

first illinois speaks

A Newsletter from HFMA's First Illinois Chapter

August/September 2007

PART ONE OF A TWO-PART SERIES

The Uninsured Population and the Rise of Bad Debt

BY DAVE ERLICH

MAKE A DIFFERENCE

INSIDE:

Highlights and Recap
First Illinois Chapter Events

May

Chapter Golf Outing

June

ANI Conference

July

Annual Recognition Dinner

Healthcare executives are turning to medical bad debt sales as a viable option to deal with the rising levels of bad debt. This is not a new concept; institutions have been selling accounts for several years as companies specializing in medical accounts have emerged ensuring the new owners of the debt will affect collections in such a manner as to minimize complaints. The sale of medical bad debt

should not be viewed as a short term solution. If implemented properly, selling bad debt/zero valued accounts will become an integral part of the life cycle of your accounts receivables management process creating 20%-35% additional liquidity. The initial sale of your aged accounts will give you an influx of cash, since in many instances, you have years of bad debt that has accrued. Selling these accounts on a monthly basis will give you predictable income from bad debt!

Based on 2003 statistics (HFMA – March 2005), an estimated 45 million people in the United States lacked health insurance.. That population has surely grown. According to The American Hospital Association, U.S. hospitals provided \$25 billion in uncompensated health care in 2003. Being in the healthcare industry, you may have seen your levels of self pay increase dramatically. While different parts of the country have experienced dramatic increases, we have seen provisions for bad debt range anywhere from 4-12% of gross revenue. Some of this may be attributable to the

economy, and while the economy appears to be recovering, it may take some time to fully do so. No matter what the economy has in store, people need health care. They are not concerned with your organization's financial picture.

Bad debt volumes are increasing and liquidity from collections has typically fallen, creating a strain on your business office. Your FTE's are spending more time and collecting fewer dollars, creating more inefficiency in the back office. What to do? People want to discuss their bills and come to a resolution; some may choose to set up a payment plan, others may lack the financial needs resources, and others just refuse to pay. Many institutions are operating in the red and are in need of other sources of funds. What is the alternative?

Benefits of Selling Debt

Every penny counts and every unpaid bill affects cash flow. While selling medical receivables can be viewed as a daunting task, if implemented properly, it can be a source of much needed cash. Zero-value

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President's Message

Hot time, summer in the city! Back of my neck feeling dirt and gritty. Is it from the heat of the summer or the stress of working in the healthcare industry? Your call. Hopefully we are all finding time to enjoy the summer with family and friends, catching some baseball games, hitting the beach and other fun things, in addition to the other important things in our lives like putting budgets together, wrestling with managed care contract renegotiations, wondering how our physicians are going to handle the 10% reimbursement reductions proposed by CMS for 2008, etc., etc.

The summer also marks the beginning of a new HFMA Chapter Year, and as I begin my year of First Illinois Chapter HFMA President I am excited about what we've got on tap for the coming year. It's been my pleasure and privilege to be part of this team, and I'd like to take this opportunity to thank and congratulate Vince Pryor on a great 2006-2007 chapter year. Vince's presidency ended on 5/31/07, and we are all happy for him and the team for winning 4 awards at the recent Annual National HFMA meeting held in San Diego in June.

HFMA is the largest organization for healthcare financial management executives and leaders in the country. Nationally there are 34,000 members ranging from CEO's and CFO's to controllers, accountants, and entry-level administrative staff. HFMA members can be found in all areas of the healthcare industry including hospitals, physician practices, payors, and many vendor partners that service healthcare organizations like technology companies, pharmaceutical companies, accounting and consulting firms. HFMA is a nationally respected thought leader on trends and issues facing the healthcare industry. Our First Illinois Chapter is third largest in the country with 1200 active members, and we provide an enormous amount of resources to our membership via our education programs and webinars, as well as via our local website (www.firstillinoisHFMA.org) and national website (www.hfma.org). I encourage you to check out these websites and explore the many valuable resources HFMA makes available to its membership. Our First Illinois website also includes a complete listing of all upcoming events planned for the year, and you can register for these events online. Our programs offer excellent forums to learn about different organizations' strategies and best practices relevant to current industry topics. We've added more frequent webinars, which offer us the ability to glean insights from industry experts without leaving our offices.

As First Illinois HFMA President, I am committed to carrying on the tradition of excellence we have come to know and expect. Feel free to let us know how we are doing at firstillinois@firstillinoisHFMA.org. Your comments and feedback are important to me and to our leadership team.

Enjoy the rest of the summer (Go Cubbies!), and I hope to see you out there at some of our events and programs! ☘

Jim Watson, President
First Illinois Chapter
HFMA



First Illinois Chapter News, Upcoming Chapter Events & Committee Updates

■ Membership Committee

Stop the Presses! Did you remember to renew?!

We know that you have a busy schedule and may have overlooked your renewal notice, and we don't want you to miss out on anything! It is not too late to renew your membership now for this chapter year – register online at www.hfma.org or call me and I can mail you details.

The President, board of directors, officers, and me appreciate your previous involvement and look forward to an opportunity to network with you again. We are available to answer any questions that you have concerning our chapter or national HFMA activities.

Please visit our website at www.firstillinoisHFMA.org. There you will find a wealth of information, opportunities and ability to renew your membership.

Any questions? I would welcome your call : 630 916 1166 x 120 or janet.blue@ontargetstaffinc.com.

— Janet Blue, Membership Chair

■ Membership Directory Committee

Dave Golom and Jane Bachmann are submitting finishing touches on the 2007-2008 Membership Directory, which should be distributed in October. Have you changed jobs?

Got a promotion? Please be sure to send these changes to Jane at jbopil@att.net so that they can be included in the directory.

■ Sponsorship Committee

The value of the chapter sponsors.

The chapter sponsors have provided a substantial financial benefit to the First Illinois Chapter. Because of their support, the fees to attend the educational programs have remained the same for several years. The sponsors have provided speakers for these programs and have participated as valued committee members. As a benefit for their sponsorship, they get their names on the newsletters, programs and on the chapter's website.

This year we want to provide our sponsors with additional exposure to the members. We are putting together a Sponsor Resource Guide that contains additional information about the sponsor and the services or products they render to the healthcare industry. We hope this guide will help our members to find products and services they need for their institutions. Look for this Resource Guide the first quarter of 2008. Please support our sponsors because they are a tremendous support for our chapter.

First Illinois Chapter HFMA Strategic Plan Summary 2007-08

BY JIM WATSON, PRESIDENT, FIRST ILLINOIS CHAPTER HFMA

The First Illinois Chapter HFMA Strategic Planning Committee met on 5/16/07 to discuss the strategic priorities for the 2007-2008 Chapter Year. The Committee focused on updating a comprehensive 3-year strategic plan completed and submitted to HFMA National in May 2006. The final 2007-2008 First Illinois Chapter HFMA Strategic Plan has been presented and accepted by our Board of Directors and by HFMA National. A summary of the plan follows:

Continuing the Momentum of the Mission:

The mission of HFMA locally and nationally is to be a resource to the healthcare industry. Over the past few years First Illinois Chapter HFMA has embarked on several new initiatives, and we look to keep the momentum going on these initiatives. Examples of this include: Joint Venturing on education pro-

grams, our "Hot Topics" program format, the Chapter Mentoring program, the HFMA Certification Program, Student memberships, and Member Recruitment & Retention initiatives.

Bridging the financial and the clinical areas of the industry:

In addition to staying true to our focus on healthcare finance, we want to try to expand our reach in providing resources to the clinical areas of the healthcare industry. Through our educational programs we will provide relevant educational opportunities for physicians, nurses, physician practice management and other areas of clinical leadership. In an era of "clinical integration" and a general trend toward better alignment of healthcare finance and clinical operations, this is an area that will offer great learning experiences for all of us. This

can be done via non-traditional education forums (i.e., Healthcare 101) to better bring the education to those industry segments that may not find our traditional program schedule convenient for their work schedule (i.e., lunch-time webinars, evening dinner programs). These programs can also be co-sponsored via joint ventures with other associations specific to that industry segment, including associations like PAHCOM (Professional Association of Health Care Office Managers), IONL (Illinois Organization for Nurse Leaders), AORN (Association of Operating Room Nurses) and MGMA (the Medical Group Management Association).

Building the infrastructure:

First Illinois Chapter HFMA will celebrate its 60th anniversary next year, and over our 60 years we've grown to become the 3rd largest

HFMA chapter nationally. Over the past few years we've added several new programs and initiatives, and one thing we all know from our "real jobs" is that growth requires attention to operations. There are several areas of our chapter operations that we want to address, including: Volunteer Appreciation strategies, assessing the overall effectiveness/efficiency of our Program Planning, Webinar protocols, outlining chapter Succession Planning, development of a Sponsor Resource Guide to highlight the many resources available from our vendor partners, and a Quick Reference Guide for HFMA members to utilize in accessing and navigating the many resources made available through the national and local HFMA organizations. Finally, National HFMA has introduced the "Chapter Balanced Scorecard", a dashboard of key performance indicators that National HFMA will use to evaluate local chapters' success at executing the HFMA mission.

The Bottom Line, Strategically:

You can count on seeing the following from HFMA over the next year (just like you have for the past 60 years):

- Informative educational programs at a great price in a variety of locations
- Resources locally and nationally to provide you with ideas and tools to help advance your career and your organization
- Opportunities to meet other people who share your commitment to the healthcare industry

Thanks for your continued commitment to HFMA, and please feel free to let me know how we are doing by sharing your comments and thoughts at firstillinois@firstillinoishfma.org

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Letter from the Editor

Welcome to the 2007-2008 First Illinois HFMA chapter year, and let me take the time to thank HFMA President Jim Watson and the rest of the First Illinois Board of Directors for allowing me the opportunity to be your newsletter editor.

One of my primary goals is to ensure I produce a Newsletter that is of value to our membership. I see that goal being met by:

- Publishing articles and information that have relevance to today's environment.
- Providing and promoting HFMA resources to membership.
- Seeking membership's input to the content of the Newsletter.

In our first issue of the year, there are several feature articles on topics of importance to all of HFMA's membership, including bad debts, automated Medicaid and charity applications, and payer report cards.

The Newsletter is also dedicated to updating you on HFMA events. HFMA provides many resources to its membership, at local, regional and national levels. Every once in a while we like to remind members of the resources available and update them on events and other HFMA news. An example of this is HFMA websites. If you have not checked them out lately, you may want to see for yourself the breadth and depth of the national website (www.hfma.org) and our own First Illinois chapter website (www.firstillinoisHFMA.org). We are constantly making updates to the First Illinois website, so check back often.

We are always looking for articles and insights for publication, so if you are interested in submitting an article for publication, just let me know. Most of us aren't professional writers, so don't worry about style. If you've got an idea of substance, we'll work with you to get it the right form. Below is a list of topics that are on slate for the coming editions:

- Breast Cancer Awareness
- Bad Debts-Part Two
- Quality Initiatives & Pay for Performance
- Goal Setting for Hospitals
- Saving Property Tax Dollars
- Growing Interrelationships between Quality of Care and Hospital Financing
- Managing Capital Pools
- Self Pay Practices

Please feel free to contact me with any question/comments/suggestions, or if you'd like to submit an article for publication in the newsletter. I'm looking forward to a great year, and thank you for your support and input! ☘

Amanda Springborn (amanda.springborn@rsmi.com)



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Utilizing Payer Report Cards as a Means to Track and Improve Payer Performance

BY THE ACADEMY OF HEALTHCARE REVENUE

As hospitals' third-party payer contracts and reimbursement processes have increased in complexity, many best-performing providers have created teams of billers and collectors who are solely devoted to processing claims for providers' major payers. Academy research shows that over 80 percent of providers use payer-specific teams to bill and follow up on accounts. By consistently working with and becoming familiar with each payer's requirements and processes, these teams ensure more accurate and prompt reimbursements.

Additionally, many best-performing providers also focus on tracking and comparing each major payer's performance via payer report cards. These report cards have several purposes:

Identifying and responding to problematic trends. While report cards can feature high-level metrics such as denials as a percentage of revenue, providers should also use the cards to examine details such as trends in the denials received. Aided by the information featured on report cards, revenue cycle leaders can address and resolve the problematic trends experienced by staff members—for example, why one payer's representatives do not consistently return phone calls from follow-up staff in a timely manner.

Improving internal processes and staff allocation. The documented experiences of staff members and metrics that reflect payer performance can help leaders to identify where changes to processes and staff allocation can be made to improve reimbursement rates. For example, leaders may find out that insurance eligibility information is most accurately obtained from an online source for one payer, or that more staff members should be allocated to processing one payer's claims, since the payer

has a high percentage of accounts aged over 90 days.

Negotiating contract terms. Detailed information from payer report cards may also be used to aid in contract negotiations. For example, comparing patient volume for each PPO payer may show that one payer is not bringing in a significant volume of patients—and thus the payer's discount may be decreased as a result.

One question frequently expressed by revenue cycle leaders is what they should track to assess the performance of their primary payers, beyond high-level metrics such as A/R days. While A/R days can give a clear picture of each payer's impact on your financial health, this key performance indicator may not be as effective in defining where specific issues causing losses or delays in reimbursement are occurring.

The answer to this question of what to track is twofold: best-performing hospitals monitor both qualitative and quantitative aspects of payer performance. Qualitative evidence examines payers' impact on revenue cycle processes—from scheduling through account adjudication—based on the experiences of revenue cycle leaders and staff members that interact with payers on a daily basis. Hard data such as A/R days over 90 and total denials received is considered quantitative evidence and provides a picture of the impact of payers on organizations' overall financial health.

Leaders in PFS, contracting, and payer relations at best-performing hospitals utilize anecdotal evidence from staff members (qualitative) and metric-driven criteria (quantitative) to continually monitor the performance of their organizations' major payers. At a provider in Michigan, one payer director's team—which includes a

financial analyst who is responsible for developing the payer report cards—gathers information from several sources, including front-line staff in each revenue cycle department. As the director notes, "We actually [began gathering information on payer performance] from the bottom up. We didn't start meeting with VPs and directors—we met with operational staff within the revenue cycle, including coders, professional and facility billers, denial management, case management, and registration. We started by speaking to people in the trenches, and asking them what would be meaningful for evaluating health plans' performance. We then took it to departmental managers and directors."

This organization's payer report cards—used for many of its primary payers, including one large PPO, Blue Cross HMO, and the organization's own insurance plan—feature input from staff in all areas of the revenue cycle. As this organization's director of payer relations states, "We want to

know how easy or difficult pre-procedure registration tasks are—verification, eligibility, authorization. The report card is laid out in a revenue cycle sequence—we start with what we call access management, and work all the way through denials management on the back-end." The table above gives examples of the information that this provider uses to assess the impact of its payers on the system's billing processes.

Measuring payer performance is a practice increasingly being utilized by healthcare providers for several important reasons, with the ultimate goal of increasing prompt reimbursements. By monitoring both qualitative and quantitative evidence, revenue cycle leaders are better able to collaborate with their organization's payers and identify how problematic issues can be resolved, leading to improved financial performance. ☞

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HFMA Events

Chapter Visits the Golf Links

May 25 2007

BY RON HENNINGS

The 31st Annual First Illinois HFMA Golf Outing was held on Friday, May 25, 2007. This year's event took place at St. Andrews Golf Club and Klein Creek Golf Club. We had a truly wonderful day as the sun was bright and the temperature was enjoyable.

308 golfers played in the event. They enjoyed an outside barbecue from 11:00 AM till 1:00 PM for those who had to leave early. For those who stayed, we enjoyed a barbecue which was held along with the award ceremony and raffle inside in the banquet room at St. Andrews from 3:00 PM until 7:00 PM.

This year saw a first at the golf outing, every golfer's dream—a hole in one! Terry Taylor hit the magical shot on the second hole of the Lakewoods course, a tough 190 yard shot between two trees! According to Terry, he was not sure whether he could hit his pitching wedge that far, so he went with an easy 9 iron that soared high in the air in a graceful arc that landed in the hole on the fly!! That's his story, and he's sticking to it!! Congratulations Terry!



Hole In One, Terry Taylor



Registration Table, Mary Okel, Michelle Holtzman, Paula Dillon, Ross Stebbins, Ron Hennings, Dan Cook



Raffle prize, Pamela Ventrone

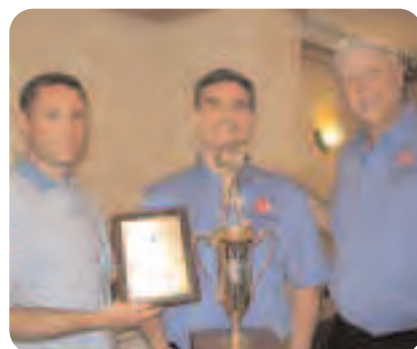


Closest to the pin, Mark Grobe

Eleanor Michalek also had a great achievement at this year's golf outing. She sank a 60 foot putt on the 13th hole of course #1 at St. Andrew's. Congratulations Eleanor!!

The other awards and winners were:
William Costello Memorial Award – low gross score for a member who played the regulation course at Klein Creek – Rick Kloser (shot an 86). Congratulations to Rick on his achievement!

Scramble team winners were the team of Bodine, Pappas, Pappas and Needham on the



Dan Cook, Rick Kloser (low gross score), Ron Hennings

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St. Andrews course and the team of Haring, Nelson, Jury and Lamia on the Lakewoods course.

The following are the winners of the hole events played at St. Andrews and Klein Creek:

Closest to the pin – Mark Grobe, John Currier and Bob Kemp

Longest drive, Women – Liz Hills and Joyce Chao

Longest drive, Men – John Bodine and John Cronin

Raffle prizes included TV's, iPod, Golf Clubs, Golf Bags, a Golf Galaxy Gift Certificate, and Cubs' Baseball Tickets.

A special "THANKS" goes out to the following sponsors for:

The halfway house at all 3 courses
– HEALTHCARE FINANCIAL RESOURCES, INC.

Beverage tents on the St. Andrew's courses
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Putting on an event like this always requires our corporate sponsors to give an additional donation to help make this event possible. I want to "THANK" them for their additional generous gifts!

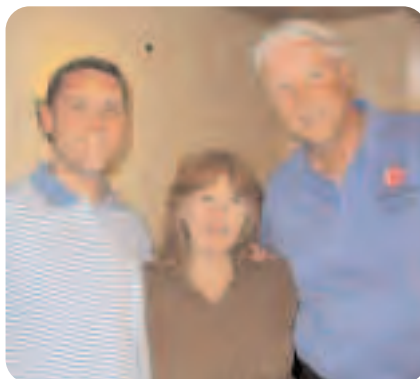
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Golf Sponsors

As everyone knows, this event just does NOT happen by itself. It takes a lot of personal time, commitment and hard work to bring our golf outing together. I want to say "THANK YOU" and recognize each of the golf committee members: Bob Belke, DiDi Lee, Paula Dillon, Julie Haluska, Richard Meyer, Al Staidl, James Ventrone, Janet Blue, Kathy Reszel, Ross Stebbins and the co-chair, Dan Cook. Also, a special "THANK YOU" is given to those who helped at the registration table: Mary Okel, Michelle Holtzman and Lindsay Harse.



Co-chairmen, Dan Cook & Ron Hennings with Mary Okel

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I hope everyone that attended the 31st Annual 1st Illinois Chapter HFMA Golf Outing enjoyed the entire day's activities. It's been an honor to serve as this year's chairperson. 🍷

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HFMA Events

Annual Recognition Dinner

July 19th, 2007

Over 150 HFMA members attended the Annual Recognition Dinner on Thursday, July 19th at the University Club in downtown Chicago. The Recognition Dinner, which is free of charge and open to all HFMA members, is our opportunity to thank the many volunteers who manage the operations of HFMA on a daily basis. First Illinois HFMA is one of the largest chapters nationally, and we host between 15-20 events every year. There is considerable amount of work required to hold that many events every year, and all of the volunteers, Committee Chairs and Co-Chairs that make that happen were honored at the Recognition Dinner.

Other highlights of the evening included:

Chapter Awards: First Illinois Chapter HFMA was recently recognized at HFMA's Annual National Institute (ANI), held in San Diego in late June. Chapter President Vince Pryor and FI earned five (5) awards at ANI for outstanding performance during the 2006-2007 Chapter Year:

The Henry Hottum Award for Excellence for Education: First Illinois' Education hours per member increased 34%

The Gold Award of Excellence for Certification: First Illinois had 19 members pass the HFMA Certification exam

Yerger Awards for Education: FI won three (3) awards for our efforts in providing quality education programs: (Joint Accounting and Receivables Program, Webinars, and the HFMA Scholarship Program).

Installment of New Officers and

Board of Directors: The 2007-2008 Officers and Board of Directors were officially installed by Cathy Jacobson, Senior Vice President & Chief Financial Officer at Rush University Medical Center (Cathy is also the HFMA National Secretary/Treasurer). The 2007-2008 Board of Directors are: Jim Watson (President),

Guy Alton (President Elect), Mike Nichols (Secretary), Pat Marlinghaus (Treasurer), Vince Pryor (Past President), Janet Blue, Elizabeth Hills, Eleanor Michalek, Robert Maziarka, Robert Micek and Carl Pellettieri.

Presentation of HFMA Scholarships:

In 2007, FI HFMA introduced a Scholarship Program to our membership. 2006-2007 Chapter President Vince Pryor presented the 2007 HFMA Scholarships to the following recipients: Jason Soderlund, Lauren Marshall, and Meredith Bazzoli. After the presentation of the scholarship, 2007-2008 Chapter President Jim Watson announced that the Board of Directors passed a motion naming the scholarship the Vincent E. Pryor HFMA Scholarship, in recognition of Vince's contributions to the chapter.



Vince Pryor and Jim Watson



07-08 Directors, Robert Maziarka, Janet Blue, Rob Micek, Liz Hills, & Vince Pryor



07-08 Officers, Jim Watson, Guy Alton, Mike Nichols, & Pat Marlinghaus



Medal of Honor, Linda Klute & Pryor



Cathy Jacobson

Medal of Honor Award: Linda C. Klute, CPA, long-time HFMA member, former HFMA President, and National Healthcare Practice Leader at Tatum, LLC, received the Medal of Honor Award (see this edition for a profile of Linda in our Member Spotlight).

Keynote Speaker:

The evening concluded with an inspiring presentation "Everyday Heroes: Honoring the Leaders Who Make a Difference" by Vickie Austin, CEO of Choices Worldwide.

It was a wonderful evening to celebration, and congratulations to Vince Pryor and the 2006-2007 First Illinois leadership team and chapter volunteers in making it such a successful year! 🍀



Dinner Speaker, Vickie Austin

HFMA Events

More Than Fun and Sun at San Diego ANI

In a city that features 70 miles of beaches, more than 90 golf courses, and a gentle, Mediterranean climate, healthcare finance professionals from throughout the country found motivation from some of the best and brightest professionals in the industry.

HFMA's 2007 ANI: The Healthcare Finance Conference was held June 24-27 in San Diego. The event recorded its all-time highest attendance, with more educational sessions (81 in all) and more exhibit hall booths than ever before, and received some of its highest reviews from attendees.

Making a Difference

At ANI, HFMA members found ideas, tools, and resources for making a positive impact on their organizations, the communities they serve, and their profession.



Mary Beth Briscoe, FHFMA, CPA
2007-08 National HFMA Chairman

HFMA's new Chairman, Mary Beth Briscoe, FHFMA, CPA, whose theme during her year as Chairman of the Association is "Make a Difference," opened ANI by encouraging members to recognize their potential to make a significant difference in the world around them.



Joseph J. Fifer, FHFMA, CPA, 2006-07 National HFMA Chairman, Vince Pryor (06-07 First Illinois Chapter HFMA President) & Mary Beth Briscoe, FHFMA, CPA, 2007-08 National HFMA Chairman

"While we may not deliver direct patient care, we can provide support and peace of mind to frustrated and worried patients," she said.

She shared examples of organizations and HFMA members who are making a difference, such as a 25-bed rural hospital that has implemented a new program to screen uninsured patients, an HFMA member who is passionate about helping patients resolve their healthcare bills, and an organization whose preventive care program has made a dramatic difference in the life of a mother of four who suffers from diabetes.

ANI's opening session also featured a presentation by 2006-07 Chairman Joe Fifer, FHFMA, CPA, whose theme was "Courage in



Joseph J. Fifer, FHFMA, CPA, 2006-07
National HFMA Chairman

PHOTO CREDITS/SOURCE: RC PHOTOGRAPHIC

More Than Fun and Sun at San Diego ANI (continued)



James H. Gilmore

James H. Gilmore, co-author of the book *The Experience Economy: Work Is Theatre and Every Business Is a Stage*, addressed the fundamental shift occurring in today's marketplace to an "experience economy." For example, at Fresno Surgical Hospital in Fresno, Calif., which the hospital's web site describes as "a hospitality-inspired, healing environment unlike anything experienced in a traditional hospital," the patient experience is so good, "Patients call on the anniversary of their surgery to see if they can spend the night," he says.



General Colin Powell, U.S.A.

General Colin Powell, U.S.A. (Ret.), told HFMA members that great leaders don't just motivate their employees--they inspire their followers to action. "Leadership is about followership," he said. The best leaders build the trust of their followers through their integrity and their own commitment to the mission of the organization, Powell says, and when they are successful, their followers "are inspired to achieve the great purpose laid before them."

Quint Studer, a thought leader in health care and founder of The Studer Group, discussed his evidenced-based leadership model. Creating critical leadership pathways can reduce variance in an organization's performance, he told HFMA members. Throughout his presentation, he offered practical, prescriptive solutions for motivating employees and improving physician relations in order to achieve access, growth, and strong financial performance.

(continued on page 12)

Leadership." "My goal as Chairman was to give--to inspire courage in leadership, to challenge our Association, and you, to step up . . . be bold . . . do the thing you think you cannot do," Fifer told HFMA members. "But I received far more than I gave. You are the ones who inspire me, with the courage in leadership all of you demonstrate each day."

Attendees also gained insight into how to make a difference as leaders for their organizations during presentations from three nationally known keynote speakers.



HFMA's North Carolina Chapter received the Robert M. Shelton Award for Sustained Excellence during ANI. Pictured above are representatives from the North Carolina Chapter

More Than Fun and Sun at San Diego ANI (continued)

Tools for Success

ANI also provided healthcare finance professionals with the resources they need to address some of the industry's toughest challenges.

The PATIENT FRIENDLY BILLING™ Project released its new report, *Reconstructing Hospital Pricing Systems*, which provides an overview of the current hospital pricing system and identifies critical objectives of pricing system reform. The report sheds light on barriers to pricing reform and offers short-term actions providers can take to begin reforming the nation's pricing system. To read the report, visit the Patient Friendly Billing web site at www.patientfriendlybilling.org.

HFMA also launched its third Financing the Future series with its new report, *Healthcare Payment: Goals, Trends, and Strategies*, focusing on issues such as pay for performance, the impact of consumerism, and coping with the consumer's rising financial stake in paying for healthcare services. The report is available at www.financingthefuture.org.

The Idea Exchange Exhibit--ANI's largest exhibit hall ever--featured numerous opportunities to connect with vendors specializing in areas such as accounts receivable recovery services, regulatory compliance, receivables management, and healthcare IT.

Awards and Recognition

ANI also gave HFMA the opportunity to recognize chapters and members for their contributions to the Association and to the industry as a whole.

During the chapter presidents dinner and reception, HFMA presented awards to chapters for outstanding performance and contributions during the past year. The North Carolina Chapter received HFMA's most prestigious award, the Robert M. Shelton Award for Sustained Excellence.

HFMA presented the 2007 Frederick C. Morgan Achievement Award--the Association's highest honor--to John P. McGuire, FHFMA, CPA, executive vice president, CFO,

and assistant treasurer of the board of St. Anthony's Medical Center in St. Louis. The award honors career-long contributions to healthcare financial management and HFMA. McGuire has had extensive involvement with HFMA for nearly 30 years, serving as chairman of the Association in 1994-1995. He has also been heavily involved with the Greater St. Louis Chapter, and has received the St. Louis Gateway Award for service to the Chapter over an extended period of time.

Next Stop: Vegas!

HFMA's 2008 ANI will be held June 23-26, 2008, at Mandalay Bay Resort and Convention Center, Las Vegas. Look for more information in upcoming issues of hfm! ☛

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The Uninsured Population and the Rise of Bad Debt (continued from page 1)

viewed as a daunting task, if implemented properly, it can be a source of much needed cash. Zero-value assets can be transformed into instant cash and the windfall revenue associated with selling debt goes directly to the bottom line! Corporate cash increases without sacrificing quality of service and patient retention. Lastly, the uncertainties associated with your bad debt are reduced and you eliminate the administrative nightmares associated with uncollectible accounts.

Total satisfaction in debt selling transactions should be the desired end result. Key factors that will determine success in the debt selling relationship and transaction are: 1) receive a fair price for your non performing receivables, 2) ensure the purchaser of the debt, as the new owners, affect collections in such a manner as to minimize complaints, 3) your organization must recognize

and support the benefits and the positive impact of selling your distressed debt, 4) the debt purchaser must address client inquiries promptly with perspective and knowledge of the industry, 5) the purchaser must demonstrate previous successful medical debt purchases and provide references, and 6) purchaser must be 100% HIPAA compliant.

Medical debt purchasers with experience can guide you through the unknown waters that lie ahead and create a simple effective transaction which can be repeated time and time again. Correctly choosing your partner will reduce or eliminate your risks associated with a selling transaction and ensure patient retention while increasing cash flow without recourse. ☛

Dave Erlich is the Director of National Sales for MEDCLR, Inc. He can be reached at david@medclr.com

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Convention Center,
Las Vegas.**



The Differences in Automated Medicaid and Charity Applications

BY ROBERT V. JACOBS, CPAM



With the uninsured population rapidly growing past 46 million

Americans, state budget crunches, and an increase focus on fraud, hospitals have begun to look towards grabbing a bigger piece of the pie and most importantly properly assisting the uninsured and under-insured. Automating the Medicaid and Charity process is one way to ensure that best practices are followed and assistance is given only to those who need it.

The Lewin Group, a national health care and human services consulting firm for public, non-profit, and private sectors, published a report entitled Electronic Applications Present Opportunities

to Improve Enrollment into New York's Public Health Insurance Programs. The article concluded that an automated system reduces errors, duplication, staff effort and time, common mistakes, and increased real-time access to enrollment data. Furthermore, according to a General Accounting Office (GAO) study, up to 60% of Medicaid applications are rejected for administrative reasons, not because of ineligibility.

The Lewin Group also found that although automation may increase compliance with application submission, it may not assist them in attaining the required documents or meeting eligibility criteria. At the time of this article, there

are only a handful of companies promoting a software or online program that claim to meet these needs. Of them, some are simply verification tools to confirm Medicaid enrollment. Others use

credit information to try and determine eligibility in one program or another. However, very few companies have taken the current pen and paper process and transferred it onto a computer screen.

continued on page 14

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As of only a few years ago automation had not been brought to government health insurance programs, either internally or externally. Healthcare providers across the nation have been moving rapidly towards electronic patient records and other upgrades in technology due to strong government recommendations. In the long run, we are told technology upgrades undoubtedly will help not only patients, but hospital budgets as well. Now, several companies offer an automated process to screen uninsured and underinsured patients for Medicaid and Charity programs. However, companies offering such a solution vary greatly not only in their product offering but in their knowledge of state Medicaid programs and hospital charity guidelines.

One of the options available in the marketplace at this time can be easily defined as Enrollment Verification. This product is valuable in that it provides hospitals with the knowledge that an individual is already enrolled in a government program. This saves the provider time and money in the review of a patient. Unfortunately, this does not help the hospital with patients not enrolled in Medicaid. Furthermore, it does nothing to address the hospital's charity needs.

In response to hospital's needs for charity and Medicaid screening, many companies developed programs that use credit information to determine eligibility. Credit information is a valuable asset for hospitals to have because it will assist them in determining who may be eligible for charity, and who can be moved on to bad debt. An additional benefit is that these programs provide address and social security verification, and the patient's available credit; all of which can help hospitals prevent

against fraudulent activity. The downside is that credit scoring alone should not be used to determine Medicaid or charity. A credit score is unable to find whether a person is blind, pregnant, or disabled. It does provide important information, but not necessarily information that accurately determines Medicaid or Charity.

Perhaps the most complete option is the automated application tool. This system takes a hospital's and eligibility company's current process and refines it through technology. In doing this, hospital's keep with best practices and all patients are asked the same questions, eliminating the possibility of repetition and other forms of human error. Many of these tools also enable providers to utilize staff without requiring extensive Medicaid knowledge or training, and allow the service to be offered in outpatient areas. Those with integrated calculators compute spend-down requirements with income and assets to facilitate easy point-of-service collection. All of this information is kept on file for report generation and the elimination of duplicate applications in multi-system hospitals. At the end of the interview, the tool will bring forth the appropriate application


"In the end, all automated options should be viewed as valuable services, and the choice each provider makes is based largely on what the hospital needs."

form, necessary attachments, and the lists of documents required by the state for eligibility determination, including recording undocumented immigrants. By being electronic, the application is then capable of being submitted online or by facsimile with the use of an electronic signature. Regrettably, this option is not widely offered as a result of the fact that not all states accept electronic applications, and ~ since the application process itself is not standardized ~ the company needs to have knowledge of each states' applications in order to customize and configure them into the program. This requires extensive programming and costly man-hours for each new state, which is why so few companies offer it.

Unfortunately, the process itself goes beyond an application, and the measure of quality healthcare providers must recognize in these programs is whether it will assist in simply easing the manual methodology or streamline the entire progression. Depending on the format of the program, applicants may find themselves denied for care they are eligible for simply because the automation they are filtered through has completely removed the human element of the problem itself, in which case the program has merely

verified their poverty level.

Just as a hammer needs a carpenter to function, technology should not remove the element of human interaction. As is the mark of any good tool, it assists and refines human procedure. From first glance, a great deal of the products available on the market were rushed to meet the demands the uninsured and underinsured patients placed on the hospitals, and designed to automate their patient inventory as opposed to integrating a patient care priority within it. Inasmuch as these programs are beneficial from an accounts receivable point-of-view, their connection or expertise in the Medicaid process in regards to the patient exists solely as a design term within the program.

In the end, all automated options should be viewed as valuable services, and the choice each provider makes is based largely on what that hospital needs. When looking to outsource, hospitals should consider the motives and knowledge behind the company that creates the software. The true motive of outsourcing should be to lessen the burden of the hospital but also simultaneously extend their mission. The more hospitals lean towards automating Medicaid and charity programs, the greater pressure they will be able to put on federal and state governments to automate the Medicaid program itself. The greatest benefit for all parties will occur when there is a universal standard capable of incorporating each other's technological format. 

Ryan Brebner is a Business Development Executive for R & B Solutions and a member of the First Illinois HFMA Chapter. Mr. Brebner can be reached at rbrebner@randbsolutions.net

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HFMA Editorial Guidelines

First Illinois Speaks is the newsletter of the First Illinois Chapter of HFMA.

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Style

Articles for *First Illinois Speaks* should be written in a clear, concise style. Scholarly formats and styles should be avoided. Footnotes may be used when appropriate, but should be used sparingly. Preferred articles present strong examples, case studies, current facts and figures, and problem-solving or "how-to" approaches to issues in healthcare finance. The primary audience is First Illinois HFMA membership: chief financial officers, vice presidents of finance, controllers, patient financial services managers, business office managers, and other individuals responsible for all facets of the financial management of healthcare organizations in the Greater Chicago and Northern Illinois area.

A broad topical article may be 1000-1500 words in length. Shorter, "how-to" or single subject articles of 500-800 words are also welcome. Authors should suggest titles for their articles. Graphs, charts, and tables (**PDF or JPG only**) should be provided when appropriate. Footnotes should be placed at the end of the article. Authors should provide their full names, academic or professional titles, academic degrees, professional credentials, complete addresses, telephone and fax numbers, and e-mail addresses. Manuscripts should be submitted electronically, on computer disk or by e-mail as a Microsoft Word or ASCII document.

Founders Points

In recognition of your efforts, HFMA members who have articles published will receive 2 points toward earning the HFMA Founders Merit Award.

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Healthcare Financial Management Association First Illinois Chapter

Chapter Education Calendar 2007-08

Thursday, August 23rd, 2007

Social Event - White Sox VS Boston Red Sox
US Cellular Field

Thursday, September 20, 2007

HFMA 101
Location TBD

Thursday, October 18, 2007

Accounting & Revenue Cycle Dual Track Education Program
Location TBD

Thursday, November 15, 2007

IT and Physician Education Program
Location TBD

Thursday, January 17, 2008

Accounting & Revenue Cycle Dual Track Education Program
Location TBD

Thursday, February 7, 2008

Winter Social Event
Location TBD

Thursday, February 21, 2008

Emerging Issues Education Program
Location TBD

Thursday, March 20, 2008

Managed Care Education Program
Location TBD



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