

Bama Chatter

HFMA ALABAMA CHAPTER

VOLUME XXXX, NO. 3

NOVEMBER / DECEMBER 2000



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by Dawn Walton

Have you logged on to the new Alabama Chapter web page? If not, this is one site you need to check out and bookmark for the future. I found the web page to be a great reference source and very easy to navigate. A special thanks to José Valencia and The Valencia Group for all of their hard work in making this a first-class site.

What you'll find on the Alabama Chapter web page:

- HFMA Chapter Directory - includes information on our chapter leadership, history, awards, and members.
- Chapter Calendar of Events - dates and locations for all events planned for the year.
- Current year Bama Chatters which contain registration information for all institutes as well as informing articles and committee/chapter information.
- Links to join or renew HFMA membership.
- Links to other healthcare web pages including National HFMA and the Alabama Hospital Association

Special Feature

A special feature of our web page is the HFMA Forum. This is a secured site for Alabama members only. After logging in using your name and password (HFMA member number), members are led to a

- article and a look at our
home page continued on page 6 -



2000 - 2001

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Advertising Information

Quarter page: \$100 per issue—Half page: \$175 per issue—Full page: \$300 per issue
Special discounts for long-term arrangements. Contact the editor for details.

Please send your ad and graphics on plain white paper or slicks. Deadline for publication is the 20th of the month preceding the month of publication. *Bama Chatter* is published bimonthly and is circulated to approximately 700 recipients.

Publication Schedule

ISSUE	DEADLINE	ISSUE	DEADLINE
September/October . . .	August 20th	March/April	February 20th
November/December. .	October 20th	May/June	April 20th
January/February	December 20th	July/August	June 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 typewritten and double spaced, and submitted to the editor or the awards council chairperson 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.

A Season of Opportunities Upon Us

It is incredible that we are heading into the last 2 months of the year 2000 AND already halfway through this Chapter year. The past couple of months have been busy, and our Chapter volunteers have gone the extra mile to ensure that our Chapter is again among the strongest in the nation. Special thanks to those volunteers who have sacrificed personal and professional time to benefit the Chapter.

Thanks to Yolanda Rich for coordinating the 2000 Health Law Seminar that we co-sponsored with the Cumberland School of Law.

Congratulations to John Thrasher on a successful Tax Planning Seminar & Compliance Update held September 28, 2000. This meeting

was co-sponsored with AlaHA and had a record attendance.

At the Fall President's meeting in August, one of the topics we focused on was increasing Senior Financial Executives' involvement in Chapters. Healthcare financial leaders are faced with increased time constraints and many healthcare managers have put off continuing education so they can devote all their efforts to managing their organization's day-to-day financial operations. But consider how much easier day-to-day management could be if it were backed up with solid knowledge gained from experts in the field. As HCFA converts to prospective payment for Medicare outpatient and home health services, healthcare organizations

are in need of well-informed finance professionals who have the knowledge and skills to implement complex new systems. Our primary purpose is to educate our members and provide them with the most timely information and resources available.

Senior Financial Executives who attend and send their staffs to attend HFMA seminars are utilizing the full benefits of membership to further education and increase value to their healthcare organizations. I encourage you to stay involved and remain active in your pursuit of continuing education. I look forward to seeing you at the upcoming HFMA meetings!

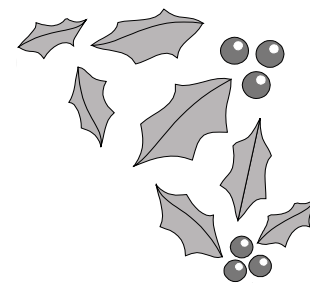
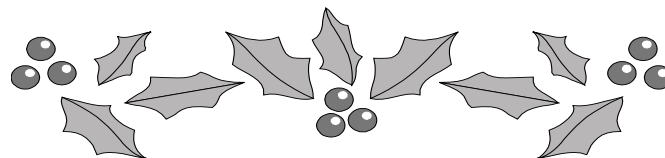
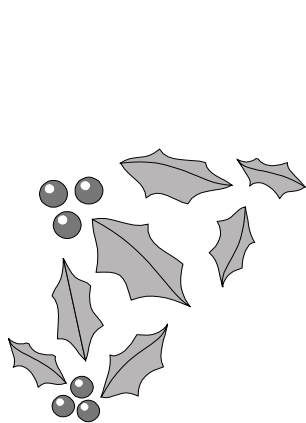
This is the last issue of Bama Chatter that will be



Annette N. Baker, FHFMA President, Alabama Chapter HFMA

published in the year 2000. The officers and Board join me in wishing you and your families a very happy and blessed upcoming holiday season. Take time to relax, spend time with the people that you care about, and put into perspective the things in life that are truly important to you. Take time to count your blessings. Have a Happy Thanksgiving, a Merry Christmas and a Happy New Year!

Annette 

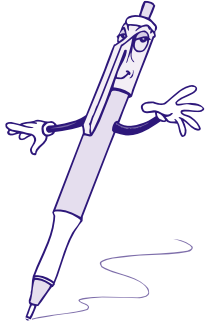


HFMA Wishes You The

**MERRIEST
HOLIDAY**

Ever

From the Editor's Desk . . .



Year 2000 is quickly drawing to a close. It seems like yesterday we were all gearing up for Y2K (that's a word you don't hear anymore) and Millennium celebrations.

It is hard to believe that Thanksgiving and Christmas are fast approaching. Around our house, this is the season of eating!! I can hardly wait to sink my teeth into some tasty Turkey and Dressing, sweet potato casserole and Pecan Pie, Pumpkin Pie, Christmas candy and cookies. You get the picture! I've included a simple secret to fight off those unwanted pounds Santa seems to bring with the presents. This year eat and have no fear, if you're using your feet.

Until next issue,
Dawn



*Dawn Walton, CPA, Chairperson
Publications Committee*

Use Your Feet Instead of Your Finger!

by Linda Ciampa
CNN Medical Correspondent

Taking the stairs instead of the elevator on a regular basis could bring some noticeable health benefits, according to researchers at the Centers for Disease Control and Prevention.

"If you're spending 10 minutes a day in the stairwell, going up and down the stairs, you can actually during the course of a year lose about 10 pounds," said researcher Nicole Kerr.

To encourage the positive behavior in their own offices, the CDC researchers dressed up a dreary stairwell and added upbeat signs around the building reminding people to use their feet instead of their fingers.

"When we instituted the project

here," said Dr. William H. Dietz, "it was with the idea of promoting physical activity in a completely



passive way. If we made the stairwells more attractive, and if we promoted it with inexpensive signs, would they be used?"

The experiment worked.

Stairwell use increased by 14 percent — not a bad figure considering that 60 percent of Americans get almost no regular exercise.

This isn't the first time scientists have sung the praises of the stairwell. A recent European study found that young women who stair climbed for seven weeks had higher levels of good cholesterol and lower heart rates.

The message is simple, the researchers said.

"Small changes can lead to a bigger impact, and if you do this on a daily basis over the course of a year, you can significantly impact your health," Kerr said.



Seventy-Five Pass CPAR Exam!!

Congratulations to the 75 candidates who successfully passed the March 2000 CPAR Exam.

A banquet honoring these individuals will be held on Wednesday, November 8, 2000 at 7:00 p.m. in the Windsor Room at the Wynfrey Hotel in Birmingham. To find out in more detail about the CPAR Exam, go to page 6.

Make Plans To Attend The

HFMA Winter Institute February 15-16, 2001 Marriott Suites Birmingham, Alabama

The new year is right around the corner, believe it or not, and we're gearing up for HFMA's Winter Institute. Don't wait . . . mark your calendars today! Further details regarding the Winter Institute will be coming to you in the mail, but don't wait to make your reservation at the Marriott Suites - call 888-426-5171. The special room rate for our meeting is \$119, and our room block will be held until January 15, 2001. Please be sure and mention the HFMA Winter Institute when you call.

If your company would like to sponsor this event, or for more information regarding attending the Winter Institute, please call Sydney Rountree at (205) 934-4811.

Welcome New Members

Linda K. Benson

Children's Health System
Recruited by Joel T. Barnett, CPA

M. Linda Chaney

Hill Crest Behavioral Health Svcs.
Recruited by Robert P. Levesque, FHFMA

Tiffany Chaney*

Student

Julie A. Hansknecht*

University of South Alabama Medical Center

Bonnie Hoffman*

Mobile Urology Group, PA

Thomas M. Jeffers*

CashRetriever Systems, Inc.

Traci M. Jones*

University of South Alabama Medical Center

Timothy E. Murray*

Shared Services Healthcare, Inc.

Gregory S. Pasqualine

Johnson & Johnson
Recruited by Vicki L. Winters

John A. Savage, IV*

David B. Wilson*

Cap Gemini Ernst & Young

* Please call us with your sponsor's name.

Member-Get-A-Member Sponsor Standing

SPONSOR	TOTAL RECRUITED
TOTAL WITH NO SPONSOR LISTED	12
Joel T. Barnett, CPA	1
Robert P. Levesque, FHFMA	1
Kathy B. Nelson, Marshall Medical Center South	1
Catherine G. Norwood, Marshall Medical Center So.	1
Vicki L. Winters	1
TOTAL RECRUITED FOR 2000/2001	17

Be A Part of the Member-Get-A-Member Contest

You have time to get involved and be a winner in the MGAM contest for 2000-01. Don't wait, RECRUIT! RECRUIT! RECRUIT!

To receive applications for new members or additional information, please call Pollyanna Brannan at 1-800-264-2700 ext. 213. If she is away, please leave your name, number, address and fax on the voice mail and she will respond ASAP!

Alabama Chapter is Online and It's Awesome!! continued from page 1

discussion forum page. Members can post questions, issues or general information about topics and other members can view the discussions and comment. Built into the forum is a search engine, so that as the discussion forum grows, members will be able to quickly find the information needed. This will become a valuable resource for our chapter as members share ideas and solutions.

Log on today and begin using our web page as your number one HFMA resource. ☎

www.alhfma.org



Alabama Chapter Offers CPAR Exam

by Jo Ann Hudspeth, PFS Forum

Who Is The Program For?

Any Business Office associate not already certified.

Coaching Sessions

Four locations have been designated for Coaching Sessions. Dates and locations are:

OCTOBER 28 & NOVEMBER 4

- Birmingham at St. Vincent's Bruno Conference Center
- Guntersville at Marshall Medical Center North
- Fairhope at Thomas Hospital

NOVEMBER 1, 2, 7 & 9

- Dothan at Southeast Alabama Hospital
- Coaching Sessions have been scheduled for 2001 in the same locations on April 21 and April 28, 2001.

Test Dates

The test will be given on **November 18, 2000**. The test for 2001 will be given on May 5.

How Do I Register?

Contact one of the following to register or with questions.

Nancy Srachan, *Birmingham*, (334) 990-1550
Linda Maddox, *Birmingham*, (205) 592-5859
Miriam Hubbard, *Dothan*, (334) 793-882720
Jo Hudspeth, *Guntersville*, (256) 571-8039
Pam Sanders, *Fairhope*, (334) 990-1551

The Trainers for Baptist Health System and Ascension, Patricia Donaldson and Wanda Shorter, are currently revising the CPAR Manual and it should be available for the spring coaching. We hope to make it available on CD-ROM. ☎

Certification: Making the Most of Available Time

Did you know that your self-study course may be close to ending its' life right there on your book shelf, without ever being tested? The 1999-2000 self-study courses will end their useful life on December 31, 2000. If you wish to be tested on these materials you need to sign up for the December 1 test date.

A letter was sent to people who purchased a 1999-2000 self study course reminding them that the end was near. Now is the time to make your plans to be tested, with the move to proctor assisted Internet-based testing, opportunities are limited.


What do you have to do in order

to be tested before the end of the year? You will need to:

- Study the self-study course you purchased. This may not be as large a task as you thought. The Core Self-Study should take the average candidate approximately 20 hours to complete. The specialty self-study course should take approximately 16 hours to complete.
- Contact Kathy Pitts (kathy.pitts@ey.com) or the proctor, Kevin Sheppard (KevinSheppard@bhsala.com).
- Send in our form to HFMA to complete your testing arrangements. The examination applica-

tion can be found on HFMA's web site (www.hfma.org).

The reason I am raising this issue now is to allow you time to plan to test. Take the time right now, make arrangements to take the exam before your self-study courses die on the shelf. Start the New Year right, **as a certified member of HFMA!**

To register you may go online to **2certification@hfma.org**, or notify Kathy Pitts, Professional Excellence Chairman at (205) 254-1608. For more information regarding certification, contact HFMA's Director of Career Development Pepper Zenger at (800) 252-HFMA (4362), ext. 308, pzenger@hfma.org 

HFMA Certification Exam Dates

TEST DATES:

December 1, 2000
March 9, 2001

ADMINISTERED BY:

Kevin Sheppard
TBA

YOU MUST REGISTER NO LATER THAN

2 WEEKS BEFORE THE EXAM

WHERE: BLUE CROSS BLUE SHIELD OF ALABAMA TRAINING CENTER / GALLERIA TOWERS ADJACENT TO GALLERIA
Attention: The Alabama Chapter Board has approved reimbursing the cost of the certification exam once a member passes!

The Dixie 2000 Institute

March 11-14, 2001
Gatlinburg, Tennessee

It's not too early to begin making plans to attend the Dixie 2001! Held this year in scenic Gatlinburg, Tennessee at the Park Vista Resort Hotel, the special room rates for the Dixie Institute is \$82.00. You may make your reservations directly by calling 1-800-421-7275 and mention the HFMA Dixie Institute when you call. The room block will be held until February 10, 2001.

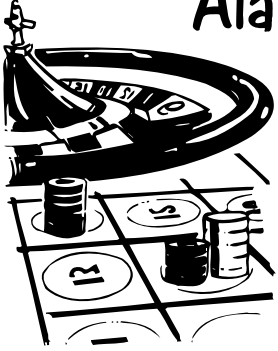
For more information regarding the Dixie Institute, or if you are interested in sponsorship or speaking, please contact Cindy Sharp at (901) 644-8588 or Carolyn Moffitt at (901) 448-1672.

HFMA Southern Institute

Alabama, Mississippi, Louisiana, Florida

January 18-19, 2001

Grand Casino Biloxi • Biloxi, Mississippi



Join us for the HFMA Southern Institute in January at the Grand Casino Biloxi! We have an incredible line-up of speakers planned and a lot of fun as well. Our Golf Outing is being coordinated by Cam Pearl at the Presidents Broadwater Golf Course. For additional information about golf, call Cam at 1-800-226-8470.

The conference officially begins on Thursday morning with registration starting at 7:00 a.m. Thursday evening a Welcome Reception is planned from 6:00 - 8:00 p.m. where you'll meet, greet and network with other HFMA members.

Some of our speakers and topics are:

Joe Beck, Vice President of Business Ethics & Compliance with Quorum Health Resources, L.L.C.
"HIPAA"

Ronald R. Long, National HFMA Chairman-Elect
"Healthcare 2000 and Beyond"

Anthony C. Grove, Director Patient Accounts at Bessemer Carraway Medical Center
"Business Office Services 2000: Overview & Discussion"

Jackie T. Hodges, MBA, RHIA, President of Med-Data Management, Inc.
"APCs . . . The Next Step"

Pam Townsend, FHFMA, Vice President Finance, Baptist Health Systems, Inc.
"The Aftermath of APCs: What Now?"

Keynote Speaker: JAMES "DOC" BLAKELY
"Indispensable Habits of Success"

Hotel Information: The Grand Casino Biloxi - Bayview Resort & Spa in Biloxi, Mississippi has reserved a block of rooms for the HFMA Southern Institute at a special rate of \$79.00 plus tax. The room block will be released on Monday, December 18, 2000. After that date, reservations will be accepted on a space available basis only. You may contact the Grand Casino directly by calling 1-800-354-2450. Please mention the Southern Institute when you call to get the special rate.

Meeting Registration

Name _____
 Title _____ Organization _____
 Address _____ City _____ State _____ Zip _____
 Phone () _____ Please check here if you are a new HFMA member as of June 2000.

FEES:	MEMBERS (before 12/18/00)	MEMBERS (after 12/18/00)	NON- MEMBERS	Enclosed
<i>(You must be registered for conference to play golf.)</i>	\$120	\$125	\$145	\$ _____
<input type="checkbox"/> Golf Outing at Presidents Broadwater:	<i>before 12-18-00</i>	\$65		\$ _____
Handicap: _____ Average Score: _____	<i>after 12-18-00</i>	\$80		\$ _____
			TOTAL	\$ _____

Make checks payable to: **Alabama Chapter-HFMA** and mail to: **Nancy Strachan, Director Patient Financial Services**
 Thomas Hospital • P.O. Drawer 929 • Fairhope, AL 36533 • Phone: (334) 990-1550 • Fax: (334) 990-1491
 e-mail: nancy_s@thomashosp.com

THE ALABAMA CHAPTER OF HFMA'S 2000 Fall Institute

November 8 - 10, 2000

The Wynfrey Hotel at Riverchase Galleria in Birmingham

IMAGINE THE EDUCATION

**Patient Financial
Services Session**

The Legal Side of the Business Office
Benefits of the Preregistration Process
Where Do You Draw The Line?
Update on Therapy Networks
and Network Data Operations

**Chief Financial
Officers Session**

Portfolio Strategies to Maximize
Investment Yields
Area Wage Index — Yesterday,
Today and Tomorrow
Current Disclosure Issues
Affecting Health Care Providers
in the Public Finance Market
Liability Insurance: Balancing the Scales

Joint Sessions

Managing IT Investment Strategies
Current Issues and Opportunities
in the Revenue Cycle
Key Considerations for Healthcare
Compliance Programs
To Be or Not To Be . . . In Post Acute Care
Business Under PPS (That is the Question)
Medicaid Update from the
New Medicaid Commissioner
Directory of Internet Links

Golf Tournament at



IMAGINE THE NETWORKING

Reception at the Wynfrey

sponsored by PricewaterhouseCoopers LLP

Entertainment at



Hotel Information: You may make reservations directly with The Wynfrey Hotel by calling (205) 987-1600, or toll free (800) 996-3739. Please mention HFMA. The block of rooms reserved for this function was released on October 8, 2000, and reservations will be accepted on a space available basis at this time.

Meeting Registration

Name _____
Title _____ Organization _____
Address _____ City _____ State _____ Zip _____
Phone () _____ Please check here if you are a new HFMA member as of June 2000

FEES:	Members	Non-Members	
Registration	\$100	\$125	\$ _____
Golf	\$60	\$60	\$ _____
Guest at the Comedy Club	\$25	\$25	\$ _____
TOTAL			\$ _____

Please check the events you plan to attend:

- Wednesday's Golf *Handicap or average score* _____
- Thursday Evening Comedy Club *(included in registration fee)*
- I plan to bring a guest to the Comedy Club *(Add \$25)*

Dress code for all events is casual.

Make checks payable to: **Alabama Chapter-HFMA**

Mail to: **Jonathan B. Kimsey, CPA**
PricewaterhouseCoopers LLP

1901 6th Avenue North, Suite 1600
Birmingham, AL 35203-2690

Phone: (205) 250-8503 • Fax: (205) 250-8581

Creating Exceptional Customer Service

by Robert Geer, Senior Consultant
Accelerated Receivables Management, LTD

You are managing Patient Financial Services and you are pretty proud of your department. You have lowered days to 62, bad debt has decreased, cash collections as a percent of revenue are up, you have lived through APCs, you are monitoring and collecting managed care underpayments, you are complying with Medicare regulations, you have passed several payer audits with flying colors, you are working with Patient Access to improve the quality of data gathered and other important up-front functions, and you have implemented both quality and productivity standards in Patient Accounting.

What more could you be doing? You believe you could be in line for Manager of the Year for the most improved department and the best-run department.

You Are Dead Wrong!

You forgot the customer! While you may have achieved all of those measurable goals that your boss and you agreed upon, the entire hospital is hearing complaints from patients about their bills.

The CEO gets patient complaints every day. The Medical Director constantly hears from Clinical Department heads that patients are

upset about billing problems. The clinical staff hears complaints about getting through to the Business Office and about being on hold for 45 minutes.

All of that hard work and only the CFO knows that you have made remarkable progress; the rest of the organization believes that the Business Office is a poorly run department.

What are the Facts About Customer Service and how Patients feel?

- ✓ Competition will focus on customer service.
- ✓ One in 8 patients were upset with Financial Services.
- ✓ One in 17 WILL NOT come back over billing problems.
- ✓ One in 12 WILL NOT RECOMMEND the facility to others.
- ✓ Over one-third received NO insurance information during registration.
- ✓ Forty-percent said they got NO ADDITIONAL insurance information at discharge.
- ✓ Over 40% had difficulty understanding the bill.
- ✓ Twenty-percent said the bill was inaccurate or incomplete.
- ✓ One in five couldn't get a satisfactory explanation of insurance coverage.
- ✓ Eleven percent said the

customer service representative DID NOT UNDERSTAND their problem.

- ✓ Fourteen percent said the customer service representative was UNABLE to resolve the problem.
- ✓ One in six said it took too long to get help.

How Do You Create Exceptional Customer Service?

1. Begin at the Beginning

Most misunderstandings about patient bills can be resolved in Patient Access. You are probably verifying insurance and insurance benefits to do your best at collecting the patient portion at time of service. Use this opportunity to inform patients of coverage and what the services may/will end up costing them.

Use ABN forms for Medicare patients explaining that Medicare might not/will not pay for a certain test.

Obviously, in most cases the patient will not get any bill if patient portion is correctly anticipated and collected at time of service.

2. Submit a Correct Bill

Correctly gathering insurance information and all the other data necessary to submit a correct bill is the cornerstone of reducing patient complaints.

3. Send a Correct and

Understandable Statement

Here is where Patient Focus Groups are helpful. Meet with patients, find out what they would like to see on a bill. I'll bet they would like one statement for all visits. Don't say it can't be done; many organizations are doing it.

4. Build a Strong Patient Financial Services Customer Service Group

Pick the "best" people. Patients with all types of insurance and all types of problems will be calling. The Patient Representative will need to be able to understand the problem. Make each member of the Group responsible to fully resolve the problem. Message takers are *not* the answer.

Utilize technology; if the representative can access an Explanation of Benefit on line, they can most often answer the question the first time without having to call the patient back.

Train Customer Service representatives. Simply putting a staff member with good technical skills on the phone does not mean they will deliver good customer service. They must be taught how to listen, how to be polite, and how to exhibit good attitude, concern and image. 🧠

National HFMA at Work For You

HFMA Announces Patient-Friendly Billing Initiative

HFMA has teamed with the American Hospital Association to reform and streamline hospital billing to ensure greater accuracy and enable hospitals to shift more of their resources to patient and community services. The project's goals include identification of the reasons for the complexity of the current billing system, the barriers to simplifying this system, and the current best practices in patient billing communication. Further, the project will develop recommendations of remedial actions that hospitals and health systems can take on their own, as well as legislative or regulatory changes that may be needed to further

simplify the system.

HFMA Joins Coalition for More BBA Relief


HFMA has joined with more than 100 hospitals, major associations, and businesses to create the Coalition to Protect America's Health Care. The goals of the coalition for the current Congressional session are to achieve additional relief from the Balanced Budget Act (BBA) and make BBA relief a political issue in the upcoming elections. The long-term goal of the coalition is to help shape the healthcare debate in the next legislative session.

HFMA chose to participate in the coalition because while the federal government and many state governments are reporting record budget

surpluses, healthcare providers continue to suffer the consequences of serious cuts in Medicare and Medicaid payments. HFMA President and CEO Richard Clarke, FHFMA, commented, "To talk about tax reductions and/or benefit expansions while subjecting provider organizations to a financial squeeze is inexcusable."

HFMA Signs Letter Supporting Legislation to Boost Bad Debt Payments

HFMA and 12 other healthcare associations have sent a letter in support of the Hospital-Indigent Care Relief Act of 2000 to Representative James Greenwood (R-Penn), the bill's sponsor. The legislation would reinstate reimbursement for hospital bad debt to

100 percent. The Balanced Budget Act (BBA) reduced payments for hospital bad debt to a level today of only 55 percent. HFMA believes these insufficient payments penalize hospitals that care for low-income seniors. In 1998, the first year of the BBA-imposed bad debt reductions, bad debt nationally swelled to an average of 4.3 percent of hospitals' gross revenues, up significantly from 3.8 percent in 1997. With the number of uninsured approaching 45 million, improving hospital bad debt payments will significantly ease hospitals' burden in providing care for those who have no means to pay. To read the bill, go to <http://thomas.loc.gov> and search on bill H. R. 4878. 

Watch Your Mail . . . It's Coming!

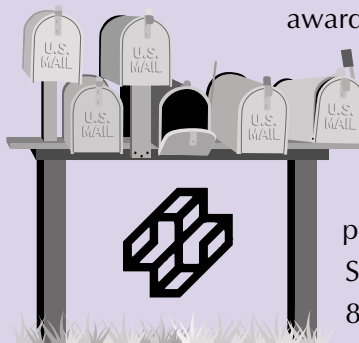
No, not the envelope with Ed McMahon's picture . . . something much better!

Your HFMA 2000-2001 Alabama Chapter Directory will be arriving soon, so be watching your mail.

This directory is chock-full of information about HFMA, both on a National and Chapter level. In addition to having the names, addresses, phone numbers and many e-mail addresses of fellow members,

you'll have information about membership, awards, committees, councils AND MUCH MORE right at your fingertips.

Directories will be mailed the first part of November. If you haven't received yours by December, please contact Tracey Berke, Member Service Directory Chairperson at (205) 838-6146.



Voluntary Repayments to Medicare Fiscal Intermediaries

by R. Marcus Givhan, Esq. and Andrew D. Block, Esq.
Johnston Barton Proctor & Powell LLP

With the complexity of the Medicare program and the penalties associated with failure to follow all of the rules and regulations, many health care providers have taken the initiative and established compliance programs designed to uncover any improper payments made by the Medicare program. Upon the discovery of an overpayment, providers should make repayments to the appropriate Medicare fiscal intermediary. In May of 2000, the Health Care Financing Administration ("HCFA") issued a program memorandum, Transmittal AB-00-41, to provide guidance to intermediaries on the issue of voluntary repayments made by providers to the Medicare program. This memorandum directly affects the information a provider should submit to an intermediary when making a voluntary repayment.

When submitting a voluntary repayment to an intermediary, a provider should consider including


the following information in a letter accompanying its repayment:

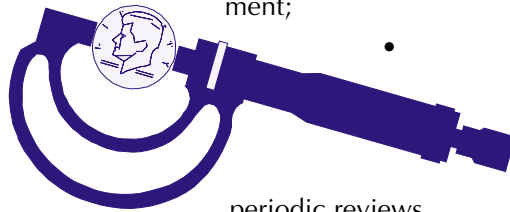
- the name and address of the provider;
- the provider's provider number;
- a detailed description of the circumstances surrounding why the repayment is being made;
- a description of how the provider identified the overpayment, outlining the steps taken by any internal investigation conducted by the provider;
- a description of the sampling techniques used to identify the overpayment;
- the steps the provider has taken to ensure that the circumstances causing overpayment will not reoccur, including the dates the corrective actions were taken. Examples of steps a provider may take to prevent a similar occurrence include:

- the hiring of an outside consultant;
- educational programs for employees involved in the overpayment;
- periodic reviews to ensure that the cause of the overpayment issue has been corrected;
- the provider should identify the patient records involved in the overpayment, and the provider should consider attaching the records with the voluntary repayment; and
- the methodology used to determine the amount of the overpayment.

If a provider fails to include all of the above information, intermediaries have been instructed by HCFA to question the provider to determine the answers to these issues. Instead of taking a reactive approach by providing as little information as possible

initially, a provider should consider taking the initiative by providing this information with its repayment. This strategy gives the provider an opportunity to cast the facts and circumstances surrounding the overpayment in the best light possible.

It is important to note, that unlike the escrow provision in the OIG Voluntary Self-Disclosure Protocol, a provider should submit a refund check to the intermediary for the amount of the repayment. Fiscal intermediaries have been instructed by HCFA to accept provider refund checks regardless of the amount of the repayment. If a provider offers to make a repayment in a case currently under investigation by the OIG or the United States Attorneys' Office, HCFA requires that the intermediary contact the OIG before accepting the repayment. Under these circumstances, a provider should only make a voluntary repayment upon the advice of counsel. 



Revenues and Receivables

An Accounting and Auditing Update for Healthcare Professionals

by John Thrasher, CPA
Ernst & Young, LLP

On March 10, 2000, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position 00-1 "Auditing Health Care Third-Party Revenues and Related Receivables" based upon recommendations of the AICPA Health Care Third-Party Revenue Recognition Task Force.

The Statement of Position (SOP) provides additional guidance to auditors of health care providers regarding uncertainties inherent in health care third-party revenue recognition. It discusses auditing matters to consider in testing third-party revenue and related receivables, including the effects of settlements (both cost-based and non-cost-based third-party payment programs), and provides guidance regarding the sufficiency of evidential matter and reporting on financial statements of health care entities exposed to material uncertainties. While the SOP is intended primarily for audit professionals, it should be of particular interest to those health care providers whose financial statements will be subject to the standard.

The SOP applies to audits of health care organizations falling within the scope of the AICPA Audit and Accounting Guide

Health Care Organizations (the Guide). Its provisions are effective for audits of periods ending on or after June 30, 2000, and early application is permitted.

Background

Most health care providers participate in payment programs that pay less than full charges for services rendered. With increasing frequency, even non-cost-based programs (such as the Medicare Prospective Payment System) have become subject to retrospective adjustments (for example, billing denials and coding changes). Often, such adjustments are not known for a considerable period of time after the related services are rendered.

The lengthy period of time between rendering services and reaching final settlement, compounded further by the complexities and ambiguities of reimbursement regulations, makes it difficult to estimate the net patient service revenue associated with these programs. This situation has been compounded due to the frequency of changes in federal program guidelines.

The Guide requires that

patient revenues be reported net of provisions for contractual and other adjustments (paragraph 10.20). As a result, patient receivables, including amounts due from third-party payors, are also reported net of expected contractual and other adjustments. However, amounts ultimately realizable will not be known until some future date, which may be several years after the period in which the services were rendered.

Inherent Uncertainties

Health care providers need to estimate amounts that ultimately will be realizable in order for revenues to be fairly stated in accordance with

generally accepted accounting principles (GAAP). The basis for such estimates may range from relatively straightforward calculations using information that is readily available to highly complex judgments based on assumptions about future decisions.

Providers doing business with governmental payors (for example, Medicare and Medicaid) are subject to risks unique to the govern-

ment-contracting environment that are hard to anticipate and quantify and that may vary from entity to entity.

Such factors often result in retrospective adjustments to interim payments. Reasonable estimates of such adjustments are central to the third-party revenue recognition process in health care, in order to avoid recognizing revenue that the provider will not ultimately realize. The delay between rendering services and reaching final settlement, as well as the complexities and ambiguities of billing and reimbursement regulations, makes it difficult to estimate net realizable third-party revenues.

Management's Responsibilities

Management is responsible for the fair presentation of its financial statements in conformity with GAAP. Management also is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, record, process, summarize, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements. Despite the inherent uncertainties,



management is responsible for estimating the amounts recorded in the financial statements and making the required disclosures in accordance with GAAP, based on management's analysis of existing conditions.

Management's assertions regarding proper valuation of its revenues and receivables are embodied in the financial statements.

Management is responsible for assuring that revenues are not recognized until their realization is reasonably assured. As a result, management makes a reasonable estimate of amounts that ultimately will be realized, considering—among other things—adjustments associated with regulatory reviews, audits, billing reviews, investigations, or other proceedings. Estimates that are significant to management's assertions about revenue include the provision for third-party payor contractual adjustments and allowances.

Management also is responsible for preparing and certifying cost reports submitted to federal and state government agencies in support of claims for payment for services rendered to government program beneficiaries.

The Auditor's Responsibilities

The auditor's responsibility is to express an opinion on the financial statements taken as a whole. In reach-

ing this opinion, the auditor considers the evidence in support of recorded amounts. If amounts are not known with certainty, the auditor considers the reasonableness of management's estimates in the present circumstances.

The auditor also considers the fairness of the presentation and adequacy of the disclosures made by management.

In planning the audit, the auditor considers current industry conditions, as well as specific matters affecting the entity. Among a number of things, the auditor's procedures typically include an analysis of historical results (for example, prior fiscal intermediary audit adjustments and comparisons with industry benchmarks and norms) that enable the auditor to better assess the risk of material misstatements in the current period. When there are heightened risks, the auditor performs more extensive tests covering the current period.

With respect to auditing third-party revenues, in addition to the usual revenue recognition considerations, the auditor considers whether amounts ultimately realizable are or should be presently known or are uncertain because they are dependent on some other future, prospective actions or confirming events.

Management is responsible for preparing the estimates contained in the


financial statements. The auditor evaluates the adequacy of the evidence supporting those estimates, reviews the facts supporting management's judgments, and evaluates the judgments made based on conditions existing at the time of the audit. The fact that net revenues recorded at the time services are rendered differ materially from amounts that ultimately are realized does not necessarily mean the audit was not properly planned or carried out. Similarly, the fact that future events may differ materially from management's assumptions or estimates does not necessarily mean that management's estimates were not valid or the auditor did not follow generally accepted auditing standards (GAAS) as described in the SOP with respect to auditing estimates.

Conclusion

The SOP outlines standards for evidential matter and reporting criteria that the auditor should consider during the course of the financial statement audit. Additional guidance and specific examples are provided to assist in analyzing potential departures from GAAP related to unreasonable accounting estimates, use of inappropriate accounting principles, and inadequate financial statement disclosure.

An appendix to the SOP further outlines audit

considerations related to governmental investigations. The nature of alleged fraud and abuse violations creates an uncertainty with respect to the valuation of revenues. Management makes provisions in the financial statements and disclosures for any contingent liabilities associated with fines and penalties due to violations of the anti-fraud and abuse laws. Financial Accounting Standards Board Statement of Financial Accounting Standards No. 5, Accounting for Contingencies, provides guidance in evaluating contingent liabilities, such as fines and penalties under applicable laws and regulations. A key component being that estimates of potential fines and penalties are not accrued unless their payment is probable and reasonably estimable.

This is a busy time of the year for healthcare providers and auditors alike. Providers with June 30 year-ends are in process of convening audit committee and board meetings, auditors are commencing fieldwork on September 30 year-end providers, and providers along with their auditors who are on the calendar cycle are planning for their audits. Take a moment to review and consider the recommendations outlined in the SOP. 

John Thrasher, CPA is manager in Ernst & Young's Birmingham Health Care Practice.

Patient Access: A Window of Opportunity to Improve Cash Flow

by Jim Smith, Senior Consultant,
Accelerated Receivables Management, LTD

You've heard all the excuses. "The competition does not collect at time of service" or, "the staff does not feel comfortable asking patients for money." These are only a few of the reasons some providers resist collecting at the time of service.

Our current climate of rising insurance premiums, co-payments and deductibles, plus an uninsured population exceeding 44 million (and growing), creates a real challenge for providers and their Patient Access departments to implement point-of-service collections.

Providers can no longer afford to bill patients for low-dollar co-payments and deductibles. Often times, human and material resources required to collect these dollars exceed anticipated dollars to be collected. Patient Accounting personnel should be expending their energies tackling the "high dollar" accounts and following through on the complex requirements and seemingly infinite reasons for third party payer delays in provider payments. These accounts must take precedent over small balance, self-pay accounts; yet, given

squeezed reimbursement, you certainly do not want to miss the opportunity to collect these dollars. Averaging 5% or more of the typical providers' accounts receivable, the cash flow impact of gaining these dollars can be significant to a positive bottom line.

Where to Start

Definitely, at time of scheduling and preregistration for elective/non-emergent patient services. This is the opportune time as the patient is given advance notice of payment expectations based on their level of insurance coverage and the services they are receiving. If the patient is not scheduled in advance, then the request should occur **prior** to their receiving services.

Approaching Patients Regarding Point-of-Service Collections

This is a multiple step process focusing on gaining the monies due and/or a commitment to pay. Minimally, steps should include:

1. Ask patients to pay, don't ask them if they would like to pay. A good request for payment would be, "Your insurance co-payment is \$25, how **will you** be paying that today?" Be sure your staff is prepared to accept

cash, checks, and charges (including debit cards). Consider a cash discount (typically 5-15% of outstanding balance) as an enticement to "full payment" when made prior to or at time of service.

2. If they are unable to pay the full amount, request 50% of the patient portion due.

Do not offer the discount on partial payment; otherwise, the patient has no financial incentive to make full

payment. Partial payment shows a commitment to pay and gains the organization immediate cash flow and is certainly desirable versus no payment at all.


3. If the patient continues to resist, ask the patient if they will be able to pay the bill within fifteen (15) days of receiving a statement.

Letting them know at time of service that this is an expectation and following through with timely statementing is critical to accelerating cash flow and/or the time cycle to turn accounts over to collections.

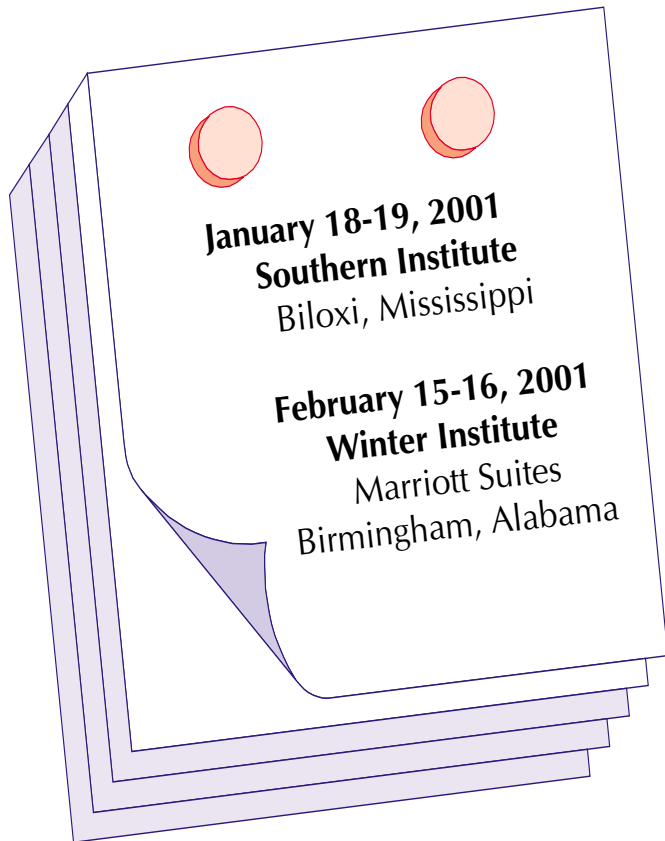
4. If the patient expresses an inability to pay a minimum of 50% of their Patient portion within fifteen days of receiving a statement, a referral to Financial Counseling may be desirable. At the very least, this action lets

the patient know that the provider takes payment for services seriously and may prompt those patients that really can pay (but just don't want to) to come forth with a payment. And for those truly unable to pay, prompt financial intervention may surface alternative methods for payment via state, county and/or federal aid programs. This minimizes your risk and helps the patient access financial resources.

5. When all else fails and the patient does not qualify for any alternative payment, be prepared to contact the ordering Physician to determine of the test/service can be delayed until financial resources are available. If this is not possible, consider offering bank loans. This conveys the message that you are extending credit to the patient, and like any other credit, you have an expectation to be paid back in full.

Successful providers, varying due to size and level of success, have gained up to a million dollars annual revenue from point-of-service collections. Given the shrinking profit margins for most providers, this can be a contributing factor to profitability that can no longer be ignored. 

Mark Your Calendars Now & Make Plans To Attend ...



LOOKING AHEAD

This is our last issue of *Bama Chatter* in the year 2000. Have a happy and safe holiday season and we'll see you in January with much more HFMA news!

Dawn Walton, CPA

Editor

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