do you understand the current system and insurance rules? Awareness of the rules is especially important if you or your family have \$100,000 or more on deposit at one insured institution. Take the following quiz and find out how well-informed you are about FDIC insurance.

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How well do you understand the current system and insurance rules?

1. By law, all commercial banks and savings associations in the United States are insured by the FDIC. **True or False?**
False. The FDIC insures deposits in most but not all banks and savings associations. FDIC-insured institutions must display an official sign at each teller window or teller station.

2. My spouse and I have joint accounts totaling \$200,000, but because both of our names are on the accounts, they're fully insured (\$100,000 for each of us). **True or False?**

True. Each person's shares in all joint accounts at an institution are covered to \$100,000 in total. This couple's joint accounts therefore would be insured up to \$200,000 (assuming they have no other joint accounts at the same institution).

3. I have \$100,000 in certificates of deposit (CDs) at the bank where I have \$100,000 in Individual Retirement Accounts (IRAs). I'm fully insured because retirement accounts are insured up to \$100,000 separately from my other money at the bank. **True or False?**

True. Individual Retirement Accounts (both "traditional" and "Roth" IRAs) are insured separately from your non-retirement accounts at the same bank.

4. I have my checking account at the same bank where I keep the accounts of my sole proprietorship. Under the insurance rules, my sole proprietorship accounts are added together with my personal accounts at the bank and are insured to \$100,000 in total. **True or False?**

True. Under the insurance rules, sole proprietorship accounts (unlike corporate or partnership accounts) are added to any personal accounts the owner may have at the same institution.

5. I've invested in the stock and bond markets by buying shares in a mutual fund sold by my bank. Because the institution is FDIC insured, that means the FDIC also protects my investment. **True or False?**

False. FDIC insurance protects only deposits. Products such as mutual funds, annuities, stocks, bonds, life insurance policies, and U.S. Treasury securities are not deposits and are not protected by the FDIC. Non-deposit investments are subject to investment risks, including the possible loss of principal, even if you bought them in your bank's lobby or otherwise through an FDIC-insured institution. Although the FDIC does not insure Treasury securities, they are backed by the full faith and credit of the U.S. Government.

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■ HEALTH CARE

Rehab Reimbursement Creates Changes

by Nancy Rehkamp

There is an old Chinese Proverb that says, "Go slow to go fast." This would certainly describe the evolution of acute inpatient reimbursement during the last few years and the impact the movement to a prospective payment system is expected to have in 2002 and 2003.

Effective Jan. 1, 2002 the Centers for Medicare and Medicaid Services (CMS) implemented the inpatient rehabilitation facilities prospective payment system (IRF-PPS) for all freestanding and distinct part rehabilitation programs. These rehabilitation programs could elect to be paid 2/3 IRF-PPS and 1/3 TEFRA (Tax Equity and Fiscal Responsibility Act of 1982) or move 100% to IRF-PPS. Regardless of the election that a hospital might have made, the implications of the new reimbursement system are significant.

The new reimbursement system highlights a number of policy questions which have been confounded by the new reimbursement system, such as the 75% rule. The 75% rule has been a part of defining which programs are classified, for Medicare purposes, as rehabilitation programs.



The 75% Rule

This rule, generally speaking, means that about 75% of the admissions to Medicare DRG PPS-excluded rehabilitation programs fall into one of the following 10 diagnoses: stroke, spinal cord injury, congenital deformity, amputation, major multiple trauma, fracture of femur (hip fracture), brain injury, polyarthritis including rheumatoid arthritis, and neurological disorders, including multiple sclerosis, Parkinson's Disease, etc., and burns.

The remaining 25% of the patients are generally patients who require rehabilitation services but do not necessarily fit into one of these diagnostic categories, such as cardiac, cancer or pulmonary rehabilitation patients, etc.

The changing demographics, increases in clinical capabilities and advances in technology have expanded the numbers and types of patients who would benefit from an active, acute rehabilitation program. However, under the current rules it is not possible to provide services to patients outside the 10

diagnostic categories who would cause the numbers served to exceed the 25%. The 75% rule has for some time been a concern to acute care providers and recently CMS has acknowledged these concerns and has issued a memorandum to all CMS regional offices indicating that they will be conducting a review of the rule to ensure consistency of interpretation and treatment. CMS has also directed the regional offices to defer enforcement of this provision until the review can be completed.

This review will be the first of many policy reviews and changes that the rehabilitation industry will see as a result of the new prospective payment system. Most of the key operational processes, such as admission, documentation, conferencing, care planning, and discharge planning, etc. are also significantly impacted by the new reimbursement methods for Medicare patients. In the next issue of *EFFECT*, we will highlight some of the operational challenges posed by the new reimbursement system and some potential



opportunities to better serve rehabilitation clients as well as provide an update on the policy questions.

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