

# FINANCIAL SCENE



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healthcare financial management association

### 2001–2002 Program Schedule

THE FINANCIAL BASICS  
OF THE INDUSTRY  
November 8–9, 2001  
Marriott East, Louisville

FALL INSTITUTE  
September 27–28, 2001  
Caesar’s, Indiana

WINTER SEMINAR  
January 25, 2002  
Lexington, KY

SPRING INSTITUTE  
April 18–19, 2002  
Covington, KY

MID-ATLANTIC INSTITUTE  
May 22–24, 2002  
Washington, D.C.

ANNUAL  
NATIONAL INSTITUTE  
June 16–20, 2002  
Seattle, WA

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Leading

## KENTUCKY SENATE BILL 279 – PROMPT PAYMENT

**K**entucky’s new prompt payment law applies to all claims incurred after July 14, 2000 and on all contracts entered into after July 14, 2000. The law defines a “clean claim: as a properly completed form.” The only acceptable claim forms are form UB-92 for institutional providers and form HCFA-1500 for most other providers. Insurers may not require providers to use another claim form, modify the claim form or its content, or submit additional claim forms. Since the intent of the law is to promote a standardized claim format, insurers are prohibited from requiring additional information not on the forms and rejecting claims or delaying payment of claims that are properly completed. Within 30 days receipt of a clean claim the insurer must pay the claim, pay the portion of the claim not in dispute, or deny the entire claim. If a claim or any portion is denied the insurer must provide reasons for the denial.

Receipt of claims must be acknowledged to the entity submitting the claim within 48 hours for electronic claims and 20 days for paper claims. The acknowledgement must identify the date of receipt and any errors or missing information on the claim. The 30-day payment window restarts once a corrected claim is filed. Effective January 1, 2001, all insurers must provide both written and electronic means of checking on the status of claims. A delay of payment is permitted only if the insurer is not the primary payer, for retrospective review, nor non-payment of premium, or for suspected fraud. In the case of payment errors, there is a limit of 24 months on payment adjustments. For providers, the 24-month window for the correction of payment errors starts on the date of receipt of pay-

ment. The insurer’s time frame starts from the date of the insurer’s payment. Insurers are prohibited from requiring providers to appeal the payment. Providers must submit documentation of payment error and insurers have 30 days after receipt of such documentation to pay the claim.

Denial of payment may be made only if another payor is responsible or in cases of ineligibility. If the insurer retroactively denies payment because another payor is responsible, the insurer must specify the name and address of the entity acknowledging responsibility of the claim. In cases where another payor is primarily responsible for payment, the provider gets at least 12 months from the denial notice to submit a claim for payment to the responsible insurer, Medicare, or Medicaid.

Insurers are required to request a refund or make a recoupment within 24 months of any overpayment made to a provider for an ineligible patient. If an insurer is going to collect an overpayment through a recoupment, the insurer must specify the amount of the recoupment, the patient’s name, the patient’s identification number, and the date of service.

In addition, insurers are required to cover services to hospitalized patients when the insurer can’t be reached or the insurer doesn’t make a timely utilization review decision. The hospital must document an attempt to contact the insurer three times over four hours via the method required by the insurer. This is applicable to continued stays, preauthorization of services needed during a stay, or retrospective review of emergency



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### *Financial Scene*

#### **Newsletter Committee Members**

David Kottak, Chair  
 Rhonda Beck, Vice Chair  
 Mike Stigler  
 Katie Black  
 Melanie Watson  
 Michelle Lawless  
 Mary McKinley  
 Larry Vaughn  
 Mick Welscher

#### **Editorial Policy**

Opinions expressed in articles or features are those of the author and do not necessarily reflect the view of the Kentucky Chapter, the Healthcare Financial Management Association, or the Editor. The Editor reserves the right to edit material and accept or reject contributions whether solicited or not. All correspondence is assumed to be a release for publication unless otherwise indicated.

#### **Publication Objective**

The *Financial Scene* is the official publication of the Kentucky Chapter Healthcare Financial Management Association. Our objective is to provide members with information regarding chapter and national activities, with current and useful news of both national and local significance to serve as a forum for the exchange of ideas and information.

**Leading**

## President's Message



*Tony Miranda*

We are now beginning a new and exciting year for the Kentucky Chapter. We are very fortunate in that our chapter's volunteers include some very knowledgeable and talented people who have agreed to share their talents with all of the members of the Kentucky Chapter. My goal as President, and the goal of your board, is to enhance YOUR benefit from KHFMA and therefore, assist in making Kentucky one of the pre-eminent chapters in the nation. However, we will not be able to accomplish this without your assistance. We understand the time constraints you have with your careers, family and community, but all of these may be well served by your involvement with the KHFMA.

Education is the key to staying ahead of this rapidly changing environment in which we work and HFMA has the tools to assist you, from National HFMA's "Knowledge Network" and the "Healthcare Financial Management" magazine, to the online access of other tools. Your Information System committee is in the process of redesigning our

WEB site, which we hope to have published by the first of July. I encourage you to visit this website at [www.hfmaky.org](http://www.hfmaky.org), and National's at [www.hfma.org](http://www.hfma.org). Access to all of these tools is available for a membership fee that is less than most journal subscriptions.

For YOUR OWN benefit, I strongly encourage each of you to participate in the endeavors of the KHFMA, either by attending our educational sessions and meeting/networking with others in your field of expertise; by sharing your knowledge and talents through volunteering to speak at one or more of the sessions; by joining one of our Committees; or by simply encouraging others to investigate the value of an HFMA membership.

This year's motto, "Leading at the Speed of Light" is most appropriate in the fast paced Kentucky healthcare environment. KHFMA CAN AND SHOULD lead the nation in illustrating just how we can manage in such an environment. With your contribution, we can make this year successful and exciting!

In closing, I would like to thank our past President, Mike Stigler, the Board of Directors and all the various committee chairs and committee members for all their work and hours contributed to our chapter this past year.

Best Regards,  
 Tony Miranda

## Editor's Insight



*David Kottak*

Welcome to the initial issue of the 2001/2002 Kentucky Chapter "Financial Scene." I am excited about the opportunity to serve the Kentucky Chapter as Editor of the "Financial Scene" and look forward to the upcoming year.

The "Financial Scene" has an outstanding committee this year. Its members include several Past Presidents (Mike Stigler, Rhonda Beck and Katie Black) as well as current Vice Presidents (Michele Lawless, Harold Shoaf and Melody Chaney) of the chapter. We are excited about working with our Chapter President, Tony Miranda, in deliver-

ing value to the membership of the chapter.

The committee, working with the Chapter Leadership Team, has set aggressive goals for 2001/2002 and we need your help. I would like to encourage each of you to get involved by contacting myself or another member of the Newsletter Committee with ideas and suggestions for improvement. Whether you would like to find out about a specific subject or are looking for information about regulatory changes being proposed at the Federal or State levels, let us know. Better yet, get involved.

As Tony noted in his President's Message, "...with your contributions, we can make this year successful and exciting." Invest in the Kentucky Chapter now. The return you receive will be with you the rest of your career.

Very truly yours,  
David Kottak

## Medicaid Update...

According to KHA officials, it appears that Medicaid DRG implementation will be further delayed until at least July 2002. The State is waiting on more recent audited hospital cost reporting data to run its projections. Therefore, the auditing process, on-going appeals, etc. will ultimately impact how fast DRG implementation moves.



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### Kentucky Chapter Healthcare Management Association

#### Officers and Directors for 2001/2002

##### President

Tony Miranda  
TPI Health Systems

##### President-Elect

Christopher Roszman  
Commonwealth Health Corporation

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Melody Chaney

##### Vice-President Communication

Harold Shoaf  
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##### Vice-President Member Services

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##### Director

David Tate  
Ernst & Young, LLP

##### Director

Melanie Watson  
TJ Samson Community Hospital

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## Senate Bill 279...continued from page 1

admissions. The insurer must make a utilization review decision within 24 hours in continued stay and in preauthorization cases.

Also, as of January 1, 2001 insurer identification cards must identify the mailing address for claims and the type of plan. Any change to coverage requires a new card or an appropriate sticker within 30 days of the change. The insurance commissioner is to consult with the KUBC and issue regulations to standardize attachment to claims. These standardized health claim attachments are to be used by all insurers requiring additional information in order to process any health care claim. Current attachments will be updated to conform to the federal standards.

Significantly, "an insurer that fails to pay, deny or settle a clean claim" in accordance with the law shall pay interest on the amount of the unpaid claim in accordance with the following schedule: 12% per annum for days 31-60, 18% per

annum for days 61-90, 21% per annum for days 91+. The insurer must automatically add interest when the claim is paid.

Insurers are required to report information regarding the prompt payment of claims to the state. This information must include the percentage of clean claims paid within the required 30-day time frame, the percentage of clean claims paid after 30-day time from, and the number of days within which the claims were finally paid, broken down between 31-60 day, 61-90 day, and more than 90 day intervals, as well as the amount of interest paid.

An insurer will be deemed to be in compliance if 95% of the clean claims paid during each calendar quarter are paid within 30 days. In addition, the total dollar amount paid within 30 days must equal at least 90% of the total dollar amount paid for clean claims during each calendar quarter. The Department of Insurance may assess fines for noncompliance with the law. These fines start at

\$1,000 per day or 10% of the unpaid claim, whichever is greater, for each day the clean claim remains unpaid. The fines may add up to \$10,000 where the commissioner determines that an insurer has willfully and knowingly violated the law or has engaged in a pattern of repeated violations of the law.

While Kentucky has had laws governing the payment of health care claims for some time, the new law differs significantly from prior law. Standardized claims forms and fines for noncompliance give providers significant new leverage in their efforts to secure timely payments. Most importantly, there is not a powerful incentive for insurers to pay claims in a timely manner since the payment of interest is now mandatory whenever an insurer fails to pay a clean claim within the 30-day payment window.

By Matt Klein  
Detus, Benzinger & LaValle, P.S.C.

## Long Elected National Chairman

HFMA has elected Ronald R. Long, FHFMA, CPA, to serve as the organization's voluntary Chairman of the Board of Directors for 2001-02. His term will begin June 1, 2001. Long will be inducted at HFMA's Annual National Institute, being held this June in San Antonio, Texas.

Long's first as National Chairman will be to set the tone for the upcoming year. He has selected the theme *Leading @ the Speed of Light*.

Long says, "Today's healthcare industry is changing faster than ever. New technologies are being introduced almost daily. Financing mechanisms are changing almost as rapidly. The healthcare financial leader is being challenged to understand trends and solve problems in a creative fashion as well as make decisions quickly. The risk of poor investments or not making investments, particularly in the area of technology, has increased dramatically."

Long continues, "In order to cope with these challenges, the healthcare

financial leader must develop new skills and become educated. The successful financial leader must be able to accept risk and understand how to manage risk rather than avoid it. A key component of this is flexibility. *Leading @ the Speed of Light* means making mistakes, but being able to recover from those mistakes and change direction as quickly as the environment changes."

HFMA is in a unique position to provide leaders with the education and skill development necessary to prosper in this new environment. HFMA will aggressively adopt technologies to deliver education in a timely and efficient manner, while lowering the overall cost to its members in both time and dollars. The members' need to receive education more efficiently and effectively is one of HFMA's top priorities. In addition, the content of education will be timely and targeted to new development to give members the edge they need to succeed.

According to HFMA President and CEO Richard L. Clarke, FHFMA, Long

is a model example of what many healthcare finance professionals strive to become. "Ron leads by example. He possesses personal and professional qualities that mirror the goals and standards of our organization."

In addition to his duties as Chairman, Long is vice president, finance, at Saint Mary's Health Network, Reno, Nevada. He also is responsible to operations at Saint Mary's Health Plans Division.

A member of HFMA since 1982, Long's involvement with the National Association includes serving on the National Matrix (1994-95), Chapter Liaison Representative (1995-96), Strategic Planning Committee Chairman (2000-01), Board of Directors (1996-01), Executive Committee (1997-98 and 1999-01), and the Audit & Finance Committee (1997-98 and 1999-00), serving as chairman 1999-00. He is a recipient of the Follmer Bronze, Reeves Silver, and Muncie Gold merit awards for outstanding service.

# Kentucky HFMA's Sponsorship Program

## KY HFMA's SPONSORSHIP PROGRAM

The Healthcare Financial Management Association is the professional membership organization for individuals involved in the financial management of healthcare.

HFMA was established more than 50 years ago and has a track record of consistent growth averaging three to four percent each year. HFMA serves and represents members by:

- Providing professional development through education, information, certification, and leadership training.
- Influencing healthcare financial management and accounting policy decisions, principles, and practices.
- Establishing and promoting the highest standards of professional and ethical conduct.

HFMA's organizational structure effectively combines the advantages of smaller state and local structures with the size and influence of a national organization. Its members are assured a wide range of benefits including networking and professional development opportunities.

**Therefore, if your company sells products or services to the healthcare industry, now is an excellent opportunity to think about marketing your company to key decision-makers efficiently.**

## WHY SHOULD YOU SPONSOR?

Corporations sponsor the Kentucky Chapter of HFMA for the recognition they receive within their target audience. As an HFMA sponsor, a wealth of recognition opportunities are yours to explore. At minimum, your organization's name and logo indicating level of sponsorship will appear on pertinent marketing materials and you can gain acknowledgment and signage at educational conferences. Additional promotional opportunities are available, depending on which sponsorship package you choose.

## LEVELS OF SPONSORSHIP:

### GOLD (\$1,900)

1. One free exhibit space at one of the three annual meetings (\$600 value)

includes free registration for one person.

2. One free membership to the Kentucky Chapter of HFMA (Cannot be used towards current membership)
3. Two complimentary registrations to one of the conferences
4. Listing of sponsor's name and/or logo on meeting announcements
5. Recognition during the welcoming and closing remarks to all registrants at each meeting
6. Signage recognizing your level of sponsorship at every event
7. Sponsor ribbons for name badges that identify the sponsor representatives
8. List of registrants after each event (if requested)
9. Acknowledgment in the Chapter's newsletter and on Chapter website

### SILVER (\$1350)

1. Two complimentary registrations to one of the conferences
2. Signage recognizing your level of sponsorship at every event
3. Listing of sponsor's name and/or logo on meeting announcements
4. Recognition during the welcoming and closing remarks to all registrants at every meeting
5. Sponsor ribbons for name badges that identify the sponsor representatives
6. List of registrants after each event (if requested)
7. Acknowledgment in the Chapter's newsletter and on Chapter website

### BRONZE (\$850)

1. One complimentary registration to a conference
2. Signage recognizing your level of sponsorship at every event
3. Sponsor ribbons for name badges that identify the sponsor representatives
4. Recognition during welcoming and closing remarks to all registrants at every meeting
5. List of registrants after each event (if requested)
6. Acknowledgment in the Chapter's newsletter and on Chapter website

## OTHER BENEFITS

It is anticipated that your firm will receive the following benefits from this sponsorship:

- Enhanced visibility within the healthcare industry
- Networking opportunities
- A cost-efficient way for your company to stay up to date with the changing needs of the customers
- An opportunity to differentiate your product from the competition

## HFMA SPONSORSHIP

HFMA advertising is an efficient investment because it targets clients and contacts with buying power. Members include:

- Senior Financial Managers
- CFOs involved in major business purchases
- Decision makers that approve departmental budgets
- Buyers that authorize outsourcing
- Your best customers and prospects

HFMA's members make major purchasing decisions for their organizations.

- Nine out of ten buy products and services for their facilities.
- Nine out of ten approve departmental budgets.
- Nine out of ten are involved in business decisions (managed care contracts, acquisitions, outsourcing and more).

HFMA members work in diverse healthcare settings. That means your sponsorship penetrates the key segments of the industry and reaches buyers making purchases for all types of organizations. Sponsorship allows corporations to maintain relationships with new business partners and strengthen ties with existing customers, in a cost-efficient way.

*For more information, contact:*

David Tate  
Ernst & Young, LLP  
400 West Market, Suite 2100  
Louisville, Kentucky 40202  
(502) 585-6613

# HEALTHCARE 101: THE FINANCIAL BASICS OF THE INDUSTRY

*Presented by the Healthcare Financial Management Association - Kentucky Chapter and Steven Berger, Healthcare Insights, LLC*

This live two-day on-site course will expose the participants to the broad range of financial management issues that impact healthcare providers and their suppliers, employees and patients today. You will learn how the reimbursement policies of the Medicare, Medicaid and managed care payers critically impact the bottom lines of healthcare providers, and the reactions taken by the providers of care to deal with it.

## LEARNING OBJECTIVES OF THE TWO DAY CLASS:

1. Developing an understanding of the healthcare industry from the perspective of providers and payers
2. Developing an understanding of the unique operational and reporting aspects of healthcare organizations
3. Understanding major national issues affecting the healthcare industry and their impact on healthcare organizations
4. Building awareness for how the Medicare, Medicaid and managed care payment systems affect the economics and operations of healthcare providers
5. Appreciating unique financial management techniques and operational processes within healthcare organizations
6. Exposure to the latest developments and most current predictions on payment and financing systems

## WHO SHOULD ATTEND:

This *basic overview* course is recommended for those who:

- Want a broad and deep overview of healthcare financial management issues
- Have accounting and financial management experience and have **entered the healthcare field within the past 12 – 36 months**
- Are **members of Board of Directors** of healthcare entities
- Are **consultants** and professionals in organization that sell to the healthcare provider segment of the industry, such as commercial and investment bankers, pharmaceutical and medical supply salespeople, and members of CPA and consulting firms

There are *no prerequisites* for this course

**NOVEMBER 8 & 9, 2001**  
**MARRIOTT EAST - LOUISVILLE**  
**HFMA Member Rate \$195                      Non-Member Rate \$225**

## REGISTRATION FORM

Name \_\_\_\_\_

Address \_\_\_\_\_

HFMA Member? \_\_\_\_\_

Please remit this registration form and make payment to HFMA – Ky Chapter, c/o Shawn Woosley, Deloitte & Touche, 220 W Main Street, Suite 2100, Louisville, KY 40202.

## Facing challenges with physician behavior or compensation?

Get the help you need when you attend one of these pre-conference programs offered prior to the MGMA Annual Conference

### Face-to-Face with Difficult Issues in Medical Group Practice

**San Antonio**  
**October 20–21**  
**8:00 a.m.– 4:30 p.m.**

This program will give you the skill and comfort level you need to confront and resolve difficult issues. These skills will help anyone in a leadership role to manage change—even mandated change—more effectively.

The facilitators will draw upon real-life situations and experiences and will address specific work-related needs and concerns of course participants. Skills practice with feedback and coaching are a large part of this highly interactive session.

- Solve conflicts that arise with subordinates, superiors, board members and medical staff
- Confront issues of productivity, performance and interpersonal behavior
- Reduce resistance to change

### Designing a Physician Compensation Plan for Your Practice

**San Antonio**  
**October 20**  
**8:00 a.m.– 5:00 p.m.**

This intermediate-level program will provide you with a practical, how-to approach to designing and implementing a compensation plan for your practice.

From start to finish, you will examine specific key issues that affect the development of compensation arrangements; be able to determine where your group fits in relation to these issues; and gain the information necessary to determine what you can accomplish in your practice.

- Determine which productivity measures are best suited to your practice
- Analyze tools, measures and infrastructure needed to support your compensation plan
- Develop a compensation plan designed to achieve the goals of your practice and get buy-in from physicians

To register for one of these programs, call MGMA Conference Registration at 800.483.1934 (Dallas and international residents dial 972.349.7646). For more information, visit our Web site at [www.mgma.com/education](http://www.mgma.com/education) or call our Fax-on-Demand Service toll-free at 877.FAX.MGMA (329.6462) and request the documents of your choice:

Pre-conference programs – #6956  
Conference brochure – #6957  
Registration form – #6958  
Housing information – #6959

# 2001–2002 Committee Chairpersons

**Annual Report**

Mike Stigler  
Blue & Co.

**Audit and Financial Reporting**

Cristi Pruitt  
Commonwealth Health Corporation

**Career Advancement/Certification**

Katie Black  
MedAssist, Inc.

**CFO Forum**

Mary McKinley  
Deloitte & Touche LLP

**Chapter Relations/Outreach**

**Public Relations**

Fred Genter  
Commonwealth Health Corporation

**Corporate Sponsorship**

David Tate  
Ernst & Young LLP

**Entertainment**

John Neary  
Ernst & Young LLP

**Founders Awards**

Larry Moore  
University of Kentucky Hospital

**Information Systems**

Chris Woosley  
Ernst & Young LLP

**Job Referral**

Lucia Gerber  
Blue & Co.

**Membership**

Dale Skaggs  
Blue & Co.

**Newsletter**

David Kottak  
Ernst & Young LLP

**Past Presidents' Advisory**

Mike Stigler  
Blue & Co.

**Physician Practice Liaison**

Mark Prussian  
The Eye Care Institute

**Proaction! Federal Issues**

Tom Clark  
Alliant Management Services

**Program**

Melody Channey

**Yerger Awards**

Melanie Watson  
TJ Samson Community Hospital

healthcare financial management association  
KENTUCKY CHAPTER  
C/O David Kottak  
Ernst & Young LLP  
400 W. Market Street, Suite 2100  
Louisville, KY 40202



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