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by **Mary Bernard, CPA**

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Rhode Island's hospitals are providing care in a challenging environment today due to the level of uncompensated care, competition with regional hospitals, nursing shortages and increased healthcare costs. Many are looking for solutions to sustain their viability in the healthcare market, and others are looking to enhance their competitive edge and patient services. Rhode Island's two major hospital systems – Care New England (CNE) and Lifespan – are looking to do both.

Proposed last July, the merger into a single entity called Lifespan, includes Care New England's hospitals, Women & Infants, Butler Hospital and Kent Hospital; and Lifespan's hospitals, Rhode Island Hospital (RIH) and its Hasbro Children's Hospital (HCH), The Miriam Hospital, Newport Hospital and Bradley Hospital. There are both altruistic and solid business reasons for this proposal, as the merger will create a cost-effective delivery system. Yet better quality patient care is the major driver.

George Vecchione, CEO of Lifespan and a CPA, says that the core elements of any business merger are very similar: It starts with the vision, chemistry and leadership of CEOs and the board. John Hynes, president and CEO of Care New England, and Vecchione identified the vision elements of the merger that included making Kent Hospital a Level II trauma center, relocating Butler Hospital to the RIH campus and creating a Brain Sciences Institute, the move of Brown University's Warren Alpert Medical School to the RIH campus, and solidifying collaboration between Women & Infants and Rhode Island Hospital.

"We shared a similar vision across the board and are off to a good start in merging our organizations," said Vecchione.

"The two systems provide very complementary services. Women & Infants is adjacent to Rhode Island Hospital, Kent is a community hospital that's well positioned geographically, and Butler and Bradley hospitals, along with the psychiatric beds at RIH and Newport Hospital, cement our leadership role in



Baby-boomers and the Pension Predicament

What do Tom Hanks, Jane Fonda and Steve Martin have in common? Born between 1946 and 1964, along with approximately 78 million of other Americans, these celebrities are part of the baby-boom generation. Although these stars may not be looking to retire in the next few years, many baby-boomers are, and bring with them a host of thorny economic issues.

With a decline in birth rates and increase in life expectancy, seniors account for a large and growing portion of our population. And, as more people retire than enter the workforce, a pension crisis looms.

For more than a decade, Rhode Island has spent beyond its income, and now the state is facing a \$550-million deficit. A 2007 study by the Pew Charitable Trusts' Center indicated that the state ranks second to last in the nation in pension financing – banking just 56

Collaboration Key to Membership and Community Outreach this Year

When my year as president began, I was told it would pass incredibly fast. It did, but not without many important board accomplishments that will have a lasting impact on the members and the Society.

At the beginning of my term, I expressed my concern for the young and future CPAs involvement in the Society. It is important to involve young professionals in furthering their careers through committees and networking. We had a successful year of events aimed at young professionals to ease them into their roles as business advisors. To focus on their interests, we invited them to events at Dave & Buster's, MacFadden's and the PawSox. We hope to continue increasing their involvement in events and committee activities.

To reach out to college accounting students at the earliest stages of their careers, we conducted several Campus Gatherings to present students with a glimpse of the career opportunities available. Speakers came from all facets of the accounting profession, and students welcomed the chance to speak to CPAs who could potentially be their future employers. The program continues to be extremely successful for both the students and employers. Our dedicated members volunteer

significant time to participate in this program to encourage and help orient future CPAs.

This past year, the AICPA has aimed to increase the mobility of the CPA designation among states. Our board and legislative committee worked to pass legislation that allows out-of-state practitioners to seamlessly cross our borders and service clients here, without time consuming and costly notification. Once we met our goal, we offered our assistance to the Massachusetts Society of CPAs. Our success continued throughout New England as we assembled officers, executive directors and members of the Boards of Accounting from New Hampshire, Vermont, Connecticut and Maine to share our experience and expertise on the topic of mobility legislation. Our expanded efforts on behalf of the AICPA's mobility initiative will remain a model for other states across the country seeking to conform on this issue.

Back on the home front, the board was busy designing and implementing a new strategic plan for the Society. It had been five years since this plan had last been updated. Implementation is a challenge with the Executive Board positions changing each year. We made a conscious effort to resume regular Executive Board meetings to foster a more cohesive approach to implementation of the strategic plan, while also presenting continuity of other ongoing programs. Through these meetings, we hoped to lessen the impact of the annual turnover of officers.

Our strategic plan, as presented on Leadership Day, encompasses improvements to many facets of the Society's operations. The biggest impact on our goal to educate the public comes from the efforts of Executive Director Bob Mancini. Bob has been working to gain more sponsorships from the business community to allow us to pursue new outreach opportunities for members and the community. The involvement of Fidelity Investments and CPA2Biz has gained us national recognition as our model community business programs are duplicated across the country.

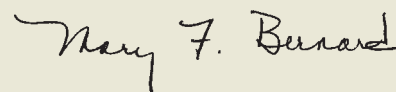
As funds allow, we plan to update our Web site to facilitate interaction with our members, and we

are exploring other vehicles for disseminating timely information as well. Our goal is to keep members informed of developments within the Society and the business environment as a whole to enable them to better perform their professional responsibilities. New activity may take substantial financial investment, and we will proceed as soon as possible to make these membership enhancements.

The guidance of our public relations consultants has enabled us to widen our reach to include legislators and financial advisors. Our strategic plan encompasses an improved image of accessibility to those outside of our immediate business community. Our members are increasingly involved with the media, Chambers of Commerce, House and Senate Finance Committees, and the Division of Taxation, lending our financial expertise in areas of policy issues. The RI Society of CPAs has gained substantial name recognition due to the efforts of our members out in the community.

This year has produced many changes and improvements due to the combined efforts of our dedicated board, dynamic executive director and hardworking staff, all collaborating to further develop membership and community services. The year ahead promises to be equally exciting as we anticipate the installation of our past president and Auditor General, Ernest Almonte, as chair of the AICPA. His election to this position assures us of increased national recognition, as the first Rhode Island CPA in history ascends to this esteemed title. Congratulations, Ernie!

Sincerely,



Mary F. Bernard, CPA and RISCOPA president



Mary F. Bernard, CPA
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Government Affairs

Nonprofits Get Clarification on R.I. Tax Filing and Liability

The May 15th deadline to file with the Internal Revenue Service (IRS) for calendar year tax exempt organizations is behind, and this year, for the first time, Rhode Island CPAs have clear direction on how to handle state filings and payments for nonprofits that file the federal Form 990-T.

Tax-exempt organizations include a wide range of entities, including public charities, private foundations, churches, and other nonprofit groups. IRS regulations require tax-exempt organizations pay federal taxes on unrelated business income and, until now, the State of Rhode Island's guidelines on income taxes on unrelated business income for nonprofits has been unclear and interpreted in different ways by organizations and their tax advisors.

"There were varying ways in which Rhode Island nonprofit filings with respect to unrelated

business income were handled," said Nancy Mancini, chair of the RISCPA nonprofit committee. "We needed to obtain clarification from the state so that tax preparation treatment would be consistent among all tax preparers.

It came to the nonprofit committee's attention that certain nonprofit entities were paying a calculated R.I. corporation tax despite the fact that it was less than the \$500 minimum corporation tax; they needed clarification as to whether charities were exempt from R.I.'s \$500 minimum franchise or corporation tax. Additionally, certain nonprofit entities were not aware that there was a filing requirement at all.

In a letter dated in February, the Department of Taxation clarified that:

"If an organization is formed or registered with the Rhode Island Secretary of State as a nonprofit

organization and also receives tax exempt status from the Internal Revenue Service then it is considered tax exempt for Rhode Island tax purposes."

"Tax exempt organizations usually file federal form 990 or may file federal form 990-T if they have unrelated business income. There are no Rhode Island equivalent forms."

"It is Division of Taxation policy that if an organization files federal form 990 or 990-T and has no federal tax then they do not have to file a Rhode Island tax



return. If the organization has a federal tax on form 990-T then the organization must file form RI-1120C and calculate and pay any Rhode Island tax due. However, if the income tax is less than \$500 the organization is subject to the \$500 minimum corporate income tax under R.I.G.L. 44-11-2(e)."

"Based on our interpretation there would be no exemption from the minimum corporate income tax for an organization that files form RI-1120C. It would appear that the only recourse to exempt nonprofit organizations from the minimum corporate income tax, or to have a reduced nonprofit minimum tax, would be through the legislative process."

Besides providing clarification to tax preparers, this letter ruling saves money for those nonprofit entities that have been paying the \$500 minimum corporation tax even when there was no federal tax due. Additionally, these nonprofits also save on tax preparation fees.

"Obtaining this letter and ruling is a big achievement in seeking uniformity and an important clarification for practitioners to now have in writing," said Mancini. ❖

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One-on-One with Sandra Coletta

Sandra Coletta is the chief operating officer of The Miriam Hospital (TMH) in Providence. With a background in public accounting, Coletta explains that fundamental accounting applications have been integral to her career. And, while not a healthcare provider herself, she finds it rewarding to make it possible for others to provide top quality care to patients.

What Counts: How did you get your start as a CPA in healthcare?

Sandra Coletta: I graduated from Providence College and went to work with Laventhol & Horwath (now Lefkowitz, Garfinkel, Champi & DeRienzo P.C.). There I had several nursing homes as clients and focused heavily in the healthcare arena. I enjoyed this line of work over other fields such as manufacturing or construction. I got married three years into my job and found it difficult to manage tax season with family life (although now I still work as much). When I was considering a move out of a CPA firm, I realized that a career

with hospitals offered more opportunities than nursing homes.

WC: Where did you get your start?

SC: When I applied at the Miriam Hospital, I was called back for an internal auditor position in 1983. I was the first one to serve in that role, which was a wonderful way to get into that industry and learn the ins and outs of it. I later moved into the finance department, became CFO at The Miriam until the merger with Rhode Island Hospital, which created Lifespan. I have held several roles within the Lifespan organization leading to my current position as chief operating officer of Miriam.

WC: How did you find your transition from a finance background to operations?

SC: It was interesting. While serving in the finance roles, my perspective was always to manage the finances to ensure that we could maximize resources to utilize at the bedside. I always had an

interest in the clinical patient care side of the organization. I really enjoyed working with physicians, including contracting issues and partner integration.

The aspects that we learn in accounting are applicable and transferable to many other roles, especially in terms of process. Putting systems in place – and implementing internal controls are skills we all learn throughout our years of working in accounting. Consider the process of how accounts payable matching works and move it into



Sandra Coletta, COO of the Miriam Hospital

an operational healthcare setting to reduce the risk of medical errors. In our hospitals, prior to giving a patient their medication, we ensure that the drug and the physician order match. In financial reporting, we all learned to ensure that information presented is meaningful to the user. That concept is integral in an operational role as the reporting of quality measures becomes more widespread. The need to ensure meaningful information versus just data applies in multiple settings. Those lessons have stayed with me and helped me in my current position.

WC: How is healthcare, and a hospital in particular, a unique environment for a CPA?

SC: It's a challenge to manage such a multi-dimensional organization. The revenue stream in healthcare is based on either negotiated agreements with third parties or government-established payments. For the same service, we may be paid a rate per day or a rate per discharge, or percentage of our charges. As a result, volume is not always indicative of net revenue. Each patient presents unique factors, which require a sophisticated assessment of needs and services to be provided, making it difficult to develop cost projections. Also the expense side is very hard to manage. We need to remain current with new technology, recruit high quality staff, and offer new drugs that are all very costly. I remember my early days in accounting where managing inventory was the major challenge. Healthcare delivery is much more complex.

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WC: What kind of budget do you manage and what are the majority of your expenses?

SC: My operating expense budget is \$300 million. Half goes to salary and wages, and benefits.

WC: How does free care factor in to management of the hospital?

SC: The one thing that I can count on about free care is that it's always going to be more than I think. It increases each year and with the proposed statewide budget cuts, it's only going to get higher. Free care represents services that we provide for which no payment is expected.

WC: What's the most challenging piece of your business?

SC: The reimbursement component is the most challenging, but there are a variety of issues to be solved every day. We work together to solve them. It's truly an environment of teamwork and collaboration.

WC: What keeps you at The Miriam?

SC: There are elements to that answer that are both tangible and intangible. On one hand, we're a three-time Magnet Award recipient for nursing care, our cardiovascular care is nationally recognized as among the best, and we're a leader in information technology. The intangibles are just as important, however. The culture and feel of The Miriam Hospital is compelling. Our staff is extremely focused on providing high quality patient care. We have had staff who leave, realize that The Miriam is a special place and come back. TMH was founded by a group of women in Rhode Island's Jewish community in 1926. They created this hospital as a gift to the people of R.I. and Southeastern Massachusetts. I consider it an honor in my position to be able to maintain and enhance this hospital so the gift of those women can be passed on to the next generation.

WC: What's your favorite part of the job?

SC: Interaction with our clinicians. Every day I can learn something new. I'm in awe of the work that our physicians and nurses are doing. I often ask them to explain the clinical terms and walk me

through the diagnostic and treatment process. I enjoy learning and understanding how they do their work. While I am not able to directly provide care to our patients, I know that by serving in my role, I can support our caregivers in doing what they do better than anyone else. It also gives me the perspective of how lucky I am to have my health.

WC: How is Rhode Island's healthcare system different from other states?

SC: Physician reimbursement is a key point of differentiation. Rhode Island physicians are reimbursed at a lower rate than our neighboring states and other places in the country. The general public however has the assumption that they're well paid. It's not so, particularly in the case of primary care physicians. It's a costly profession (i.e. liability insurance) and the payments they receive aren't adequate. To attract talent, physicians must really want to live and work here in Rhode Island. They will come for reasons such as family ties, interest in sailing, etc. From a financial perspective, they could do better almost anywhere else.

WC: How has the consumer's role changed?

SC: It's evolved significantly, especially in the areas of patient safety and patient involvement. Healthcare providers are including consumers in decision-making, and providing them with education and resources to make informed choices.

WC: What are your thoughts on the performance to date of Massachusetts' universal healthcare plan?

SC: In some ways it's working well and in others, it's not. Cambridge Health Alliance (a public hospital system that serves the disadvantaged) is struggling significantly due to the fact that the state has reduced its reimbursement for the uninsured seeking treatment, yet there are still people that haven't gotten insurance. While no harm was intended in this reform, these types of hospitals had a good system of providing to the community that needed it most and it's not working now.

WC: How will the proposed Lifespan merger affect Miriam, and your role?

SC: The merger presents a tremendous opportunity for us. I see it all as positive. We will be able to share resources and make medical advancements together. For example, Miriam has the technology (the da Vinci Surgical System) that surgeons from Women & Infants need to perform procedures like the robotic hysterectomy. We have been able to provide access to our robot to surgeons from Women & Infants. However the merger would make this type of collaboration easier and more prevalent across multiple disciplines.

WC: What's your advice to a budding CPA?

SC: I hope that they'll think about the opportunities in healthcare. The baby-boomers are aging and there is an ever increasing demand for healthcare services and a decreasing ability to fund it. This dynamic will provide many opportunities for those with good business skills and a desire to work in a field that directly improves the lives of those you serve. It's rewarding, but very challenging work. You need to be comfortable with complexity and with lack of control. Sometimes the people who affect your business don't work for you. You need good communication skills, persuasiveness and a true, valid respect for the work that's being done.

I thought I was going to be in auditing forever, but there are lots of opportunities out there. Don't feel restricted to finance. The field of accounting teaches you so much that you can bring to other areas and disciplines. So learn to recognize and take some chances! ♦

E v e n t s

JULY 14, 2008

The 16th Annual Golf Tournament for CPAs, Bankers, Financial Advisors and Attorneys at Warwick Country Club. This year's beneficiary will be Caritas House.

For more information on upcoming events, please call the RISCPA office at 401-331-5720.

Scholarships Awarded to Eleven Rhode Island Students

College students today leave campus with more than a diploma in hand when they graduate; they leave with debt. In fact, two out of three college students graduate with serious debt. Ten years ago the average amount of loans for a graduating senior was \$8,000. Today average loan debt is more than \$17,000.

Students are even paying for college tuition with credit cards, a dangerous strategy since credit cards tend to have extremely high interest rates. A survey conducted by the National Association of College and University Business Officers reported that credit cards account for 18 percent of student tuition payments.

While there are several options for financing education, RISCPA is doing its part to try to help out with the increasing burden that college tuition places on up-and-coming CPAs by offering two annual scholarships.

"We feel it is important to recognize as many people as we can that truly do have an interest in public accounting," said Sharon Kennedy, chair of the RISCPA Scholarship Committee. "We know college is a financial burden and want to help future CPAs."

The Cheryl A. Ruggiero scholarship was established in 2005 and the Carl W. Christiansen scholarship established in 1974. Both aim to support and encourage Rhode Island residents who are committed to the field of accounting. Applicants must be a U.S. citizen and a Rhode Island resident, but do not have to attend a Rhode Island university. He or she must show an interest in public accounting and can be a sophomore through senior. Last year, RISCPA changed its guidelines to include seniors pursuing graduate school, in light of the 150-hour requirement that applies



to most programs today. But above all, the commitment to accounting is weighted most heavily. ship committee determines the number and amount of scholarships awarded, which largely depends on the investment earnings of the scholarship funds. All members get a complete set of applications to rate, and then the average score determines the final recipients.

Out of eight qualified applicants, two awards from the Cheryl Ruggiero Scholarship Fund were awarded to Ashley DiBenedetto and Lori Andrade, both from Bryant University.

Sixteen students applied for the Carl W. Christiansen award and nine were awarded to: Vincent Lai from Rhode Island College, Ashley DiBenedetto from Bryant University, Brian Sullivan from University of Connecticut, Judith Reilly from Johnson & Wales University, Jacob VanRee from University of Rhode Island, Katherine Sargis from University of Connecticut, Ashley DeBiasio from University of Rhode Island, Jacquelyn Brough from Bentley College and Benjamin Alton from University of Rhode Island.

Although there were fewer applications overall this year, there was equal representation from men and women, and most applicants were in their junior or senior year of college.

Scholarships are awarded during the annual post-tax season, CPA dinner in April. ❖

requirement that applies to most programs today. But above all, the commitment to accounting is weighted most heavily.

"Students who appear to have a commitment to public accounting through not only course curriculum but also outside activities, such as part time jobs or internships, are considered to be more dedicated to the accounting profession," said Kennedy. "We also find that the further along a student is in their academic program, the more serious they are about the major."

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PENSIONS from page 1

percent of promised payments (the national average is 82 percent). Rhode Island state workers contribute about 9 percent of their paychecks to their pension. The state contributes 20.7 percent of payroll to the pension fund this year, and will pay 21.13 percent next year to finance retirement benefits – more than any other New England state. While baby-boomers look to enjoy their golden years, retirement systems are challenged to provide this huge generation with the resources they need to live comfortably.

Currently, there are two types of pension plans: defined benefit plans and defined contribution plans. Traditionally, defined benefit plans are provided for public sector employees and largely unionized industries (steel, airline, auto business, etc.). Nationally, 90 percent of state employees and 20 percent of private sector employees have defined benefit pensions. Although defined benefit plans are paid by employers, taxpayers ultimately pay for state employee pension plans. The amount of money in a defined benefit plan is determined by a formula that calculates employee salary, years of employment and retirement age. Defined benefit plans pay benefits as an annuity, so employees do not risk low contribution returns or outliving retirement income. However, this open-ended nature of defined benefit plans creates a financial risk for employers. The cost is very low for young employees but extremely high for older employees, so many defined benefit plans offer incentives for early retirement.

While not the norm today, some small business owners may opt for defined business plans as a tax strategy. Risk increases with the number of employees so for small operations, owners will largely be the beneficiary of the money invested.

“It’s a smart way to shelter taxable income,” said Jeffrey Brown, J.D., L.L.M., Q.P.A, president of Compensation Planning Inc. “Most of these small companies aren’t going to sustain after the principal retires, and a defined benefit plan provides them a lump sum option.”

Over the last 25 years, as baby-boomers edge toward retirement, many employers have switched from defined benefit plans to defined contribution plans to remain sustainable by avoiding large expenses of pensions.

The dominant pension plan for private sector employees are defined contribution plans, such as 401(k) and Individual Retirement Accounts (IRAs), that focus on current contributions made by employees or employers to the plan. Unlike defined benefit plans, employers are not obligated to pay a specified amount at retirement. Rather, that amount depends on the success of the investments made by the employee; contributions are paid into the employee’s individual account. For example, employee investments into the stock market and the returns on the investment are credited to their account which is used for retirement benefits, usually through the purchase of an annuity to provide a standard income. Employees are responsible for selecting the investments for their retirement plan – from mutual funds to equities – and employers often match employee contributions.

Because the risk is minimal for employers, there are many more defined

contribution plans in the private sector. When it comes to impacting the bottom line, the financial risk of the defined benefit plan is often too great.

“In defined benefit plans, employers bear the liability for investment performance, so if funds are short, the employer must make up the difference,” said Brown. “In contrast, with a defined contribution plan, the individual assumes the risk, which can save employers a great deal of money.”

In 2005, lawmakers adopted new-age-and-work requirements for full pension benefits. Except for Massachusetts, Rhode Island still has the highest pension rates per year (\$31,493) compared to any other New England state. At this rate, Rhode Island taxpayers must raise another \$4.3 billion to cover required retirement payments over the next 30 years for the 45,000 state workers and educators vested in the defined benefit plan.

To alleviate the state’s massive deficit without creating additional taxes, Rhode Island is considering moving public employees from their current defined benefit pensions into defined contribution plans that are more consistent with the private sector. However, switching pension plans is not easy. The state’s actuary found that moving to a 401(k)-style system would cost taxpayers \$151.5 million next year and more than \$520 million over the next several years before there are any savings realized. Not to mention the protest from invested workers.

In March, House Speaker William Murphy formed a commission to study changing the public pension system. By making resolving the pension crisis a priority, the state will undoubtedly discover a solution. The only question is, how long will it take?

Pension plans evolve and fluctuate with the economy, and Rhode Island is ultimately moving in the right direction. The private sector has a different focus than the public sector when deciding on the type of plan to offer.

While large corporations have responsibilities to employees and shareholders, public institutions have an obligation to employees and taxpayers. The struggle lies in determining a sustainable pension plan that strikes a balance for all parties. ❖



Academics

No Shortage in Quality Education for R.I. Nursing Students

It is no secret that nursing shortages are becoming a national crisis. According to a 2004 study reported in *Nursing Spectrum* and *NurseWeek* magazines, hospitals and nursing facilities will be



understaffed by 800,000 in the year 2020. Locally, a 2004 study by the SHAPE Foundation predicts that Rhode Island hospitals will be understaffed by 55 percent in 2020. To combat this growing issue, expanding enrollment in Rhode Island nursing programs is a priority for the state's colleges and universities.

R.I. colleges strive to meet the pressing need

Last May, as the number of nursing program applicants increased, the Community College of Rhode Island (CCRI), through the vision of the college president, designed an accelerated nursing program known as SNAP (Summer Nursing Admission Program). The college partnered with Lifespan and Care New England and other health-care agencies, such as long term care, which funded student participation in this initiative. Typically a two-year program, SNAP students earn an associate degree in science and can take the state's registered nurse (RN) licensure exam after 15 months. In its first year, CCRI enrolled 98 addi-

tional students into its nursing program, totaling 300 students, with Lifespan providing four additional clinical instructors to teach nursing courses. Enrollment is expected to reach 450 students in the next few years.

"While we're still in the first year of the program, the feedback we received from students so far has been encouraging," said Dr.

Maureen McGarry, dean of Health and Rehabilitative Sciences at CCRI. "We're very happy to be able to accept more students."

Other colleges are also employing changes to address the state's need for educated nurses. In 2006, Rhode Island College (RIC) established a School of Nursing. Now a professional program instead of a department, the nursing program continues to build its programs by creating a master's program. In

September 2007, RIC enrolled the first class of nursing students into its master's program that focuses on Acute Care/Critical Care and Public Health, specialty areas of nursing not offered by the University of Rhode Island. In addition to classroom learning, master's program graduates can also teach nursing students.

"We are the college's newest professional school with a master's program where students get the opportunity to expand the profession-

al expertise they need to have successful and rewarding nursing careers," said Jane Williams, dean of the School of Nursing at RIC.

According to Williams and McGarry, nursing program retention rates are increasing. Additionally, RIC students have a 95 percent passing rate on the Rhode Island licensure exam, a gold standard for evaluating a nursing program's quality.

Clinical work seen as key to job preparedness

After graduation, roughly 90 percent of RIC students are employed in Rhode Island hospitals or nursing facilities. To prepare students for a career in nursing, students at RIC spend 1,000 hours in clinical practice in addition to required lecture-based courses – a substantial amount of time that compares very favorably with other programs.

"The experience students get from clinical prac-

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tice provides them with real-world experience in specialty areas – pediatrics, mental health, maternity, and adult health problems such as cardiac care – that we cannot give them in a classroom setting,” said Williams.

CCRI nursing students in SNAP spend two days a week in hospitals and nursing facilities. McGarry believes that the time spent in clinical practice is critical in preparing students to enter the workforce.

“Nursing is rewarding work, but an extremely difficult profession that takes an emotional toll because you’re working with people who are very ill,” said Dr. McGarry. “Nurses really have to love caring for sick people, making clinical experience a critical element for any nursing program. There are no surprises when our students start their careers because they know what to expect and what the environment will be like,” she said.

“Our job is to offer students the highest-quality education, because well-educated nurses provide better healthcare to Rhode Islanders.”

More instructors address individual needs, keep classroom ratios low

In 2005, CCRI received a grant that funds additional supplemental instructors who offer assistance to students who need help understanding difficult concepts. Instructors are registered nurses without the required master’s degree that is needed to be a professor.

“Supplemental instructors form relationships with our faculty and often refer to their clinical experience to illustrate the concepts that are taught by the professor,” said Dr. McGarry. “They make learning easier by helping our students see how their coursework will be applied in the real world.”

RIC similarly hired additional faculty members in 2005 to keep the student-faculty ratio low as it expanded its program. RIC also increased access to academic resources so faculty can better monitor progress and address concerns, such as advising students to take additional courses to strengthen writing or math skills. In addition, the college built partnerships with clinical agencies to share ideas on how to educate nurses to be well-prepared for the workforce. According to Williams, a next critical step in providing nursing students with the education they need is more space.

“We now have more qualified applicants than we have space for,” she said. “We need more instructional space in areas such as resource labs where students learn skills and get the hands-on knowledge they need to know how to apply in their clinical practices. We also need to increase the number of nursing faculty to be able to accept more students.”

Workplace environment to play role in increased interest in nursing

The problem is that the support for nursing programs has not increased to meet the demands for new nurses. Currently, interest in the profession is

high and nursing programs have more qualified applicants than can be accommodated. However, although the female-only stereotype is fading, male nurses continue to be the minority. Thirteen percent of student nurses at RIC are male, which is higher than the national average of 9 percent. Attracting men to the profession is a goal. To recruit and retain nurses to the profession, Williams thinks that hospitals and nursing facilities must continue to focus on improving the workplace environment.

“Students think about their life after college, particularly where they would like to work,” she said. “Higher salaries would make nursing more appealing, but it’s not enough to see a complete turnaround. Creating a welcoming and collegial atmosphere will entice more people to the nursing profession and make nursing more competitive with other careers.”

With CCRI’s SNAP partnership program increasing program capacity and decreasing the amount of time to complete the program, and RIC’s School of Nursing and new master’s program, the outlook for Rhode Island’s nursing profession is positive.

“Our job is to offer students the highest-quality education, because well-educated nurses provide better healthcare to Rhode Islanders,” said Williams. ❖

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mental health services.”

The merger may seem like déjà vu as it was first attempted in 1998; both parties withdrew the application in 2000. So why is now a better time?

“Each system has pursued its own strategy over the past decade and has matured to a point where they would now be a good match,” said Vecchione. “Last year, we (Vecchione and Hynes) came to the conclusion that they’d be better as a combined unit.”

The current state of our economy undoubtedly plays a role as well.

Systems and administrative staffing are the key areas of efficiency for the proposed merger. With staff making up 60 percent of most hospital costs, the merged system would realize efficiencies on a number of levels, including: merged back office operations, such as billing, human resources, accounting and purchasing; integrated IT operations; and increased buying power with suppliers. In addition, investments in high-cost technology would be shared across institutions for cost-effective and efficient results.

While some cost savings would happen quickly, such as the spending reduction from backend consolidation, others, such as integration of computer systems, would be realized over time.

Patients receive better continuity of care

Patients stand to benefit most from the merger. By creating portability in the system, physicians can interact easily and openly. Electronic medical records will make sharing patient information much easier, and patients would realize a better continuity of care. Consider the relationship between Women & Infants and Rhode Island Hospital. These two cutting-edge hospitals located on the same campus will be enhanced by sharing technology, services and resources, such as the newborn intensive care unit (NICU) at Women and Infants, and pediatric intensive care unit (PICU) at HCH.

Chiodini sees this as very good for the people in our state from a care perspective. “The merger would streamline the variability in care, which can be beneficial in a small state like ours,” said Ann Chiodini, CPA, independent healthcare consultant and former employee of ACS, the management consulting firm that helped develop the Rite Care program. “In essence, your medical decision makers would all be ‘under one roof.’”

She predicts that the dominant position that Lifespan would have may limit the negotiating ability of the state’s health insurers and perhaps encourage insurers to develop new products and be creative – possibly contracting with Boston’s teaching hospitals – to remain competitive.

With some major Boston hospitals showing interest in branching out with new satellite offices near Rhode Island’s borders, such as Attleboro, it’s even more important for R.I.’s hospitals to keep – and grow – their business.

“Especially in light of the current state budgetary crisis, the merger is one way in which we can attract more patients to our hospitals rather than driving them to Boston to receive care,” said Vecchione.

Vecchione added that one goal is to keep healthcare dollars in R.I. instead of paying for healthcare services in Massachusetts. And the proximity of the

Boston hospitals, according to Vecchione, means, “We have to compete with some of the best hospitals in the country, which isn’t a bad thing.”

He feels that the sophisticated services offered at more affordable prices will be a winning combination, allowing Rhode Island to compete with the likes of Boston’s Massachusetts General Hospital or Brigham and Womens’ that are 55 miles away.



If you build it, they will come

Attracting more physicians – especially primary care physicians (PCPs) – to practice in Rhode Island is another goal. Low reimbursement rates and the high cost of practicing in Rhode Island has made it difficult to keep them in the state. Physicians need to enjoy living and practicing in Rhode Island.

“It’s an important element to the future supply of physicians in R.I.,” said Vecchione. “We need to continue growing our programs and attracting the top medical residents to Rhode Island.” Lifespan and Care New England’s teaching hospitals, where residents train, include RIH, Women & Infants, Bradley Hospital, Kent Hospital, Butler Hospital, and the Miriam.

One element that plays a role is the significant investment in IT and information services. Hospitals that are recognized for having the latest advancements in medical technology, attract the best medical students for training in this environment. Chiodini notes that the new merged system may provide a way to compete with “medical tourism,” a term used for people going outside their borders to shop for state-of-the-art healthcare at a more affordable cost.

Similar to the affect that being the home to Johnson & Wales, a university widely recognized for its world-class culinary program, had on Providence’s reputation for the excellence of its many restaurants, the healthcare market could experience a similar transformation with the presence of an outstanding teaching medical center.

The evolution of community hospitals

Some feel that the remaining community hospitals (Memorial, Roger Williams, Landmark, South County, Westerly, and St. Joseph’s) will feel the pinch, possibly because of reduced negotiating power should the Lifespan merger go through. Others feel that there will always be those people who don’t want to drive further than their community hospital – especially here in Rhode Island where a 15-minute drive is often considered a commute. For these folks, community hospitals are the answer.



Finance For Life

a guide to financial literacy.

TOPIC: What to Do After You've Been Automatically Enrolled in Your Company's Retirement Plan

At one time, the only way you could join your company's 401(k) plan, 403(b) plan, or 457(b) plan was to put pen to paper and sign yourself up by filling out the appropriate forms. Now, though, in an effort to help participants increase their retirement savings, some employers have begun enrolling their employees automatically. With automatic enrollment, you don't fill out a form to opt into your company's retirement plan; you only fill out a form to opt out of it.

At first glance, automatic enrollment sounds like a no-brainer--without doing anything, you're on your way to saving for retirement. But don't just assume that the investment decisions your employer has made on your behalf are right for you. Instead, take charge of your own retirement savings right now by following these four steps.

STEP 1: GET THE FACTS

If you work for a company that offers automatic enrollment, your employer will typically enroll you once you meet the retirement plan's eligibility requirements, and will begin to direct a certain percentage of your paycheck (your contribution rate) into the investment fund the company has chosen as its default.

Don't make the mistake of thinking you have to stick with the default elections your employer has chosen for you. Once you've been automatically enrolled, you can increase (or decrease) your contribution rate, move money from one investment option to another, or even opt out of the plan altogether.

Your employer is required to send you information about the plan provisions and your investment options, along with specific instructions on how to opt out if you choose not to participate in the plan. Read the documents you receive (including your plan statements), and ask questions about anything you don't understand before making any investment decisions.

STEP 2: CONSIDER YOUR CONTRIBUTION RATE

Like many people, you may be tempted to stick with the contribution rate your employer has cho-

sen for you. But this contribution rate (typically 3 percent) may be less than you need to contribute to target your retirement savings goal. Find out, too, if your company offers matching funds (employers who offer matching funds to traditionally-enrolled plan participants must offer the same match to automatically-enrolled participants). If so, try to contribute at least enough to receive the full match.

STEP 3: REVIEW YOUR INVESTMENT OPTIONS

The most common default investment options chosen by employers are money market funds and stable value funds. Employers often choose conservative funds such as these because they offer capital preservation. But investing in a conservative fund may not be the best option for you.

Depending on how much you need to save for retirement, how far away you are from retirement, and your tolerance for risk, you may want to redirect some of your contributions into more aggressive options that, although more volatile, offer the potential for long-term growth.

STEP 4: CHECK UP ON YOUR PLAN AT LEAST ONCE A YEAR

Even if you've decided to stick with your company's default options for now, review your investment options at least once a year, keeping in mind the following questions:

- *Are you saving enough?*
- *Can you afford to contribute more?*
- *Are the investments*

you've chosen still appropriate for your age and risk tolerance?

- *Do you need to redirect all or some of your contributions to better target your retirement savings goal?*

As you make decisions, think about your overall retirement plan, including where your retirement money will come (e.g., Social Security, 401(k) plan, pension plan), the major expenses you might have (e.g., housing, medical care), and the lifestyle you hope to lead (e.g., traveling frequently, owning a second home).

Source: 360 Degrees of Financial Literacy (www.360financialliteracy.org), in partnership with Forefield Incorporated (www.forefield.com). 360 Degrees of Financial Literacy is a national volunteer effort of the nation's Certified Public Accountants to help Americans understand their personal finances and develop money management skills.

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Chiodini also suggests that consumer driven, health maintenance-type strategies may arise as a result of the merger.

“There’s always a need for niche market providers,” said Chiodini. “The question is: do they have enough business, or will additional mergers take place?”

Such merger talks – which could balance the hospital environment – have been circulating over the past months, including one involving Landmark in Woonsocket and Memorial Hospital in Pawtucket, and another between St. Joseph’s and Roger Williams Medical Center, both in Providence.

Vecchione agrees that community hospitals will be sustainable. “Since the market we serve is regional, we don’t think the proposed merger adversely affects them,” said Vecchione. “Primary (i.e. sick visits and routine acute hospital admissions) and secondary services (follow-up services, such as therapy or diagnostic imaging) should be available on a local basis, tertiary services (open heart surgery, neonatal care and Level I Trauma) on a statewide basis, and quaternary services (i.e. transplants) on a regional basis.”

What’s in it for me?

A big question remains: if expenses are cut for Lifespan, will there be savings for patients? Typically, the cost of healthcare doesn’t decrease, especially for hospitals, which write off significant amounts each year in free care, bad debt or reduced payments. Last year, Lifespan and CNE provided approximately \$90 million in uncompensated care.

Chiodini feels that if the merger brings with it the requirement for pricing transparency, consumers, especially those with high deductible health plans, might start to shop around with regard to elective and alternative procedures.

Vecchione thinks that with hospitals operating more efficiently, payers should realize the benefits of a lower rate of increase, which would be passed on to businesses that sponsor employee plans.

For the most part, individuals and businesses have demonstrated a positive response to the merger. In fact, many consider the success of this combination as a model for similar mergers of other major institutions seeking to operate more efficiently.

Chiodini feels the merger has a good chance of approval. “Given the price of healthcare, providers are looking for sensible solutions and efficiencies wherever they can,” she said.

The Federal Trade Commission (FTC) approved the proposed merger and passed it without a second request for information. Now all hospitals in the CNE and Lifespan networks are completing applications to submit to the Department of Health and Attorney General’s office for review. Once the application is deemed complete, a decision can be expected in six months. ❖

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