

NORTHEAST NOTES

WINTER 2000

Finance, Healthcare, & Technology by Helen Bozas

On September 21, 2000, the “Finance, Healthcare & Technology” seminar was held at the Gwinn Estate. The presenters were Shelly G. Dedmon, Scott Cupach, Albert Matyas and Rebecca McFarland.

Shelly G. Dedmon is a partner with the law firm of Calfee, Halter & Griswold. Her presentation focused on E-Commerce Law and issues for the Healthcare industry. Rights in computer software (and related digital content) may be protected in several legal forms: copyright, patent, trade secret, and trademark.

Other legal issues discussed were privacy policies, spam mail, electronic contracting, legal developments for electronic signature laws and the legal developments for a uniform commercial code. In conclusion, Shelly made it clear that with the growth and expansion of the internet, some “legal rules” may need to be revisited and redefined. Also, the healthcare industry needs to legally protect themselves better by having an anti-trust review, instituting confidentiality and trading partner agreements and contacting a qualified professional before commencing any new technology initiatives.

The next speaker, Scott Cupach, is the Manager of the Reporting Solutions Practice for the Parson Group. He presented how the application of technology to accounting tasks can make one more efficient in their work. He demonstrated how to utilize the Workstation to its fullest potential by using Office “toolbars” or “desktop icons”, customized Word, Excel and Access menus, “hot keys”, and the efficient use of “favorites”. There are five tasks for applying technology to “improve the process” in finance and accounting opera-

tions: entering, accessing, analyzing, reporting and sharing of data. Scott had a few suggestions to summarize his presentation:

- Don’t be afraid of IT people (ask them to speak English)
- Flowchart your tasks, processes and problems
- Dream of the ideal end-state
- Always ask “why”; there has got to be an easier way
- Establish standard process reviews

The third presenter was Ronald Amrich, MBA. He discussed the vision of E-Health. E-Health is the use of Internet technology to products, services, and consumers through secure low cost, high performance connections in healthcare. He showed that using

(con’t on page 2)

In This Issue...

Presidents Message	2
Reimbursement & HIPAA	3
New Members	5
Kudos	6
Newsletter Contest	6
Mark Your Calenders	6
General Newsletter Information	7





President's Message

from Anthea Daniels

Thanks To Our Volunteers!

As the holidays quickly approach, we hope that you will take some time to join us for our annual holiday party. The Northeast Ohio Chapter of HFMA will host a social event on December 7, 2000 at the Great Lakes Science Center. As always, this evening is an opportunity to recognize our HFMA members who have contributed significant time to our organization and for all of our members to socialize in a festive setting. During the evening, we will present the Follmer Bronze Merit Awards and the Reeves Silver Merit Awards in addition to various other awards to past leaders of our organization. These awards are bestowed on members who have contributed to our Chapter by leadership, committee work and participating at programs and other events.

I would also like to take this time to thank the Program Committee for already hosting four informative and quality programs in August, September, October and November of this year. These programs have been well received and attended. We look forward to seeing you at our programs in 2001. A special thanks also goes to our newsletter chairs and committee members for our informative and timely newsletter. As always, if you are interested in joining a committee, please contact either the committee chairs directly or contact me at (216) 622-8200 to get involved.

Health care continues to be an ever changing and

evolving industry with increasing regulation. Our programming is aimed to assist you in keeping up to date on current developments and future potential issues which impact upon the health care practice. If you have any issues which you believe our Chapter should be addressing, please contact me or any of our program chairs. I look forward to participation from all of our members and potential future members. I would like to thank our board, officers, committee chairs and members for their efforts over the last six months and to all of you for your membership.

I hope the holidays find you happy, healthy and prosperous.

Finance... (cont'd from cover)

technology we can improve revenues and workflow automation. He also demonstrated how e-Health is transforming the business of healthcare. These were the major points of his presentation:

- Workflow efficiency through technology will improve financial performance
- Lack of integration is currently causing a slow adoption rate for technology
- Application Integration holds the keys to future success
- Physician loyalty can be improved through the appropriate application of technology

Our last speaker was Rebecca McFarland. She is the Community Relations Coordinator for the Euclid Public Library. Rebecca has worked as a reference librarian for 24 years, has assisted in television and radio and is currently involved with helping the Cleveland Playhouse. Her presentation focused on finance research basics and how instrumental it is to use technology in research. Technology has made research easier and faster and has presented opportunities at the touch of our fingertips!

Following the speaker presentations, refreshments and hor d'oeuvres were served at the lovely Gwinn Estate.

Reimbursement & HIPAA

by Sue Dwyer and Joe Rigler

On October 19th, 2000, the Northeast Ohio Chapter of the Healthcare Financial Management Association sponsored a program titled, "Reimbursement and HIPAA". The program focused on two areas, an update of recent Medicare reimbursement changes and an overview of the implications of the Health Insurance Portability and Accountability Act (HIPAA).



*Walt Theado
is a principal with Mahler,
Theado and Young CPA's, Inc.*

The first speaker was Walt Theado. Mr. Theado is a principal with the firm of Mahler, Theado and Young CPA's, Inc. He has over twenty-two years of health care experience, including nineteen years with the Ohio fiscal intermediary, AdminaStar Federal. He is a CPA and an advanced member of HFMA. Mr.

Theado began with an update regarding Medicare FFY 2001 PPS and Tefra. He presented the standardized rates and wage index, and explained that due to ongoing negotiations in Washington over an additional BBA relief package (BBRA), further changes in the rates are anticipated. The hospital wage index adjustment is the last critical piece over which hospitals have any remaining control. The Medicare FI has recently begun reviewing the 1998 wage index, which will be used in calculating the FFY 2002 payment updates. Mr. Theado encouraged providers to examine their wage index data carefully and emphasized the importance of reporting wage index dollars and hours consistently. The OIG continues to examine the transfer process, with one area of concern being transfers within health care systems. While FFY 2001 continues with the same 10 DRG's subject to the transfer policy as in FFY 2000, an expansion of the transfer DRG's is expected. Mr. Theado explained that the indirect medical education (IME) payment for FFY 2001 is

decreasing to 6.25% and that the BBRA package may provide some relief to IME. Changes in disproportionate share (DSH) allowing hospitals to include Medicaid eligible days may give more hospitals an opportunity to qualify for DSH. HCFA will begin collecting uncompensated care information on the FY2002 cost report. One of the objectives in that process is to potentially change the DSH criteria and increase the number of hospitals eligible. Capital PPS is in the final year of the PPS transition with 100% federal rates in 2001. It is expected that the Medicare FI will not allow hospitals to make changes in allocation bases until the capital PPS transition is officially complete. The BBRA included provisions regarding the graduate medical education (GME) floor and ceiling for hospital per resident amounts (PRA's) effective for cost report periods beginning 10-1-2000 through 9-30-2005. The BBRA established a floor and ceiling based on the wage adjusted, weighted average of hospital PRA's. Tefra rate updates for FFY 2001 will be wage adjusted. Provider's payment rates depend on the relationship of their costs relative to the Tefra rates and the caps. Hospitals won't see the effect of the Tefra changes until the Medicare cost report is audited. The final issue that Mr. Theado discussed was the Rehab hospitals PPS transition slated to begin in FY 2001. HCFA's regulations regarding Rehab PPS have not been issued yet, delaying the beginning of the transition until early next year. Mr. Theado advised providers to watch for future changes due to the BBA relief package that could significantly impact FY 2001.



*Chris Mahler
is a principal with Mahler,
Theado and Young CPA's Inc.*

The second speaker was Chris Mahler, a principal with the firm of Mahler, Theado and Young CPA's

(con't on page 4)

Reimbursement... (cont'd from page 3)

Inc. He has over sixteen years of health care financing experience, specializing in reimbursement issues. He is also a CPA and an advanced member of HFMA. Mr. Mahler's presentation focused on the BBRA Interim Final Rule and Outpatient PPS. The BBRA Interim Final Rule was issued August 1, 2000 and primarily included GME provisions. It allows for a hospital's FTE cap to be adjusted if certain conditions are met. These include the following, a resident cap may be adjusted for primary care residents on approved leaves of absence in the 1996 base year, adjustments to limits for rural programs and for rural track residency programs. The BBRA also included a provision allowing Medicare Managed Care reimbursement for allied health programs effective January 1, 2000. Mr. Mahler pointed out that the allied health payments are being financed by a 10.5% reduction in Managed Care GME payments. HCFA never gives additional monies without taking it away from somewhere else! The next topic that Mr. Mahler addressed was Medicare Outpatient PPS (OPPS) payments. He explained that OPPS outlier payments are paid on a claim-by-claim basis, using provider specific cost-to-charge ratios that are calculated by HCFA, not the fiscal intermediaries. Mr. Mahler advised providers to verify their RCC's, which can be viewed on HCFA's website at <http://www.hcfa.gov/medicare/hopsmain.htm>. Also, a helpful OPPS reference guide that HCFA prepared for Blue Cross intermediaries is available at <http://www.hcfa.gov/medlearn/refopps.htm>. The RCC's are also used in the calculation for Transitional Outpatient Corridors (Transitional Outpatient Payments or TOPS). TOPS were established by the BBRA to ensure that providers do not experience a significant loss in payment under OPPS. The corridor formula provides additional payments if the amount received under OPPS relative to costs is less than the payment-to-cost ratio under the pre-BBA amounts. Hospitals began receiving TOPS in September. TOPS appear on the manual adjustments line of the remittance advice transmittal, however, they will not appear on Provider Summary

Reports (PSR's). TOPS are an interim payment adjustment and will be settled on the Medicare Cost Report. Finally, Mr. Mahler provided a brief update regarding the status of Provider-Based Regulations. HCFA has delayed the effective date from October 10, 2000 to cost reporting periods beginning on or after January 10, 2001. They are developing an application form for organizations to apply for provider-based status. HCFA has released "Provider Based Issues Questions & Answers" in October 2000. It is available on the website at <http://www.hcfa.gov/medlearn/provqa.htm>.

The final speaker of the program was Randy Notes, whose topic was the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Mr. Notes is a manager with Cap Gemini Ernst & Young, and has over three years of service with the former Ernst & Young LLP. Before joining Ernst & Young LLP, he was the director of a freestanding ambulatory care clinic for Columbia



Randy Notes is a manager with Cap Gemini Ernst & Young

Presbyterian Medical Center in New York City. He has also worked for the Agency for Health Care Policy and Research. He is a graduate of Colby College and has a masters degree in Public Health from Columbia University. He helped develop CGE&Y's current HIPAA methodology and is a key member of the National HIPAA practice. Mr. Notes explained the evolution of HIPAA, which began in 1996 with insurance portability and availability under defined circumstances, medical savings accounts, and specific mandates for certain medical conditions. The final phase of HIPAA involves administrative simplification. HCFA released the final rules on Transaction Standards and Code Sets on August 17, 2000 and further regulations are expected to be finalized within the next several

(con't on page 5)

Reimbursement... (cont'd from page 4)

months. Compliance with HIPAA is mandatory twenty-six months after publication of the Final Rules. HIPAA involves security and privacy with health information, standardized health information transactions, standardized code sets (e.g. CPT, ICD, HCPCS, etc), and national identifiers for providers, health plan/payers and employers. It is one of the most far-reaching pieces of health care legislation ever enacted, affecting health plans, health care clearinghouses, all types of providers, business partners of covered entities, and to a very limited degree, employers. HIPAA will legislate access and administration of electronic health information and will govern the format, content, integrity, privacy and confidentiality of patient identifiable information. Mr. Notes explained that HIPAA represents both risks and opportunities for healthcare payers and providers. They have a responsibility to comply with requirements protecting the privacy of personal health information, but also an opportunity to leverage the intended simplification of HIPAA

for administrative cost savings and implementation of eBusiness solutions. The initial burden for HIPAA appears to be on payers and health information vendors. Providers are less concerned about HIPAA, however the burden of compliance will rest with them. They must be aware of the changes that HIPAA will make to all their processes and information systems. Providers should expect a re-contracting effort by payers, which can be seen as an opportunity to ensure that payers will be in compliance with HIPAA guidelines. Health care providers, payers and vendors should work together now, for a smooth HIPAA transition. In closing, Mr. Notes recommended that providers establish an internal HIPAA task force, assign a Corporate Privacy Officer who is not the Compliance Officer, assess their current state of readiness, develop an education program, budget any necessary resources, and develop a plan for action, including prioritized remediation efforts, infrastructure changes and resource needs.

Northeast Ohio HFMA Welcomes Its New Members*

Dianne M. Pence

American Medical Response

Joshua L. Berman

Cleveland Clinic Foundation

V. Renae Coyne

Cohen & Company

John L. Click

University Hospitals Health System

Kerry Dominick

Kronos Inc.

Patti A. Day

Barberton Citizens Hospital

Brent R. Carson

University Hospitals Health System

Mark J. Williams

KPMG Peat Marwick

Laurie Ann Fleming

University Hospitals Health System

Robert W. Glass

Akron General Medical Center

Phil D. Battershell

Ernst & Young LLP

Jennifer A. Hahn

Robinson Memorial Hospital

Ryan S. Jones

Aultman Health Foundation

Dan Karchmer

Cleveland Clinic Foundation

Shelly A. Brinker

Cleveland Ear, Nose, Throat Center

Gherardo Piccin

* New Members as of October 2000

Kudos...

Karen Shullick was appointed to the position of Vice President of Managed Care for Cigna Healthcare of Ohio.

Best wishes to Mike Flowers and his wife Barbara on the birth of daughter Lauren Katherine, born October 3, 2000. Mike is manager of Mergers and Acquisitions for Ernst and Young.

Best wishes to Joe Varga and his wife Colleen on the birth of daughter Mary Katherine, 8 pounds 15 ounces, born November 3, 2000. Joe is Senior Reimbursement Analyst for University Hospitals Health System.

Mike Wajda has joined Howard Wershbaile and Co.

Recent additions to the accounting staff at University Hospitals Health System are Shawnte Orozco, Jennifer Fintz, Laurie McFadden-Fleming, John Click, Atana Wright and Jennifer Votaw. Sue Dwyer was

promoted to Manager of Reimbursement for UHHS. Brian Nestor has taken a new position at UHHS as a Managed Care Analyst.

Michael DiFrancesco has a new position with Parma Community Hospital as a Managed Care Analyst.

Congratulations and good luck to all!

Have you accepted a new position? Published an article? Received an award? Let your colleagues know what you're doing! Send YOUR news by email, phone, fax or letter to Sue Dwyer at Susan.Dwyer@uhhs.com, phone (440) 605-1172, fax (440) 605-1252. Mail address is Susan Dwyer, University Hospitals Health System, 6000 Parkland Blvd., Suite 300, Mayfield Hts., OH 44124. Please include your name, title, employer and phone or email address. Remember KUDOS is YOU in the news!

HFMA Holiday Contest

One lucky entrant will receive a \$30.00 gift certificate. Unscramble the words below and use the letters in the boxes to fill in the answer. All correct entries will be included in a drawing. Good luck!!!!

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

H L S U S

L A C A A P

E T N L R A

ANSWER: "He's the man"

Send or fax in your answer to:

HFMA Northeast Notes, Lori Mitchell, University Hospitals Health System,
6000 Parkland Blvd., Suite 300, Mayfield Hts., Ohio 44124 or Fax: 440-605-1252

Mark Your Calendars

Listed below are the dates, events, and times for the 2000/2001 program year. All **meetings** will be held at the Hilton-South, Independence, Ohio, unless noted otherwise.

<u>Date</u>	<u>Event</u>	<u>Time</u>
December 7, 2000	Annual Holiday Awards Banquet (Great Lakes Science Center)	PM
February 15, 2001	Meeting: Patient Financial Services	AM
March 15, 2001	Meeting: Medical Group Practice	AM
April 26, 2001	Meeting: Post Acute Care	AM

**HFMA
Northeast Ohio**

Chapter Officers 2000-2001

President

Anthea R. Daniels

President-Elect

Richard J. Fox

Vice President

James E. Hutchinson

Secretary

Annette L. Emery

Treasurer

Susan R. Flaherty

Chapter Liaison

Kathleen A. Much

**Board of Directors
2000-2001**

Chairperson

William D. Keckan

William J. Bogdan

Carl S. Ebner

David T. Kilmer

Michael A. Szubski

Michael R. Vehovec

Maureen A. Wood

Visit HFMA National at:

www.hfma.org

Visit HFMA Northeast Ohio at:

www.neohfma.org

**HFMA Northeast Ohio
Newsletter Committee 2000-2001**

Co-Chairpersons

Lori Mitchell

Cyndee Shirk

Helen Bozas
John Cotman
Robert David
Julie DiFrancesco
Sue Dwyer
James Gordon
James Hutchinson

Robert Kaliszewski
Brian Nestor
Randy O'Donnell
Kim Pytlak
Joe Rigler
Betty Royce
Roger Siegfried

Address communications to: **Northeast Notes editor:**

Lori Mitchell

University Hospitals Health System

6000 Parkland Blvd., Suite 300

Mayfield Hts., Ohio 44124

Phone: (440) 605-1296 - Fax (440) 605-1252

Email: Lori.Mitchell@UHHS.com

Please contact National HFMA with address, employer or title changes:

1-800-252-HFMA, ext.350

PUBLICATION SCHEDULE 2000-2001

<u>ISSUE</u>	<u>DEADLINE FOR ARTICLES</u>
Winter	October 20, 2000
Holiday	December 8, 2000
Spring	February 16, 2001
Summer	April 27, 2001

Northeast Notes strongly encourages submission of material for publication. Articles should be typewritten and double spaced, and submitted to the editor by the deadlines listed above. The editor reserves the right to edit materials and accept or reject contributions whether solicited or not. HFMA Founders points are granted for any articles published in *Northeast Notes*.

Sponsors

Chapter's Platinum Club

Advantage Consulting, Inc. • Ernst & Young LLP • KPMG LLP
Long-O'Shea & Co. LLP • Unicare Corporation

Chapter's Gold Club

Calfee, Halter & Griswold LLP • Deloitte & Touche LLP • Engelhardt & Associates, Inc.
Financial Healthcare Associates, Inc. • Fleet Healthcare Finance • JP Recovery Services, Inc.
NatCity Investments, Inc. • Roth, Rolf & Goffman Co., LPA • Squire, Sanders & Dempsey
Orion Consulting, Inc. • PRC Inc. • United Healthcare of Ohio • Wise Management Services, Inc.

Chapter's Silver Club

Center for Health Affairs • Hahn Loeser & Parks LLP
NCO Healthcare Services • OSI Strategic Receivables Management • The Hunter Group

Chapter's Bronze Club

Arter & Hadden LLP • Howard Wershbale & Co. • The Stratford Group • Wolfskill & Associates, Inc.

HFMA Northeast Notes

c/o Lori Mitchell

University Hospitals Health System

6000 Parkland Blvd., Suite 300,

Mayfield Hts., Ohio 44124

