

CMS Awards 1st Medicare Administrative Contract

The Centers for Medicare & Medicaid Services (CMS) announced on July 31st the award of the first of 15 contracts for the combined handling of both Part A and Part B Medicare claims. The winning contractor is Noridian Administrative Services, LLC, (NAS), headquartered in Fargo, N.D.

As the new Part A/Part B Medicare Administrative Contractor (A/B MAC), NAS will serve as the first point-of-contact for processing and paying fee-for-service claims from hospitals and other institutional providers, physicians, and other practitioners in Arizona, Montana, North Dakota, South Dakota, Utah and Wyoming.

"The contract award is a major step to improved Medicare service for beneficiaries and providers, and significant cost savings from greater efficiency in managing the original fee-for-service Medicare program," said CMS Administrator Mark B. McClellan, M.D., Ph.D. "Noridian Administrative Services was selected through a full and open performance-based competition to administer the program as effectively and efficiently as possible."

The A/B MAC contract, which has a value of \$28.9 million for the first year of performance, is the first of 15 to be awarded by 2011 to fulfill requirements of the contracting reform provisions of the Medicare Modernization Act of 2003. NAS will immediately begin implementation activities and will assume full responsibilities for the claims processing work in its six-state jurisdiction no later than March 2007.

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President's Message by Bryce Pattison

It's the end of August. The dog days of summer are behind us, summer vacations are over, school is starting, and fall golf is just around the corner. More importantly, the largest health care meeting in our state is just a couple weeks away.



The 2006 SDAHO convention in Sioux Falls will kick-off with a 3:30pm golf outing on Tuesday, September 19 and conclude at noon on Friday, September 22.

The programming committee of Julie Norton, Anne Christiansen, LaVonne Linneman, Rita Blasius, Brian Peterson, Brian Bertsch, Tom Loff, Gil Johnson, and Phyllis Birk have done an excellent job of combining pertinent general sessions with important topics specific to health care finance. A sampling of presentation titles for Wednesday and Thursday include:

- “Casting a Safety Net Around Revenue Compliance”
- “Pricing: A Strategic Journey”
- “Chargemaster Management – Advanced”

-“Improving Productivity by Understanding Differences in Age and Life Stages”

-“Breakthrough Improvements in Healthcare Operations”

Our chapter business meeting will occur on Thursday, September 21 from 4:15 – 5:00. You will receive a tentative agenda with your registration materials.

The SDAHO convention will close on Friday morning with a “State Issues Forum” and “Governor’s Candidate Forum.”

This statewide meeting will provide many great educational and networking opportunities. I hope to see you there.

Bryce Pattison

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Member Information

New Members

Robert Baxter—Vice President Operations, Rapid City Regional Hospital, Rapid City, SD

Mary Jane Maiers—Business Office Manager, Dells Area Health Center, Dell Rapids, SD

Todd Wilson, CPA—Senior Associate, Eide Bailly, Sioux Falls, SD

Membership Count:

Begin Year (6/1/06): 137

June 2006

1 Reinstated Member

1 Transfer in

July 2006

2 New Members

17 Non-Renewing Members

7/31/06 Member count: 124

Meet New Member—Erica Peterson

Please welcome Erica Peterson, a native of Nevada, Missouri—not a typo—there really is a Nevada, Missouri approximately 100 miles south of Kansas City, MO. Before assuming her current position, Erica worked as an Agricultural Loan Officer and Analyst for First Dakota National Bank. Deciding she needed a challenge, she ventured into the healthcare field and has been the CFO at Mid Dakota Medical Center in Chamberlain, SD for almost a year now. Erica states that the best part of her job is that she is “working to provide Chamberlain with quality and reliable healthcare.”

Married for four years to husband Cade, the couple makes their home on a ranch 12 miles south of Chamberlain. Erica’s childhood dream was to be a cowgirl, however, she quickly realized this might not be her true calling in life. Living and working outside on their farm though comes close to fulfilling this dream and is something she thoroughly enjoys. Erica also enjoys the long frigid winters of South Dakota—okay maybe not! But she does take pleasure in going for walks and spending time with her family and friends.

Erica’s dream house would be right

where they currently live. She states that she loves the views of the Missouri River... “They never cease to take my breath away.” Her favorite fall activity is watching the amazing sunsets plus it also means that her husband will be home before her and dinner will be started! --Gotta love that!

Erica was encouraged to join HFMA by Maureen Cadwell and likes the networking and educational seminars that HFMA offers plus she has already become active as a member of the HFMA Newsletter Committee. Welcome Erica! We are glad to have you on board!

Platinum Sponsor Spotlight—*Quality Reimbursement Services*

With Best Wishes

From

Quality Reimbursement Services

Healthcare Consultants

E-mail: corporate@qualityreimbursement.com

Meet Senior Member—Allan Berreth



HFMA is fortunate to have so many dedicated members and Allan Berreth is one such member. Allan has been Director of Operations Performance with Rapid City Regional for the past 24 years and an HFMA member for 23 years. Allan enjoys the varied work environment his position offers including planning new programs, facility planning and implementation, real estate management, financial analysis and management, and operational analysis.

Growing up in Aberdeen, Allan always enjoyed the outdoors, science and the stars. It is no wonder then that his first aspirations were towards research or teaching in the areas of astronomy and/or physics. His current hobbies still relate back to these fields where he enjoys reading up on astronomy and physics, reading science fiction, and solving mathematical puzzles. Additionally, Allan likes participating in golf, racquetball, tennis, running, biking, plus pheasant hunting. WHEW!!--- you are one busy man Allan!

Allan is married to wife Tracy and they have two children, Jennifer and Mark. Allan loves the wide-open spaces of South Dakota and watching “the wind blowing the fields of grain, being able to see vast distances, the beautiful clear blue sky, the Black Hills, of course, and the wonderful people.” Allan already has his dream house where his front view is the Needles of the Black Hills and his back view is a wonderful prairie stretching for miles—lucky you Allan!

Led into healthcare initially by the

availability of a job that included exciting challenges and opportunities, Allan has remained in healthcare because “It has become to me a way to be instrumental in providing high quality services to people during a period in their lives that can be so stressful and trying.”

Allan was drawn to HFMA because he enjoys the camaraderie of the members, the educational opportunities along with the members’ desires to be more than just technical accountants...“They want to make a difference in the lives of people using healthcare services” says Allan. Additionally, Allan values his membership in HFMA because of the “bedrock of trustworthy, accurate information. HFMA has provided me with the opportunities to meet some very interesting, intelligent, and fun people.”

HFMA salutes senior member Allan Berreth and thanks him for his dedication to this organization!

Thank You 2006 Platinum and Silver Sponsors!

Platinum

Advanced Asset Alliance
Quality Reimbursement Services
Rapid City Regional Hospital
Eide Bailly, L.L.P.

Silver

Avera McKennan Hospital & University
Health Center
Avera St. Luke’s Hospital
Diaryland Healthcare Solutions
Deloitte & Touche
Fisher Consulting
Howalt McDowell Insurance, Inc.
The Midland Group

July 06 Medicare Update by Mike Miller, SDHFMA

At the July 27, 2006 HFMA meeting in Chamberlain, Linda Wright from Cahaba GBA, LLC was present to give the attendees an update on the following Medicare issues.

The National Provider Identifier or NPI final rule was published on January 23, 2004. This rule adopted the NPI as the standard unique health identifier for health care providers. The NPI is a ten digit intelligence free numeric identifier that will replace the current Medicare providers numbers. Each entity within your health care facility that currently bills Medicare under a specific provider number will need to apply for a new NPI. The ten digit numbers will be awarded as they are requested and will not be region or state specific, as they currently are. Providers can now apply for their NPI's, which are required to be used by all providers as of May 23, 2007. For information on NPI regulations and how to apply, go to the following websites: <http://www.cms.hhs.gov/NationalProviderStand/> or <https://nppes.cms.hhs.gov/NPPES/Welcome.do>

available for providers to use beginning March 1, 2007. As of May 23, 2007 all paper claims must use the new claim form. Watch the Medicare A Newline for further information. A download is available at the following website:

<http://www.cms.hhs.gov/manuals/downloads/clm104c25.pdf>

As more Medicare Advantage plans begin to enroll beneficiaries, providers must be aware of the patient's coverage and bill appropriately. For PPS providers, the determination of where to bill, will be based on how the patient is enrolled as of the date of admission or treatment. For Non-PPS providers, the Medicare Advantage plan is responsible for services on and after the day of enrollment and up through the day that disenrollment is effective. For CAH hospitals, this could entail split bills between Medicare FFS and Medicare Advantage plans for an IP stay. Providers will need to check ELGA for eligibility and effective termination dates, as the responsibility to send the claims to the right payer source will be on the providers.

2005, a one time, nine day payment hold will be effective for all Medicare claims processed 9/22 – 9/30/06. The claims affected during this hold period will be paid on 10/02/06. This payment hold excludes full denials, no-pay claims, PIPs, RAPs, NOEs or cost report settlements.

For more information on these and other Medicare issues, you can go to the Medicare A Providers link at www.cahabagba.com.

Mike Miller is the Reimbursement Manager at McKennan Hospital & University Health Center

The UB-04 Claim Form will be

Per the Deficit Reduction Act of

Mark Your Calendars...Upcoming SDHFMA Meetings

SDAHO—Sep. 20-22, 2006, Sioux Falls
Fall Meeting—Oct. 26-27, 2006, Rapid City
Winter Meeting—February 1, 2007, Chamberlain
Spring Symposium—Mar. 28-30, 2007, Sioux Falls

National News

Guidelines Say Private Rooms Should Be Standard in New Hospital Construction

The updated Guidelines for Design and Construction of Health Care Facilities calls for single-patient rooms in medical/surgical and postpartum units to become standard for all newly constructed hospitals, the American Institute of Architects has announced. This is the first such recommendation since the guidelines were originally published by the federal government in 1947. Updated every four years by the Facility Guidelines Institute and published, the guidelines are currently used by 42 state governments to regulate hospital licensing and construction.

The recommendations were unanimously approved by a committee of physicians, hospital administrators, infection control experts, engineers, and architects, according to an AP story. Private rooms are more conducive to patient healing and recovery, said the committee, and they prevent disease transmission, reduce medical errors, and protect patients' privacy. "Initial costs for all private rooms in hospital will pay for themselves very quickly, and nursing units with private rooms are far less costly to operate," said Scot Latimer, president of the AIA Academy of Architecture for Health. "Hospitals will actually be able to run at a higher occupancy rate, as well as reduce the costs and safety risks that are associated with patient transfers."

House Subcommittee on Health Hears Testimony on Price Transparency

The House Ways and Means Subcommittee on Health heard testimony on July 18 on the importance of increasing price transparency in

health care, its impact on slowing spending growth, and current efforts to provide the true cost of medical services.

Ha T. Tu, senior researcher at the Center for Studying Health System Change, offered several lessons on price sensitivity learned from studying consumers who pay out of pocket for LASIK surgery, in vitro fertilization, and cosmetic rhinoplasty. Few of these consumers price shop for these procedures, preferring only to rely on other patients' recommendations or referrals from their physicians as a proxy for quality. And although Tu emphasized the importance of price and quality transparency for medical procedures, he added, "We need to be realistic about the magnitude of the potential for improvement if consumers become more effective shoppers for health care."

Hospitals are doing their part to make prices available to consumers, testified Stephen Brenton, president of the Wisconsin Hospital Association. The WHA has "the most comprehensive private-sector price transparency initiative in the nation," said Brenton, and it is working with seven other states to develop similar programs. The Price-Point web site contains hospital-specific information on inpatient prices for all DRGs, aggregate reduced prices taken by public and private payers, totals of charity and uncompensated care, and a link to quality and patient safety information. But the burden of price transparency should not fall on hospitals alone. "We believe that health plans currently involved in marketing HSAs and high-deductible products must offer up information to their consumers as an essential, value-added service," said Brenton. "Similarly, a focus totally on hospitals fails to generate necessary in-

formation from physician offices, freestanding diagnostic centers, and pharmacies."

The committee also heard from Robin Downey, product development head for Aetna, who said that up to 1,000 consumers each month in one pilot-test city have logged on to Aetna's web site to get information on actual discounted rates for physician visits, diagnostic tests, and minor procedures. This August, Aetna will provide price and quality data for nearly 15,000 specialists and pricing for up to 30 procedures for each of 70,000 physicians. In the future, Aetna says it will add pricing information for hospitals and ancillary providers.

Profitability at Highest Levels Since 1998 for U.S. Not-for-Profit Hospitals

U.S. not-for-profit hospitals and healthcare systems exceeded expectations and showed significant improvements in profitability in 2005, according to Fitch Ratings' 2006 Median Ratios for Nonprofit Hospitals and Health Care Systems. Profitability ratios, which are at their highest levels since 1998, improved largely due to increasing revenues and improved operating controls.

Operating margins improved to 2.8% in 2005 from 2.1% in 2004, and excess margins sharply increased for the third consecutive year to 4.8% from 3.6% in 2004. This strong operating performance also contributed to a growth in liquidity as the 2005 median for days cash on hand improved to 163.9 days, up from 157.8 days in 2004.

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About HFMA

HFMA is the nation's leading personal membership organization for more than 33,000 financial management professionals employed by hospitals, integrated delivery systems, long-term and ambulatory care facilities, managed care organizations, medical group practices, public accounting and consulting firms, insurance companies, government agencies, and other healthcare organizations.

Members' positions include chief executive officer, chief financial officer, controller, patient accounts manager, accountant, information management specialist, consultant, and other professionals who seek excellence in the financial management of integrated health systems and other healthcare organizations.

HFMA, through its chapters, regions, and National office, helps members meet challenges by providing professional development opportunities, networking and communicating information and technical data with the ultimate goal being to create a more supportive environment in which members do their business.

The Quill Exchange

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Chapter News

- ◆ Business meeting minutes will now be posted on the chapter's website. Go to www.sdhfma.org and find the Planning Meeting minutes from May 18 & 19th posted under "Chapter Business". Business meeting minutes will no longer be published in the chapter's newsletter.
- ◆ Maureen Cadwell, 2005-2006 SDHMA Chapter President, attended ANI in Orlando, FL. During the 53rd Annual Chapter President's Dinner and Meeting held June 19, 2006, the South Dakota chapter received three awards! The awards were: Silver Award of Excellence for Education, Silver Award of Excellence for Member Growth and Retention, and the Bronze Award of Excellence for Certification. Congratulations to Maureen and all of the members who helped achieve these awards. Maureen will present the awards during the Business Meeting being held during the SDAH Convention on Thursday, Sept. 21st, 2006 from 4:15-5:00 p.m. Please plan on attending the meeting!
- ◆ Forty-four people attended the SDHFMA Summer Meeting held July 27, 2007 at the Cedar Shores Resort in Chamberlain, SD!