President’s Message

This year’s ANI was focused to a large degree on quality. The challenges in part are due to the definition of quality changing depending on your perspective: the federal government, the state government, payors, physicians, hospitals, long-term care facilities, the patient, the patient’s family, etc. Attempting to bring those perspectives together is a daunting task. That’s where teamwork, as we’ve never seen before in healthcare, comes in. So Greg Adams, our new national chair for 2011-12, was very timely in his talk about the impact of sports and teamwork on his life. His theme for his year as chair is “Believe to Achieve.”

Adams told us, “It’s time to support one another for the good of the patients and communities we serve.” He also talked about not worrying about failure, but rather worrying about what you might miss if you don’t try. He asked us to think about who passed the ball to you to score.

Healthcare finance professionals should remember why they chose their profession, Duke University basketball coach Mike Krzyzewski said— “You do what you do because you want to help people”— and we should hold that sense of purpose close as we work toward improving our nation’s healthcare system.

You know, it’s funny. We are a UNC household…my husband was a Marine stationed at Camp Lejeune, NC, when we got married, and our son was born there. We are Carolina blue all the way during basketball season. So it makes sense that I didn’t care for “Coach K.” I had a preconceived idea that I wouldn’t care much for his presentation at ANI…but it was one of the best I heard in Orlando. That in itself was a lesson…preconceived ideas are usually not the best on which to judge someone or something. It’s the same for working together in today’s healthcare arena…preconceived ideas of what will or won’t work simply won’t get us very far to accomplish what we need to in the coming months.

Coach K used a great illustration: You need to play like a fist. Sometimes you can have 5 really good individuals on a team but if they don’t come together like a fist and they work as 5 individuals, there’s no punch to their performance. The next time you are working on a project, evaluate your effectiveness against that visual.

Both Adams and Coach K talked about the work ethic it takes to win. There’s a saying that everyone wants to win, but not everyone prepares to win. It will take much preparation by all components of our healthcare delivery system for the United States to be a winner.

I have no doubt that HFMA members will be leading the effort to help make sustainable change and dramatic improvement in communities all over our great country! Believe to achieve? You betcha!

Dawn Balduf
2011-12 Chapter President
Believe to Achieve

2011-12 HFMA Chair: Gregory M. Adams, FHFMA
Theme Tagline: Believe to Achieve

Explanation of Theme:

In health care today, it sometimes seems like you are being asked to do the impossible. The industry is preparing for an influx of millions of newly insured patients in a reform environment where payments are shrinking and expectations around quality are growing. In a nutshell, you are expected to do more with less—and do it better than ever before. “Believe to achieve” encompasses the keys to success in this new environment. It reflects the need to believe in your organization’s mission and in others who share your dedication to achieving that mission. It means believing in yourself. Last but not least, it means believing in the possibility of a better future.

- **Believe in your mission.** If your organization is like most in health care, its mission centers around improving peoples’ lives. It’s important to keep that mission uppermost in your mind as you confront the challenges and deal with the distractions inherent in today’s rapidly changing environment. Believing in your organization’s mission means remembering why you do what you do, and knowing that your role—though it may be behind the scenes—is integral to the successful achievement of that mission.

- **Believe in each other.** Behind every accomplishment, every “winning basket,” there is someone who has “passed the ball” to you, someone, whether colleague, leader, or follower, whose performance was integral to the accomplishment, someone who reminds you that accomplishments are never the work of one person, but always the work of a team. To achieve your goals, in sports or any other field of endeavor, you must believe that your teammates have the skills, dedication, and motivation to come through for you, and for the good of the team as a whole. You must believe in each other, so you can work effectively together in new teams that transcend traditional boundaries and alliances.

- **Believe in yourself.** You need confidence in your ability to step out of your comfort zone into the new roles and responsibilities required to succeed in the reform era. However, that doesn’t mean you should expect to succeed on your first attempt. High-functioning leaders and teams are willing to take risks, willing to fail. Great sports figures, innovators, and political and business leaders often fail before they are successful. Effective leaders and teams are willing to try difficult things and learn from mistakes.

- **Believe in the possibility of a better future.** In health care, there have always been naysayers who believe that the problems of the day are just too difficult to overcome. Their voices have been particularly loud, of late. But you can choose to believe that a better future is within reach, and to dedicate your professional life to making that happen. You can only achieve what you believe.

Examples of “believe to achieve” are everywhere in health care today:

- Physicians, other clinicians, and administrators teaming up to help patients avoid unnecessary hospitalizations and to make healthcare encounters safer than ever before
- Providers and payers collaborating to ensure appropriate health services are provided at the right time, in the right place, at the right cost
- Physicians and hospitals developing new ways of working together for the benefit of the patients they serve
- All healthcare stakeholders joining forces to implement the most far-reaching healthcare legislation in U.S. history

Your beliefs guide you every day. They influence your actions, your decisions, and your attitude toward yourself and others. Good teams—in sports or in business—understand the importance of believing in your teammates, although—or perhaps because—they have different skills, perspectives, and strengths than you do. Good coaches, or leaders, recognize the talents of each team member and believe in the value they bring to the team. Not everyone can be the leading scorer—but the basket wouldn’t have happened without the pass. The popular acronym is true: Together Everyone Achieves More.

By choosing to believe that, together, we can solve the problems that have challenged our industry for so long, we can find a place for ourselves and our organizations in the new reform environment and help shape the future of American health care.
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The program committee has been working very hard on the upcoming sessions for the 2011/2012 Chapter year. We have added two new members to our Program Committee and lost one member. I would like to welcome Elizabeth Book from Blanchard Valley Health System and Michael Earls from BKD. The committee is losing Jodi Bain. We would like to thank her for her devotion to the committee. We can always use help on the Program Committee. Therefore, we would be very glad to welcome any member interested in helping. As a committee member you will help set the educational direction of the Chapter as well as help coordinate all the small tasks to bring meetings to the membership. The Program Committee provides a great sense of satisfaction in accomplishing interesting and successful events. The chapter has again earned for the 2010/2011 year the C. Henry Hottum Award for Educational Performance Improvement!

Below is the list of the committee members with contact information. If you have any suggestions on topics, speakers or locations please be sure and pass the information along to us.

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The Committee has put together another interesting education year. The subject matter and speakers are being developed continually. The first session will be a half day session and will be “on the general topic of how best to structure hospital contractual arrangements with physicians for the provision of physician services and other healthcare services”. This session will be presented by Jenifer Belt and Dennis Witherell from Shumaker, Loop, & Kendrick, LLP. Registration for this session will be open very soon. Watch for the brochure in your e-mail. Our second session is Health Care 101 which is a way of educating any new staff members to help them get a better understanding of the different financial aspects of healthcare organizations. We are very pleased to announce that during the afternoon of our Healthcare 101 session, we will have Jeanne Scott Matthews speaking. Jeanne has been one of the nation’s leading health care lobbyists. She served as senior counsel during the Reagan administration in the Office of General Counsel, for the Health Care Financing Administration (the folks that brought you DRGs and physician prospective payment under Medicare). Some of Jeanne’s speeches have been on “Health Care Issues up the Whazoo”, “The Patient Protection and Affordable Care Act for Dummies” and many more. She is sure to be a crowd pleaser. As our panel discussion was such a great hit last year; we are very excited to announce that we are offering another Panel Discussion this year. The panel will be on ACO’s and how our organizations are dealing with them. We hope that this will again be a well received educational session. Subject matters may change slightly on future sessions as the topics are developed with the speaker or as new issues surface. As always if anyone hears a good speaker please let any one of the committee members know and provide us with any documentation you can share.

The Committee will continue to offer educational sessions FREE to chapter members. We are able to offer these sessions free due to the very generous donations from our sponsors!

**AUGUST 25, 2011 (1/2 DAY)**
Structuring Physician-Hospital Models for Mutual Success
- Dennis Witherell and Jenifer Belt, Shumaker, Loop & Kendrick, LLP.

**SEPTEMBER 21, 2011 (1 DAY SESSION)**
Healthcare 101/Healthcare Reform
- Healthcare 101 panel to be announced
- Healthcare Reform – Jeanne Scott Matthews, one of the nation’s leading healthcare lobbyists.

**OCTOBER 27, 2011 (1/2 DAY SESSION)**
Ohio Ethics
- RSM McGladrey, Inc.

**NOVEMBER 16, 2011 (1 DAY SESSION)**
Panel Discussion – ACO’s
- Speakers to be announced

**JANUARY 19, 2012 (1/2 DAY SESSION)**
OHA 2012 Forecast
- Charles Cataline from OHA will be presenting on the upcoming changes.

**FEBRUARY 22 & 23, 2012 (2 DAY SESSION)**
Medicare and Medicaid Cost Report preparation
- BKD speakers will present the Cost Report session again this year. This has been one of the Chapters most popular annual sessions and the committee is working to possibly break down the sessions starting with a beginner level to intermediate level.

**2012 MARCH MADNESS/ANNUAL MEETING**

**APRIL 26, 2012 (1/2 DAY SESSION)**
ICD 10
- Speaker to be announced
Holy Heat Wave!! On Thursday July 21st, record setting temperatures were predicted and still 60 brave golfers and volunteers made their way to Valleywood Golf Club for our annual golf outing. The common thought running through the crowd was it was better to be sweating you’re a!$ off on the golf course then sitting in air at work] Regardless of the 100 plus temperatures everyone had a great time!

After years of winning the Savage and Associate team finally gave up the spotlight to Team ProMedica …Gary Akenberger, Mike Swick, Jack Randolph and Alan Sattler. Congratulations on your win coming in at an impressive13 under! Honorable mention goes to the Wood County Hospital team of Joe Wiliford, Mike Furnas, Terry Morman and William Kidd coming in with a respectable 12 under. Great job!!

As always big THANK YOU to all our sponsors, players and especially our volunteers…you are the reason our golf outing is a huge success!! Look forward to seeing everyone next year. Stay Cool!
HFMA’s annual Leadership Training Conference (LTC) was held in New Orleans, LA, this year on May 15 – 17. We had six incoming chapter officers/committee chairs attend: Hayley Studer – President-Elect, Joe Williford – Secretary, Rich Bame – Treasurer, Diane Blake – Newsletter Chair, Lisa Bloomfield – Membership Chair, and Rachel Herman – Program Chair. LTC provides the main source of training and leadership development for HFMA chapter officers and committee chairs. It provides each of us with training specific to our positions, as well as the opportunity to network and share ideas with over 500 chapter leaders representing more than 60 chapters throughout the United States.

Although most of the time at LTC is spent in break-out sessions specific to each position, we do attend a couple of combined general sessions. This year, HFMA National brought in the inspirational music group, Jazz Impact (appropriate for New Orleans). It was an interesting presentation and we learned about the intersection between business and music. The leader told us that the following five key characteristics: Autonomy, Passion, Risk, Innovation, and Listening were critical for any organization that was charged with changing the future of healthcare. The parallels between music and business were easy enough for most of us to follow; but the presentation took an interesting turn when the group of 500 finance professionals was asked to keep a jazz beat and sing. That stretched the limits of almost everyone’s comfort zone!

We had beautiful weather during our time in New Orleans, and as always, we need to work some fun into the busy schedule. Whether it was having our planning meeting by the pool, stuffing ourselves with three plates of raw oysters, or watching our very own “Cap’n Nacho” (aka, Joe) grooving on the Riverboat cruise, we had a great time bonding with each other and making plans for another successful chapter year. As the incoming HFMA National Board Chairman, Gregory Adams, stated, the theme for the upcoming year is “Believe to Achieve”. We look forward to serving our chapter members this year and seeing all that we can achieve together.
The Northwest Ohio Chapter of HFMA is pleased to invite you and your family to an evening of food, fun and baseball with the World Famous –

TOLEDO MUD HENS

FRIDAY, AUGUST 26, 2011

FIFTH THIRD FIELD
DOWNTOWN TOLEDO
FOWL POLE PATIO

DINNER – 6:00 P.M.
Includes choice of grilled hamburger or hot dog, macaroni salad, baked beans, potato chips, soda/lemonade and cookies!

GAME – 7:00 p.m.
The Toledo Mud Hens vs. the Buffalo Bisons!!

POST GAME FIREWORKS!!

COST = $8.00 PER PERSON

Please complete the following and submit with your payment on or before Wed, August 11, 2011.

Northwest Ohio HFMA Member Name:_________________________________________________________

Total Attending Age 12 and Over _____ Total Attending Under Age 12 _____

Cost = $8.00 per person attending.

Please make checks payable to the NORTHWEST OHIO CHAPTER – HFMA.

Return form and check to:
Rich Bame
Fulton County Health Center
725 S. Shoup
Wauseon, OH 43567
Phone: 419-330-2624
rbame@fulhealth.org
Accepting the Hardware at ANI

Once again, I had the privilege of attending ANI on behalf of northwest Ohio. The meeting was a bright spot in stormy Florida!

The Presidents’ Banquet was a wonderful opportunity to look back on the year. I am so thankful that we continue our good fortune of having wonderful, supportive sponsors. These companies allow us to offer outstanding educational opportunities at no cost to our members. That, in turn, has kept our membership numbers strong, and in today’s budget environment, that’s no easy achievement. Thank you, thank you, thank you to our loyal sponsors.

I skipped along the stage to accept two awards for our chapter: we earned a C. Henry Hottum Award for Educational Performance Improvement with 12.7 educational hours per member, a 9% increase over last year. We also took home the gold for Membership Growth and Retention with a 4.5% growth in our membership. Many chapters had decreases in membership, and it is especially challenging given our chapter’s demographics. My thanks to Rachel Herman, chair of the Program Committee, and Lisa Bloomfield, chair of the Membership Committee for leading us to these awards. They make my job as President very easy….I just get to accept the applause from my peers!!

I am also proud of the fact that we have earned 100% all four years that the Balanced Scorecard system has been in place. Just over half of the 68 chapters earned 100% for the 2010-11 chapter year, and there are many much larger chapters than ours with many more resources. We have had wonderful leadership over the past several years who have worked very hard and stayed committed to making the Northwest Ohio Chapter dynamic and strong. Please remember to thank your officers, board, and committee chairs and members (past and present) for their dedication to making our chapter a valuable resource.

This year I sat at a table with leaders from the northern California chapter. I truly enjoyed sitting with people who started out the night as strangers and ended up the night as friends and people I could use as sounding boards. One woman in particular stands out; she’s been a CFO at facilities in California and Hawaii, but is now looking to come home to her roots in…….Columbus, Ohio! Yes, she’s a Buckeye. I was able to introduce her to our friends in the Central Ohio Chapter. Hopefully next year at ANI, she’ll be representing one of the Ohio chapters.

It was a wonderful evening of basking in success….but just like in our day jobs, enough about last year. On to the current year and making it everything the past year was and more!

Thank you,
Dawn Balduf
President
THE U.S. DEBT CEILING CRISIS

The purpose of this paper is to alert our clients to the implications of a stalemate on the raising of the debt ceiling. The political atmosphere in Washington is best described as caustic with both sides of the aisle playing political games and not acting like the elected “leaders” that they are. We will address and attempt to give some likelihood to what we believe are the three potential outcomes to these debates. We certainly have no crystal ball, nor do we have any significant skill in analyzing political discussions. We are addressing these issues because the worst, or even the most likely, outcomes of these debates could have dire consequences for client portfolios. In addition, we believe some investors may lose faith in our markets because of the failure of our elected leaders to act responsibly, and we want to help you address your investors’ concerns.

THE DEBATE

There are three issues which our elected officials are discussing: the debt ceiling, the need to cut our deficit, and tax rates. Our elected officials will address each of these issues over time, but time is of the essence and it is running out. August 2\textsuperscript{nd} is the date set by the Treasury as to when the debt ceiling needs to be raised or we will not be able to pay our bills.

THE RATING AGENCIES

The longer the opposing politicians drag this out, the risk of the rating agencies downgrading US Treasury debt increases, as well as the subsequent downgrade of US Agency debt and US Agency MBS issues. The rating agencies were criticized so strongly for their inability to warn of the 2007-2008 credit crisis that a natural way to regain their credibility would be to downgrade the obligations of the US.

Though not being one of the big three rating agencies (Moody’s, S&P, and Fitch), the Egan-Jones rating firm has already reduced US Treasury debt to a AA level. Moody’s is seemingly indicating if the debt ceiling is raised, with or without deficit reductions, it will remove the risk of a downgrade. However, S&P is apparently saying that unless both an increase of the debt ceiling and substantial deficit reduction steps take place, the risk of a downgrade will remain. The downgrading of the credit rating will ultimately have a huge impact on our budget as our cost of borrowing will rise as new Treasury issues are brought to market.
THE WORST CASE: 10% PROBABILITY

The political stalemate related to raising the debt ceiling and cutting the deficit has the potential to cause the destabilization of the US financial system. We believe if a default were to occur, within a one month period:

- The US stock market could fall by a minimum of 15%.
- The yield of the 10-year US Treasury, which is now at approximately 2.9%, could rise to above 4%.
- The value of the US dollar could take a hit cushioned by the debt crisis in Europe, which could result as a much greater global problem than the US deficit situation.
- Sources of business and personal credit could become difficult to obtain.
- The US economy could be thrown into a severe recession.
- US housing prices could drop by a minimum of 10%.
- The volume of foreign buying at US Treasury auctions could diminish, perhaps severely.

BEST CASE: 10% PROBABILITY

What is the definition of the “resolution” we believe must take place to avoid all consequences? To us at Greenrock, a resolution that would avoid all consequences would be the raising of the debt ceiling and reductions to spending/increases to revenue of at least $2 trillion over the upcoming ten-year period. The Gang of Six proposals appear at this point to be dealing with this possibility.

MOST LIKELY CASE: 60% PROBABILITY

We are now exactly two weeks away from the trigger date. Do we at Greenrock know there will not be a resolution? No. We have no way of knowing whether a resolution will come about. Our best guess at this point is that there is a) a 5% chance of no resolution and effectively a default of US debt, b) a 65% chance for the McConnell/Reid resolution with a raising of the debt ceiling and the President directed to make cuts equal to the size of the rise, and c) a 30% probability to some version of the Gang of Six proposal with an increase in the debt ceiling and $4 trillion in the combination of cuts and revenue increases. Default is of course the worst scenario and would cause the results detailed above. The McConnell/Reid resolution could have many of the same results but to a more muted level. A version of the Gang of Six proposal would not be a final solution to our country’s deficit problems, but would probably result in a decent rally in the stock market.

WHAT ABOUT THE OTHER 20%?

The other 20% is somewhere between the best case and the most likely case and somewhere between the worst case and the most likely case. In addition, our putting an 80% probability on anything at this point overstates our belief in our prediction abilities. Honestly, we would say the same thing about 60%, but we think you deserve our guess.
WHAT SHOULD YOU DO?

We believe a contingency plan must be created as a hedge against the possibility of a complete resolution, such as the Gang of Six proposal, not taking place. What do we think should be the primary goal for a contingency plan? We believe the focus should be on protecting principal value to as great an extent as possible, recognizing that such protection in this case cannot be absolute, and recognizing there will be a profit give-up if a last minute resolution is reached.

Why do we believe a plan cannot be absolute in protecting principal? Won’t going to cash be absolute? Going to cash normally means investing in money market funds and/or short Treasuries. Money market funds are most generally heavily invested in short Treasuries. If the rating agencies downgrade US debt, while there will not be a major duration risk with money market investments, Treasuries, and short Treasuries with the rise that will take place in interest rates, the aforementioned will all be negatively impacted to a significant degree.

A high percentage of money market funds will likely break the buck. This will especially be the case for money market funds that hold heavy percentages in Agency debt and Agency MBS. If there is a risk of a downgrade to Treasuries, the expectation is any downgrade of Treasuries will result in an even larger downgrade for Agencies and Agency MBS recognizing the risky positions of their financials.

What would we be recommending for contingency holdings? We first would recommend a major, though not complete reduction in the percentage allocated to equities. If no resolution is reached or the rating agencies move on a downgrade, equities will take the largest hit.

In fixed income, we would be recommending absolute return strategy managers with the ability to dramatically reduce portfolio durations in the face of almost certain increases in interest rate levels. The majority of the absolute return fixed income products we currently recommend have already dramatically reduced their percentage allocations to US securities with heavy concentrations in credit at both the corporate and mortgage levels, and global debt.

Though credit will likely suffer some losses, the losses will be much smaller than caused by the downgrade to US debt. Further, credit will begin at much higher coupon levels than US Government debt and will gain from a yield spread compression relative to US debt.

There is one major exception we believe should not be kept/employed as part of the contingency plan from among the absolute return products we have been recommending since October 2010. That is the Delaware Absolute Return MBS Fund. That Fund employs strictly Treasuries, Agencies and Agency MBS. If the contingency plan is to be put in place, with this fund being strictly US debt, direct and Agency securities, it should be excluded. A second reason for its exclusion is if the Government is squeezed to raise cash, it might be forced to unload en mass the $1.4 trillion in Agency MBS issues it owns which would crater the price level of this asset class.
We would be recommending the liquidation of: high yield debt, since high yield debt will decline hand in hand with the decline of the stock market and the slowing of the economy, and all commodities including oil (and probably also silver and gold). Relative to gold and silver, we do not regard them as an automatic investment hedge. Gold will likely be the best performing asset class if a default were to occur, but would suffer the largest losses if a resolution is reached.

**WHAT RISKS EXIST IN IMPLEMENTING THE CONTINGENCY PLAN?**

What do we believe might be the profit loss if the contingency plan is implemented and a true resolution is reached? Relative to the bond market, it would be little if anything. Yields are already at such low levels that capital gain returns would be virtually non-existent since how much lower can they go? In the stock market, a resolution will almost certainly spark a rally, but to what extent? 3% to 5% at most?

**WHAT TIMING DO WE RECOMMEND FOR IMPLEMENTATION OF THE CONTINGENCY PLAN?**

With the deadline being two weeks away, what timing do we recommend before implementing this contingency plan? We believe all actions can be deferred for about a week. But, with only a week to go, if a resolution does not appear to be near, we believe the contingency plan must be put into place.

The markets continue to believe a resolution will be reached. We are not saying the markets are wrong. However, we believe all client portfolios should be hedged by next week if a resolution is not well in the works. In all likelihood, such a step will cost clients some small level of profit, but protecting against the risk that will exist will in our opinion be well worth that almost certainly small level of give-up.

**WHAT ABOUT GETTING BACK INTO THE MARKETS?**

Toward making certain that give-up is indeed small, if a resolution is completed by August 2nd with an increase in the debt ceiling and budget deficit reduction/revenue increase steps, the rating agencies will almost certainly be out of the picture and the stock market may rally. Therefore, it will be our recommendation that the equity component of client portfolios be reestablished. As to the fixed income component, we would be strongly recommending a major segment be in absolute return fixed income strategies recognizing the continuing likely of rising rates in the not distant future.

If no resolution is completed by August 2nd, we recommend a delay in reestablishing all former positions pending the evolving financial conditions.
Editorial Policy for THE EXAMINER

THE EXAMINER is published four times per year.

Our objective is to provide members with information regarding chapter activities as well as ideas to help individuals in the performance of their job duties.

Your chapter leadership strongly encourages the submission of material for publication. Articles should be typewritten. Letters should be legible and must be signed. The editor reserves the right to edit material and accept or reject contributions whether solicited or not.

Send all correspondence or materials for publication to:

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Opinions expressed in articles or features are those of the author and do not necessarily reflect the views of the Healthcare Financial Management Association, Northwest Ohio Chapter, or the editor.