

FINANCIAL SCENE



hfma[™]

healthcare financial management association

Program Schedule

SUMMER INSTITUTE

June 12 & 13, 2003
Marriott East
Louisville, Kentucky

HFMA ANNUAL NATIONAL INSTITUTE

June 22–26, 2003
Baltimore, Maryland

FALL INSTITUTE

September 25 & 26, 2003
The Seelbach Hilton
Louisville, Kentucky

In This Issue

Protect Your Managed Care Revenue Dollars.....	1
President’s Message.....	2
Managed Care Contract Issues	3
OPPS Corner	4-5
New Members.....	6

For more news see the chapter website — www.hfmaky.org

Healthcare Provider Taxes on the Rise in Kentucky

By Diane E. Haverkamp

With the state facing a \$400 million budget shortfall in the 2003-04 fiscal year, spending cuts and higher taxes are on the horizon for Kentucky healthcare providers. Recently, the governor’s office announced cuts of more than \$250 million to the state Medicaid program, which provides healthcare coverage for more than 600,000 people.

As state funding falls, so will the corresponding federal money distributed as part of the Medicaid Disproportionate Share Hospital (DSH) payment program. Intended to reimburse states for payments made to hospitals with a disproportionate share of low-income patients, these funds were available in the past to cover state budget shortfalls.

Spending controls were imposed and provider taxes were capped in 1991, but many healthcare providers still overpay these taxes. Often, understaffed agencies have not published or communicated the policies that would allow providers to minimize their tax liabilities.

And to make matters more frustrating, agencies that audit state taxes often incorrectly lump a provider’s tax-exempt items or services into a taxable category. They may issue tax assessments without any supporting documentation, making it difficult for providers to understand the basis of the assessment.

Excess tax dollars can be recovered and strategies put in place to help providers avoid future overpayments, but it is a challenge that many providers are ill equipped to tackle. The high turnover in the healthcare industry often leaves providers with inexperienced staff trying to resolve complex issues with high cost implications for the organization.

Recent legislative action

The U.S. Congress continues to revise payment limits and make modifications to the program. Currently, there are bills in both the House and Senate that propose to restore some level of DSH funding. Both

bills were introduced in January and have been referred to congressional subcommittees.

The Senate introduced the “Medicaid Safety Net Improvement Act” to raise the floor for treatment as an extremely low DSH state from one percent to three percent in fiscal year 2003. In the House, the “Access to Hospitals Act” would extend the modifications to DSH allotments made under the “Medicare, Medicaid, and SCHIP Benefits Improvement Act of 2000” (BIPA).

At the local level, Kentucky’s proposed budget for 2003-04 includes a number of tax increases designed to generate \$570 million in new revenue, including an increase in the healthcare provider tax on nursing facilities and ICF-MRs from two percent to six percent.

If passed by the state legislature, the increase would result in Kentucky nursing homes paying a higher tax rate than hospitals, which currently pay two-and-a-half percent. Some 60 hospitals will also share in the higher nursing home tax rate, because they provide long-term care services in the same facility as their in-patient hospital services.

Hospitals currently pay 81 percent of the state’s total provider taxes collected. In 2002 hospitals paid \$137 million in taxes, which drew three times that amount in matching DSH Medicaid payments. According to the Kentucky Hospital Association, those payments have continued to decline, covering only 79 percent of the costs incurred to deliver care. As a result, Kentucky has been ranked 38th lowest in the nation in adequacy of Medicaid payments.

Diane E. Haverkamp is a Manager in the National Healthcare Practice, State and Local Tax in Grant Thornton’s Cincinnati office. Grant Thornton is the leading global accounting, tax and business advisory firm dedicated to serving the needs of middle-market companies.



hfma™

healthcare financial management association

Financial Scene

Newsletter Committee Members

Ronda Beck, Chair
 Larry Vaughn, Vice Chair
 John Ansorge
 Katie Black
 Jill Crawford
 Sheri Gould
 Michele Lawless
 Mary McKinley
 Dale Skaggs
 David Tate
 Chris Woosley
 Mukesh Yadov
 Dorothy Zimmerman

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.

Financial Scene strongly encourages submission of material for publication. Articles should be typewritten and submitted electronically to Editor by the deadlines listed below. The Editor reserves the right to edit materials and accept or reject contributions whether solicited or not. HFMA Founder Points are granted for any articles published in *Financial Scene*.

Deadline for articles:

June/July

6/1/2003

President's Message



Christopher Roszman

Thank you for allowing me to serve as chapter president for the past year. Doing so has been an honor and a privilege I will always treasure.

Each year, our chapter continues to grow and develop. Unlike the experience of some civic, social and professional groups, we have had outstanding involvement during the past year on the part of both the chapter membership and the officers and directors. This continuing service and participation has resulted in:

- Well-planned and well-attended educational meetings throughout the year
- Active involvement by chapter leaders in HFMA national meetings
- Increased membership and involvement
- Strengthened sponsor relationships
- Timely newsletters
- Continued website development

This is one of the most demanding periods of time our industry and our employers have faced (using whatever measurement standard you wish), and the outlook is for continuation of the same.

I urge you to be involved in HFMA through attendance of events and, if circumstances allow, committee involvement. I believe this is key to our thorough preparation for our future in healthcare.

Finally, I give a special thanks to all the chapter members who volunteered their time to make this year a success!

Again, I appreciate the opportunity to serve as your president.

Sincerely,

Christopher Roszman, CPA, MBA
 HFMA President 2002-2003

The Twelve Missing Links in Revenue Cycle Management

No new band-aid is likely to fix your receivables problem. More than likely it will be a contribution of strategies – all orchestrated by the receivables manager to overcome the “sins of omission” that contribute to high days and bad debt.

Here are the sins of omissions and how to correct them.

Sin #1 – Loose control prior to service

What to do: Develop a well organized system and train personnel to obtain information prior to medical service given in order to negotiate potential problems, make good decisions and obtain all necessary information needed for billing and collection follow-up. Have admission program under A/R manager. “Do it right, upfront.”

Sin #2 – Sloppy controls of patient discharge

What to do: Set up a tight discharge control system to gather and control necessary data, improve collections and firm up all arrangements. Train cashiers to collect more at discharge. Maintain cashier productivity reports.

Sin #3 – Letting small balance accounts eat you alive

What to do: Neutralize outpatient and emergency room accounts by developing a specific collection system and strategy that isolates their type of high volume, low dollar accounts, allowing you to concentrate on the larger balance accounts. Design collection notices and billing cycles that will work on smaller balances.

Sin #4 – Lousy one-on-one collection skills

What to do: Improve one-on-one collections with debtor and third-party insurance accounts. Train and motivate employees.

Sin #5 – Little time and effort spent on collecting insurance

What to do: Concentrate your forces on collection from insurance – the factor that will make the most contribution to lowering days revenue outstanding and improved cash flow. Build up your knowledge of insurance companies as it relates to payment of your bills. Maintain various billing reports. Tolerate integral billing backlogs or extended delay from third-party payers.

Sin #6 – Carry self-pay accounts on installment

What to do: Try to avoid carrying your self-pay accounts on an installment basis. Use credit cards, bank notes and payment in full policy. The more you have to follow-up on installment accounts, the less time you have to spend on other more profitable accounts.

Sin #7 – Using collection letters that don't work

What to do: Gain a good understanding of how to design collection letters that will pay off. Keep them to a minimum. Use them in special spots.

Sin #8 – A computer system that doesn't collect

What to do: Get the most mileage from your computer in terms of accurate reporting, creative exception reporting for good decision-making and in productive collection notices. Pay close attention to cycles and color coding of your notices as well as use of automated collection system.

Sin #9 – Don't take time to analyze

What to do: Perform the kind of analysis of your collection system receivables that will tell you what has to be done for cash flow improvement.

Sin #10 – Forget good public relations

What to do: Maintain favorable public relations through employee awareness, training and constant procedure/policy review.

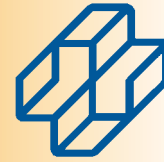
Sin #11 – Never mind staff motivation

What to do: Use individual and team goal setting to provide direction, thrust and motivation. Set up brainstorming meetings, encourage employee involvement and provide report feedback to staff. Restructure jobs so they are more self-motivating.

Sin #12 – Don't make your collection agencies pay-off dividends

What to do: Get the most from your collection agency by proper choice, evaluation, monitoring and auditing. Consider the most effective use of agencies in conjunction with your collection system.

This article is reprinted from the February 2003 Revenue Cycle Manager newsletter published by Zimmerman & Associates, a leader in healthcare revenue cycle management. If you would like further information call 800-525-0133 or newsletters@zimm-assoc.com



hfma[™]

healthcare financial management association

**Kentucky Chapter
Healthcare Management Association
www.hfmaky.org**

**Officers and Directors
for
2002/2003**

President

Christopher Roszman
Commonwealth Health Corporation

President-Elect

Mary McKinley
Deloitte & Touche, LLP

Vice-President Education

David Kottak
Ernst & Young, LLP

Vice-President Communication

Harold Shoaf
Professional Health Care Consulting

Vice-President Member Services

Dale Skaggs
Blue & Company, LLC

Secretary

Sheri Gould
Bluegrass Community Hospital

Treasurer

Shawn Woosley
Deloitte & Touche, LLP

Director

Katie Black
MedAssist, LLP

Director

David Tate
Ernst & Young, LLP

Director

Michele Lawless
Commonwealth Health Corporation

Director

Robert Barbier
University of Louisville Hospital

A/R FOCUS WORKSHOP

The A/R Focus Workshop was an overwhelming success. There were approximately 200 attendees, compared to the 80–100 we have had in recent years. It was a challenge to seat everyone but we succeeded.



Laura Wentworth and Darlene Burgess present on Medicaid DSH/KHCP.



Melanie Watson conducts one of the coaching course sessions. Melanie was one member of a team who coached HFMA members interested in certification.

A/R FOCUS WORKSHOP

We had five tracks of programming, an Excel class track and a coaching course track for a total of seven tracks. Thanks to all the participants, speakers and planners for making the 2003 A/R Focus Workshop a great success!



The seating chart system we devised at the last minute because of overwhelming attendance.



Lynn Leavitt works the registration table — an enormous task given the attendance.

Welcome to the Following New Members

Please be sure to welcome our newest members at our next meeting

Debbie A. Barmore
Partner
PricewaterhouseCoopers LLP
500 W Main St Ste 1800
Louisville, KY 40202-2941
Work Phone: (502) 585-7809
Fax: (502) 585-7875
Email:
debra.a.barmore@us.pwcglobal.com

Gloria J. Dickson
Staff Accountant
Deloitte & Touche
12021 Brinley Ave
Louisville, KY 40243
(502) 562-2086
Fax: (513) 362-6031
Email: gdickson@deloitte.com

Michael L. Moody
Regional CFO
Kindred Healthcare
3509 Cobentry Tee Ct.
Louisville, KY 40241
(502) 596-5828
Fax: (502) 596-5833
Email: michael.moody@
kindredhealthcare.com

Michael Newman
Vice President
4 Hamilton Dr
Princeton Junction, NJ 08550
(609) 716-7449
Fax: (609) 716-1704
Email: newman.gkbaum@attglobal.net
Home Phone: (609) 716-0396

Stephen R. Price, Sr.
Attorney
Wyatt, Tarrant & Combs
500 W Jefferson St Ste 2800
Louisville, KY 40202-2813
(502) 562-7305
Fax: (502) 589-0309
Email: spruce@wyattfirm.com

Ron Peeler
Director of Finance
Commonwealth Health Corporation
P.O. Box 9876
Bowling Green, KY 42102-9876
(270) 745-1625
Email: rlpeeler@chc.net

HFMA National's On-line Membership Directory

Have you visited HFMA National's On-line Membership Directory lately? Here's the link: http://www.hfma.org/dual_login.cfm. When you select "HFMA Directory," not only can you search for members of our chapter, you can also search for all of your HFMA colleagues by name, company, and location —regardless of chapter! Using an on-line directory instead of a printed directory ensures that you always have the most up-to-date contact information.

While accessing HFMA National's On-line Membership Directory, you may view your current contact information and make edits to your profile. You can also view any products you have ordered, events you have registered for, your CPE credits, your Founders points, and more!

It is vital that HFMA has your correct information, so please take a moment to review your record now. By doing so, you will ensure that HFMA continues to provide you with valuable information and insights that further your success

We also have several new Student Members from Western Kentucky University:

Ginny Ball
(270) 745-0111

Christy Biggerstaff
(270) 745-1000

Leslie Brooks
(270) 745-0111
lisliebrooks31@hotmail.com

Miranda Burgett
sliveranda@yahoo.com

Haley Elliott
(270) 651-9028
elliohc@wky.edu

Amy Lynn Hunt
(270) 526-4705
hunta@wky.edu

David Ogbanna
(270) 745-2454
d_ogbanna@hotmail.com

Vinay V Reddy Satti
(270) 793-663
vinay_satti@yahoo.com

Proveen Seshabhatter
(270) 393-9668
praveenls@hotmail.com

Matthew Wallace
(270) 320-1882
wallacet@wky.edu

Samuel James Younger
samyounger@hotmail.com

This month's Mystery Member:

Joy Chanley
Pattie A Clay Regional Medical Center

Call Ronda Beck at 859-323-5702 ext 192 or email her at rsbeck0@email.uky.edu by May 1 to collect your prize!

Proven Results of HFMA Membership

The value of your HFMA membership is significant. Many of you are familiar with the HFMA Journal and the many other resources of HFMA, including the Knowledge Network and the HFMA Reference Service. You should also keep in mind:

- HFMA saves members time & money

Just one good idea can translate into significant resource savings.

- HFMA provides its members with ready solutions

Why reinvent the wheel when you have access to the best thinking in the field?

- HFMA enhances members' career options

- Members gain leverage to move up the corporate ladder, especially with certification.

Please consider the following comments as you consider renewing your HFMA membership in the coming months:

I appreciate having an organization such as HFMA to serve as an advocate for financial matters affecting Healthcare providers in our state. The educational meetings are an invaluable resource for developing industry knowledge.

Mike Stigler, CPA, FHFMA
Blue & Co., LLC

I can say that my professional life would not have been as fulfilling without the benefits of HFMA. From the tips I have 'borrowed' from my peers to the life-long relationships I have developed with other members.

Dorothy Zimmerman
St. Joseph Hospital

One of the most valuable things I've gotten over the years is preparing and giving presentations to the group (membership). This has been a great benefit for me as an individual as well as our firm in terms of "training and education" for younger less experienced staff. Working with the chapter is an easy way to get experience in this area.

David Kottak, CPA
Ernst & Young LLP

HFMA is my primary resource for keeping current on healthcare issues and HFMA provides opportunities to network and develop relationships on a professional level that sometimes develop into long term friendships.

Katie Black
MedAssist, Inc.

Kentucky Chapter Installs Officers and Directors at Annual Meeting

The Officers and Directors for the 2003-2004 Chapter year were installed by the Regional Executive for Region 4, Bunnie Overby at the Annual Institute in Bowling Green, Kentucky, March 28, 2003. The following individuals will serve as your volunteer leaders effective June 1st. They will be profiled in the next issue of the Financial Scene.

President	Mary McKinley
President Elect	David Kottak
Immediate Past President	Chris Roszman
VP Education	Michele Lawless
VP Member Services	David Tate
VP Communications	Steve Manecke
Secretary	Sheri Gould
Treasurer	Shawn Woosley
Directors	Bob Barbier Joe Cramer Kyle Lee Dale Skaggs
Regional Executive-Elect for Region 4	Katie Black

HFMA of Kentucky thanks the following 2002/2003 sponsors who have made this year's meeting possible:

Gold Sponsorship

- Acordia of Kentucky
- Avant-Garde Medical Consultants
- BKD, LLP
- Blue & Co., LLC
- Chamberlin Edmonds & Associates, Inc.
- Clark & Mascaro, P.C.
- Data Advantage Corporation
- Dean Dorton & Ford, PSC
- Ernst & Young LLP
- MedAssist
- NDC

Bronze Sponsorship

- Cap Gemini Ernst & Young
- Mutual Hospital Services

Special thanks to BKD,LLP for donating their services in performing the Kentucky Chapter's annual audit.

healthcare financial management association
 KENTUCKY CHAPTER
 Ronda Beck, Chair
 University of Kentucky Hospital
 191-B W. Lowry
 Lexington, KY 40505-9849

hfma



PRST STD
 U.S. POSTAGE PAID
 BOWLING GREEN, KY
 PERMIT NO. 512