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healthcare financial management association

# HFMA Today

*Official Newsletter of the North Dakota Chapter of the  
Healthcare Financial Management Association*

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## Presidents Message

by Steve Ilse



On June 1st 2002, it became apparent that four years is a very short time period of time when moving through the chairs. Don Schott, our Past President is a hard act to follow! With his leadership and direction, the North Dakota chapter received three Yerger Awards and was awarded the Charles F. Mehler Gold Award for educational hours per member and Gold for Excellence in certification. GREAT Job Don!!

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This year has started out with a bang beginning with our 2nd biannual meeting with MT, SD, WY, and ND, in Medora, on July 25th and 26th. Our Keynote speaker was Paul Maroaco who spoke on how the "Patient-Friendly Billing Project" was established to help hospitals and health systems create a more patient-focused and friendly health care billing process. Chris Champ, our Region 8 CLR, provide us with a better understanding of HFMA resources. Ralph Llewellyn explored current charge master compliance issues and discussed cost report implications and utilization of the charge master in the charge generation process. Gloria Schaeffer presented an uplifting message that helped you pause and recognize the importance you make to your facility. Ryan Gish had two presentations: one on retuning the revenue to the forefront, with useful strategies for increasing the revenue base and the second providing valuable insight into capital markets and tools to position your organization for success. Tom Buckhoff, from Fraudwise, enlightened us to the very important question of "Why is health care fraud tolerated?" Jennifer Van Berkum gave us a clinical perspective on reviewing and changing work processes to create an efficient organization. It was a great line up of speakers.

The Small Rural Hospital Improvement Grant Program (SHIP) has announced that grant funds are available to hospitals with 49 beds or less to do any of the following: 1) pay for cost related to the implementation of PPS, 2) comply with provisions of the HIPAA, and 3) reduce medical errors and support quality/performance improvement. Approximately \$15 million is available for this grant program in FY 2002. It is anticipated that all 1270 eligible SRHs will apply, which means your hospital would get a grant award of about \$11,000. It is expected that these grants will be used to purchase technical assistance, services training and information technology. Funding will be available for a single year followed by yearly renewals, with funding contingent upon: 1) availability of Federal funds, and 2) satisfactory performance by the grantee. The deadline for this years grant application was due to the State Office of Rural Health (SORH) on June 21, 2002.

As a member of HFMA for many years, I have had the opportunity to meet healthcare professionals throughout the United States. It is amazing how each of these encounters has increased my knowledge of the industry. Our state HFMA Chapter has embarked on a new year. I encourage every member to take advantage of the educational sessions that our state has to offer, because there is no better opportunity to network with your peers. I'm looking forward to an exciting and challenging year.

**2002 –2003 FISCAL YEAR BEGINS**

June 1st was the start of our HFMA fiscal year. Below is a listing of your elected officials and appointed committee chairpersons. Please contact them for ideas to promote services you as a member want to see within our NDHFMA organization! Contact information is located in your membership directory and ndhfma.org.

**Officers and Board of Directors**

- President ..... Steve Ilse
- President Elect ..... Doug Okland
- Vice President ..... Jerry Peeler
- Secretary ..... Ron Whetter
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- Member Education ..... Jerry Peeler
- Govnmt. Accounting & Regulatory Issues ..... JoNell Moore
- Sponsorship Committee ..... Doug Okland



**HFMA and McKesson Information Solutions Issue 2002 Supply Chain Survey Results**

HFMA and McKesson Information Solutions, Inc., recently issued a joint report highlighting current practices, opportunities and issues within supply chain management in healthcare. The report combines industry perspectives with results from over 600 respondents.

To read the complete press release, go to [http://www.hfma.org/about/press\\_release/May\\_6\\_2002.htm](http://www.hfma.org/about/press_release/May_6_2002.htm)

**HFMA and MGMA Collaborate to Make Patient Bills More Understandable**

HFMA and the Medical Group Management Association (MGMA) have collaborated to extend Patient Friendly Billing Project resources to medical group management professionals. The purpose of the project, led by HFMA, is to create a more patient-focused (and friendly) healthcare billing and collection process. HFMA and MGMA have issued a report for medical group management professionals offering guidance on actions they can take to improve patient billing.

The Patient Friendly Billing Project has recently launched new initiatives designed to develop guidelines for communicating billing information to hospital and health system patients and caregivers.

To read the complete press release, go to [http://www.hfma.org/about/press\\_release/June\\_14\\_2002.htm](http://www.hfma.org/about/press_release/June_14_2002.htm)  
[http://www.hfma.org/about/press\\_release/June\\_12\\_2002.htm](http://www.hfma.org/about/press_release/June_12_2002.htm)

**GPO Practices Come Under Scrutiny**

Buying groups don't always offer hospitals the lowest prices and the issue warrants further scrutiny, according to a pilot study conducted by the General Accounting Office (GAO). Moreover, manufacturers strongly argue that group purchasing organizations' (GPOs') practices deny patients access to innovative or superior medical devices. The manufacturers say there should be a reexamination of the federal antitrust guidelines, established in 1993, which affords GPOs latitude to merge and grow.

According to the GAO study, GPOs claim the selection of some vendors and exclusion of others reflects judgments about both product quality and price, while manufacturers—especially the small manufacturers of medical devices—allege that the contracting practices of some large GPOs have blocked their access to hospitals' purchasers. For more information, go to <http://www.gao.gov/> (search on GAO-02-690T).

**Occupancy Rates Stabilize for SNFs, Drop for Assisted Living**

Rebounding from a low of 82.4 percent in the fourth quarter of 2000, the average occupancy rate for skilled nursing facilities (SNFs) may have finally stabilized in 2001, according to key financial indicators tracked by the National Investment Center for Seniors Housing and Care Industries (NIC). During both the third and fourth quarters of 2001, the average rate of SNF occupancy hovered at 83.5 percent.

However, the occupancy rate for assisted living facilities began a year-long declining trend, from 88.7 percent in the fall of 2000, to 84.5 percent in the fourth quarter of 2001, despite a slight upturn in the third quarter of 2001.

Occupancy rates for both congregate care (independent living) properties and continuing care retirement communities declined slightly, with the average rate for congregate care properties slipping below 90 percent.

Meanwhile, new construction starts increased for long-term care, with 53 new projects reported in the fourth quarter for assisted living, and 18 for skilled nursing. The increase in assisted living construction starts, coupled with the declining occupancy, "could pose significant challenges for demand catching up with supply in this sector," noted Harvey N. Singer, NIC research director.

Move-in rates also dropped significantly, particularly for assisted living facilities. The total amount of project financing by major, national lenders—the majority of which went to new permanent debt for congregate care properties—grew from \$349 million in the third quarter of 2001, to \$544 million in the fourth quarter.

### HHS Awards \$27.6 Million to Support Care for Elderly Native Americans

HHS has awarded \$27.6 million in FY02 grants to provide healthcare education and services to Native American elders. The amount represents an 8.5 percent increase over last year. Ten tribal organizations will be first time grantees this year. Overall, 236 grants were awarded.

Also, 177 Native American Caregiver Support Grants were announced. The grants, available under the new National Family Caregiver Support Program, will support the caregivers of American Indian, Alaskan Native and Native Hawaiian elders.

To view a list of grantees, go to <http://www.aoa.gov/pressroom/Pr2002/na-grants2002.html>

### CMS Revises DSMT Billing Instructions

CMS has revised its prior instructions on payment for diabetes self-management training (DSMT). Transmittal 1836, dated June 15, 2001, stated that the amount paid for DSMT should be comparable to the physician fee schedule. However, CMS is now asking intermediaries to disregard that statement. Further, DSMT services rendered in a hospital outpatient setting should be processed using the comprehensive outpatient rehabilitation facility supplementary fee schedule.

Providers are also reminded to always submit a copy of their American Diabetes Association recognition certificate to receive payments for DSMT services.

To read the revisions, published in Program Memorandum A-02-032, go to <http://www.hcfa.gov/pubforms/transmit/A02032.pdf>

### Thompson Launches Pediatric Drug Safety Initiative

The HHS Secretary Tommy G. Thompson announced a new pediatric drug safety initiative. Thompson asserted that children need the same kind of protection that is available to adults, and vowed to continue to enforce relevant FDA regulations. In addition, Thompson's initiative will include the following steps:

- FDA will seek public comment on additional steps to take to ensure adequate study of drugs for children;
- The National Institute of Health (NIH) will request proposals this year using new contracting approaches to study certain drugs for pediatric use; and
- NIH will provide \$7 million in FY02 funds to support pediatric drug research at its affiliated Pediatric Pharmacology Research Units.

### CMS Issues Guidelines on Drugs Furnished Incident to a Physician's Service

CMS has issued a program memorandum (PM) clarifying the term, "usually self-administered" and offering guidelines on determining the extent of administration when applying exclusion. According to CMS, when Medicare contractors determine the amount of administration, they should consider the method of delivery, (e.g., intravenous, intramuscular, or subcutaneous), whether the drug is being used for an acute condition, and the frequency of administration. Each contractor must make its own individual determination on each drug when applying exclusion.

Currently, Medicare covers drugs that are not generally self-administered when they are furnished incident to a physician's service. Self-administered drugs that are used more than 50 percent of the time are excluded from Medicare payment when furnished incident to a physician's service.

Contractors must submit a list of injectable drugs excluded when furnished incident to physician's services every September 1 and April 1.

To read PM AB-02-072, which is effective August 1, 2002, go to <http://www.hcfa.gov/pubforms/transmit/ab02072.pdf>

### HHS to Recruit 40 Primary Care Physicians to Serve in Medical Shortage Areas

The National Health Service Corps (NHSC) will recruit 40 primary care physicians as public health service officers to practice for up to three years in medically underserved areas, HHS announced. The recruiting effort is part of President Bush's five-year initiative to expand the NHSC and the health center network. Health centers currently serve more than 10 million patients annually; Bush wants to boost that figure to 16 million by 2006.

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## Region 8 Industry Leader David Timpe Receives HFMA's Highest Individual Honor



During the Chairman's Banquet at ANI, HFMA awarded David A. Timpe, FHFMA, CPA, the 2002 Frederick C. Morgan Achievement Award—the Association's highest indi-

vidual honor. Timpe, a Partner with Eide Bailly LLP in Sioux Falls, South Dakota, is the 44th recipient of this prestigious award that honors career long contributions to healthcare financial management and HFMA.

HFMA President and CEO, Richard Clarke, FHFMA, says, "Dave Timpe is a respected healthcare leader and a valuable industry resource on local, state, and national levels." Clarke continues, "Dave leads by example and he is an inspiration and a mentor to many."

He has spent the past 30 years in public accounting devoted entirely to the healthcare industry. He is responsible for audits of numerous hospitals, long-term care facilities, home health agencies and other nonprofit organizations. He has been actively involved with HFMA since 1976. On the national level, Timpe's involvement includes serving on the National Matrix, the National Board of Directors, the Chapter Services Council, the Chapter Advancement Team, and Chairing the Graham L. Davis Task Force in addition to numerous other task forces, councils, and committees.

Timpe has been an instrumental member of the South Dakota Chapter. He has served at the committee level, and continued through the Chapter Board and Officer positions. He served as president during the timeframe when the South Dakota Chapter earned the Robert M. Shelton Award for Sustained Chapter Excellence. Dave has received every award the Chapter can bestow upon a member, including the South Dakota Chapter's Patrick H. Finn Achievement Award.

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The physicians will also be trained as NHSC "Ready Responders" who will respond to regional or national medical emergencies in addition to providing primary healthcare services.

NHSC clinicians serve in Health Profession Shortage Areas with severe shortage of physicians, dentists, and mental health workers.

Clinicians and sites interested in more information about this new recruitment opportunity should contact the NHSC at (800) 221-9393.

### **URAC Offers Disease Management Accreditation**

In line with its commitment to develop a comprehensive accreditation system for today's health care marketplace, The American Accreditation Healthcare Commission (URAC) unveiled its new disease management standards. These standards are designed to promote best practice strategies in the management of care for people with chronic disease. An Advisory Committee consisting of healthcare organization representatives, healthcare providers, purchasers, and other industry experts developed these standards, which have received approval from URAC's Board of Directors. With emphasis placed on evidence-based practice, collaborative relationships with providers, and consumer education and shared-decision making, these standards are available to accredit the whole spectrum of organizations providing disease management. Such organizations include stand-alone disease management entities, disease management programs offered by integrated medical management organizations, and those programs offered by health plans.

Specific standards address the following key areas of accountability:

- Scope and interventions offered by the disease management program
- The types of performance measures and methods of measurement used
- Rights and responsibilities of participants
- Methods of population management
- Disease management program design

Earning disease management accreditation from URAC not only serves as a means for organizations to distinguish themselves in the healthcare market, it assures the consumer that these organizations have been through a rigorous oversight process to ensure their functionality in essential aspects of disease management.

URAC hopes to grant disease management accreditation to its first 11 applicants by October, with a special recognition ceremony for the newly accredited sites at its Third Annual Quality Summit in Washington, DC (October 7- 8, 2002). These applicants, operating in 14 different sites, include health plans, medical management companies, and disease management companies on both the national and regional level.

To read more about URAC's disease management standards, go to <http://www.urac.org/news/releases/020415dmstandards.htm>

### **FASB Begins Revenue Recognition Project**

The Financial Accounting Standards Board (FASB) is undertaking a comprehensive project on revenue recognition. This problematic area tops the list of reasons for financial reporting restatements and has been the topic of enforcement efforts brought about by the Security and Exchange Commission. As part of its project on revenue recognition, the FASB says it will eliminate inconsistencies in the existing accounting literature and accepted practices, fill voids in the guidance that have recently emerged, and provide further guidance for addressing issues that arise in the future. In developing the revenue recognition standard, the FASB will reconsider the guidance pertinent to revenue recognition in its Concepts Statements, particularly that in FASB Concepts Statement No. 5, Recognition and Measurement in Financial Statements of Business Enterprises. In the interim, while the standard is being developed, the Emerging Issues Task Force will continue to provide guidance on issues of revenue recognition based on the existing authoritative literature. To visit the FASB web site, go to <http://www.fasb.org/>

### **Business Privacy Concerns Heating up the Debate Regarding Online Use of Consumer Data**

Senator Ernest Hollings, (D-SC), chairman of the Senate Commerce Committee, sponsored a bill that won approval (15-8) by the Committee that will allow consumers to sue companies who collect and disclose sensitive personal information. The Online Personal Privacy Act would allow consumers that use the Internet the right to request

that any sensitive and non-sensitive information not be collected. This would include not being able to use the social security numbers of consumers without their consent.

Business groups will probably hotly contest this measure, as it would effectively not allow businesses access to information without the consent of the consumer. Internet service providers (ISPs) or any other third-party provider of on-line services also would not be able to collect personally identifiable information from a user.

To read the bill, go to <http://www.senate.gov/> and search on bill "S. 2201."

### **Comptroller General Testifies on Medicare Drug Benefits**

In April 17, 2002, testimony before the House Ways and Means Committee Comptroller General David Walker described very pointedly the dilemma faced by the Bush Administration and Congress as they negotiate options for increasing Medicare beneficiaries' access to prescription drugs. Walker acknowledged the need of many Medicare beneficiaries for a drug benefit. He noted that in 1998, beneficiaries in poor health and without drug coverage had drug expenditures that were \$910 lower than those with drug coverage and that they filled 14.5 fewer prescriptions. The differences between the two groups could indicate that lack of drug coverage is a significant barrier to health care.

Further, Walker said that U.S. demographic trends suggest that the government can anticipate a rapid escalation of federal spending for Social Security, Medicare, and Medicaid beginning less than 10 years from now. This escalation will likely overwhelm the rest of the federal budget. If last year's tax reductions are made permanent and discretionary spending keeps pace with the economy, then Medicare spending—even without the addition of a drug benefit—would gobble up more than one-quarter of all federal revenues.

Walker suggested that the solution may lie in part with the application of basic health insurance principles to any proposed benefit to moderate the cost. Such principles would permit beneficiaries to receive protections against the risk of catastrophic medical expenses while remaining conscious of the cost of care. They would also dictate that benefit expansion proposals include targeting mechanisms to ensure that federal support is directed at the beneficiaries with the greatest financial risk. However, no matter how well designed a new benefit may be, adding benefits without fundamentally reforming the existing program will merely hasten the exhaustion of Medicare's Hospital Insurance Trust Fund and the draining of general revenues.

## Annual Chapter Highlight Report North Dakota Chapter 2001-2002

By Don Schott, Past President

Intuition does not come to an unprepared mind. That is the mantra of the Container Store, which has finished no worse than second on Forbes' annual list of the 100 Best Places to work. The leaders of NDHFMA also believe in this philosophy and in accordance with its mission, the North Dakota Chapter of HFMA continued to prepare the minds of the health care leaders of the state through high quality education and networking opportunities. The chapter met all charter requirements as predicated by the National Association and, while doing so, celebrated many successful activities during the year. A few, of the many, highlights are cited in this report.

### Membership Volume

The North Dakota chapter ended fiscal year 2002 with 147 members, down 3 from fiscal year 2001. Although a deficit occurred, in reality, this was an amazing accomplishment. Shortly after the beginning of the fiscal year in May, our membership dropped by 18 members, a 12% decrease from our starting count. Much of this loss was due to the continual turnover of healthcare personnel in the state and the closure of our top supporting organization membership wise, Banner Health System in Fargo. The recovery of our early loss in membership is an incredible feat. The National Association recognized this effort and awarded the chapter with a Yerger Award [1] for membership recruitment.

### Educational Programming

The educational offerings and attendance during the year were excellent. For, at least, the fifth year in a row the chapter has received the highest honor awarded by National for educational performance, the Charles F. Mehler Gold Award. To receive this award the chapter must have a minimum of 18.12 education hours per member. The chapter finished the year with 18.59. The chapter was also awarded a Yerger Award I for its Fall Educational conference in Grand Forks. This conference was most notable because the national speaker, who was scheduled for a full day of activities, cancelled her engagement a day before the conference because of potential additional terrorists attacks following the tragedies of September 11. With less than 24 hours before the conference was slated to start, a full day's program was constructed and subsequently delivered by chapter members sharing their vast expertise of the health care industry. The circumstances and satisfaction results of the attendees surely made this a conference deserving of national recognition.

### Member Communications

The chapter successfully distributed 4 member newsletters as required. In addition, our chapter was selected by national to participate in a pilot program to implement a Chapter website that will ultimately provide members with a seamless system of service to both national and local chapter activities and information. The chapter's initial website, www.ndhfma.org, went online in January. The Yerger for outstanding performance in member communications was awarded for the website initiative.



"ND President Don Schott receives national recognition with 5 awards from HFMA National Chairman Ron Long and Chairman - Elect Phyllis Cowling"

### Certification

The chapter also received the Gold award for excellence in certification. Certification is highly promoted by national. It is an honor for the chapter to be recognized in this area.

### In closing...

2001/2002 was a very successful year. Representing the chapter at the Annual Na-

tional Institute in Seattle was truly an honor. I applaud and thank all of the chapter's members, and particularly, its officers and board for all of their hard work and dedication throughout the year.

[1] Helen M. Yerger Special Recognition Award

The Helen M. Yerger Award is bestowed by National HFMA to recognize outstanding chapter performance in the categories of Collaboration, Education, Improvement, Innovation, Member Communications, Member Service, and Membership Recruitment and Retention.

### Region 8 continued from page 3

Dave holds his Bachelor of Arts, in Accounting, from Loras College, Dubuque, Iowa. In addition, he has been active in community and civic service projects including being a member of the Finance Council of his hometown Holy Spirit Church. He is a member of the South Dakota Association of Healthcare Organizations' Council on Finance and Reimbursement and he served as a financial coordinator for the South Dakota Hospital Association's Medicare Group Appeals. He also participated in HFMA's US/UK Exchange.

The North Dakota chapter of HFMA falls into regional 8 and we're proud that Dave represents our region. Congratulations Dave!

### Welcome New Members!

Peggy Haug  
Provider Relations Specialist  
North Dakota Workers Compensation  
Bismarck, ND

Beverly Horner  
Accountant  
St. Alexius Medical Center  
Bismarck, ND  
Sponsor: Kellie Erhardt

Kimberly Syverson  
Education Consultant  
BC/BS of ND  
Fargo, ND  
Sponsor: Don Schott

Cindy Fischer  
Healthcare Network Consultant  
BC/BS of ND  
Fargo, ND  
Sponsor: Mike Schumacher

Steve Webster  
Network Administrator  
Noridian Mutual Insurance Company  
Fargo, ND  
Sponsor: Don Schott

# 2002 HFMA Meetings

**September 5-6, 2002**

• Bismarck  
**HIPPA/Compliance**

**November 14-15, 2002**

• Grand Forks  
**A/R Institute**

**February 13-14, 2003**

• Bismarck  
**Reimbursement Institute**

**April 3-4, 2003**

• Fargo  
**Concordia Institute**

**June, 2003**

• Fargo  
**Eide Bailly Symposium**

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