



Examiner



hfma™ northwest ohio chapter
healthcare financial management association

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President's Message



Greetings To All,

Since this issue is the final newsletter for the 2004 – 2005 year, then this must be the final opportunity I have as NW Ohio Chapter President to communicate with all of you as such. As I deliberated as to the content of my final message, I read the articles that, by now, are contained in the rest of this issue. One article discussed changes in Healthcare and utilizing the vast resources of HFMA to keep informed. Another article summarizes a seminar by COPAM and HFMA , which updated attendees on the regulatory changes in HCAP.

As I reflect upon the many changes in hospital finance that I have witnessed in my career, I am astonished with the resilient nature of the healthcare industry to adapt to changes. All of us should recognize the role of the established professional in advancing our healthcare industry. Without their mentoring and guidance, many of us would have remained a neophyte, wandering through the halls of healthcare, and possibly never finding our way. However, I am encouraged by the new faces and talent that I see at our meetings, as well as the new faces I see as volunteers to our chapter committees. Again, as I recall the awards given to the four members of our chapter at the March Madness meeting, and I remember the Lifetime Membership extended to Joe Zigray, I become aware of the value of the new members and the more tenured member too. Our chapter is enriched by the abundance of both.

Therefore, for the members of our NW Ohio Chapter of HFMA, I challenge you to contact those peers and co-workers who have not become members of HFMA to invite them to do so. Also I ask you to consider becoming more involved in your chapter of HFMA. Consider volunteering for the chapter committees, or attending more of the educational meetings, or becoming a certified member with HFMA

I am grateful for the opportunity to serve the NW Ohio Chapter as President for the past year. I thank you for your support in another successful year for our chapter. Have a safe spring and summer!

Sincerely,
Darrell Topmiller

beyond
the numbers



Keeping Pace with Change through HFMA

It is hard to imagine an industry froth with as much change and complexity as we experience within health care. All one has to do is listen to the various television newscasts or read the newspapers to constantly be reminded that we are confronted with an aging population. This demographic shift is certain to cause great change and anxiety within our industry.

Consider the statistical changes that are on the horizon regarding the aging of the baby-boom generation. Based upon this demographic shift, you will quickly recognize the challenges that confront the health care industry. As you are aware, great attention is being paid to structural changes and proposed reform to Social Security and its inherent benefits. Additionally, Medicare funding and access to services will experience changes as indicated by the recently implemented Medicare Modernization Act. Medicare Eligible Recipients will not only be affected by this new legislation, but so too will health care providers as we try to keep pace with an increased demand for health care services.

This principle is unavoidable; our population is aging and the inevitable demand for health care services will continue to escalate. If you don't believe me, review the forecasts presented by any governmental agency regarding the increases that will occur in health care spending over the next twenty years and beyond. Couple this with health care consumption as a percentage of GDP and you can easily see that our aging consumer population will be demanding more services. This demand will stress our industry, and force health care finance professionals to sharpen our pencils.

Certainly if the long-term health care issues regarding economic forecast does not provoke change anxiety, than how about current compliance activities, such as HIPAA security or consumerism, or the introduction of new technologies? This does not yet begin to represent an all-inclusive list of the challenges that are ahead. However, these challenges, and others, will continue to have an impact on future cash flows and create stress for financial executives and managers to match their hospital's capital plan with their long-range strategic plan. Mix in the complexities pertaining to the creation of new legal and corporate structures to accommodate joint ventures between hospitals and physicians, and you can readily see the "new" complexities facing our industry.

Change and complexity in our industry is inevitable. A consolation to these impending changes is that financial principles remain the same. The principles that relate to financial statements, budgets, forecasts and statistical analysis remain constant. However, application of steadfast financial principles

to our ever-changing industry remains a challenge. So, how do we prepare as health care finance professionals for these impending challenges and changing environmental variables?

One solution that I strongly advocate is participation in and the use of HFMA!

For example, start with HFMA's monthly journal. Read it. The authors of the articles are experts at dealing with contemporary dilemmas and the implementation of solutions to operational issues. Generally, these issues are usually quite similar to the challenges that you are confronted with. If something within the article is not fully understood, you can contact the author. Most articles have an attached e-mail address for this purpose. Also, retain the journals in a personal library. Since each month's journal is focused on a certain subject, indexing is completed for you. This provides easy retrieval of material that may be specific to an issue that you are confronted with.

Additionally, participate in local, regional and national educational events. You can learn first-hand from individuals that have hurdled the same challenges that you may be currently dealing with. From a local perspective, develop a network of your peers through the Northwest Ohio HFMA Chapter. Develop a comfort level with these colleagues so that you can routinely contact them with questions as to certain issues you are facing. Then, be available and responsive to them when you are called upon. Your insights and experiences offer value too!

Finally, seek certification through the HFMA. The certification process, with preparation and study, will force you to expand your current knowledge level of the health care industry. Hopefully, subject matter that you are not familiar with will act as a catalyst to explore further. This will provide you a greater general knowledge and understanding regarding the financial issues confronting our industry.

The challenges and complexities are not going away. We are all saddled with the issues identified above. However, through our collective efforts, our individual talents and resourcefulness, along with the opportunities and support through HFMA, I am confident that we can be successful in meeting these challenges.

Lawrence Kuk, FHFMA
Chief Operating Officer
United Health Partnership
4/4/05



March Madness Strikes Again

By Chris Rizzo, Newsletter committee and Kim McClure, Chapter President 05-06

The HFMA Northwest Ohio Chapter held its annual meeting and March Madness on Friday, March 18, 2005 at the Holiday Inn French Quarter in Perrysburg, Ohio. The meeting was well attended, and hors d'oeuvres, beverages and a cash bar were enjoyed by all. Two large televisions provided plenty of NCAA Basketball Tournament action throughout the afternoon. A summary of the afternoon follows:

Annual Meeting/Election

Darrell Topmiller, President, called the Annual Meeting to order. He noted officer changes from what was printed in the program as a result of Carol Callen withdrawing her name from the ballot. The following slate of officers was elected for 2005-2006:

- President – Elect: Samantha Platzke
- Treasurer: Todd Howell
- Secretary: Amy Gill
- Board Members: Rob Goshia
Dawn Balduf
Hayley Studer

Award Presentations

Darrell Topmiller presented Founders Merit awards to the following Chapter members:

- Tim Eichenauer – Muncie Gold Award
- Mike Leslie – Muncie Gold Award
- Todd Howell – Follmer Bronze Award
- Chris Rizzo – Follmer Bronze Award

Certification

Darrell Topmiller announced that Todd Howell has achieved designation as a Certified Healthcare Financial Professional (CHFP) with a specialty in Accounting and Finance. Congratulations, Todd!



Darrell Topmiller and Tim Eichenauer



Darrell Topmiller and Chris Rizzo



Darrell Topmiller and Mike Leslie





Denny Wagner and Joe Zigray



Todd Howell and Darrell Topmiller

HFMA Life Membership

Joe Zigray was awarded Chapter Life Membership following many years of service to our chapter and the healthcare industry. Denny Wagner gave a warm and humorous tribute to Joe, and many in attendance were nodding their heads in agreement as they listened. Joe is a past officer of HFMA Northwest Ohio Chapter, serving as President in 1988-1989.

“Laughing Matters” presented by Kent Rader

March Madness got off to a rousing start with Kent Rader, a professional speaker, author, and humorist. Kent graciously donated copies of his recent book and video, which two lucky chapter members won when their business card was drawn during the breaks. Mr. Rader used a stand-up comedy format to deliver nuggets of wisdom on the harmful effects of stress, and the physiological benefits of laughter and humor. Some of the points he emphasized:

- Spend time with humorous people
- Spend time every week to enjoy the things that you find funny
- Begin to develop your own ability to see humor in everyday life (but be careful who you share your humor with – not everybody finds funny what you find funny. The same humor we use to heal people can also hurt people. Humor used inappropriately can be cruel)
- Begin to use humor with your children

Mr. Rader very capably demonstrated how humorous everyday life can be – using his own hang-ups, parenting, being a “cheerleader mom”, and traveling experiences, to name a few, as sources for hilarious stories that kept everyone smiling or laughing out loud. One of the attendees even joined in with stories about tools and techniques for potty training a three-year old that had everyone chuckling.

March Madness!

Following the speaker’s presentation, basketball was the only agenda item with the initial round of the NCAA men’s basketball tournament, tuned in on the televisions at the front of the room. By the time you read this, the tournament champion will have been crowned (UNC Tarheels, all the way; editorial comment!). It was a great way to end a fun afternoon.



Going beyond the breakouts:

Preconference programs and keynote addresses offer additional ANI learning opportunities

HFMA's Annual National Institute (ANI) 2005—to be held June 26-30 in Las Vegas—offers 72 breakout sessions covering all facets of healthcare finance that will provide you with ideas and tools you can use in your organization. However, you also have opportunities to walk away from ANI with additional techniques and solutions by taking part in a Preconference Program and attending the keynote addresses held each day during the conference.

Keynote Addresses

A group of inspiring keynote speakers will be taking the stage Monday, June 27, through Wednesday, June 29, at ANI. With each speaker drawing from a unique set of experiences and skills, the presentations all promise to be educational, as well as entertaining. Kicking off the keynote speeches Monday will be Gene Kranz, retired NASA Flight Director. It was Kranz and his motto of “failure is not an option” that led the group of young engineers and scientists who oversaw the safe return of the Apollo 13 crew. Today, Kranz continues to inspire that same will to succeed as he motivates business leaders to tackle the endeavors that have eluded them in the past and to thrive on the challenges they'll face in the future. Tuesday's keynote will be presented by (invited) David Brailer, M.D., Ph.D., National Coordinator for Health Information Technology for the Department of Health and Human Services, and a panel of seasoned CFOs. With the belief that healthcare information technology can greatly improve the health status of patients, many healthcare financial executives are at a crossroad. The implementation of new IT systems delivers the potential for clinical transformation and enhanced business planning and processes, but promises an enormous financial burden—a burden for which many provider organizations lack funding. Executives are now faced with making serious, and potentially risky, capital allocation decisions for their organizations without the benefit of proven analytical protocols to guide them. Dr. Brailer and the CFO panel will help attendees better understand the variables involved in measuring ROI (including measuring the reduction of potential patient errors, physician adoption of systems and process improvement) and how these same ROI calculations need to play into the standards, incentives, and pressures that the government, payers, employers, patients, and medical malpractice insurers will potentially put forward.

Wrapping up the keynote sessions Wednesday will be a speech by Bertice Berry, sociologist, author, lecturer, and

educator. After being told she was not college material, Berry went on to graduate with honors from the University of Florida and earn her Ph.D. in sociology from Kent State University—all before her 27th birthday. Berry delivers her message with a generous dose of humor and forces audience members to look both outside the box and inside themselves to find the solutions, ideas, and tools to thrive.

Preconference Programs

Gain access to more ideas, tools, and results when you sign up for Preconference Workshops or a Preconference Seminar. All Preconference Programs will be held Sunday, June 26.

Preconference Workshops - Preconference Workshops are half-day programs led by facilitators that are designed to give you hands-on experience with tools and solutions that relate to a topic. Choose to attend one workshop in either the morning or afternoon or maximize your opportunity by attending both morning and afternoon workshops. The first group of workshops will be held from 8:00 to 11:30 a.m. The second group of workshops will be from 1:00 to 4:30 p.m. Lunch is not included.

Preconference Workshops at ANI 2005 include:

- Revenue Cycle Key Performance Indicators
- Clinicians and the Revenue Cycle: The “New CMO”
- CDM Strategies for Sustained Revenue Success
- Your Golden Rolodex – How to Network for Results

Preconference Seminars - Preconference Seminars are full-day programs led by speakers. The programs include lunch and are held from 8:00 a.m. to 5:00 p.m. Seminars are taught in a classroom setting with engaging techniques and approaches incorporated into the lecture.

Preconference Seminars at ANI 2005 include:

- Achieving Successful Revenue Growth
- Medicare Cost Reporting
- Understanding Data to Make Management Decisions
- CFO Boot Camp (The CFO Boot Camp offers a one-of-a-kind opportunity to network with new and soon-to-be CFOs. Because of the highly interactive nature of this seminar, registration is limited to 35 participants.) For complete ANI program information and to register, visit www.hfma.org/ani or call (800) 252-4362, ext. 2.



Underinsured/Uninsured and HCAP Education Conference

Presented by Central Ohio HFMA and COPAM, February 15
(Summarized by Dawn Balduf, Newsletter Editor)

Several members of the Northwest Ohio Chapter attended this session in Columbus, which enjoyed an excellent turnout. The large attendance emphasized the importance and timeliness of the topic. The presentations were on various aspects regarding the issues with the underinsured/uninsured; some of these are highlighted below.

The morning opened with Diane Signoracci from Bricker and Echler LLP presenting a legal overview of hospital charges and discounts. She shared some guidance provided by the OIG with respect to hospital discounts. It was noted that no OIG rule requires a hospital to engage in any particular collection practices, except that consistent practices are required for Medicare and non-Medicare patients. The fraud and abuse laws permit the waiver of all or a portion of a Medicare cost-sharing amount for a financially-needy beneficiary. The financial need criteria is not limited to indigence, but can include any reasonable measure of hardship. Hardship criteria should be based on objective criteria appropriate for the locality and must be consistently applied and documented.

One major point Ms. Signoracci made was in relation to advertising the waivers of copayments and deductibles. Medicare would view such advertisement as an inducement to solicit Medicare recipients for your hospitals. Such notifications should not be an automatic part of your intake/marketing process.

Ms. Signoracci also noted that the OIG has never brought a case based upon a hospital's bona fide discounting of its bill for an uninsured or underinsured patient of limited means.

She went on to discuss federal laws dealing with discounts and false claims. She talked about federal and state tax exemption rules and cited several court cases pertaining to current standards. The recent federal class action lawsuits were discussed along with "copycat" suits filed in state courts. Consumer protection laws are being used as counter claims against collection lawsuits filed by hospitals to collect their accounts.

HCAP and Uncompensated Care Update

Charles Cataline, Senior Director of Health Policy at OHA, presented, in typical Charles- fashion, a valuable and entertaining HCAP update. He opened his discussion with information on federal activity regarding hospital charges and collection policies. He noted that two OIG work plans pertain to disproportionate share issues. He stated facilities should assume the OIG will be in their shops this year.

Now that the congressional investigation has finished, we can expect an examination of hospitals' tax records. Tax reform legislation is looking at executive compensation limits and charity care requirements. Charles referred to the "son of Hill Burton" with some percentage of total revenue being mandated for charity care.

Charles made reference to the recently-released 2005 HFMA/AHA "Patient Friendly Billing Report." (All HFMA members should have received a copy of the report in the mail.) One recommendation that he made is to perform an annual audit/review of your uncompensated care process. He suggested walking through from access points to the various areas of the business office to collections. Talk to your staff; ask questions. Review complaints. That's what an OIG auditor would do.

Charles outlined recent state activity with a look at HB 248 proposed last year. That bill defined charity care and actually required 4% of gross receipts to be devoted to charity care. There is also a requirement for an annual report to the state auditor. What will happen in 05 depends on what a new bill includes, the effect of budget cuts, and what kind of headlines pop up.

HCAP logs, applications, and policies were reviewed. While a free-care policy is required, there is considerable autonomy in its elements. However, documentation must follow policy. HCAP rules do not require asset information or verification of income but if your policy does, the auditors will require to see those items documented or call for the removal of the writeoff from the cost report. Charles frequently encouraged attendees to "think like an auditor."

JFS audits will continue in 2005 with 25 random ones planned. They will at least verify signage is appropriate and review policies, logs, and the external audit report. Charles stressed the need for hospitals to respond in writing to the CPA firm's data review findings which require correction of material errors and outline a corrective action plan.

Charles closed by reviewing some of the newer frequently-asked questions regarding HCAP. He recommended checking OHA's website periodically for updates: www.oha.net/org/hcap/faq.htm

HCAP Audit Process

Presentations were made by 3 companies that perform HCAP audits as mandated by the state; the participating companies were: Blue and Co., Inc.; Plante Moran; and Ernst & Young.

All 3 companies acknowledged that since the procedure is mandated, there is no negotiation in their certification process. However, they had tips for a smooth audit with no surprises:

1. Understand the process and its requirements
2. Keep HCAP policy as broad and simple as possible
3. Allocate resources to ensure complete and accurate reporting
4. Be prepared for the audit by having all information ready for the audit team
5. Use FAQ's on OHA website and utilize your contacts at ODJHS and OHA

ATTENTION HFMA GOLFERS!!!!

The Annual Northwest Ohio Chapter of HFMA Golf Outing
Thursday, July 14, 2005
Valleywood Country Club (on Airport Hwy)
Swanton, Ohio

Schedule of Events

11:15 a.m. - 12:15 a.m. - Registration & Box Lunch
12:30 p.m. - Shotgun Start
5:30 - 6:00 p.m. - Cocktail Hour (Cash Bar)
6:00 p.m. - Awards Presentation and Dinner

Golf, cart, box lunch and dinner cost is \$90 per player.
Dinner will be burgers and brats from the grill.

Attire

Proper golf attire defined as collar shirts (no T-shirts/tank tops)
Shorts permitted, but no cut-off shorts or sweat pants
Soft spikes only, no metal or ceramic spikes.

As in prior years, there will be prize holes and a 50/50 raffle.
Mulligans will be sold "for those of you who need them."

Please respond by Tuesday, June 1, 2005 to:

Todd Howell, CPA, CFHP

Chief Financial Officer
Seneca Medical, Inc.
85 Shaffer Park Drive
Tiffin, Ohio 44883



Name _____ Organization _____

Name _____ Organization _____

Name _____ Organization _____

Name _____ Organization _____

Golfers X \$90 = \$ _____

Please make checks payable to Northwest Ohio Chapter HFMA



Noteworthy Tidbits

New Committee Chairs Named

Certification Committee: Todd Howell (towell@senecamedical.com)

Membership Committee: Chris Rizzo (chris@mastersassoc.com)

HFMA Certification News

The HFMA Northwest Ohio Chapter has recently purchased the current complete set of certification study guides used to prepare for CHFPA core and specialty certification examinations. If you are interested in borrowing the study guides, or have any questions about the certification process, please contact Todd Howell (towell@senecamedical.com).



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.



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The Northwest Ohio Chapter of HFMA is grateful to its sponsors. This is the second year for our Sponsorship Program, in its current form. These companies have helped our chapter earn national awards by enabling us to afford high-quality speakers and educational sessions, which in turn results in increased attendance at our meetings.

Please express your thanks to representatives from our sponsor companies when you see them at chapter events.

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Risk, Insurance and Malpractice

Summarized by Todd Howell

On January 20, 2005, representatives from Marsh led our educational seminar by discussing the overall insurance industry, as well as traditional and alternative medical professional liability insurance:

Paul F. Sherbine

- Insurance industry paid out losses of \$53 billion in 2001, \$30 billion in 2002 and \$5 billion in 2003...trend is improving, but 9/11 forever changed the insurance industry landscape;
- Since 9/11, for every one carrier that had its rating upgraded, ten had their ratings lowered;
- The period from 2001 to 2003 marked the first time ever that the surplus dollars for property and casualty insurance policy holders decreased for three straight years (meaning more was paid out in losses than what was paid in via policy premiums and investment earnings);
- Comments on the first 9 months, even though hurricane losses in the third quarter make it the worst third quarter ever for losses, premium increases are declining.

Thomas Hayden, CPCU

- Most dangerous line of insurance to be in - Medical malpractice insurance is second only to earthquake insurance;
- About 20 states are in crisis – including Ohio, Kentucky and West Virginia... Michigan is showing problem signs, while Indiana, having passed tort reform, is currently fine;
- Overall malpractice losses have tracked upward since 1995;
- 8% of malpractice claims paid exceeded \$1 million in 2001;
- 9 insurance carriers have left (or went bankrupt), while 8 new carriers have emerged;
- What it all means? Increasing rates for reduced capacity (\$5 million limit down to \$1 million), and the end of “occurrence” coverage in Ohio;
- Ohio tort reform bolstered by November 2004 elections, critical for long term success.

Ruth Goodall

Driving forces for alternatives to the traditional medical malpractice insurance are higher premiums, the need for a cohesive insurance program, and better access to excess/reinsurance markets;

Various solutions:

- Self insurance trust – but can't use for non-employed staff;
- Commercial options – availability is limited;
- Physician vehicles – increasing in number, adequacy of funding/capitalization is an issue;
- Subsidies for physicians – hospital provides capital for physician vehicle and pays a portion of the premium;
- Captives – group (multiple hospital owners), hospital-owned (single parent captive), cell captive and risk retention group, all have their advantages and limitations.

Things to consider as you decide on an alternative:

- Is there a need for an approved/rated carrier under your state's law or hospital bylaws?
- Funding and capital requirements – domicile requirements, financial means;
- Implementation and operating costs – audit/legal/actuarial/management/government fees;
- Tax issues – will premiums be deductible? captive income taxes;
- Legal concerns under Stark and fraud/abuse statutes.

A representative from Trinity Health/Mount Carmel Health System discussed their self-insured, wholly-owned captive program domiciled in the Cayman Islands. Physicians are subject to eligibility and underwriting requirements. Overall, it has been very well received.