

June 2006

2006—2007 Officers and Board of Directors

Officers

Bryce Pattison—President
 Tom Loff—President Elect
 Julie Norton—Vice President
 Anne Christiansen—Secretary
 Mark Thompson—Treasurer

Board of Directors

Bob Bohm—Term Ends 2007
 Renae Tisdall—Term Ends 2007
 Jim Frank—Term Ends 2008
 Tina Horner—Term Ends 2008
 Jeff Sandene—Term Ends 2009
 Rita Blasius—Term Ends 2009



L to R: Jeff Sandene, Anne Christiansen, Julie Norton, Tom Loff, Bryce Pattison, Rita Blasius, Bob Bohm (Not pictured: Mark Thompson, Renae Tisdall, Jim Frank)

SOUTH DAKOTA HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION

The Quill Exchange

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President's Message by Bryce Pattison

It seems like only yesterday when I was asked about my interest in being an officer for our humble little HFMA Chapter. At the time, I wondered about the five year commitment to fulfill the obligation. It seemed like a long time! Four quick years later and I'm starting my final year as a chapter officer – as your President. (No doubt a scary thought for some of you.)

Being directly involved in so many chapter activities and discussions has taught me a great deal. Most importantly, our state is lucky to have so many committed volunteers. It's a lot of work to organize chapter educational events, networking opportunities, publish six newsletters, update our website and chapter history, produce the annual membership directory, etc. I applaud the folks that give their time and talents in this regard.

Please welcome our three newest volunteer leaders: Mark Thompson (Treasurer), Rita Blasius (Board Member), and Jeff Sandene (Board Member). There are many things that go on behind the scenes to make our chapter function successfully. These individuals will be great additions to the team.

Pay special attention to our programming events this year. Our calendar is quickly filling up with dates, locations and topics.

Julie Norton and the Programming Committee are organizing a great schedule of educational opportunities. Tina Horner and the Public Relations Committee are working on creative ways to enhance our networking events during the upcoming year. To kick-off our July Meeting (7/27), we will host a social and pontoon ride the evening of July 26th beginning at 5:30pm at Cedar Shore Resort. And remember, a member can bring a non-member for free to this meeting. It is a great chance for you to expose a co-worker to the value of HFMA.

The Programming Committee uses information gathered from our meeting evaluations and the bi-annual member surveys completed by National. The goal is to provide speakers and topics that are relevant and timely. They work hard to have the meetings in popular locations, on preferred days of the week, and at preferred times of the month. The direction our chapter pursues is primarily dictated by these evaluations and surveys. Your satisfaction is critical to our long term success and we appreciate your honest feedback.

If you (or someone you know) works at a financially stressed facility, our chapter provides financial assistance for both meeting fees and membership dues. If finances don't allow you to become involved in HFMA, please contact me to

discuss your options.

I look forward to continuing to work with my HFMA friends over the coming months as we strive to provide another great year to our chapter membership.

Bryce Pattison

bryce@aaa-coll.com

605.978.9666

Upcoming Meeting Dates

SDAHO—Sep. 20-22, 2006

Fall Meeting—Oct. 26-27, 2006

Winter Meeting—February 1, 2007

Spring Symposium—Mar. 28-30, 2007

Meet New Member—Wendy Kuhlman

Please meet Wendy Kuhlman. A Michigan native, Wendy was led into healthcare when friends working as healthcare auditors recommended her for a financial analyst position. Eleven years later, Wendy's current position is as a consultant for ACS Healthcare Solutions out of Dearborn, Michigan where her job duties include assessments, implementations, training and support.

Although a far cry from her childhood aspiration of being a physical education teacher, she enjoys the challenges of her present position including "meeting the new clients and helping them to overcome the challenges they are facing." Since almost 80% of Wendy's job entails travels, she appreciates the wide-open flat

spaces of the South Dakota terrain. Wendy states "I have been driving way too much in Massachusetts lately and the roads there are curvy...with a lot of trees of each side so it is often difficult to see where you want to go. In South Dakota, we don't have this problem...it is wide open and you can see for miles!!"

A veteran of the Air Force, Wendy is married with two children and loves running in the woods especially during the changing of the seasons. Other interests lie in reading, quilting, and scrapbooking. Her dream house would be built either in Michigan or Oregon as she loves being near the woods and water.

Wendy states that since she works heavily in the financial software world, joining HFMA allows her to keep up with what is going on in healthcare finance. Her favorite part of HFMA so far?...why the newsletters and articles of course! We love to hear that Wendy!!!

Please join us in welcoming new member Wendy Kuhlman to the HFMA family.

Meet Senior Member—Geoff Durst



Geoff Durst is a veteran not only as a member of HFMA, but also when it comes to working in the healthcare field. Geoff has over 30 years of experience in healthcare, 18 of which has been as the Vice President of Finance with Avera St. Luke's Hospital. The favorite part of his job?.. "people and the satisfaction that your organization is helping those in a time of need."

Married for 32 years, Cathy and Geoff have two daughters; Lucy, a freshman at the University of Oregon, and Kathy a sophomore at Roncalli High School. Although born and raised in Miles City, Montana, Geoff does have family ties in the Miller area. As a child, Geoff's aspiration was to become a Navy commander aboard an aircraft carrier. Upon graduating from college, Geoff worked at a land development office in Phoenix for six months before directing his interests and talents towards the healthcare industry.

Geoff enjoys the people and open spaces of South Dakota and loves the weather—you heard right!—he actually loves the snow and the cold—maybe we should have featured him in the December newsletter!

Just where would his ideal place to build a dream house be? Why in the mountains near Seeley Lake, Montana of course. Near to trout streams and rivers...and

more snow! Geoff enjoys fishing, hunting, traveling, and being with his family.

Geoff takes please in being a member of HFMA because it allows him the opportunity to meet people and broaden his knowledge. Additionally, the availability of HFMA resources combined with developing life long relationships and the great networking opportunities are definitely a plus.

Thank you Geoff for your many years of membership in HFMA!

SDHFMA Budget FY2007

	<u>FY2007</u>
Revenue	
Education meetings:	
Summer meeting	\$ 2,500.00
SDAHO	2,500.00
Fall meeting	3,500.00
February meeting	6,500.00
Spring symposium	10,000.00
Total education meetings	25,000.00
Sponsorship:	
Platinum	4,000.00
Gold	750.00
Silver	4,000.00
Bronze	3,000.00
Total sponsorship	11,750.00
Rebated dues	2,600.00
Miscellaneous	50.00
Interest Income	600.00
Total Revenue	40,000.00
Expenses	
Education meeting expenses:	
Summer meeting	1,500.00
SDAHO	2,500.00
Fall meeting	3,500.00
February meeting	4,000.00
Spring symposium	8,550.00
Networking events	1,200.00
Total education expenses	31,250.00
Officer travel and meeting	12,500.00
Directory printing	1,800.00
Insurance	250.00
Scholarships	0.00
Miscellaneous	1,100.00
HFMA membership dues	1,500.00
Postage	200.00
Website maintenance	1,400.00
Total Expenses	40,000.00
Revenue in Excess of Expenses	\$ 0.00

Platinum Sponsor Spotlight—Advance Asset Alliance



Advanced Asset Alliance is a consortium of accounts receivable management companies that specialize in the accelerated recovery of aged accounts receivable. Their method is technology driven, performance based, and compliance focused.

Advanced Asset Alliance As an outsourcing solution based organization, they focus on successful account resolution by providing patients with reasonable and effective methods of resolving their financial obligations.

The organization also provides specialized accounts receivable management during I.T. conversions, staffing shortages, acquisitions, and mergers.

Their team of professionals is committed to helping medical facilities gain every opportunity for growth and profitability in today's dynamic and demanding environment.

National News

Massachusetts to Mandate Health Insurance for All Residents

By July 2007, Massachusetts will have universal health coverage if Gov. Mitt Romney signs an historic bill as expected, reports the Boston Globe. The bill places responsibility on both individuals and businesses to reduce the number of uninsured persons in the state by 90% to 95%. Businesses that do not offer health coverage to their employees will be taxed \$295 per employee, and individuals who do not have insurance will lose their personal tax exemption and eventually be charged half of the less expensive premium as an annual fee. The legislation also expands the state's Medicaid program for children; provides free health insurance or coverage on a sliding scale for 207,500 people; allows businesses and individuals to purchase insurance with pre-tax dollars; and creates more low-cost plans. Without legislation to reduce the number of uninsured residents, Massachusetts would have lost a \$385 million federal Medicaid subsidy.

"The state government in Massachusetts

accomplished what Washington too often only talks about—providing insurance for a bulk of the uninsured in that state," commented Richard L. Clarke, DHA, FHFMA, President and CEO of HFMA. "They did it by bringing together key leaders from government, businesses, advocacy groups, payers, and providers to agree on a proposition that smoothes out the burden among these groups. What a refreshing example of government leading."

Two-Thirds of Physicians Oppose Pay for Performance: Survey Findings

A survey of 2,726 physicians found that 62% do not support the push to publicize performance of healthcare providers and link Medicare payments to quality via pay-for-performance arrangements. The survey, conducted by healthcare market research company HRA Research, also revealed that 41% of the doctors do not believe that the 100-plus standard measures of performance that the AMA will develop as a result of an accord with Congress will result in improved quality

of care. And 92% said that they believe specialty medical societies should be given the responsibility to craft these measurement criteria within their areas of expertise. Nearly half the physicians said they've witnessed insurance companies, consumer groups, and large employers request information on quality of care.

All Final HIPAA Administrative Simplification Regulations Posted

An updated unofficial version of the HIPAA Administrative Simplification Regulations Text, which includes all the final HIPAA Administrative Simplification regulations, has been posted on HHS Office for Civil Rights web site (<http://www.hhs.gov/ocr/hipaa/>); see the "What's New" section. The document includes the final HIPAA Administrative Simplification Enforcement Rule published on February 16, as well as the HIPAA Administrative Simplification rules administered by CMS.

2006—2007 SDHFMA Committees

Membership

Rena Tisdall—Chair
Rita Blasius—Co-Chair
Matt Mcleod
Bob Bohm
Jen Larson

Membership Directory

Deb Heupel—Chair
Jodie Mitchell—Co-Chair
Jen Larson
Cindy Townsend

Newsletter

Allison Bolger—Chair
Mike Miller—Co-Chair
Erica Peterson
Tina Horner
JJ Linn
Barb Morgan

History & Bylaws

Ken Trammell—Chair
Jim Tomlinson
Tina Horner

Programming

Julie Norton—Chair
Anne Christiansen—Co-Chair
LaVonne Linneman
Rita Blasius
Brian Peterson
Brian Bertsch
Tom Loff
Gil Johnson

Certification

Tim Renelt—Chair
Ken Trammell

Audit/Finance

Maureen Cadwell—Chair

Sponsorship

JJ Linn—Chair
Jim Frank—Co-Chair
Jeff Sandene
Anne Christiansen

Public Relations/Website/Job Referral

Tina Horner—Chair
Geoff Knobloch—Co-Chair
Rita Blasius
Tom Peterson
Tom Loff
Julie Norton

If you are interested in serving on a committee—contact Bryce Pattison by e-mailing him at bryce@aaa-coll.com or call him at 605-978-9666

Congratulations to Tina Horner, Board of Director SDHFMA on birth of her daughter, Abby, on June 13, 2006!

New Members and Transfers In

March 2006

1—Transfer

Mindy Broveak—Accountant, Sioux Valley Regional Health Services, Sioux Falls, SD

April 2006

2—New Members

Paul Bartz—CFO; Community Memorial Hospital, Redfield, SD

Patty Gardner—Operations Director; United Clinic, Aberdeen, SD

1—Transfer

Doug Okland—Manager; Eide Bailly, Sioux Falls, SD

May 2006

No New Members or Transfers

Medicare Changes by Gil Johnson

FFY 2007 Rule Proposes Major Changes to Inpatient PPS

On April 12, the Centers for Medicare & Medicaid Services (CMS) released its inpatient prospective payment system (PPS) proposed rule for FFY 2007. The rule proposes the first major changes to the calculation of DRG weights and the patient classification since its implementation in 1983.

In addition to proposing to base the weights assigned to each DRG on costs, rather than charges, CMS is proposing to replace the current 526 DRGs with either the proposed 861 consolidated severity-adjusted DRGs, or an alternate severity-adjusted DRG system. The latter proposal would likely be implemented in FFY 2008.

Hospital specific relative cost center (HSRVcc)

Currently, CMS calculates the DRG weights by aggregating charges for all hospitals paid under the PPS and determining the average charge by DRG. CMS is proposing to change the weight calculation to a methodology which groups hospital-specific charges into ten categories and then applies national average cost-to-charge ratios to eliminate the effect of

differential charge markups. This proposal is referred to as the Hospital Specific Relative cost center (HSRVcc) methodology.

The most significant effect of the CMS proposal would be a payment shift from surgical DRGs to medical DRGs. Under the proposal, the average weight for medical DRGs would increase by 6.0%, with weights for 86% of medical DRGs increasing. Surgical DRGs would experience a 5.7% average weight decrease, with weights for 42% of surgical DRGs declining. The largest decrease would be for surgical cases in Major Diagnostic Category 5 (Diseases and Disorders of the Circulatory System), where weights for 87% of the DRGs would decrease and the average weight would decrease by 16%.

Consolidated severity adjusted DRGs (CS-DRGs)

Currently, DRG assignments are based on the reporting of International Classification of Disease, Ninth Revision, Clinical Modification (ICD-9-CM) diagnosis and procedure codes. The DRG system is composed of a base DRG that describes the reason for hospital admission and a subdivision of the base DRG based on other patient attributes that affect the care

of the patient including age and the presence of complications or comorbidities. In Version 23.0 of the CMS DRG system, there are 526 total DRGs.

In the FFY 2006 final rule, CMS stated that it would consider revising the current DRG system to better reflect severity of illness among patients. To that end, CMS contracted with 3M Health Information Systems to analyze use of a revised DRG system modeled on the All Patient Refined (APR) DRGs.

CMS is proposing FFY 2008 implementation of "consolidated severity-adjusted DRGs." The DRGs would be based on a consolidated version of the APR DRGs that reduces the number of DRGs from 1,258 under the APR DRGs to 861 consolidated severity-adjusted DRGs. DRGs were consolidated to combine DRGs with low Medicare volumes and DRGs with clinical similarities that had similar average charges.

CMS estimates that the implementation of consolidated severity-adjusted DRGs will in some instances offset the impact of the proposed new weighting methodology.

South Dakota Payment Impact of CMS Proposed DRG Changes

Dollar and Percent Change in Medicare Inpatient Payment Relative to Current Methodology

	Estimated Change in Medicare Inpatient Payment					
	HSRVcc Only (DRG Weights)		CS-DRGs Only (DRG Classifications)		HSRVcc and CS-DRGs Combined	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
SD Total	-842,308	-0.3%	-3,958,152	-1.4%	-4,531,599	-1.6%

Source: Moran Company analysis. Based on FY2007 payment rates applied to FY2004 MedPAR Data. Includes technical corrections to CMS methodology.

Healthcare Financial Management—South Dakota Chapter Strategic Plan—Fiscal Year 2006-2007

VISION

SDHFMA will be the leading professional resource in South Dakota for individuals seeking excellence in healthcare related financial management.

MISSION

SDHFMA will serve its members by providing opportunities for professional growth, education and networking, while promoting the direction of healthcare in the state of South Dakota.

VALUES

Service Excellence to Chapter Members
Commitment to Leadership and Teamwork
Mutual Respect and Professionalism to all we Serve
Fiscal Responsibility in Chapter Management

STRENGTHS

Quality Educational Programs
Financial Stability
Positive Relationships with other Healthcare Organizations
Size of Chapter Promotes Member Interaction
Commitment of Active Members
Sponsorship Support
Dedicated Board and Officers
Stable Member Base

WEAKNESSES

Rural geography of state/Distant Population Centers
Difficulty Engaging Member Volunteers
Limited Communication to Non-member Facilities
Diff. Target audiences: PPS vs. CAH—Hosp vs. NH
Membership Recruitment/Retention

OPPORTUNITIES

Increase Number of Members
Increase Membership Involvement
Expansion of the Sponsor Base
Offering Specific Education Meetings/Topics
Reaching Out to Existing Members to Promote HFMA to their Employees
Educational Programming Co-Sponsored with other Associations, HFMA Chapters or Organizations (ACHE)
Partnering with SDAHO on Statewide Issues

THREATS

Educational programs being offered by other organizations and health systems
Maintain Value-added HFMA Programming
Time constraints and expanded job responsibilities for HFMA Members
Variance in educational needs for members from Large vs. Small facilities
Continued specialized finance fields in South Dakota

(Continued on page 9)

Healthcare Financial Management—South Dakota Chapter Strategic Plan—Fiscal Year 2006-2007 Cont.

(Continued from page 8)

GOAL #1

Provide quality, affordable education and networking opportunities to meet members' needs and expectations.

Objectives

Focus on in-depth, specific programs

Organize effective networking opportunities at each meeting

Analyze and utilize survey and meeting evaluation data

Use cash reserves as may be necessary to underwrite national speakers

Performance Measures

Hold 5 educational meetings throughout the year with
program content being survey/evaluation-driven

Three meetings will be 1.5 days in length to facilitate networking

Overall program evaluations average 4.45 out of 5.00

Reach at least a silver level for registrant hours/member

GOAL #2

Promote recruitment and retention through greater involvement of membership.

Objectives

Involve new members with committee activities

Encourage Certification by highlighting the details at chapter meetings

Increase personal interaction with all members

Recruit members from facilities without HFMA members

Provide financial incentives for meeting attendance as appropriate

Performance Measures

Have two new certified members

Targeted membership - 135

Officer greeting at each meeting

Recruit 3 new members from facilities without HFMA member

Personal "welcoming" contact with every new member

Provide "value" information about HFMA membership

Implement voucher meeting attendance program

CHAPTER MANAGEMENT OF STRATEGIC PLAN

To review and monitor the progress of the strategic plan throughout the year.

Performance Measures

- Approve strategic plan at the planning meeting
- Publish the strategic plan in the membership service plan & directory book
- Publish the strategic plan in the first newsletter
- Provide performance results at each business meeting
- Review strategic plan at SDAHO to review and establish new objectives / measures if needed
- Submit two Yerger awards

Plan to Attend SDHFMA July Meeting

Event Schedule

July 26, 2006—5:30 pm. Networking Event

July 27, 2006

- 8:30—9:00 AM:** Registration & Refreshments
- 9:00 AM Sharp**—Program Begins
- 9:00—10:30 AM:** Medicare Update—Linda Wright
- 10:30—10:45 AM:** Break
- 10:45—11:45 AM:** Public Policy Update—Matt Michels
- 11:45 AM—12:45 PM:** Lunch Provided (Taco Bar)
- 12:45—2:15 PM:** Board Education—Matt Michels
- 2:15—2:30 PM:** Break (Ice Cream Sundaes)
- 2:30—4:00 PM:** Cost Report Updates—Larson Allen

Location:

Cedar Short Resort
1500 Shoreline Drive
Chamberlain, SD 57325
Call 605-734-6376 for reservations

For additional information please contact:

Julie Norton 605-322-6375 or e-mail
Julie.norton@mckennan.org

**HFMA Members can bring ONE
non-member for FREE!!**

Planning Meeting Photos: May 18 & 19, 2006

SDHFMA Planning Meeting was held May 18 & 19, 2006 at Cedar Shore Resort in Chamberlain, SD. After meeting ended on Thursday, Bryce Pattison, President SDHFMA, organized a pontoon ride for members attending!



L to R: Tom Loff, Anne Christiansen, Julie Norton, Jeff Sandene



L to R: Bryce Pattison, Mark Thompson

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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Thank You 2006 Platinum and Bronze Sponsors

Platinum

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

Bronze

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Credit Collection Bureau
First Administrators, Inc.
First National Bank in Sioux Falls
Hauge Associates, Inc.