

## Presidents Message

BY RON WHETTER



This is my final newsletter as President of the North Dakota Chapter. I looked back at the previous last newsletters sent out by past presidents and they all state the year was a success. I have followed many good leaders and have especially appreciated having Jerry Peeler one step ahead of me in the chairs. I also want to follow the other past presidents and state we have had a successful year for the following reason:

**Education** - Our attendance was up this year at all of our education sessions and al-

### WHAT'S INSIDE ..

Presidents Message \_\_\_\_\_page 1

Inpatient PPS Changes \_\_\_\_\_page 2

Principles-Practices Board \_\_\_\_\_Page 3

Revenue Cycle Functionality \_\_\_\_\_Page 4

Officer Spotlight \_\_\_\_\_Page 6

Concordia Institute \_\_\_\_\_Page 7

most double at our GF meeting and our Video Conference meeting. Also, we were able to add a program in the summer Medora that went over very well. The evaluations from the meeting were once again high for our speakers. We are very lucky to have a lot of talent in our state to provide us with great educational sessions. We also had good luck in adding speakers from outside of the area! The open ended panels run by our local speakers were the most highly rated sessions. The members I want to thank our Mike Schumacher, the Education Committee Chairman, and to all the site chairman's including Tim Blasl, Deanna Picotte, Jodi Atkinson, Becky Hansen, and especially to Nancy Schulz and the staff at Altru for planning such a great meeting in Grand Forks.

**Membership** - We started the year with 12-15 non-renewals because of members moving out of the state or changing careers. We were able add at least that and may end the year 3-4 members ahead of last year! Good Job to Tim Blasl, our Membership Chairman and to all the other members of the chapter who have promoted the great benefits of belonging to HFMA.

**Sponsorships** - Steve Ilse did a fantastic job in increasing our sponsorship revenues by over \$4000. Along with that, he was able to increase the visibility of our sponsors by having vendors set up booths at our meetings. This was also a great benefit to our members to visit with the talented people from the various vendors.

**Website and Newsletter** - Steve Lindemann worked very hard to improve our website and keep it up to date. He has also spearheaded an interactive message board to address hot topics that will hopefully be utilized by our members in the future years.

Phil Schmid has spent the last few years as our Newsletter chair and has done a good job in making sure we get in on time and also has worked with his committee to improve the newsletter .

**Involvement with National** - Don Schott has done a great job of representing North Dakota with his involvement with the National Manage Care Council to the point where he became the Facilitator of the Manage Care Pure Leader Council.

He recently has been appointed to be one of three members to draft questions for the Managed Care Certification exams.

**Financially** - Our overall financial strength continues to improve which has allowed us to reduce our registration costs for some of our meetings and to bring in other speakers from outside the area to help supplement our already great local pool of talented speakers.

**Conclusion** - One of the best career decisions I made was to join HFMA 16 years ago and to get involved with the chapter. I have met many talented people in my years with HFMA and it has carved a career path for me. The continual success of our chapter has been because of the great talent we have in this state. So if you are a new member or an old inactive member, please come to our next meeting or give us a call that you want to be more involved. You won't regret your decision and you will be amazed at the benefits it will give to you!



DHS offers fully-integrated clinical and financial solutions designed to fit the specific needs of small to mid-sized hospitals and healthcare facilities.

The leading provider of information systems for community and specialty hospitals

625 South Lakeshore Drive • Glenwood, MN 56334 • (800) 323-6987 • www.dhsnet.com

**CMS Proposes Payment and Policy Changes to the Inpatient PPS**

CMS has issued a notice of proposed rulemaking that would create the first significant revision of the inpatient prospective payment system since it was implemented in 1983. The changes respond to congressional concern that the existing system can create an incentive for hospitals to cherry-pick profitable cases. CMS says that the revision would improve the accuracy of payment rates for inpatient stays by basing the weights assigned to DRGs on hospital costs rather than charges and by adjusting the DRGs for patient severity.

**Two-Thirds of Physicians Oppose Pay for Performance: Survey Findings**

A survey of 2,726 physicians found that 62% do not support the push to publicize performance of healthcare providers and link Medicare payments to quality via pay-for-performance arrangements. The survey, conducted by healthcare market research company HRA Research, also revealed that 41% of the doctors do not believe that the 100-plus standard measures of performance that the AMA will develop as a result of an accord with Congress will result in improved quality of care.

**Health Care Lags Behind Other Industries in Providing Quality Data to Consumers, Say Executives**

Although cost remains the top priority in designing corporate employee healthcare plans, 25% of top executives of U.S.-based multinational businesses also give high priority to quality-of-care data, according to a survey by PricewaterhouseCoopers' Health Research Institute. Thirty-nine percent currently provide healthcare data to employees, and 68% of companies obtain it from health plans. Only a third of the surveyed executives said the data from health plans are "high quality," however, and they said that the auto industry, colleges and universities, the consumer electronics sector, and hotels and restaurants do a much better job at providing data to help consumers make sound decisions.

**Communities No More Successful than Feds in Improving Care for Uninsured: Study**

Projects in 14 communities designed to expand health



Array Services Group provides customer contact services tailored to fit nearly any situation from outbound customer service and retention calls to third-party collections. Array's three companies, J.C. Christensen & Associates, CareCall and ProSource share a foundation rooted in customer contact to achieve desired results for our clients.

For more information call 1.800.752.819 or check out our website at www.arrayservicesgrp.com



**CCI Serving all your collection needs.**

**We are proud to be a member and sponsor for HFMA.**

---

P.O. Box 1057 • Bismarck, ND 58502  
Office: 701-258-7734  
Toll Free: 1-800-472-2246

insurance coverage and improve care for the uninsured have had disappointing results, according to a study published in Health Affairs. The projects funded by Robert Wood Johnson's Communities in Charge program during 2000 to 2003 were fraught with too many political, economic, and organizational obstacles to make a dent in solving the healthcare problems of the uninsured, say the authors, who explore why seven of the community initiatives failed.

### HFMA's Principles and Practices Board Proposes Updated Guidance on How to Report Uncompensated Care

HFMA's Principles and Practices Board has released an exposure draft of revisions to its long-standing guidance

on how to report charity care and bad debt (P&P Board Statement No. 15, Valuation and Financial Statement Presentation of Charity Service and Bad Debts by Institutional Healthcare Providers). The statement discusses key issues surrounding the valuation and reporting of charity care and bad debt, including the criteria for charity care; the valuation, recording, and disclosure of these two types of uncompensated care; and the classification of receipts relating to charity care. The updates in this exposure draft address current questions raised in relation to charity care reporting practices and also incorporate principles of HFMA's PATIENT FRIENDLY BILLING® project. The major points in the exposure draft include:

- The determination of whether a patient is eligible for free or discounted services under a facility's charity care policy can be made at any time in the revenue cycle as pertinent information becomes available. However, the patient's eligibility for charity care is based on his or her financial status at the time service is rendered.
- Costs, not charges, should be the primary basis for reporting the amount of charity care provided, since cost-based reporting is more reliably measured and provides more comparability.
- Financial communications with patients throughout and after the healthcare encounter should be consistent with the principles of the Patient Friendly Billing® project, a nationwide initiative to make patient financial communications clear, concise, correct, and patient-oriented.
- Revenue for patient services should be recognized only when it meets GAAP's revenue recognition criteria, which include the existence of a payment agreement between the provider and the patient and reasonably assured collectibility.

HFMA invites professionals from diverse perspectives to comment on this draft. To download the draft and comment instructions, goto [www.hfma.org](http://www.hfma.org). The comment period will be open until May 26, 2006.

### CMS Announces Increased Payment Rates for Medicare Advantage Plans in 2007

*continued on page 4*

**Bright Ideas ...**  
**can lead to a brighter future!**

We can help generate ideas and assist in a variety of areas, including:

- Audit Services
- Business Office Outsourcig
- Business Plan Development
- Capital Financing Assistance
- Chargemaster & Cost Report Review
- Corporate Compliance
- Cost Accounting & Cost Reports
- Coding Review & Support
- Critical Access Hospital Designation
- HIPAA Compliance
- Home Health/Hospice Assessments
- Operational Assessments
- Strategic Planning & Assessment
- Third-Party Reimbursement
- And much more!

701.239.8500 • Fargo  
701.255.1091 • Bismarck  
[www.eidebailly.com](http://www.eidebailly.com)

**EideBailly**<sub>LLP</sub>  
Consultants  
Certified Public Accountants

In 2007, the average Medicare Advantage rate will increase approximately 4%, CMS announced Monday. Assuming that a plan's risk score in 2007 is approximately the same as 2006, the plan's payments will increase, on average, by approximately 1.1% after the adjustment for fee-for-service normalization.

**Staff Shortages Will Strain Health Services for Elderly**  
Not only will the aging population with chronic illnesses put large demands on the healthcare system, but also healthcare workers who are retiring at the same time will likely create shortages of physicians and nurses, according to a new study by the Center for Health Workforce Studies at the University at Albany School of Public Health. A 6% nursing shortage last year will mushroom into a 29% shortage by 2020, and there won't be enough geriatric specialists to care for growing numbers of older patients, according to the report.

#### **CMS Asking Physicians to Voluntarily Report Quality Data**

CMS has launched the Physician Voluntary Reporting Program to identify how physicians can efficiently collect and report the data that CMS will use in its quality improvement initiatives to reduce chronic disease complications and prevent unnecessary hospitalization among Medicare beneficiaries. Participating physicians will begin reporting data for 16 of the 36 clinical measures CMS has developed with endorsement by medical specialty societies.

**Hospitals' Philanthropy Programs Tied to Bond Ratings**  
Although many not-for-profit community hospitals do not currently have strong fundraising programs, they will increasingly rely on philanthropy to augment diminished income from shrinking reimbursement, predicts Moody's Investor Services. Moody's says its credit assessments consider whether a hospital's annual unrestricted gifts are predictable enough to support operations with a steady stream of revenue and whether the hospital's restricted gifts are sufficient to fund capital projects.

#### **CMS Expands Coverage for Cardiac Rehabilitation Services**

CMS announced that it will expand coverage for

cardiac rehabilitation services to Medicare beneficiaries who have had heart valve repair or replacement, percutaneous transluminal coronary angioplasty or coronary stenting, or a heart or combined heart-lung transplant. CMS determined that cardiac rehabilitation services should include medical evaluation, education, and nutrition services.

#### **PAYMENT PROBABILITY TECHNOLOGY ENHANCES FRONT-END REVENUE CYCLE FUNCTIONALITY**

If an automated system can accurately classify, in advance, what group of patients is going to pay hospital bills almost 98 percent of the time, would this be of use to you? The February 2006 issue of HFMA's Revenue Cycle Strategist newsletter takes a look at the use of technology, based on scientific algorithms, to "model" consumers for collection activity. Such strategies have been in widespread commercial use for well over 30 years.

#### **Reducing Bad Debt and Collection Costs**

Every major sector of business, except health care, has sought to understand consumer payment methods and then revamped collection efforts based on this information. This effort was undertaken for two reasons. First, commercial businesses want to minimize writing off accounts to bad debts and, second, commercial businesses do not want to waste collection resources.

Many healthcare providers have relied on collection agencies to collect on unpaid accounts. In the meantime, write-offs have skyrocketed, and the hospital industry has been depicted negatively for some collection practices used with uninsured and underinsured patients.

#### **Front-End Technology**

As revenue cycle focus shifts from the back end to the front end, hospitals would benefit from implementing new technology that can predict payment. This technology can help hospitals tailor their collection approach according to whether patients have a high probability of paying or a low probability of paying. The business world outside of health care uses such technology to make this distinction.

**Support for Patient Financial Counseling**

Like for-profit businesses, not-for-profit healthcare providers need to operate in a businesslike manner. Many healthcare providers are now implementing state-of-the-art prediction of payment technology in the front end of their revenue cycle operations. The technology is not used to decide who gets treatment; rather, providers are using it during registration and financial counseling processes to identify account balance resolution opportunities, such as:

- Real-time charity eligibility processing
- Improving demographic validation, registration integrity
- Reclassifying bad debts to charity write-offs
- "Re-screening" accounts already at collection agencies and reclassifying as charity (when applicable)

- Improving front-end and back-end collection productivity due to stratification of accounts based on likelihood of payment and charity screening

Interestingly, the information provided by the technology often is used to help patients understand how they can pay their hospital bills. For example, when financial counselors have access to up-to-date financial information, they can steer patients to charity programs or Medicaid. In addition, financial counselors can show patients how they can pay the bill using outstanding credit card availability. For everyone's benefit, patients who qualify for charity discount programs are enrolled in them right away, on the front end, saving time and money.

**Look for a Track Record**

Producing a calibrated model that healthcare providers can effectively use is no easy task. It takes a proven algorithm that may be modified continually. After all, this calibrated model is going to be the basis on which collection process decisions are made. Therefore, it is important to use both a vendor that has a proven history and associated case studies that testify to the efficiency of the model.

SOURCE: "Prediction of Payment and the Revenue Cycle." Bruce Nelson, vice president, Search America, February 2006 Revenue Cycle Strategist.

**When it comes to the cost of healthcare, your choices make a difference.**

**Whether or not to:**

- smoke
- wear a seat belt
- get some exercise
- eat healthy

are choices we all make. **Everyday.**



**BlueCross BlueShield of North Dakota**  
An independent licensee of the Blue Cross & Blue Shield Association

Bismarck • Fargo • Grand Forks • Minot  
Jamestown • Dickinson • Devils Lake • Williston

1-800-342-4718  
[www.BCBSND.com](http://www.BCBSND.com)

**H.S.I.**

**Hospital Services, Inc.**

Collecting medical accounts since 1963

PO Box 7340, Bismarck, ND 58507

Toll Free: 800-442-0462



A PARTNER  
YOU CAN TRUST

## HFMA “OFFICER SPOTLIGHT”

### PAULA WILKIE, TREASURER

**What is your current job/position?** I am currently the CFO for Presentation Medical / Presentation Care Center in Rolla.

**What are the responsibilities of your position?** I am responsible for the business office and admissions department.

**How long have you been at your current position?** I have been the CFO for 4 ½ years.

**What was your very first job in healthcare?** My very first job was as a CNA when I was in high school.

**What other healthcare-related positions have you held?** I have also been the Accountant for Presentation Medical / Presentation Care Center.

**What do you like best about your current job?** What I like best is that it is always constantly changing and nothing ever stays the same.

**What are your hobbies?** My hobbies are golf, spending time with my family and friends, and reading.

**What has been your proudest moment (personally or professionally)?** My proudest moments professionally would be when I became the CFO for Presentation Medical / Care Center and passing my CHFP certification.

**What has been the best advice you have ever received?** Treat others as you would like to be treated.

**Why did you join HFMA?** I joined HFMA to have contact with others in my profession.

**What are your favorite foods?** My favorite food is Mexican.

**Share with us one of your favorite quotes.** “Oh, no. Here it goes again!”

**How did you first become involved with HFMA? Committee? Director? Officer?** I first became an Officer on the board last year.

**What is your current role with the North Dakota Chapter of HFMA?** I am currently on the Board of Directors and will be the Treasurer this year.

**What have been the personal and/or professional benefits you’ve realized from your HFMA involvement?** The personal and professional benefits that I have received have been numerous. The best thing is about all the friends that you make and also being able to have contacts in the healthcare industry.

# Concordia Institute

April 2006



*Concordia Speakers*



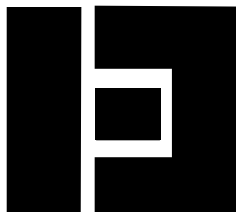
*Attendees networking during a conference break*



*Conference Dinner*



*HFMA Leaders during the 2006 planning session*



## DCI Credit Services, Inc.

*"Your complete credit and collection center since 1958"*

3333 East Broadway, Suite 1217  
Bismarck, ND 58501  
Telephone: 701.222.1367

1409 West Villard  
Dickinson, ND 58601  
Telephone: 701.483.9111



### Statement Processing Service

We guaranty to save you time, effort & money in Printing, Processing & Mailing your patient statements – 24 hour turn-around service

Our Price Includes – laser paper stock, #s 10 & 9 Envelopes, Printing, Folding, Inserting & 1st Class Postage - Guaranteed Lower than what you are now spending outside or in-house

Visit our website – [www.townemailer.com](http://www.townemailer.com) – you'll find it quite informative

For more information, samples & brochure - email – [mstronberg@townemailer.com](mailto:mstronberg@townemailer.com) or call Michael Stronberg,

Proud Owner at 406.541.6245  
**NDHFMA - Platinum Sponsor**

# 2006/2007 HFMA Meetings

EideBailly Healthcare Symposium  
**June 14-16, 2006**  
 Fargo Holiday Inn

Video Conference  
**July 26, 2006**

Video Conference  
**September 13, 2006**

**November 30, 2006**  
 Grand Forks

For more information or  
if you have suggestions for  
conference topics, please call  
**Mike Schumacher**  
at (701) 239-8638

## HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION NORTH DAKOTA CHAPTER 2005-2006 SPONSORS

The North Dakota Chapter would like to thank the following sponsors for their donations. These donations are used to assist us in providing high quality educational programs for our members at a reasonable cost. During the year, each sponsor is recognized in a variety of ways, including program announcements, sponsorship boards at meeting activities, chapter newsletters, social events and in the membership directory. If interested in becoming a sponsor please contact Steve Ilse at (701) 258-3525

### PLATINUM SPONSORS

Array Services Group • Blue Cross Blue Shield of North Dakota  
Dairyland Healthcare Solutions • EideBailly • Towne Mailer

### GOLD SPONSORS

Collection Center Inc • DCI Credit Services, Inc.

### SILVER SPONSORS

Brady Martz • Presort Plus • The Resource Center • Vaaler Insurance

### BRONZE SPONSORS

AR Audit Services • Hospital Services, Inc. • Independent Healthcare Consultants • United Accounts

**HFMA**  
**North Dakota Chapter**  
Phil Schmid  
Independent Healthcare Consultants, LLP  
P.O. Box 7417  
Bismarck, ND 58507-7417  
Phone or fax: 701-223-8433  
pschmid@ihconsultants.com