

Winter 2005-06

# Bama Chatter

The Newsletter of the Alabama Chapter  
Healthcare Financial Management Association

## HFMA Fall Institute Recap

by Craig Tolbert  
Vice President, Fall Institute

The Fall Institute was held on November 17th and 18th at the Wynfrey Hotel in Birmingham with 133 members in attendance at the two-day event. Thanks to all who made presentations and attended. I hope you found the topics useful and that everyone was able to take a new process or idea to try at your individual facilities.

The meeting began at 7:00 a.m. on Thursday with a continental breakfast and opening remarks by yours truly. Yolanda Rich, our Alabama Chapter President, then took to the stage and presented multiple awards to our members for their commitment to HFMA.

Our first speaker was Sandy Lutz with PricewaterhouseCoopers LLP who presented HealthCast 2020, which described the key features for healthcare organizations seeking a sustainable future. Next, Dr. Greg McKinney, Medical Director with Cahaba GBA, provided an overview of Medicare contractors and current coverage issues impacting Alabama hospitals.

For lunch, most everyone enjoyed one of the many Galleria restaurants and returned to begin our PFS and CFO tracks for the afternoon. I have received several complimentary comments from participants who sat in on the afternoon sessions. Topics for the CFO track included *Current Healthcare Tax Developments*-J. C. Rouse (Warren, Averett, Kimbrough & Marino, LLC); *Hospital-Physician Gainsharing Arrangements*-Rich Sharff (Bradley, Arant, Rose & White LLP);



*Show Us The Money*

*Medicare Reimbursement Updates on Uncompensated Care and Community Benefit Reporting*-Kathe Hoots, Dixon Hughes (PLLC); and *Factoring of Hospital Receivables*-

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Please consult with the editor for the best way to send your ad electronically. Deadline for publication is shown below. *Bama Chatter* is published quarterly and is posted on the Chapter website at [alabamahfma.org](http://alabamahfma.org) for approximately 650 members.

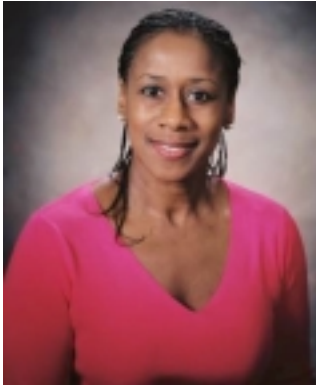
**Publication Schedule**

ISSUE	DEADLINE	ISSUE	DEADLINE
June (Summer)	May 20th	December (Winter)	November 20th
September (Fall)	August 20th	March (Spring)	February 20th

The statements and opinions appearing in articles are those of the authors and are not necessarily those of HFMA, the Alabama Chapter, or the editor. The editor strongly encourages submission of material for publication. Articles should be submitted to the editor by the 20th of the month preceding the month of publication. The editor reserves the right to edit materials and accept or reject contributions whether solicited or not. Readers are invited to comment on any of the published material. Letters to the editor must be signed and are subject to condensation and editing. All rights reserved.

# PRESIDENT'S MESSAGE

## *50 Years of Sharing*



*Yolanda D. Rich*  
*President, Alabama Chapter HFMA*

**T**his year the Georgia Chapter is celebrating its 50 anniversary. How wonderful is that? The Alabama Chapter congratulates them on “50 Years of Sharing” (the chapter’s 50<sup>th</sup> Anniversary theme). All of this celebrating got me to thinking, when does Alabama turn 50? With just a click on the mouse ([www.alabamahfma.org](http://www.alabamahfma.org)) I found the answer.

On April 22, 1959, the Alabama Chapter was birthed at the Redmont Hotel in Birmingham with 16 members and 19 applications to be processed. As of October

31, 2005, the chapter has over 600 members. Even more exciting news is that in 2009, the Alabama Chapter will celebrate its 50<sup>th</sup> Anniversary. That’s only three years away. The planning for this golden event has already begun. Please contact Vicki Parks at 205-838-3336 or email [vhparks@ehs-inc.com](mailto:vhparks@ehs-inc.com) and let her know you if you would like to be on the 50<sup>th</sup> Anniversary Planning Team.


Speaking of “team” . . . in just a few weeks you will receive information about development of Alabama teams. With the conversion of the Founders Points, members now have to be more involved in chapter events/activities to receive points. Most members think that they have to be paid National Forum members to be a Forum member in the local

chapter. That is not so. Forum leaders and Vice Presidents will be developing teams to assist them in meeting the chapters’ goals while at the same time allowing more members to earn Founders’ Points.

## *Tis the Season for Giving*

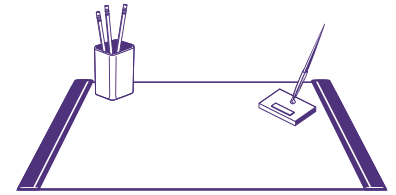
No, I haven’t forgotten to thank the many Alabama hospitals and vendors that contributed to the Katrina Relief Efforts. A challenge was issued to them to join the Chapter in contributing to the disaster relief efforts and the reports of participation were many. Let’s not forget during this holiday season that those individuals impacted by Katrina and Rita are still dealing with these tragic disasters, so let’s keep giving as we go about the Business of Caring.

And to each of you and your families, I wish you a safe, healthy and enjoyable holiday season. Merry Christmas and Happy New Year!!!!

 Yolanda Rich

# FROM THE EDITOR'S DESK

by Jennifer Kingry, CPA  
Publications Committee Chairperson



At our house, we decorate two Christmas trees — the “fancy” tree in the living room and the “kiddie” tree in the front room. This year, I branched out and bought mini colored lights for the kids. Once I put the lights on their tree, I immediately smiled. It brought back memories of my family tree when I was a child. My mom really “decked the halls” during Christmas. While I still haven’t found a way to duplicate the magic she created when she put up the decorations, this was definitely a step in the right direction. It was as simple as replacing the standard, yet dignified, white lights with fanciful colored lights. I still have the grown up tree in the living room, resplendent with white lights, berry garland, and baby’s breath, but now I also have one to remind me of my childhood.

I hope that this holiday season you find something that makes you smile and brings back a warm memory from your own childhood. I also hope that you find a way to pass this same blessing on to someone else.

I end this with a quote from one of my Christmas plaques:

What is Christmas?

It is the tenderness for the past, courage for the present, hope for the future. It is the fervent wish that every cup may overflow with blessings rich and eternal, and that every path may lead to peace.

- Agnes M. Pharo



With Warmest Holiday Wishes,  
Jennifer

## *Bama Chatter* Best Paper Award

Many thanks to each one of you for your support of HFMA last year by contributing an article to the Bama Chatter. Our Quality Committee has voted on the articles for last year and we have awarded the following prizes:

1st place	Kenneth Tobias \$100
2nd place	Paul Graham \$50
3rd place (tie)	JC Rouse \$25 Kathleen Street \$25

## *Reserve The Date* Healthcare Compliance Officers of Alabama

Please reserve the date of Thursday, January 26, 2006 for a joint meeting of the Healthcare Compliance Officers of Alabama and the Alabama Chapter HFMA. This will be held at the Alabama Hospital Association’s Birmingham Regional Office located on Lakeshore Drive, from 11:00 a.m. to 1:00 p.m. More details will be forwarded to you regarding speakers.

# 2005 Founders Award Series Winners *HFMA Alabama Chapter*

The 2005 Founders Awards Series winners were recently announced. Please make a point to congratulate these dedicated members for their contribution to the Chapter above and beyond the call of duty!

## *The Follmer Bronze Award*

The Follmer Bronze Award is given to recognize, in a fitting manner and on a uniform basis, the meritorious services rendered and the sacrifices of time and effort made by members on behalf of their own chapter.

Congratulations to the 2005 recipients of the Follmer Bronze Award! The winners are:

Jennifer W. Wakeford, CPA  
Randy W. Redfoot  
JoAnn H. Hudspeth  
Jeffrey H. Burkhardt, Ph.D., FHFMA  
Stephanie R. Martin  
Vicki H. Parks, CHFP, CPA  
J. Patrick Murphy, FHFMA



to the chapter. It's purpose is also to reward HFMA members who go the "second mile" in serving their chapters.

Congratulations to the 2005 recipients of the Reeves Silver Award! The winners are:

Dawn H. Walton, CPA  
Pollyanna Brannan  
Chris P. Johns, FHFMA  
Yolanda D. Rich

## *The Muncie Gold Award*

The Muncie Gold Award is also given to continue the merit rating plan and to provide an incentive for continuing contribution to the chapter. Its purpose is to reward those HFMA members who continue to contribute and go the "third mile" in serving their chapters.

Congratulations to the 2005 recipients of the Muncie Gold Award! The winners are:

Robert M. Frohlich, Jr., FHFMA  
Jonathan B. Kimsey, FHFMA, CPA

## *The Reeves Silver Award*

The Reeves Silver Award is given to continue the merit rating plan embodied in the Follmer Bronze Award and to provide an incentive for continuing contribution

Congratulations to all of our Founders Award Winners for 2005!



# ***MAKE YOUR PLANS NOW TO ATTEND THE***

## **Region V Dixie Institute February 21-24, 2006 Chattanooga Convention Center Featured Speaker: Peter Hillary Theme: *Reaching The Summit***

The 2006 Dixie is only three months away and the Tennessee chapter could not be more excited about hosting this event. This year's committee has chosen Chattanooga for the site of this annual event. We hope that by doing so we can showcase a city in the middle of its renaissance. The downtown area has and is being revitalized with new shops, restaurants and entertainment ventures for the entire family. Forget that it is being held in February. Chattanooga is surrounded on three sides by mountains that often protect it from the winter snow. So you can most likely go to the Riverwalk or cross the Tennessee to visit Coolidge Park.

Also in the downtown area are the IMAX theatre, Discovery Museum and the Hunter Museum of Art. The Tivoli theatre is two blocks from the convention hotel and there are many fine dining establishments. For those of you who would like to try a new type of adult beverage there is the Big River Grille and Brewworks. This one is safe for the children because they also have their own brew of root beer.

We look forward to having you in Chattanooga and hope you will plan now to attend.

Sherry Stewart, Chair  
2006 Dixie Institute

**FOR RESERVATIONS: (800) 841-1674**

Make plans to attend the 2006 Dixie Institute.

Check out the website to get the details about the educational opportunities as well as the FUN planned for you in Chattanooga!!!





*Award winners*

Charlie Scott and Fred Leder (Sun Capital Healthcare).

The topics for the PFS track included *Creating Partnerships to Effectively Manage Credit Balances*-Mike Schaefer (AIM Healthcare Services); *Why Anyone Would Want to Outsource their Self Pay*-Bob Olszewski (CashRetriever Systems, Inc.); *New Bankruptcy Laws and How They Effect Healthcare Collections*-Karen Materna (Holloway and Moxley, LLP); and *Healthcare Collections in the 21<sup>st</sup> Century*-Melanie, David & Martin Sher (AmSher Receivables Management).

After a busy day of education, we were ready for our evening event, "Casino Night." A fun-filled night of great food and enjoyable



*Craig Did a Great job with Casino Night*

games was the perfect ending to the day. Everyone enjoyed the evening and many left with terrific prizes from the auction.

Friday's sessions began early at 7:00 a.m. with Forum breakfasts for CFO and PFS. Drew Wagoner of Pricewaterhouse-Coopers LLP discussed

current healthcare accounting & auditing changes, while Bob Frohlich with UAB Hospital provided a CPAR update. Both breakfast forums provided an atmosphere of interaction for the participants.

Our first topic during the Friday general sessions was a discussion on

*Computerized Modeling of Managed Care Contracts* by Glen Gill with Saint Thomas Hospital. The next

session was our keynote speaker, Michael Hoffman, who encouraged us to focus on the core elements of leadership/coaching and strategy with a motivational discussion on "*The Corporate Tornado: Staying Productive While in the Middle of Stress & Change*". Mr. Hoffman shared with us the



*Keynote Speaker*


power of knowing how to deal with people and the importance of building winning teams. His session provided lots of laughs and valuable tools to take back to our organizations around giving better feedback.

The meeting concluded with Chip Caldwell of Caldwell and Associates who provided an overview of effective methods for enhancing productivity and

achieving in-quality staffing. Mr. Caldwell also provided insight from a four year study of the habits of "Quantum Improvers" methods of benchmarking and goal setting.

The meeting provided attendees an opportunity to meet

new members and gain knowledge on topics that would be useful to their organizations. I would like to say a special thank you to the following: Mitzi Winters, and Sherri Harper at MedAssist for helping with the registration process; Eric Jeffries at Baptist Health System for help with topics and speakers; Holloway Credit Solutions for their sponsorship with Casino Night; and Receivables Management Bureau, Inc. with the Forum Breakfast sponsorship. It is a group effort to make these meetings successful.

In addition, many thanks to our sponsors! Without your support, it would be impossible for the Alabama HFMA Chapter to be such a special part of our professional lives and provide an avenue for growth and education in healthcare in Alabama. 

# THE ALABAMA CHAPTER HFMA

## 2005-2006 Recruitment Campaign

### "Get Groovy & Recruit"

This year's campaign has been 'outta sight' so far! We have recruited a total of 39 new members for the Alabama Chapter. We are poised to win the Gold Award for New Member Recruitment if you 'cats' will keep recruiting! Thanks to all of you who have recruited a new member for this year!

This quarter, Jeff Holloway has won a \$50 gift certificate to Chevron. Jeff can use his certificate to help pay for gas while he's 'laying some scratch'. A BIG thanks to Jeff for his help recruiting!

### Go Jeff! Go Jeff! Go Jeff!

We still have two tickets to the Talladega 500 to watch your favorite racer 'race for pinks' up for grabs next quarter. And don't forget about the grand prize of a \$400 gift certificate to any Hilton brand hotel and \$200 in cash! Keep recruiting, this year's race for the grand prize is a close one!

Don't be a 'drag' ... get 'groovy' and **Recruit!!!**



Keep on truckin,

**Pollyanna** 

Pollyanna Brannan, Membership Chairman



All members including student members qualify if recruitment chair is notified of sponsorship. To request applications for new members or any information, please call (800) 264-2700 ext. 213. If I am unavailable, please leave your name, company name, phone number, address, email address and/or fax number on my voicemail. You can also email me at: [pbrannan@hollowaycredit.com](mailto:pbrannan@hollowaycredit.com). This will give me the opportunity to send your application to you ASAP! Or click on the link to download an application.

For New Member Applications, go to [www.alabamahfma.org](http://www.alabamahfma.org)

### Welcome New Members

Laura D. McRea  
sponsored by Kimberly Shrewsbury  
Jennie P. Atkins  
sponsored by Jeff Holloway  
Donald H. Payne  
sponsored by Jeff Holloway  
Ken Vaudo  
sponsored by Teresa F. Avery  
Carolyn L. White  
sponsored by Monte W. Handley  
Anthony V. Lorocca  
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Lori Ann Skinner  
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Darnella Parker  
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Rikisha D. Turner  
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Mark C. Ryan\*  
Drew Wagoner\*  
Joseph W. Starnes\*  
Coretta A. Pearson\*  
Elaine A. Taylor\*  
Diane Moore\*  
Arinda C. Skinner\*  
Sabrina Hearn\*  
Ara D. Dombourian\*  
Chetan Deshmukh\*  
Susan A. Womack\*  
Kandi Garmany\*  
Brandon Garner\*  
Barbara Chambers\*  
Connie Davis\*  
Chad P. Christianson\*

### Campaign Totals

SPONSOR	# RECRUITED
Dennis R. Haines	1
Gary B. Tate	1
Linda J. Maddox	3
Sheila G. Hamby	1
Michael S. Ruggles	1
Kimberly Shrewsbury	1
Jeff Holloway	2
Teresa Avery	1
Monte Handley	2
Maron Boohaker	1
Jeffrey Burkhardt	1
William Shrader	1
No Sponsor Listed	23
<b>TOTAL NEW MEMBERS-2005/2006</b>	<b>39</b>

\*Please call us with your sponsor's name.

# CATCH 'EM IF YOU CAN: *Preventing Payment Fraud*

by Dennis Simmons, AAP, President & CEO

SWACHA - The Electronic Payments Resource™

The bank accounts of business and government entities today are under attack from an unprecedented number of sources and an unprecedented variety of directions. Why? Simple: money. Veteran bank robber Willie Sutton was asked “Willie, why do you rob banks?” His timeless reply: “It’s where the money is.” Whether it’s traditional run of the mill greed or sophisticated hacking attacks, the motivation of criminals has not changed. Detecting and preventing payment fraud requires constant vigilance and in today’s changing payments landscape, that task is more challenging than ever.

One study that clearly illustrates the changing payments landscape was conducted by the Federal Reserve Bank Retail Payments Office in 2004. The study revealed that, while many forms of electronic payments were growing at double digit rates, check volume continued to decline at a significant pace (see table).

Many factors have contributed to these shifts in

payment patterns but one factor stands out, namely technology. The speed, reliability, and confidentiality of electronic payments are driving many of the changes that we see in today’s environment. But technology also has a down side. Frank Abagnale, noted check fraud practitioner summed up the threat of technology best. In an interview in 2000, he said “*The truth is, what I did 30 years ago is 200 times easier today than it was then, and five years from now will be 700 times easier than it is today, and that’s because of one word: technology. Technology breeds crime, and it always has*”

warn of “out of pattern” behaviors, deployment of signature verification and validation hardware at the point of customer interaction, integrated physical security features on printed check stock and enhanced features on identification cards such as driver’s licenses are just a few examples of the positive impact of technology. On the other side of the equation, technology has brought desktop publishing, high quality scanning devices, “image scraping” to allow criminal to capture government agency logos from web sites, increasingly sophisticated counterfeit identification and the ability of financial institutions to exchange images of checks instead of physical checks, which can defeat many of the physical security features of printed checks. Technology has even fostered a “do it yourself” kit for the aspiring check fraudster. At any large office supply store, you can purchase a starter package of

Technology has allowed our industry to develop many tools to detect and defeat payment fraud. Sophisticated software programs to analyze patterns of behavior and

	<b>2000 Estimate (billion)</b>	<b>2003 Estimate (billion)</b>	<b>CAGR</b>
<b>Non-Cash Payments</b>	72.5	81.2	3.8%
Check	41.9	36.7	-4.3%
Credit Card	15.6	19.0	6.7%
ACH	6.2	9.1	13.4%
Offline Debit	5.3	10.3	24.9%
Online Debit	3.0	5.3	21.0%
EBT	0.5	0.8	15.4%
<i>Source: Federal Reserve 2004 Payments Study</i>			

corporate check stock, complete with all manner of security features, a magnetic ink character recognition (MICR) cartridge for your printer and software to design your own checks. All for less than \$50.

So, what can you do to arm your organization to identify and repel these types of attacks? According the FBI, the majority of fraud continues to be committed by dishonest employees who were able to defeat and exploit breakdowns in an organization's internal controls. The effective use of internal controls is your first and best defense. Segregation of duties, dual control over check stock, and regular and consistent reconciliation of accounts are just a few examples. Internal controls should be an imperative for any organization and, as with any other strategic initiative; this vision must come from the top and management should create a culture of compliance.

A strong and effective partnership with your financial institution is also a key component of defense. The use of positive pay, especially payee verification positive pay, debit blocks on depository accounts, debit blocks and debit filters for

automated clearing house (ACH) transactions, the use of controlled disbursement accounts, migrating payroll functions from check based systems to Direct Deposit and payroll card based systems, increased usage of purchasing cards for small value payments and other electronic payment methods for large value payments will all increase your armor against payments fraud.

On the receiving side of payments, the advent of electronic payments has change the face of traditional mechanisms, as well. Consumers are paying their co-pays using debit and credit cards, insurance companies are issuing stored value cards for flexible spending accounts and using ACH to make payments to

medical providers. Since fraud committed against medical providers is much more difficult to perpetrate using electronic payments, health care providers may want to look for ways to encourage these types of payments both from consumers and insurance companies.

Like any powerful tool, technology can enhance productivity and increase efficiency. But like any other powerful tool, technology must be respected and controlled. The key to effective control of technology in the payments arena is, as it always has been, the use of human capital, both internally in your organization and externally with your business partners.



# ACTS OF CHARITY: *Charity Care Strategies for Hospitals in a Changing Landscape*

*With millions of Americans uninsured, hospitals are on the front lines of the healthcare safety net*

by Ross Comeaux, Associate  
PricewaterhouseCoopers

In the unending debate about the nation's uninsured and indigent population, the issue of charity care is often a footnote. Yet, discussion of it is integral to any healthcare solution regarding the uninsured. Hospital charity care is uniquely American, a safety net that is often unnecessary in nations with universal health coverage.

Hospitals provide charity care as both a mission and a mandate. The availability of charity care at U.S. hospitals actually serves to mask the scope of our uninsured problem. In Alabama, 16% of the population is uninsured, according to Kaiser Family Foundation. The costs of their care are passed on to those who are insured. For example, a recent Families USA study reported that insurance premiums for a family of four in Alabama cost \$449 more annually because of the unreimbursed cost of care to the uninsured. The overwhelming majority of charity care is provided by not-for-profit and governmental hospitals. The debate around charity care is heightened by the renewed and critical focus on the covenant between hospitals' not-for-profit tax status and the ensuing benefit to the community. Behind the court cases, congressional hearings, and newspaper stories on this issue is a complicated story that cannot be explained in simple sound bites.

To provide research-based insight, PricewaterhouseCoopers' Health Research Institute reviewed current guidance from a variety of trade associations, researched recent media articles, conducted in-depth interviews with more than 15 healthcare leaders and commissioned a survey of more than 100 hospital executives on charity care issues. *Acts of Charity* provides an overview of hospitals' provision of charity care and related subjects such as community benefit. It outlines

key problems in the industry and provides detailed best practices for hospitals to follow to qualify, quantify and report charity care and community benefit.

PricewaterhouseCoopers' major findings include:

*Uncompensated care, of which charity care is a component, has been rising over the last five years.* Uncompensated care increased 20% from \$20.7 billion in 1999 to \$24.9 billion in 2003. Tracking closely to these numbers, hospital industry bad debt as a percentage of net revenue increased from 7.6% in 1999 to 9.9% in 2003.

*No one knows the exact amount of charity care provided by U.S. hospitals.*

Hospitals provide an average of 5% of net operating income in charity care, though some provide a substantially higher amount.

*The true value of the charity care provided by hospitals may be more than what's being reported.* The burdensome and expensive process that hospitals must go through to classify a patient as charity care often means the amount of charity care blurs with bad debt.

*Variation in hospital*

*pricing and billing of the uninsured creates confusion and frustration among patients.* Hospital costs and charges for services vary within geographies and are influenced by market conditions and competitive pressures. Many hospitals report charity care on the basis of gross charges because they do not have cost accounting systems.

*No uniform regulatory guidance regarding patient's qualification for charity care or the quantification of community benefits exists for hospitals.* Although accounting rules for displaying charity care in financial statements are clear, the industry must deal with a patchwork quilt of regulations, suggestions, and guidelines on setting hospital policy and other related issues.

*Federal and state regulators are moving forward with legislation of not-for-profit hospitals and their provision of charity care.* Last year, legislation was passed in nine of the 16 states where it was introduced. So far in 2005, 15 states have introduced legislation.

*Public pressures and the increasing number of uninsured are forcing hospitals to expand existing policies that deal with the charity care issue.*

Many are starting to more widely communicate their charity care policies to the public. Some are modifying their billing policies to incorporate discounts for all uninsured regardless of whether they qualify for charity care.

### *Charity Care – Current Climate*

*Courts, regulators and community leaders are examining the value that society derives from charity care, especially in light of the tax-exempt status that many hospitals enjoy.*

The courts, Congress and the IRS have focused on exempt organizations and the healthcare sector in the past year including looking at the community benefit standard, as well as charity care, as an appropriate standard for federal income tax exemption. Recent actions include the House Ways and Means Committee conducting hearings on hospitals and their tax-exempt status, the GAO recently issuing a report critical of hospitals' provision of charity care services and the Senate Finance Committee asking 10 health systems to provide detailed information related to their tax-exempt status.

Federal class action lawsuits against tax-exempt hospitals have prompted hospitals to review their charity care and collection policies. The major

allegations being made against non-profit hospitals include: alleged aggressive collection tactics not in line with their charitable missions; charging uninsured patients more than those with insurance; and violating federal and state regulations against profiting through a variety of private interests.

In addition, some state tax rulings have proven that governing bodies are willing to challenge a hospital's tax exempt status. There have been other recent cases filed and rulings at the state level that are putting pressure on not-for-profit hospitals.

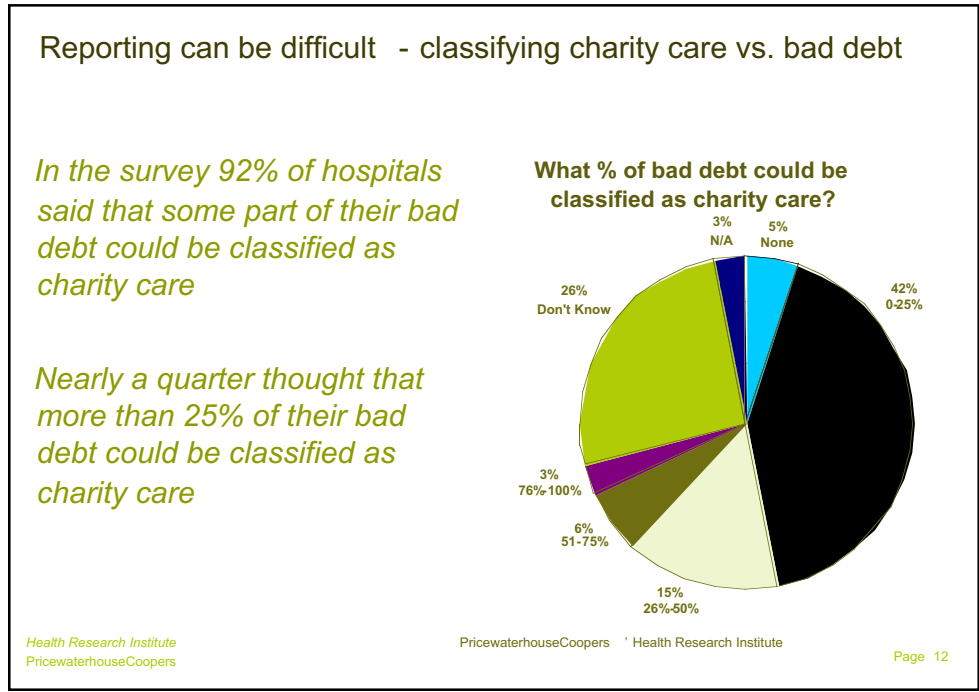
### *Accounting for Charity Care*

*PricewaterhouseCoopers' survey showed that 76% of hospitals calculate their charity care in terms of charges, not costs, and an additional 9% use a combination of charges and costs.*

In the early 1990s, the American Institute of Certified Public Accountants (AICPA) mandated that

hospitals separate bad debt from charity care in their financial reporting. According to the AICPA, the onus is on the hospital to establish a method to capture the charity care services it provides.

After nearly 15 years under this reporting requirement, one thing is clear – the calculation of charity care is inconsistent at best. Hospitals can calculate charity care using a variety of methods including; costs, charges, unit of service statistics or a combination, including the use of cost to charge ratios. The use of multiple methods across the hospital industry makes it difficult to calculate the true cost of charity care, benchmark hospitals, or track aggregate trends. Ultimately the numbers are often approximations because charges can vary widely by hospital and are typically much higher than actual costs.



## *Strategies & Solutions*

*Charity and financial assistance policies are a mission, governance, accounting, tax, operational, financial, marketing and public relations issue for hospitals. To address the issue in a holistic way, hospital managers should develop a comprehensive uncompensated care strategy.*

Hospitals need a consistent, integrated approach to charity and uncompensated care, to improve their operational and financial performance and control their regulatory risk.

*Are your charity care policies treated as a leadership function?*

Charity care policies can affect more than financial performance; they can impact your organizational reputation in the community. They need to be handled as a board and executive management function, not just a finance issue. Leaders need to understand their hospitals' practices regarding charity and uncompensated care, recent and potential future legislative actions, and the potential ramifications for their organizations' reputation and tax exempt status.

*Are you compliant with current and emerging regulatory requirements in how you disclose charity care and bad debts?* Federal and state regulators are moving forward with legislation of not-for-profit hospitals and their provision of charity care. Hospitals need to be prepared to completely and accu-

rately report their charity care and bad debts, and submit IRS Form 990.

*Are your governance, risk, and compliance processes able to certify that your contracts and business processes are in compliance with requirements for tax exemption?*

With the government, press, and public attention toward hospitals' tax-exempt status, scrutiny of associated issues such as executive compensation, joint ventures, physician arrangements and private inurement is increasing. This new level of accountability, combined with increased penalties and government funding for enforcement, has elevated executive concern for ensuring that the organization has a solid governance, risk, and compliance process in place and running efficiently.

*How does your pricing policy and charge structure address uninsured and indigent patients?* Charging standard rates to patients without the ability to pay can expose hospitals to allegations of price gouging. Local governments are beginning to require that hospitals adjust their prices for uninsured and indigent patients. Hospitals will need to evaluate their discount pricing policies for the uninsured as part of their uncompensated care strategy.

*Are you leveraging industry leading practices for billing and collections to manage your charity*

*and uncompensated care costs?*

Hospitals can address the charity care issue by redesigning their revenue cycle processes to define and simplify charity care policies; identify indigent patients early in the registration process; improve patient access, billing and collection practices; train staff; and communicate with patients.

*Are you able to demonstrate the value of the community benefit that your organization provides?* Governments are beginning to ask if hospitals are providing benefits to the community at least equal to or in excess of the tax they would have paid had they been for profit. Hospitals can develop an annual community benefit report to quantify and document the value of community services they provide.

For more information, please contact PricewaterhouseCoopers at 800-211-5131, or on the web at [pwc.com/healthcare](http://pwc.com/healthcare).

To download a copy of the complete report, please visit: ([www.pwc.com/healthcare](http://www.pwc.com/healthcare))

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# NEWSBITS

## *From Alabama, National & the North Pole*

### ALABAMA CHAPTER:

#### *Providing Value*

Jon Mueller, Director of Internal Audit at Southeast Alabama Medical Center, wrote the following email after signing up to attend one of the free Road Show seminars. The road show brought free education close to his area - preventing greater expense and enabling him to bring another non-HFMA member.

“Great!! Thank-you!”

“Compared to other memberships that I have, so far, I would say that HFMA and more specifically, the AL HFMA Chapter, provides one of the best values and support for my budgeted membership dues dollars.”

“Keep up the great work!”

\* \* \* \* \*

### NATIONAL HFMA

#### *Assists With Renewals*

*National HFMA issued the following statement to the Louisiana, Alabama and Mississippi Chapter's . . .*

“In an effort to ensure that we provide support to our members in the Gulf Coast States, we have automatically renewed all of our members whose membership's lapsed on May 31, 2005 from Alabama, Louisiana, and Mississippi .”

\* \* \* \* \*

### CHRISTMAS TRIVIA

#### *Directly From The North Pole*

(Trivia was actually obtained from: <http://users3.ev1.net/~hwillcox/triviar.html>)

*What were the original names of Santa's reindeer?*

Reindeer Names: Now Dasher! now, Dancer! now, Prancer and Vixen! On Comet! On, Cupid! on Donner and Blixen.


. . . Originally it was on Dunder and Blixem in the 1823 publication of "A Visit from Saint Nicholas". Dunder and Blixem was Dutch for Thunder and Lightning. Blixem was changed to Blixen to rhyme with Vixen in 1837 by a Charle Hoffman and Dunder to Donner. Then when Clement Moore included the "A Visit from Saint Nicholas" in his 1844 book, he'd changed Blixen to the German word for Lightning "Blitzen". Then comes the Johnny Marks song "Rudolph the Red-Nosed Reindeer" who changed Donner to Donner, German for Thunder.

\* \* \* \* \*

# Alabama Chapter HFMA

## *Annual Sponsorship Program*

Thanks again to all the 2005-2006 sponsors. Once again we received great response to our Annual Sponsorship Program.

This year there was an extra bonus to sponsorship. Every sponsor gets one free membership for a new member. If you are a sponsor and haven't yet taken advantage of that benefit, here's what you do. Have either the individual or their employer pay for the membership. Then, submit to me a copy of the check or payment voucher and I will generate a refund to that individual or company. They do not have to be your employee. It's that easy. Please take advantage of this great sponsor benefit. If you have a question about this or any sponsor benefits, please email me at [richard\\_byerly@eamc.org](mailto:richard_byerly@eamc.org). 

**THANK YOU TO OUR**  
*2005-2006 Annual Sponsors*

Thanks to our Corporate Sponsors. Without their generous financial support, HFMA would be unable to provide quality programs and speakers.

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	<b>Welch Hornsby &amp; Welch, Inc.</b>

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<b>Cullman Regional Medical Center</b>	<b>Thomas Hospital</b>
<b>Eastern Health System, Inc.</b>	<b>UAB Health System</b>

*Mark Your Calendars &  
Make Plans To Attend These Events*

# *Quarterly*

## **PROGRAM CALENDAR**

**December 2005 - June 2006**

January 26, 2006 11:00 am - 1:00 pm	<b>JOINT MEETING OF HFMA &amp; HEALTHCARE COMPLIANCE OFFICERS OF ALABAMA</b>	Alabama Hospital Assn. Birmingham Regional Office on Lakeshore Drive
February 21-24, 2006	<b>REGION V DIXIE INSTITUTE</b>	Chattanooga Convention Center Chattanooga, TN
March 15-17, 2006	<b>SPRING INSTITUTE</b>	Embassy Suites Birmingham, Alabama Jenny Wakeford, VP
June 5-8, 2006	<b>ALABAMA ANNUAL INSTITUTE</b>	Sandestin Beach Hilton Golf & Tennis Resort Kim Shrewsbury, VP

for details & to register for upcoming meetings, go to [alabamahfma.org](http://alabamahfma.org)

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regardless of METHOD OF PAYMENT.**