

December 2004



SOUTH DAKOTA HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION

The Quill Exchange

Health Care Collections in a Changing Environment by Bryce Pattison, Advanced Asset Alliance

The recent, unflattering publicity regarding the billing and collection practices of tax exempt hospitals has created quite a stir. Organizations across the state have spent the holiday season reviewing their billing and collection policies. Companies specializing in outsourced medical receivables are also being scrutinized.

While an analysis of these routine and critical business office functions is certainly reasonable, people need to temper emotions with a dose of logic. Recent headlines proclaim "hospitals overcharging uninsured" are simply misleading and only add confusion to this sensitive issue. I'm not so sure of the cliché that "any press is good press."

As you might imagine, I have fielded many phone calls about this topic. While the questions have ranged from reasonable ("Do you take people to small claims court?") to completely crazy ("You don't arrest little old ladies and take their homes do you?"), they have usually focused on the most assertive part of collections – litigation and garnishment.

The increased interest in collections is understandable and I hope to provide a fair description of what happens to accounts that are outsourced to an agency.

Generally, the people healthcare providers outsource for collection follow-up fall into one of three categories:

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Meet “New” Member: Mary Fields



right where she's at. She's now looking for the person who made that offer!

When Mary was a little girl, she wanted to be a ballet dancer. On that, she commented, “Obviously life took a few different turns! I even saved my pink tutu, though I never took any official dance lessons.” Instead, she and her family are involved in theater and music in their community. In October they took part in the Dinner Theater and in late February will participate in a musical, both in Rock Rapids, Iowa.

During the working hours, you can find Mary at Luverne Community Hospital. For the last eight months, she has been the revenue cycle supervisor for both the Luverne hospital as well as Merrill Pioneer Hospital in Rock Rapids. Before that, Mary worked at Sioux Valley Home Medical Equipment in Sioux Falls for 5 years. She says that the people and variety of responsibilities, as well as the added bonus of two locations, are the best parts of her job.

Mary's supervisor, Stan Knobloch, drew her to HFMA. He is a great role model both at work and in life outside of work. She states, “We both believe in being involved at work, at our churches, and in our community.” Mary sees value in the HFMA organization through the seminars, emails, and the people she's met, which are willing to share their experiences and ideas!

“I am not as big of a business as Mrs. Fields Cookies, but I do my fair share of baking to share with family and friends. I am enjoying life on our acreage, too, where we had a BIG garden this summer, one dog and three cats. So life is good (and busy!)” That describes only part of Mary Fields' life away from work. She and her husband also own a 1968 Mustang that they take to car shows and enjoy “cruising” in. In her quiet moments, Mary likes to read.

Along with her husband, Mary's family includes two sons, two stepdaughters and their husbands, and five grandchildren. Mary grew up in Rock Rapids, Iowa and now lives on acreage near there. When asked where she would build a new house if she could build it anywhere, she commented that a new home would be a nice change from her old farmhouse on the acreage

Happy Holidays!

Meet “Senior” Member: Dave Timpe



Dave grew up in Dubuque, Iowa and moved to Sioux Falls in 1976. As a youngster, Dave wanted to be a math teacher. He stuck to that until he was doing poorly in a science and math class as a sophomore in college. So he shifted gears somewhat. For those same 34 working years, Dave has been married to Benita, better known as Bunny, and together they have three grown children, Lisa, Brian, and Kevin. In light of the holiday season, Dave explained that, because each year is different, his family really doesn't have a Christmas "tradition". However, the family went to Cancun this Christmas...maybe that could be the tradition!

Dave joined HFMA in 1976 and enjoys the people contact in the organization. He cites that the most valuable part of HFMA is meeting people and then being able to use them as resources. His favorite memory is receiving the Morgan Award in 2002. That's a great accomplishment!

"I would like to be able to see into the future so I could own the right stocks and buy the right Powerball numbers." Dave Timpe might not have that superpower but he must have chosen the right career 34 years ago. He's been working at Eide Bailly and other CPA firms those many years. He says that working with clients and staff people, while making friends with many of them, is the best part of his job.

Away from work Dave enjoys outdoor activities such as hunting, fishing, and snowmobiling, as well as genealogy and photography. He shared that if he could build a house anywhere he wanted, the only requirement is that it would definitely have to be near or on the water, a great setting for all of his hobbies. Dave did comment that once he does retire, he would just like to be able to continue to do many different things and enjoy life to the fullest.

New Year Quotes

Youth is when you're allowed to stay up late on New Year's Eve. Middle age is when you're forced to.

~ Bill Vaughn

Ring out the old, ring in the new,
Ring, happy bells, across the snow:
The year is going, let him go;
Ring out the false, ring in the true.

~Alfred, Lord Tennyson, 1850

I do think New Year's resolutions can't technically be expected to begin on New Year's Day, don't you? Since, because it's an extension of New Year's Eve, smokers are already on a smoking roll and cannot be expected to stop abruptly on the stroke of midnight with so much nicotine in the system. Also dieting on New Year's Day isn't a good idea as you can't eat rationally but really need to be free to consume whatever is necessary, moment by moment, in order to ease your hangover. I think it would be much more sensible if resolutions began generally on January the second.

~Helen Fielding, *Bridget Jones's Diary*

Health Care Collections..... continued

(Continued from page 1)

1. Those that can pay and do
2. Those that can't pay
3. Those than can pay and choose not to

While we all like those cooperative patients that “can pay and do,” they are certainly the least problematic in today’s environment and I won’t waste time discussing them.

The patients that “can’t pay” are a critical component of collections today. Just like a hospital business office, agencies contact people every day that truly can’t pay their bill. Third party financial counselors talk to them regularly. If the individual’s poor financial condition can be verified, a reputable collection firm will immediately cease traditional collection activity and pursue other options – including charity care.

The challenge is that most of the individuals that would qualify for charity care or some type of financial aid will not provide the very financial detail that would help eliminate all (or a portion of) their account balance.

Additionally, it is cost prohibitive for any collection firm to use the courts to pursue a person that “can’t pay.” An agency is simply not going to spend a couple hundred bucks on research, ancillary fees, and document preparation to sue a patient knowing full well the patient doesn’t have the financial ability to resolve his/her debt. While a judgment may sound solid, it is no guarantee of payment. If the person does not have the financial means to pay, the bill remains unpaid and the agency will not recoup its legal expenditures.

The people that fall into the “can pay and choose not to” category are often the most challenging. These people have the financial means to pay, at least something, on their accounts. It is simply a situation in which your agency partner needs to help the patient reprioritize his/her financial obligations.

Pursuing someone legally does just that. When our firm initiates litigation action, over 30% of the accounts pay in full before the actual court date. In other words, these patients had the means to pay – but chose not to – until we helped move your debt to the top of their financial priority list. These are true collection scenarios that highlight the universal value of your collection partner.

Upon receiving judgment, most collection firms will pursue satisfaction via wage garnishment or bank levy - not the attachment of property. In fact, I am not aware of any billing/collection firm in our state that has willfully taken an indigent person to court, obtained judgment, and taken their home. While this type of story makes for exciting headlines, it simply is not the way things are done.

The fact is that our industry litigates less than 5% of the accounts outsourced for collection follow-up. These patients have not made any reasonable attempt to pay us (or you) prior to the initiation of legal action. In every case, these patients have had ample time (usually more than 12 months) and opportunity to work with your staff and agency staff

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Health Care Collections..... continued

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to resolve their accounts in some appropriate manner.

It is important to note that our trade association, The American Collectors Association International (ACA), has been working with the American Hospital Association (AHA) to provide appropriate education, statistics, etc. to our nation's lawmakers. Several agency owners have worked directly with ACA to write a "white paper" to lawmakers to provide a more objective view of what we (in the collection industry) do when working to recover outstanding medical receivables. I believe this united effort has proven to be very successful to date. ACA is also doing a great job of keeping member agencies informed about recent developments and any possible risk areas regarding the Scruggs Lawsuits.

We can certainly debate the legitimacy of these lawsuits, but all healthcare providers would be well served to have an open dialogue with their agency partner(s) about this topic. I have had the opportunity to present "the agency perspective" to several health care executives and these meetings have proven to be a great exchange of information and ideas.

Going forward, I think there will be a shift in how healthcare providers analyze the success of their agency relationships. Historically, collection firms have been exclusively evaluated on *recovery* performance. In the current environment, agencies will need to focus on other critical items as well. Things like the treatment of the patient during the collection process, predictive scoring models (to assist in charity care identification), digital call recording (to monitor conversations with patients), beefed-up education for agency staff, etc. will all be key indicators of an agencies ability to provide the complete healthcare package.

Regardless of the results of the Scruggs lawsuits, the increasing levels of uninsured patients virtually guarantee the scrutiny of our billing and collection practices will continue. We are all best served by working together to enhance our client/vendor relationships to more effectively work with all patients – not just those that "can pay and do."

Bryce Pattison

Advanced Asset Alliance

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Plan to Attend HFMA's Long-Term Care Conference on February 10th, 2005...

Meeting Agenda:

8:00—9:00am: Registration & Refreshments

9:00—10:30am: Diane Atchinson, Consultant, will highlight some basic reimbursement issues, discuss consolidated billing and case mix.

10:30—10:45am: Break

10:45—12:00pm: Linda Wright from Cahaba GBA will lead a more in depth discussion of various issues pertaining to Medicare reimbursement and consolidated billing.

12:00—1:00pm: Lunch

1:00—2:15pm: Diane Atchinson will rejoin our group focusing on a variety of topics including: the DAVE Project, risk management, important family issues, updates on pressure ulcers, LTC trends and culture change.

2:15—2:30pm: Break

2:30—4:00pm: Diane Atchinson, cont.

4:00pm: Adjourn

Location: Cedar Shore Resort, Chamberlain, SD

For additional information or registration form please contact Bryce Pattison (605) 978-9666 or bpatt@aaa-coll.com

Upcoming FY04 –05 SDHFMA Meetings:

February 10, 2005: A one-day meeting on Long-Term Care in Chamberlain, SD at Cedar Shores Resort

March 31—April 1, 2005: Spring Symposium in Sioux Falls at Radisson Encore Hotel

**Check out SDHFMA's new website:
www.sdhfma.org**

THANK YOU 2004 SDFHMA Sponsors!

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SDHFMA Rapid City Meeting

Business Meeting Minutes

Rapid City, SD 11/4/04

Meeting was called to order by Brian Bertsch at 4:30 P.M.

Attending: Bryce Pattison, Renae Tisdall, Linda Roth, Jim Frank, Allan Berreth, Mark Thompson, Jim Thurm, John A Vetsch, Jodie Mitchell, Marcia Olson, Dave Timpe, Joel Aas, Maureen Cadwell, John Wodzinski, Tom Pitlick, and Dave Goehring. Bryce Pattison took minutes to the meeting.

2. Treasurer Report – Brian Bertsch

Brian reviewed the financial reports for Julie Norton. Motion to approve financials made by Allan Berreth and seconded by Jim Thurm. Motion carried.

3. Secretary Report – Brian Bertsch

Brian commented on the September (SDAHO) Business Meeting minutes (in the October 29 Newsletter). Maureen Cadwell made a motion to approve those minutes and the motion was seconded by Mark Thompson. Motion carried.

4. 2005 Strategic Plan – Maureen Cadwell

Maureen reviewed the 2005 Strategic Plan outlining areas completed and the ones needing more review. I.e. lunch meetings.

5. Program Committee – Bryce Pattison

Bryce commented on upcoming programs.

6. Newsletter – Brian Bertsch

Brian commented on the great newsletter and all the great articles, pictures, program information, etc. Brian thanked Allison and her committee for doing a great job.

7. Membership – Brian Bertsch

In Cindy Townsend's absence, Brian provided some membership specifics. Current membership is at 145. Discussion about ideas to increase membership ensued.

8. Sponsorship – Mark Thompson

Mark stated all sponsors have received the solicitation letters. They have received one sponsorship and one "no".

9. Directory – Brian Bertsch

In Mark Miller's absence, Brian reported the directory is being finalized.

10. Public Relations

Linda Roth discussed the need for regular photos of meetings, socials, etc. for the newsletters.

11. History and By-laws – Dave Timpe

Dave reported he had a *draft* of the by-laws that is applicable to the national template. The review of the final copy is done by the SDHFMA Board, HFMA National, and then the membership. Dave conveyed his hopes to have a final copy for the membership at the spring symposium.

12. Certification

No report.

13. Financial Review – Paul Gerhart

No report.

14. Job Referral – Renae Tisdall

Founders Points – Stan Knobloch

No report.

15. Website Update – Maureen Cadwell

Maureen provided a review of the new website for SDHFMA.

16. Record Retention

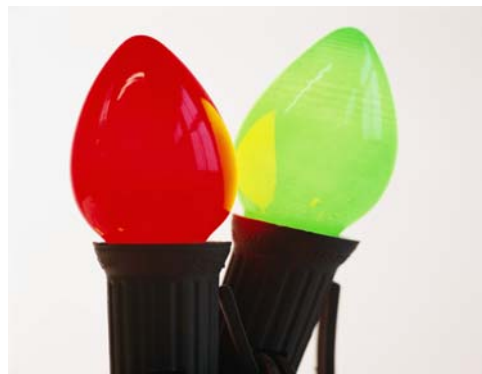
Open discussion regarding record retention ensued. More information will be disseminated at the March meeting.

Motion to adjourn the meeting made by Dave Timpe and seconded by Renae Tidall . Meeting was adjourned at 5:30 pm on 11/4/04.

Respectfully submitted,

Thomas Loff

SDHFMA Secretary



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

Published by the South Dakota Chapter
Healthcare Financial Management Association
3708 Brook Place, Suite 1
Sioux Falls, South Dakota 57106

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HAPPY NEW YEAR FROM SDHFMA!!

