

## President's Message

### The Value of Networking

One of the objectives from our Strategic Plan, under the goal of professional and career enhancement, is to provide our members the opportunity to develop a network of their peers. But is there real value in networking or is this merely one of today's "buzz words" used to justify time away from the office to have a few drinks and socialize?

This word is tossed about pretty freely among business circles, but exactly what does it mean to us as members of HFMA? Networking is a sharing of information, making contacts within the healthcare industry. It is a way for us to expand our capabilities by drawing on the expertise of others and it allows us to share our successes and failures with others who understand what we do. It provides us an opportunity to bounce ideas off one another and improve our processes.

Networking is getting to know people who are interested in the same things you are. We can make new friends and acquaintances whom you can feel comfortable in calling to talk over a problem or situation. Networking increases your visibility, helping you find people and people find you. (Did you know that only about 5-10% of all new jobs are actually posted in the classifieds or on the Internet? The rest are filled by word of mouth.)

Networking is a strategic investment of your time. Strive to network with those you have the most to learn from, but be sure you make the contact rewarding for them as well. Be a good listener, empathetic and supportive. Asking open ended, exploratory questions can be even more useful than offering your own opinions or knowledge.

So the next time you're given the opportunity to network with all of the beautiful people in our association—say the upcoming member meeting—go for it! I absolutely believe it will be key to the success of your career. Cindi

### In Memory

We were saddened to learn of the death of Marlene Taylor, a long-time member of the Eastern Michigan Chapter. Marlene was employed by Mercy Memorial Hospital in Monroe and served on both the Managed Care and Fall Conference Committees for many years. She was also a recipient of the Follmer Bronze (1996) and the Reeves Silver (1999) awards. Our deepest sympathies go out to Marlene's family and friends.

### Have a Happy and Healthy Thanksgiving



### MEMBER MEETING

#### A Potpourri of Healthcare Issues

Topics to Include:

Where are we headed given President Bush's re-election?

Medicare Payment for Medical Education Activities

Current and Future Issues Impacting Prescription Drug Trends

Service Line Profitability Analysis and Strategy

Thursday, November 18, 2004

Ukrainian Cultural Center

Sign Up on line at:

[www.hfma-emc.org](http://www.hfma-emc.org)

# September Insurance & Reimbursement Committee Meeting Report

*Submitted by Ted Rozwadowski*

At the 9/16/04 Insurance & Reimbursement Committee, Vickie Seal of the MHA reported on Medicare issues. This included a detailed presentation on the 2005 Outpatient PPS Proposed Rule, a review of HIPPA compliance, the fy05 Wage Index, and other Medicare changes for fy05. The free MHA Wage Index improvement seminars are tentatively scheduled for Oct 26<sup>th</sup> & 27<sup>th</sup>. Vickie also reported on Medicaid issues including: the State's fy05 Budget, QAAP, Adult Benefit Waiver, DRG Rebasing, GME payments, and the Medicaid HMO Re-Bid process. Vickie also presented data on Michigan Hospital Margins and A/R days, and briefly discussed BCBSM issues.

Kay Felt of Dykema Gossett, PLLC discussed Class Action Lawsuits by uninsured patients against 46 Non-profit hospitals, including 2 in Michigan. The terms of settlement by one non-profit hospital were discussed in detail. Key issues are: charges related to cost, discounts for the uninsured, sufficient charity care to maintain tax-exempt status, Emtala compliance, and fair collection practices.

Ken Marcus will discuss Graduate Medical Education at the next meeting on 11/18/04. The Reimbursement meeting will be combined with the Member Meeting at the Ukrainian Cultural Center. Medical Education Directors are invited to attend.

## **CERTIFICATION CHANGES TAKE EFFECT**

New HFMA certification requirements became effective June 1, 2004. Changes to certification eligibility and maintenance requirements are driven by changes to the Founders Award points (these now include only volunteer contributions to HFMA—effective June 1, 2004) as well as elimination of parallel points.

For Certified Healthcare Financial Professionals (CHFPs), all requirements are the same with the exception of the following:

- Education requirements now allow for 60 contact hours of professional development activities as an alternative to the 60 semester-hour requirement.
- Career development points (a combination of 40 Founders points and parallel points) are no longer required.
- A one-time, nonrefundable \$25 application-processing fee will apply.

For Fellows of the Healthcare Financial Management Association (FHFMA), all requirements are the same with the exception of the following:

- The education requirement can be met by earning a bachelor's degree or 120 semester hours from an accredited institution.
- The 200-point education requirement has been replaced with three options for meeting a volunteer activity requirement.

Maintenance of designations through continuous education remains on the three-year cycle. Maintenance requirements are now based on earning education contact hours versus Founders or parallel points. For more information about the new certification requirements, please contact Bernadette Clark at (800) 252-4362, ext. 311 or [bclark@hfma.org](mailto:bclark@hfma.org).

### **Healthcents Newsletter :**

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Please send all comments/questions/articles to me at the above e-mail address. Future submission deadline dates are:

**January 2, 2005**  
**March 1, 2005**  
**May 1, 2005**

Thank you for your continued support!



# WELCOME NEW MEMBERS

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## Congratulations!

Congratulations to Lori A. Allison, who recently completed all requirements to become a Certified Healthcare Financial Professional with a specialty in Financial Management of Physician Practices. Lori is the Physician Billing Manager at Covenant HealthCare, Inc.

### STARK AFTERMATH: WHAT SHOULD HOSPITALS BE DOING NOW?

Maria B. Abrahamsen  
Dykema Gossett PLLC  
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The most recent amendments to the federal physician self-referral ("Stark") regulations became effective on July 26, 2004. The most significant changes under the new regulations relate to hospital payments to recruit physicians who will **not** provide services directly to the hospital, but who will simply engage in private medical practice. Hospital should respond to the regulations by doing the following:

**1. Calculate "the geographic area served by the hospital."**

This area is defined in the new regulations as the smallest number of contiguous zip codes from which the hospital draws 75% of its inpatients. Recruits must practice **outside** this area prior to the recruitment (unless the recruit is a resident or has practiced less than one year) and practice **inside** this area as a result of the recruitment.

**2. Review all existing recruitment arrangements for compliance with the revised regulations.**

Even arrangements that were established **before** July 26, 2004 must comply with the new regulations on and after July 26. The new regulations also apply as of July 26 to recruitment agreements that are in the "forgiveness phase," i.e. while the recruit's obligation to repay support is being forgiven in exchange for staying in the community.

**3. Modify the hospital's standard recruitment agreement to conform to the new Stark regulations.**

Each hospital's recruitment agreement needs to comply with the revised regulations. For example, the recruitment portion of the regulations includes new recordkeeping requirements. In addition, if the recruit is joining an **existing** physician or practice, there are restrictions on the expenses that may be included in income guarantees and the existing physician/practice may not restrict the recruit's ability to practice, such as a non-compete agreement.

## The “New and Improved Medicare:” It’s Not Just About Prescription Drugs – The Medicare You Have Come to Know and Love is Gone Forever.

Jeanne Scott, Health-Politics.com

The Medicare Modernization and Improvement Act of 2003 will be fully implemented by 2006. Did you know that adding a prescription drug benefit is only a small part of the new law? Do you know that the law cuts \$12 billion from hospital reimbursement over the next ten years? Did you know the new law assumes that physician payments will decline by 4-5% annually over the next ten years? Did you know that the new law includes provisions for HIPAA-Phase Two, HIPAA-Phase Three, and HIPAA-Phase Four?

Michigan’s own in Washington, Jeanne Scott, talking head-in-chief of health-politics.com and commentator and publisher of [theJeanneScottletter](#) was on hand once again at the 51<sup>st</sup> Annual Michigan HFMA Fall Conference to share her thoughts on the Medicare Prescription Drug Improvement and Modernization Act of 2003...or as she likes to call it the “new and improved Medicare” or “NAIM”.

Based upon past Medicare experience there could be 256 pages of regulations for every page in the original law. This may mean at least 174,336 pages of regulations yet to come, and this doesn’t include the incalculable pages of manuals, instructions, and guidelines—Happy Reading!

NAIM says that it will charge premiums based on President Bush’s budget of \$37/month in 2006 and increase each year after. The law states that the program is voluntary and no one has to sign up but there will be limited enrollment times and if you don’t enroll initially, penalties (which call for 1% per month cumulative) may be assessed later. Therefore if you assume that a healthy senior at 65 waits 5 years until age 70 to sign up they could potentially be assessed a 60% penalty, or approximately \$112/month for the same limited drug coverage.

Yes, the NAIM provides seniors with drug discount cards—actually there are 42 separate card offerors, with at least (so far) 107 different options. Therefore many elderly face a confusing array of alternatives. The new CM<sup>2</sup> website is supposed to help but fewer than 20% of seniors are web-savvy, not to mention that the website is full of inaccuracies. Also, these discounts are calculated off of “retail” prices. Twenty-five percent off of retail is hardly a big savings.

So what exactly is the cost of this new and improved plan? Based on the official 2003 White House estimates the cost is \$395 billion. However, based on President Bush’s budget the estimated cost is \$534 billion. And if you believe the 2003 Medicare Actuary the cost is more like \$645 billion . . . or more!

And what about the Donut Hole? Seniors will pay premiums varying between \$37 to \$70 per month. They will also pay 25% of drug costs from \$251 to \$2,250 with Medicare picking up the other 75 percent. After \$3,600 seniors pay only 5% on each prescription. The Donut Hole: Medicare pays **nothing** from \$2,251 - \$3,600 per year.

The final law, effective 1/1/06, provides a means-test for the new drug benefit AND for Part B with graduated benefits based on income levels. Beneficiaries with incomes between \$80,000 and \$100,000 will pay 35% of the government’s costs; between \$100,000 and \$150,000 will pay 50%; between \$150,000 and \$200,000 will pay 65%; and finally beneficiaries with incomes exceeding \$200,000 will pay 80% of the government’s costs. Those opposed to this would argue that this concept merely welfarizes Medicare—that it becomes no longer an entitlement. Still to be decided: Who will administer this test . . . Social Security Administration or the Internal Revenue Service? If the IRS, is it a tax? If SSA, how? Can you spell b-u-r-e-a-u-c-r-a-c-y?

Jeanne discussed several other issues related to the NAIM such as annual indexing of the Part B deductible, Medicare/Medicaid dual eligibilities, hospital reimbursement cut-backs, fraud and abuse recovery audits, and moving HIPAA to new levels with electronic prescriptions standards, the establishment of a commission on systemic interoperability, and the examination of outcomes measurement and research. She also touched on competition benchmarking, private plan rebates, the unregulated pharmaceutical industry and the concept of fiscal restraint in keeping the cost of Medicare below a cap.

So as you can clearly see, this is the beginning of the end of the Medicare we have all come to know and love!

For those of you who have had the pleasure of hearing Jeanne Scott speak you know that she always ends her presentations with her own “Top 10” list. With her permission, below is the list from her October 14<sup>th</sup> presentation:

### Only in America . . .

10. Only in America . . . can a pizza get to your house faster than an ambulance?
9. Only in America . . . do banks leave both doors open and then chain the pens to the counters?
8. Only in America . . . do people order double cheeseburgers, large fries, and a diet soda?
7. Only in America . . . are there handicap-parking places in front of a skating rink?
6. Only in America . . . do we use answering machines to screen calls and then have call waiting so we won’t miss a call from someone we didn’t want to talk to in the first place?
5. Only in America . . . do we leave cars worth thousands of dollars in the driveway and put out useless junk in the garage?
4. Only in America . . . do we buy hot dogs in packages of ten and buns in packages of eight?
3. Only in America . . . do they have drive-up ATM machines with Braille lettering?
2. Only in America . . . do drugstores make the sick walk all the way to the back of the store to get their prescriptions while healthy people can buy cigarettes up front?
1. Only in America . . . do we use the word “politics” to describe the process so accurately: “Poli” in Greek meaning “many” and “tics” meaning “bloodsucking creatures”?

# Eastern Michigan Chapter 2004-2005 Calendar

## **NOVEMBER**

November 10, 2004 Internal Audit Committee ( St. John, 28000 Dequindre, room N14; 3:30PM)  
November 18, 2004 Member Meeting – (Ukrainian Cultural Center 8AM)

## **DECEMBER**

December 8, 2004 Internal Audit Committee ( St. John, 28000 Dequindre, room N14; 3:30PM)

## **JANUARY**

January 2, 2005 HealthCents Submission deadline  
January 12, 2005 Internal Audit Committee ( St. John, 28000 Dequindre, room N14; 3:30PM)  
January 20, 2005 Insurance & Reimbursement Committee (Robbins Executive Park West, Troy;  
8:30AM)  
January 25, 2005 Member Meeting – (Providence Hospital, 8AM)

## **FEBRUARY**

February 2, 2005 Managed Care Committee (St. John, 28000 Dequindre; room CQI;8:30AM)  
February 9, 2005 Internal Audit Committee ( St. John, 28000 Dequindre, room N14; 3:30PM)  
February 17, 2005 Insurance & Reimbursement Committee(Robbins Executive Park West, Troy;  
8:30AM)

## **MARCH**

March 1, 2005 HealthCents Submission deadline  
March 9, 2005 Internal Audit Committee ( St. John, 28000 Dequindre, room N14; 3:30PM)  
March 24, 2005 Member Meeting - Ins & Reimbursement Update (Holiday Inn –Livonia; 8AM -4PM)

## **APRIL**

April 6, 2005 Managed Care Committee (St. John, 28000 Dequindre; room CQI;8:30AM)  
April 13, 2005 Internal Audit Committee ( St. John, 28000 Dequindre, room N14; 3:30PM)  
April 21, 2005 Insurance & Reimbursement Committee(Robbins Executive Park West, Troy;  
8:30AM)

## **MAY**

May 1, 2005 HealthCents Submission deadline  
May 11, 2005 Internal Audit Committee ( St. John, 28000 Dequindre, room N14; 3:30PM)  
May 18, 2005 Member Meeting –Greektown Casino  
May 19, 2005 Insurance & Reimbursement Committee (Robbins Executive Park West, Troy;  
8:30AM)

## **JUNE**

Annual Golf Outing Date TBD

**MARK YOUR CALENDARS!**



## **2004-05 Eastern MI Chapter's Membership Directory Roster**

Use the following link to access the chapter's membership roster <http://www.hfma-emc.org>. When you select "Member Directory", not only can you search for members of our chapter, but you can also search for all your HFMA colleagues by name, company, and location - regardless of chapter!

If you would prefer to receive a copy of the chapter's membership roster or have any questions, please contact Susan Stokes, at 586-786-9532 or <mailto:susan-stokes@hfma-emc.org>

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