



**hfma** Eastern Michigan Chapter  
healthcare financial management association



# HealthCents

November 4, 2008  
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Chapter Web site: [www.hfmaemc.org](http://www.hfmaemc.org)



## President's Message

*By Steve Collard*

I was reflecting in my office about the piles of paper and other signs of the hurricane that recently whipped through my office, known as "The 2009 Budget." Sometimes I wonder why I got into finance, and why healthcare finance? Those of us in this healthcare finance field know the stresses of the current system and how difficult it is for our organizations to answer the call. It can be a substantial burden and takes many hours of our lives to stay on top of it all.

Then my thoughts went back to exactly a year ago when my brother was facing his own personal health crisis. For a time, when he was in critical care, I thought I was never going to have the opportunity to speak with him again. But he received excellent care. He was the beneficiary of expertise and technology that saved his life, with a lot of prayer thrown in for good measure. Words can't describe the moment when he spit that vent tube out and started talking to us again. And he improved, and many days later he walked out of that hospital.

We in healthcare finance were, at least in part, responsible for that miracle and thousands more of them that occur every day. We help our organizations plan for the future. We help distribute limited resources in the most effective way possible. It is worth it. We can and do make a difference.

All the more reason then to sharpen our skills and deal with the ever-changing world of health care financial management. I would like to offer my congratulations to the Fall Conference Committee for a very successful and informative Fall Conference that took place September 25-26, 2008 in Plymouth. I hope you were able to attend, or that you will find the time to attend one of our excellent chapter educational sessions that are highlighted on page 5 of the newsletter. Join us at the Revenue Cycle session on November 20 at the Radisson in Livonia entitled "The Future of the Front End." It's not too late to connect with one of our committees and get involved with your peers as we work together to understand and effectively manage the challenges our organizations face. Check out the web site at [www.hfmaemc.org](http://www.hfmaemc.org) to see a detailed schedule of meetings.

Looking forward to making connections with you,  
Steve

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## Up Front – Editor’s Letter

By: *Maryanne VanHaitsma*  
*Detroit Medical Center*  
[mvanhait@dmc.org](mailto:mvanhait@dmc.org)

### CHANGE

We hear this word many times during the course of the day, particularly with the recent presidential election. What does this really mean? Every day in our lives, we experience change but do we really think about all the change we experience? At the store, they do not make the same toothpaste for my children that they absolutely love, so I substitute with something that I think they will like, but of course, I am wrong.

I am driving to work one day, and the next day there is construction on the same route that results in a longer drive of 10 minutes. This is change that I do not like, but I know that tomorrow the construction may move to a different location. This too is change. Today gas prices are \$2.20 per gallon but a mere two months ago, gas prices were \$4.20 per gallon. I also recognize that we may go back to these higher prices.

Living in Michigan, we have learned one thing.....change is all around us. We live in a state that experiences seasons and a state that has been in economic turmoil. Living here, we are forced to accept and adapt to change or suffer because of our desire to ignore the change around us. We always hope that change will lead to something better, and that optimism is important. We have chosen the profession of healthcare which is no stranger to change. I have been in healthcare for many years and have definitely seen many seasons pass and have learned to accept and deal with change. It is important to be part of the train that works with these changes and helps others to accept change.

Please submit articles to Maryanne VanHaitsma [mvanhait@dmc.org](mailto:mvanhait@dmc.org) or Jo Ann Roberts [JRoberts@beaumont-hospitals.com](mailto:JRoberts@beaumont-hospitals.com). The submission dates are as follows for the 2008-09 year:

- 1/15/2009
- 3/14/2009
- 5/15/2009
- 6/16/2009

## How To Communicate With Patients Who Won't

*By: Dave Cavell*

*Business Office Director, Chelsea Community*

[dcavell@ccch.org](mailto:dcavell@ccch.org)

We have listening skills and training techniques to help us cope with patient complaints, concerns or questions. But how do we communicate with patients who won't communicate. The hospital sends out bills and our patients often do not respond. We call and leave messages and they do not call back. What can we do to improve lines of communication?

In addressing the healthcare patient payment issues there are options. The patient could be eligible for Medicaid, apply for disability, COBRA, apply for Charity Care, establish payment arrangements. There are many options but if there isn't any communication then nothing can be considered.

Please consider the following for guidelines to improve communication with patients:

1. Communication before the service clarifies issues and potential problems as well as opens lines of communication. Benefits and verification groups are key to this communication opportunity.
2. Clarification and repeated information at the time of service or registration site can clean up any unresolved issues.
3. Advance notification and information availability including common questions on your internet site can aide.
4. The billing statement should include several alternative ways of communicating with hospital personnel.
5. Hospitals that follow-up on clinical services to ensure patient comfort can also be a tool to offer help or reference to problem solving.
6. Often in our community hospital environment patients have come to know our billing personnel by name. They develop a respectful relationship with the billers. Such relationships are encouraged because they give a human identity to the hospital.
7. At St. Louis Children's Hospital they developed a single point of contact for financial concerns. The position is called "kidGuide" . a "kidGuide" is assigned to a new patient upon initial service and that person becomes a permanent financial guide throughout the healthcare process. When questions or difficulties develop a patient's family feels comfortable in contacting their "kidGuide" for help. Open lines of communication resolve a lot of problems for everyone.

To be successful in communication as well as get action from your customers, adapt your communications to other peoples needs.

## Membership Committee News

*By Christina Wong and Michael Berryman*

New Members of the Eastern Michigan Chapter are an important part of the chapter's continued success. Please take a moment to contact our new members and share your experiences about our chapter. We value their membership and encourage them to become active on chapter committees.

**Jay Greer**, Supply Chain Executive  
Cardinal Health  
[Jay.greer@cardinalhealth.com](mailto:Jay.greer@cardinalhealth.com)

**Kenneth J. Walker**, Field Manager, Provider Services  
Health Plan of Michigan  
[kwalker@hpmich.com](mailto:kwalker@hpmich.com)

**Sandra D. Gooden**, Accounts Receivable Manager  
Botsford General Hospital  
[sgooden@botsford.org](mailto:sgooden@botsford.org)

**Rose Dennis**, Payor Contract Specialist  
William Beaumont Hospital  
[rdennis@beaumont-hospitals.com](mailto:rdennis@beaumont-hospitals.com)

**E M Maloziec**,  
[rw00192000@yahoo.com](mailto:rw00192000@yahoo.com)

**Greg Brake**, Director of Business Development  
Divdat  
[gbrake@divdat.com](mailto:gbrake@divdat.com)

**Cynthia M. Robinette**, Healthcare Manage  
Blue Cross Blue Shield of Michigan  
[crobinette@bcbsm.com](mailto:crobinette@bcbsm.com)

**David M. Lick**, Attorney  
Foster, Swift, Collins & Smith, P.C.  
[dlick@fosterswift.com](mailto:dlick@fosterswift.com)

**Alexander Sprio**, Chairman/CEO  
Fisher Consulting Services, Inc.  
[asprio@fisherconsulting.com](mailto:asprio@fisherconsulting.com)

## HERE'S HOW THE 2008-09 MEMBER-GET-A-MEMBER (MGAM) PROGRAM WORKS:

- Recruit one or two new members who begin their membership between June 1, 2008, and April 30, 2009, or former\* HFMA members who reactivate their membership between August 1, 2008, and April 30, 2009, and you will win your choice of an HFMA apparel item (approximate retail value of \$25) or a \$25 Fuel Visa® Prepaid Card.\*\* Fuel cards can be used at the gas station of your choice or anywhere Visa debit cards are accepted worldwide.
- Recruit three or four new and/or former\* HFMA members and you will receive a \$100 Visa prepaid card good anywhere Visa debit cards are accepted worldwide. You will also be entered into a drawing among all those recruiting three or four to receive a \$1,000 cash prize.
- Recruit five or more new and/or former\* members and you will receive a \$150 Visa prepaid card. You will also be entered into a drawing among all those recruiting five or more to receive a \$2,500 cash prize.

\*Sponsors will receive credit in the Member-Get-A-Member campaign for former members who reinstate (reactivate) their memberships between August 1, 2008, and April 30, 2009. Sponsors will also continue to receive credit in the Member-Get-A-Member campaign for new members who join (or have joined) between June 1, 2008 and April 30, 2009.

\*\* Cards are issued by Citibank, N.A. pursuant to a license from Visa U.S.A. Inc. and managed by Ecount, a Citi company.

## Chapter Calendar

Click link for entire 2008-09 Calendar

[www.hfmaemc.org/ChapterCalendar.htm](http://www.hfmaemc.org/ChapterCalendar.htm)

### Chapter Calendar Highlights for November, December & January

November				
11/5/2008	Managed Care Committee Meeting	8:30 - 10:30AM	St John Corp Offices 27800 Dequindre Rd Room TBD	
11/7/2008	Membership Committee Conference Call	1-2PM		
11/18/2008	Financial Analysis Decision Support	8:30 - 10:30AM	St John Corp Offices 27800 Dequindre Rd Room S-7	
11/20/2008	Member Meeting	1-5PM	Radisson Hotel - 17123 Laurel Park Dr., Livonia, MI 48152	Topic: The Future of the Front End Presented by: Revenue Cycle Committee
11/21/2008	Financial Accounting & Reporting	8:30 - 10:30AM	500 Stephenson Hwy., Troy, 1st Floor. Park @ 530 Bldg.	
December				
12/5/2008	Membership Committee Conference Call	1-2PM		
12/18/2008	I & R Committee Meeting	8:30 - 10:30AM	500 Stephenson Hwy., Troy, 1st Floor. Park @ 530 Bldg.	
12/19/2008	Officers' Conference Call	7:30 - 8:30AM		
January				
1/7/2009	Managed Care Committee Meeting	8:30 - 10:30AM	St John Corp Offices 27800 Dequindre Rd Room TBD	
1/9/2009	Membership Committee Conference Call	1-2PM		
1/15/2009	Member Meeting	Morning	Andiamo 6676 Telegraph Rd., Bloomfield, MI 48301	
1/15/2009	Board Meeting	Following meeting	Andiamo 6676 Telegraph Rd., Bloomfield, MI 48301	
1/15/2009	Newsletter		Submission Deadline for HealthCents	Published 1/31/2009
1/20/2009	Financial Analysis Decision Support	8:30 - 10:30AM	St John Corp Offices 27800 Dequindre Rd Room S-7	
1/22/2009	I & R Committee Meeting	8:30 - 10:30AM	500 Stephenson Hwy., Troy, 1st Floor. Park @ 530 Bldg.	
1/23/2009	Financial Accounting & Reporting	8:30 - 10:30AM	500 Stephenson Hwy., Troy, 1st Floor. Park @ 530 Bldg.	

## Social Activities Committee HFMA Night at Comerica Park

By: Pete Stewart

HAP

pstewart@hap.org

On Monday, August 25th The HFMA Social Activities Committee put on a HFMA Family and Friends night at Comerica Park. The Cleveland Indians were in town and spoiled the party by defeating the Tigers by a score of 4-3. Prior to the game thirty of the attendees got together at Nemos to network in the private backroom. A fun time was had by all with members sharing some laughs and enjoying some cold adult beverages.



"We must be in the front row....NOT" Rob and Pete hanging out in the last row with a member of ZZ Top and a couple groupies.



Sherry White and her daughter share a hug with Paws, the Tiger's mascot.



On the lighter side of Nemo's back room various members including Steve Loree, Tina Wood, Mary Whitbread, Mark McIntosh, and Kristi Nagengast enjoy the networking session.



Members Pete Stewart, Vince Barrett, Norm Vandemer and Sue Dimic enjoy a few cold adult beverages with their guests in the shady back room at Nemos.

## Chief Financial Officer Profile Gary Romanelli



Organization: **Lakeland Center for 10 years**  
 Title: **Chief Operating Officer & Chief Financial Officer**  
 HFMA Member Since: **1981**  
 Years in current position: **3 years**

Joined HFMA because: **To keep abreast of issues and challenges facing the Healthcare Industry.**

Biggest issue facing health care financial managers today: **Providing quality care to patients with decreasing reimbursement and increasing government regulation.**

“Get to Know You” questions:

1. Favorite soft drink? **Diet Pepsi.**
2. If I had time, I would like to travel to: **Italy & Greece**
3. Favorite midnight snack: **Ice Cream**
4. In case of fire, I would grab my: **Golf clubs**
5. Proudest moment: **The births of my children (3 boys)**
6. Person I would like to meet: **The Pope**

## Committee Chair Profile Amy Dodd



Organization: **Beaumont Hospitals**  
 Title: **Corporate Accounting Supervisor**  
 HFMA Member Since: **2007**  
 Years in current position: **one year**  
 Joined HFMA because: **All the cool people do it**

“Get to Know You” questions:

1. Top 3 songs on your iPod? **Whatever is currently hot – my 30 GB Zune is full?**
2. If I had time, I would like to travel to: **Malta – my grandmother would be so pleased**
3. Favorite midnight snack: **White chocolate and red wine**
4. What is in your briefcase? **September reconciliations to review**
5. You would be surprised to know: **I am starting to try Olympic-style weightlifting**
6. In case of fire, I would grab my: **two cats, they’re my biggest fans!**
7. Favorite saying: **Woot!**
8. Person I would like to meet: **Colin Powell**
9. Last book read: **Currently “Aristoi” by Walter Jon Williams**

Purchase your season passes you can still save \$20 off the full pay price. Just complete the form below.



Eastern MI Chapter

## “Season Pass” for Member Meetings.

Advantages to “Season Pass”

1. Save at least \$60 off Full Pay or about 25%
2. Low Cost only about \$12 per CPE

### Member Meeting Topics:

**November 20, 2008** – Revenue Cycle: The Future of Front End, Embassy Suites, 19525 Victor Parkway, Livonia, 1-4PM (3CPE’s) Price: \$40

**January 15, 2009** – Compliance Update, Tom McGraw, Dykema Gossett – Location: Andiamo's, West Bloomfield, 8AM- Noon (3 CPE’s) Price: \$50

**February TBD, 2009** – Presenting Like a Pro, Henry Ford Macomb – Warren 8AM – Noon (3 CPE’s) Price: \$50

**March 19, 2009** - Annual Insurance & Reimbursement Update – DoubleTree Hotel, Novi, 8AM-1PM (4 CPE’s) Price: \$75

Register today for the Member meeting season pass option for the 2008 - 2009 year. **Cost = \$195**

The “Season Pass” option includes the October, November, January, March (I & R Update) and June meetings for **only \$195**.

Name \_\_\_\_\_

Company \_\_\_\_\_

E-mail or Phone# \_\_\_\_\_

Please complete form or register on web site. Click on “Season Pass”. Send \$195 check payable to HFMA-EMC. Mail to Susan Stokes, HFMA-EMC Registration, 13064 Burningwood Drive, Washington, MI 48094.

## New HFMA Committee – Financial Accounting & Reporting Committee Update

Next Committee Meeting – Topic: Accounting and Reporting Issues Under Current Market Conditions

(All HFMA members and guests are welcome to attend)

Date: Friday, November 21, 2008

Time: 8:30 - 10:30 am

Location: Beaumont Business Center, 500 Stephenson Hwy, Troy, MI 48083

Current market conditions are impacting the financial statements of entities worldwide! Please join us as Plante & Moran Associates Alan Baker, CPA and Lisa Peterson, CPA discuss issues that healthcare entities are currently encountering in their financial reporting. Learn what you'll be needing to keep in mind for your own accounting and reporting!

Please RSVP to [mgiurlanda@beaumont hospitals.com](mailto:mgiurlanda@beaumont hospitals.com) by November 19, 2008 if you plan to attend the meeting. There is no charge for this session.

There are three remaining meetings for the 2008-2009 HFMA year after our November meeting, please hold these dates on your calendar. The tentative schedule is as follows:

<u>Date</u>	<u>Speaker</u>	<u>Topic</u>
January 23, 2009	Melissa Jagst/Avec O'Brien Deloitte	TBD
March 20, 2009	Dan Frein Larson Allen LLP	TBD
May 22, 2009	Brad Mutnick Deloitte	TBD

The format will be similar to the Reimbursement Committee with a speaker at each meeting and opportunity for open discussion of current issues and concerns. One Accounting & Auditing CPE hour will be available for each meeting. Anyone interested in participating in the planning committee or presenting at a meeting, please contact Stephanie Bono @ [sbono@beaumont hospitals.com](mailto:sbono@beaumont hospitals.com) or Amy Dodd @ [adodd@beaumont hospitals.com](mailto:adodd@beaumont hospitals.com). All interest is appreciated!

## “What is one memorable thing that you did this summer?”

Send the last of our three daughters to college, thus joining the growing ranks of empty nesters. But the little birds still send text messages to the nest, making various and sundry requests!

### **Kenneth Marcus**

Attorney,  
Honigman Miller Schwartz & Cohn  
[KMarcus@honigman.com](mailto:KMarcus@honigman.com)

My most memorable moment this summer: Scuba diving the brilliant blue & warm water of the Dutch Caribbean around the island of Curacao. As in other years before, the wonders of the coral reefs & the endless varieties of colorful fish never cease to amaze me. See right picture below.

### **Sabine Kellett**

Directory of Finance Ambulatory Services,  
Beaumont Hospitals  
[skellett@beaumont hospitals.com](mailto:skellett@beaumont hospitals.com)



Rodica, son and Jadon

One of my best memories of summer 2008, was the birth of my first grandchild, Jadon Alexander, 7 lbs., 6 oz, 19 inches. Thank God for a healthy, perfect little baby boy. The feeling of being a grandma is inexplicable, to see your child having children, what a great feeling of reward, in some way.

### **Rodica Gabor**

Financial Assistant,  
Beaumont Hospital

The Questions for “Tell Us What You Think?” for the next newsletter is, “**When you have an hour of free time, what do you like to do?**” Submit your response to Jo Ann Roberts [JRoberts@beaumont hospitals.com](mailto:JRoberts@beaumont hospitals.com) or Maryanne VanHaitisma [MVanhait@dmc.org](mailto:MVanhait@dmc.org) our newsletter editors. Next HealthCents deadline is January 15, 2009.

## August 21, 2008 Member Meeting – National & Local Health Care Environments

**By: Elyse Berry**  
**HealthPlus of Michigan**  
[eberry@healthplus.org](mailto:eberry@healthplus.org)

On August 21, over 80 HFMA members and guests heard dynamic presentations on the national and local health care environments.

In the presentation titled “Beyond the Sound Bite,” Brett Hickman and Mark Ponski of Price Waterhouse Coopers presented recent findings from the Health Research Institute on private and public response to recent health care trends and the implications for health care when the new U.S. President is elected. The Health Research Institute is a division of Price Waterhouse Coopers which focuses on major national health care trends.

### **National health care trends**

The speakers noted growth in medical trends for the private sector will level off in 2009. Health care costs are expected to be 9.6% in 2009 compared with 9.9% in 2008. Decelerators of cost growth are improved medical management of high-cost patients and increased generic drug availability. Accelerators of cost include booming health care construction and increased cost shifting to private payers. Other trends include employers turning to more prevention, wellness, and chronic disease management programs to curb health insurance benefit costs.

The Health Research Institute findings focused on how an economic slowdown will affect the health care industry. While recessions are characterized by falling real GDP, higher unemployment, and a decline in investment & construction, health care indicators are not as closely related. Real medical costs, premiums, and health care employment continue to rise through recessions, according to the findings, the speakers stated.

In the coming five to ten years, the foundation for health care cost trend will be built upon Evidence Based Medicine, Pay-for-Performance (P4P) and Value-Based Purchasing. According to the Health Research Institute findings, P4P is a collaborative response to the national call for cost reduction; improved service, quality and consumer transparency; and increased provider accountability. Medicare and commercial payers are already well engaged in P4P for hospitals and physicians. Some experts predict P4P could account for 20% to 30% of what the federal government pays providers.

Over the next decade, Medicare will continue to use fee schedules to control cost growth, including expanded services approved at Ambulatory Surgery Centers, caps on office-based procedures, and reductions in hospital payments for those that do not report quality. Medicare's introduction of MS-DRGs in 2008 and recent implementation of non-payment of selected hospital-acquired conditions set the stage for the next generation of performance based payments. The speakers referred to MedPAC's proposal for bundled and global payments for episodes of care. The proposed program includes: 1) a two-year period of confidential information to be disseminated to hospitals & doctors of how much they are spending on selected episodes of care & comparison to other providers; 2) hospital stays which include the actual stay plus 30 days after discharge; 3) global payments to be established based on benchmarks of efficient providers; and 4) ultimately payments to low-cost providers would be increased and high-cost providers would be penalized. Demonstration studies will begin in 2009 if approved.

The speakers stressed the proposed changes will re-align physicians and hospitals in achieving best results. In many instances, physicians will seek hospital employment to best respond to Medicare changes.

### **Presidential candidates proposals for health reform**

**Health Care Environments** from page 11

The 2008 election could be a turning point for our nation on key health care issues: covering the uninsured, reducing cost, improving quality, and paying for health care. Regardless of who becomes the new United States President, experts are confident there will be a push for health care reform, the speakers concluded. Employers may see mandates for health care coverage or a reduction in their role if individuals are forced into more of a role in obtain health care benefits. Health plans may see new regulations, possible changes in government programs, and a shift to individual markets. If the government becomes a larger purchaser of health care, providers will experience greater reliance on government payments thus creating pressure to manage costs more efficiently.

Full information can be found in the Health Research Institute section of the Price Waterhouse Cooper website.

**Michigan Health Care Policy & Finance Update**

**By: Diane Justewicz**

**Beaumont Hospitals**

[Diane.justewicz@beaumont-hospitals.com](mailto:Diane.justewicz@beaumont-hospitals.com)

Laura Appel, Vice President for Federal Policy and Advocacy for MHA spoke at the August 21 member meeting on topics of specific relevance to the Michigan healthcare environment. The following is a summary of Laura's presentation.

The United States Congress has postponed a number of CMS rules until March 31, 2009. The rules to eliminate Federal funding for Medicaid graduate medical education and to reduce federal funding for public hospitals, nursing homes, and mental health are on hold.

MHA is working for a change to the HMO provider tax (HMO Quality Assurance Assessment Program or QAAP). Currently, it operates as a true tax as opposed to Medicaid QAAP which requires that Providers come through with a matching contribution. This will only be continued until the end of FY2009 unless extended by Congress.

There are specific issues for Michigan relating to the change in health benefits for autoworkers. General Motors is going to make a contribution of \$51 billion to the UAW VEBA (Voluntary Employee Benefit Association) for retirees. Ford and Chrysler have reached a similar agreement. These contributions are considered personal income to the auto retirees by the State. The Federal government uses per capita personal income in a state to determine the federal share of costs for that state's Medicaid program. Nearly one-third of GM employees alone are Michigan residents.

Medicare Recovery Audit Contractors (RAC) are due in Michigan beginning in January, 2009. They are authorized by Congress to identify improper Medicare over and under payments. In demonstration states, 43% of the errors found by these auditors related to coding and documentation. MHA is working on legislative fixes to delay and improve the program.

Laura mentioned several potential Lam Duck issues which are:

- Individual health insurance market reform (including a six month pre-existing condition clause).
- Changes to the Michigan auto no-fault insurance system.
- Changes to medical liability (including reform of expert witness requirements and financial records).
- Smoke-free workplace legislation for all indoor workplaces (issues with casinos and cigar bars requesting exemption).

## Health Bytes

Take a Chance

By Sherrie White

William Beaumont Hospital

[slwhite@beaumont Hospitals.com](mailto:slwhite@beaumont Hospitals.com)

I learned not too long ago that our time here is much too short. So right after I saw the movie "The Bucket List", (you know, things you want to do before you kick the bucket) I decided to do something about the items I had on my bucket list. One of the things I have wanted to do for years is to go skydiving. Well, an opportunity presented itself to me several weeks ago where I finally had a chance to see if I had the courage to take the flying leap. I surprised my daughter (who was with me at the time) and I did it. Wow, what a sensation, free falling from 10,000 feet. It was more than I hoped it would be. I felt quite a sense of accomplishment afterwards. Would I do it again? You bet I would. Just look at the smile on my face! Let me ask you---what is on your bucket list?



If you have any information you would like to share with your fellow members, please send your Health Bytes to Jo Ann Roberts [JRoberts@beaumont Hospitals.com](mailto:JRoberts@beaumont Hospitals.com) or Maryanne VanHaitsma [MVanhait@dmc.org](mailto:MVanhait@dmc.org) our newsletter editors. The next HealthCents deadline is January 15, 2009.

## Insurance & Reimbursement Committee Update

By: Carl St. Amour  
Beaumont Hospitals  
[carl.st.amour@beaumont hospitals.com](mailto:carl.st.amour@beaumont hospitals.com)

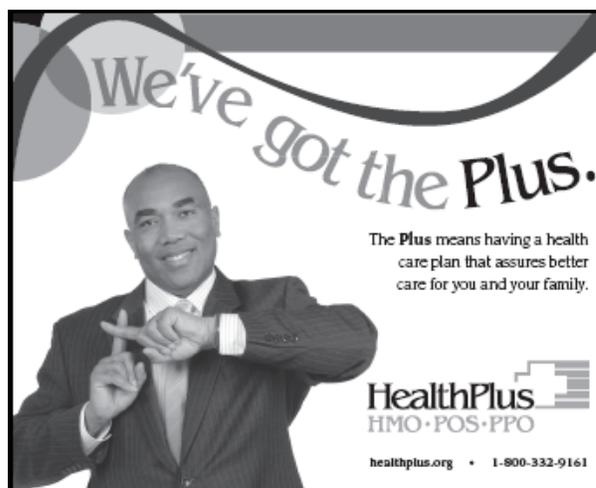
Vickie Seal, Director of Finance at the MHA, presented on the 2009 Medicare I/P "Tentative" final Rule, I/P Psych/Rehab and SNF Final rules, O/P Proposed Rule and other regulatory changes. The changes in the final rules will be effective October 1 of this year.

A good portion of Vickie's presentation was focused on changes in the Medicare payment rates for Michigan hospitals under the proposed rule. On the surface it appears that hospitals will have a 3.6% market basket update, however, this is misleading as there are many unfavorable factors this year like that will reduce the effective payment increase to hospitals. For example, CMS imposed a negative behavioral offset (0.9%) for changes in coding practices and budget neutrality.

Despite considerable opposition to the proposed rule, CMS proceeded with the Capital IME payment reduction by implementing a 50% elimination in FY 2009 and a full phase-out in FY 2010. The 2009 impact will be \$14 million to Michigan and then \$28 million annually beginning in 2010 with the full elimination by CMS.

CMS continues to make quality data reporting a high priority. For those hospitals that fail to report certain data for 30 CMS specified quality measures they will be penalized another 2.0% on top of the 0.9% behavioral offset. In addition, CMS will reduce payment for the first time for 10 distinct hospital acquired conditions starting October 1, 2008. The burden is on hospitals to document that certain conditions are present on admission. Otherwise CMS can adjust (unfavorably) the Hospital's billed DRG since they will presume that these conditions were acquired during the Hospital stay and therefore are not separately payable by the Medicare program.

After Vickie's presentation, questions were answered and a discussion between members on various topics of interest developed. A discussion about current Medicare audit trends was the main highlight. Brenda Fezatte also provided a Medicaid update.



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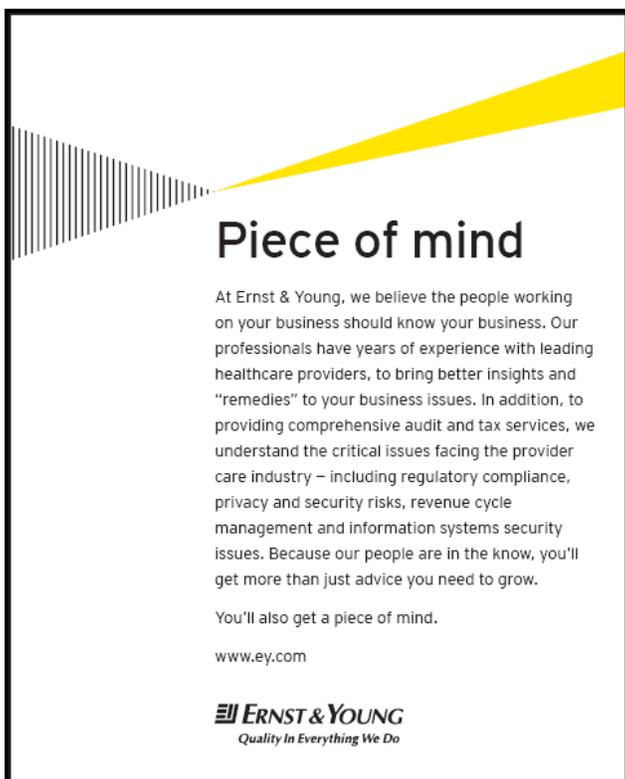
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If you are interested in any of the committees listed above and would like to attend one of their meetings or volunteer to help, feel free to contact a committee chair. All committee meeting dates are listed on the calendar and are open to everyone.