

CT SCANNER

Connecticut Chapter — Healthcare Financial Management Association
July 2006

Courage
IN LEADERSHIP

Founders Points

By Steve Vargo

It's that time again when we start a new chapter year and initiate the planning process to assure all of our members have received all of the Founders Points they have earned. Many of these will happen automatically based upon your involvement in various chapter, regional or national events.

Please remember that in April 2004, HFMA changed the way in which Founders Points are earned, returning to its core purpose of "Recognizing the Volunteer in You." In addition they revised the level of points needed to achieve the various levels of recognition.

William G. Follmer Bronze Award - 25 points

Robert H. Reeves Silver Award - 50 points

Frederick T. Muncie Gold Award - 75 points

To assure that you have been credited with all of the Founders Points you earned, you must sign in to the HFMA Web site and go to your Account Home page. Chapter members can view their Founders Points and activity on the HFMA National Web site under activities in their personal profiles in the membership directory area at: http://www.hfma.org/access_eseries.cfm.

Any discrepancy between the information on the Web site and your records should be reported immediately. It is ultimately the responsibility of the individual member to report points earned to the chapter's Founders Award chairperson, who serves as a liaison to HFMA National.

The Founders Points contact for CT HFMA is Jim Harris. He can be reached at (860) 714-4396 or by e-mail at jharris@stfranciscare.org.

President's Corner

By Lou D'Auria

Dear CT Chapter HFMA Member,

On June 1 I assumed my new role as CT HFMA chapter president. Know that I am honored to serve such a prestigious group of healthcare leaders. Thank you for electing me president elect, for your anticipated support, for all the well wishes and, above all, for your show of confidence in me.

As my first official act I would like to thank my predecessor, Mary Lou Sanders, for leading us during her two-year term as president. Under her leadership, our chapter was able to maintain membership and offer excellent educational programs. In addition, we hosted and, along with the other Region 1 chapters, coordinated one of the most successful Annual Regional meetings ever held in the history of our region. This session was so successful that National is rewarding the region for its efforts. Way to go, Mary Lou, her team and the other Region 1 chapters!

My goals over the next two years are many and with the outstanding Board of Directors backing me, WE WILL NOT FAIL YOU.

Our mantra is "Let's Try It."

In addition to offering outstanding educational sessions, one of my focuses this year will be to offer special events for "members only." We understand that your workday time is limited, your budgets are tight and above all your personal time (after-hours/weekends) is precious to you and your loved ones.

Keeping that in mind we will try to couple your limited work time, family/personal time with your networking needs by offering "special events" for members only, and in an effort to keep these events reasonably priced, we will seek event sponsors. These events are open for discussion and board approval. However some suggestions already under consideration are: group purchased tickets for an HFMA night at the Rock Cats and/or Chevy Theater performance, Family Day at the Madison Surf Club, an HFMA members family Easter Egg Hunt, (family includes grandchildren), etc.

In addition, we will try having some educational sessions 3:00 p.m.-5:00 p.m., featuring nationally renowned motivational speakers, followed by a reception 5:00 p.m.-6:00 p.m.

Continued on page 2



Web Site Information

Chapter – www.cthfma.org

National – www.hfma.org

Submit comments to:
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CT SCANNER

Connecticut Chapter — Healthcare Financial Management Association

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Kathy Pajor is also the 2006-2007 Regional Executive-Elect

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Chapter Reaches Membership Goal for 2006

By Kathy Pajor, FHFMA, former Membership Officer and Current Region 1 Executive-Elect

At the close of this reporting year, April 2006, the Connecticut chapter exceeded its target goal in total membership count. At the close of the 2005 membership year the chapter had 374 members. Now, at the close of May 31, 2006 the chapter has 381 members. This is a 1.87% growth over last year.

The official chapter reports filed by each chapter to National with a deadline of April 30, 2006, showed the Connecticut chapter did not meet its goal for the retention of new members. However by the end of the chapter year, May 2006, we did meet the goal and achieved a 100% retention rate.

Congratulations to the chapter and keep up the good work.

CT HFMA FY 2007 Budget Summary

Income

Golf Outing	\$23,000
Interest Income	1,100
National Dues	7,400
Program Revenue	20,000
Sponsor Revenue	15,000
Other	<u>2,250</u>
Total Income	\$68,750

Expense

Board	\$19,575
Certification	600
Membership Committee	150
Membership Directory	2,000
Newsletter	2,100
Program Expenses	8,625
Scholarship Committee	4,230
Special Events	25,312
Communications	<u>720</u>
Total Expenses	\$63,312

Net Income \$5,438

Save the Date

“Medicare Update”

Date: Thursday, December 7, 2006

Time: 8:30 a.m. - 12:00 p.m.

Location: CHA

Join your colleagues and listen to what CMS has planned for the coming year. Representatives from Empire Medicare Services will discuss items such as Cost Report Changes, Medicare PPS updates, UPIN and Provider Enrollment issues.

Please join us!

President's Corner

Continued from page 1

Also, the board is designating an amount from each educational program registration to a not-for-profit charity on behalf of our membership.

Obviously these goals will need additional volunteers to coordinate them. To that end we will be seeking member participation on committees. If interested, please let one of your board members know.

Thanks and have a great summer...please keep an eye out for our announcement fliers.

Selected Changes in Medicare Inpatient Reimbursement October 1, 2006

By Brad Bowman

As presented at the HFMA Region 1 Annual Conference in May, there are three major changes in the pipeline for inpatient Medicare reimbursement. For the first time since the 1983 switch to the DRG system, CMS is dramatically changing the way reimbursement is calculated. Policy changes will affect the calculation of DRG weights, the categorization and documentation of severity levels, and the complete implementation of the occupational mix adjustment to wage index data. The combined effect of these changes will have significant consequences on reimbursement starting October 1, 2006.

The impetus for DRG changes arose from rapid growth of physician-owned specialty hospitals. Profitable centers such as cardiac and orthopedic surgical hospitals are draining resources away from general acute care hospitals by offering only the most lucrative service lines. In reaction to this growth, CMS put a freeze on new specialty hospitals and has now responded to MedPAC's recommendations aimed at linking reimbursements more closely to direct cost. Hospitals will have to look beyond just the market basket increase this year to understand the impact on their inpatient payments.

The first major change is the recalculation of the DRG weight to better reflect actual cost of service. CMS will replace its charge-based updates to the relative weight methodology with cost-based HSRV (Hospital Specific Relative Value) weights. The current charge-based updated methodology introduced bias into the weights because of differential markups on hospital services. This can be easily documented with the divergent changes in cost-to-charge ratios by Medicare cost centers. Under the new system, DRG weights will be recalculated using cost data from the FY2004 MedPAR file and the FY2003 Medicare cost report data. Initial analysis shows that, nationally, Medical DRG reimbursement will be increased on average 6.45% while surgical DRG reimbursement will decrease 5.87%, for a net positive impact of 0.60%, based on an analysis of over 12 million discharges from federal fiscal year 2004. As we would expect, surgical cases in the circulatory and orthopedic MDCs suffer significant reductions and medical cases in respiratory and digestive MDCs have a dramatic increase in reimbursement.

Using the 2005 MedPAR claims file, the effect on Connecticut acute care hospitals (excluding Children's Hospital) is estimated to be an overall negative \$1.8 million impact, or 0.14% of DRG payments, with some winners and some losers. Out of 29 hospitals, the rule is expected to increase the Case Mix Index (CMI) of 22 hospitals by 2.8%, for a gain of approximately \$17.7

million in DRG payments. However, the remaining seven hospitals are estimated to have a decrease in their CMI of 2.9%, resulting in a loss of approximately \$19.5 million. As expected, these seven hospitals, representing 43.8% of the 2005 claims, have a higher CMI, an average of 1.77, which could drop to 1.72 in FY2007. See Table 1 for details.

The second initiative to tie compensation to cost, and more specifically with the intensity of care, is the introduction of consolidated severity-adjusted (CSA) DRGs. Under this new system, each DRG will have four levels to demonstrate severity of illness. The number of possible DRGs will rise significantly from 367 base DRGs and 526 total DRGs in the current system to 314 base DRGs and 1,258 total APR DRGs in the new system. The severity level will determine the reimbursement rate. For example, in the current system, pneumonia is categorized as either simple (DRG 89) or complex (DRG 79). With the new CSA DRGs, pneumonia will have two DRGs but will be classified as minor, moderate, major and extreme; creating seven CSA DRGs. Reimbursement will depend on severity, which will be determined by clinical documentation and billing records. It is therefore more important than ever for providers to focus on three areas: 1) The documentation of diagnosis and procedure codes, 2) the accuracy and comprehensiveness of medical records, and 3) the accuracy of the charge description master to ensure complete charge capture.

The last major change is related to the occupational mix adjustment of wage index data. Due to a lawsuit brought against the federal government, CMS has been directed by the courts to apply the occupational mix adjustment to 100% of the wage index starting in 2007. CMS has decided to use an expanded set of nursing data to develop the occupational mix adjustment. The occupational mix adjustment was designed to moderate the effect hospitals' employment choices had on their wage index. For hospitals with an occupational mix adjusted average hourly rate less than the national average hourly rate, this change will have a positive effect on their wage index. However, hospitals employing a higher skill mix of nursing employees stand to lose reimbursement. Overall, the impact of applying a 100% occupational mix adjustment to the wage index instead of the previous 10% may result in significant swings in hospitals' wage index values compared to prior years. Unfortunately providers were given a shortened time frame to submit data for FFY 2007 (Jan. - March 2006 data was due June 1, 2006). However, now is the time to prepare for the FFY 2008-2009, which will be based on the FFY 2007 data, combined with an additional quarter of nursing wage data (April - June 2006 data will be due August 31, 2006).

National Adjusted Operating Standardized Amounts

LABOR/NONLABOR

(69.7% Labor Share/30.3% Nonlabor Share If Wage Index Greater Than 1)

Full Update (3.4 Percent)		Reduced Update (1.4 Percent)	
Labor-related	Nonlabor-related	Labor-related	Nonlabor-related
\$3,404.27	\$1,479.90	\$3,338.42	\$1,451.28

Table 1: Connecticut Acute Care Hospital Impact
Dollars in Thousands (000s)

Impact	Hospitals			Discharges			% Total			Case Mix Index		
	2006	2007	% Change	2006	2007	% Change	2006	2007	% Change	2006	2007	% Change
Positive	22	82,000	56.2%	1,332	1,370	2.81%	1.332	1.370	2.81%			
Negative	7	64,000	43.8%	1,771	1,720	-2.89%	1.771	1.720	-2.89%			
Total	29	146,000	100.0%	1,524	1,523	-0.08%						

Impact	DRG Payments				2007 Update		
	2006	2007	Impact	% Impact	Mkt Basket	Net Increase	% Net Incr
Positive	\$ 616,900	\$ 634,600	\$ 17,700	2.87%	\$ 20,900	\$ 38,600	6.3%
Negative	\$ 636,700	\$ 617,200	\$(19,500)	-3.06%	\$ 20,300	\$ 700	0.1%
Total	\$ 1,253,600	\$ 1,251,800	\$(1,800)	-0.14%	\$ 41,200	\$ 39,300	3.1%

Source: Based on PricewaterhouseCoopers analysis using the FY2005 MedPAR file.

2006 Legislative Update

The law firm of Robinson & Cole in its June 2006 issue of Health Law Pulse has compiled an update of the legislative changes that affect healthcare providers in Connecticut. They have graciously allowed CT HFMA to make this summary available to its members. We have included a few key excerpts here but the entire article is available on the CT HFMA Web site at <http://www.CTHFMA.org>.

The Connecticut General Assembly convened on February 8, 2006 and adjourned on May 3, 2006. Despite this being a short session, the legislature managed to pass several items impacting the healthcare industry. Following is some of the more significant Connecticut healthcare legislation enacted during the 2006 regular legislative session.

Changes to Laws Regarding the Office of Health Care Access

Public Act 06-28 Increases Capital Expenditure Thresholds Under Certificate of Need Laws

Effective July 1, 2006, the Certificate of Need (CON) capital expenditure thresholds will be increased from \$1 million to \$3 million. Public Act 06-28 also increases the CON threshold for the purchase, lease or acceptance of donation of major medical equipment requiring a capital expenditure from \$400,000 to \$3 million.

In addition to increasing the capital expenditure thresholds, Public Act 06-28 increases the threshold amount at which a CON is required for replacement of certain equipment.

CON approval is required to purchase, lease or accept donation of imaging equipment regardless of its cost or value.

Public Act 06-64 Modifies Certificate of Need Exemption for Certain Nonprofit Entities

Effective July 1, 2006, Public Act 06-64 limits this CON exemption to only those nonprofit entities under contract with a state agency or department at the time the exemption is requested.

In addition, Public Act 06-64 changes the CON exemption to impose additional requirements if the nonprofit entity wishes to relocate services.

Many changes to the Scope of Practice and Licensure regulations also occurred.

To view this issue of Health Law Pulse, visit the CT HFMA Web site at <http://www.CTHFMA.org> or for questions regarding healthcare legislation, contact a member of the Robinson & Cole Health Law Group.

Robinson & Cole's Health Law Group includes:

Lisa Boyle (co-chair)	Theodore J. Tucci (co-chair)
Bradford S. Babbitt	Karen P. Conway
Michael J. Kolosky	David M. Mack
Tracey E. Scraba	

Scholarships Awarded

By Jacqui Gorin

Scholarships were awarded at the Annual Meeting on June 23, 2006. The chapter offers scholarships to one graduate and one undergraduate student each year. This year, the winners received a \$2,000 cash award, and a one-year membership in the Connecticut Chapter of HFMA, along with the opportunity to attend any chapter-sponsored educational sessions during the year free of charge.

This year's winners were selected from several well-qualified candidates. The undergraduate scholarship winner is Misty Carroll, whose essay responded to the question "Describe the principles of Healthcare Spending Accounts (HSAs). How are HSAs impacting employers and individuals both financially and with respect to choice, coverage, and flexibility?" Misty is a full-time student in the Physical Therapy program at the University of Hartford where, according to the department chair, "she has maintained a strong academic record" and "has taken a leadership role both in and out of the class setting."

The graduate winner is Kelly Goodyear. Kelly is employed by Community Health Network and is a part-time student in the M.S. in Healthcare Administration program at the University of New Haven. Her essay also responded to the question "Describe the principles of Healthcare Spending Accounts (HSAs). How are HSAs impacting employers and individuals both financially and with respect to choice, coverage, and flexibility?" Kelly is described by a Community Health Network vice president as "not only an exemplary employee and colleague but...a compassionate and caring person who never forgets our core business goal."

The Scholarship Committee is pleased to award these highly qualified students scholarships this year. A partial excerpt of their articles can be found later in this edition. The full article will be on the CT HFMA Web site under the Scholarship page.

We encourage HFMA members to spread the word about the scholarship program with friends, family, and co-workers; next year's application period will be here before we know it!



Leadership Training Conference

By Steve Vargo

Four of the chapter officers and directors attended this year's Leadership Training Conference (LTC) in Huntington Beach, California in May. The weather was superb, which added to the educational experience. Hopefully, Huntington Beach will fare better this summer than New Orleans did after hosting last year's LTC.

We were all welcomed by outgoing National Chairman Richard Rodriguez and Incoming Chair Joseph Fifer. The opening keynote speaker, Erin Gruwell, talked about the courage that she and her students displayed in the creative learning experience that resulted in many accolades from the teaching community and the book, *Freedom Writers Diary*, which was featured on *60 Minutes*. The closing address by Terry Paulson focused on having the courage to lead and making the right choices to be successful in what you do.

HFMA National holds this yearly event to allow chapter leaders to meet their counterparts, exchange ideas and learn about the various ways the National HFMA has established to aid chapters in running more effectively. Each chapter is required to have at least two chapter leaders attend this conference each year.

HFMA holds numerous concurrent sessions geared to different chapter leaders' needs. There were a number of sessions that we did not attend because there were only four of us and we each covered the sessions related to our chapter responsibilities.

Lou D'Auria attended the various sessions related to what the president is responsible for doing and what resources are available to him. These sessions were attended by the presidents of the other chapters so Lou met his counterparts from the other regions. He was able to pick their brains to find out what they have done to help their chapters succeed and also found out some things not to do. Besides having the luxury of advice from past CT Chapter presidents, Lou has now forged friendships with other chapters to promote a more diverse exchange base for ideas and solutions.

Steve Beaulieu was amazed at the information available and the depth that chapters go to maintain and grow their membership. The exchange of ideas from other membership chairs and national staff brought out a number of innovative ways to retain members. You will be hearing many of these during the year as Steve develops the many programs to implement the ideas.



Networking Reception — Outgoing Chairman Richard Rodriguez samples the hors d'oeuvres

Lunch in the courtyard with the Pacific Ocean as a backdrop



*CT HFMA Attendees
Steve Vargo,
Kathy Pajor,
Lou D'Auria and
Steve Beaulieu.*



Last year, I attended the newsletter and communication sessions where I gleaned many ideas to improve the newsletter. I hope they were successful. This year, from discussions with other chapters that produce their newsletters in various ways (from Web based to still mailing out only hard copy), I learned about many pitfalls that were encountered. We will be implementing new ways to allow our members to stay informed of chapter and industry news.

Connecticut will have the distinction of having the Region 1 Executive for 2007-2008 come from its ranks. In preparation for this role Kathy Pajor, the current regional executive-elect, attended numerous sessions that help to prepare members for this role that very few of us will achieve. Kathy had interacted with execs and exec-elects from all of the 11 regions to learn how to assist the chapters in working together and how national can help. Way to go, Kathy!

The many other sessions that addressed the committees and roles of chapter board members and chairs covered areas such as educational programs, treasury, founders awards, sponsorship, etc. Hopefully at next year's LTC, to be held in San Diego, CA, we can have some of our leaders attend these sessions.

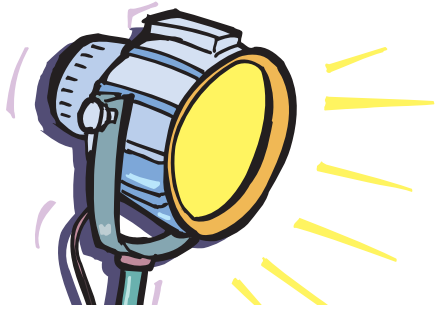
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Adjustment Bureau, Inc.
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COLLECTIONS"**



CT-HFMA Officer *Spotlight*

By Lyn Wyskiel

A new feature of the *CTScanner* is a spotlight on one of our chapter leaders. This will offer an insight to some personal and professional information about our elected officials. It may also inspire many of you to consider becoming more involved with HFMA, and perhaps, join a committee or even run for office!

This month's focus is on Lou D'Auria, Contracting Manager at Community Health Network of CT (CHNCT), and our newly elected chapter president. Lou has been an active HFMA member since 1973 and has served the Connecticut Chapter in a variety of volunteer capacities such as Board Secretary, Chairperson of the Managed Care and Special Events Committees. Lou also has been a member of various other committees such as scholarship, nominating, special events and planning.

Lou received a bachelor's degree in Accounting from the University of New Haven and a master's degree in Healthcare Management from Rensselaer University. Lou is

also a recipient of the following HFMA awards: Follmer Bronze, Reeves Silver, Muncie Gold, Dedicated Service Award and the Medal of Honor.

Lou has also served as Chairman of the Board of Health, Connecticut LLC and for Our Lady of Mercy School in Madison, CT. He was also a member of the Board of Mercy Center in Madison, a member of the St. Margaret Church of Madison's Parish Council, where he also served as a Eucharistic Minister. Lou was also a member of the Community Service Committee for the United Way in Waterbury.

Spotlight on: Lou D'Auria

Job/Department:

Contracting Manager in the Network Department of Community Health Network of CT

Responsibilities:

Helping build and service our provider network

I've worked here since: January 2005

My very first job was: Newspaper carrier at age 10

The best part of my job is: Interacting with the healthcare providers throughout the state

My family includes: Sandi, my wife and friend since we were 15 years old, and three children: Jessica, Nichole and Jared

If I'm not at work, you'll find me: Golfing (poorly... but enjoying every minute of it!)

My proudest moments: My wedding day and the birth of my three children

The most difficult goal I ever achieved was: In work, it would be the promotion to vice president at St. Mary's

Hospital. In my personal life, it would be the celebration of my 37th year of marriage to my best friend Sandi on May 31, 2006.

The best advice I ever received was: Love your neighbor as you love yourself.

Favorite quote: Trust must be earned ... you can not just ask for or expect it.

I joined HFMA because: I wanted to meet and learn from the leaders in the healthcare industry.

A book that I would recommend is: The Bible

A movie that I would recommend is: Dave

My hero is: Jesus Christ

How I first became involved as a volunteer with HFMA: Arlene Sayers made me join.

Personal and/or professional benefits realized from my HFMA involvement: Friendships, education, self-worth, leadership and a sense of achievement

Health Care Spending Accounts

By Kelly Goodyear

Early in the new century, we find ourselves at a critical point in history. Simply put, the cost of healthcare is rapidly outpacing the ability of consumers to pay for it. The United States spends the most on healthcare of any country in the world, in terms of Gross Domestic Product (GDP) at 16%. Regardless of this funding, 46 million Americans are currently uninsured.



It's also estimated that 77 million Americans have medical bill problems or medical debt. (1)

As we struggle with ways to deal with this crisis, ideas of consumerism have filled the healthcare industry. Consumerism is the increased involvement of consumers making their own decisions about their personal healthcare. Consumerism encourages healthier lifestyles and smarter healthcare purchasing decisions. In turn, the changes in patients' buying behaviors will drive down healthcare costs. The main goals of the consumerism movement are to:

- Encourage consumers to spend healthcare dollars as efficiently as possible (as if they were their own).
- Boost consumer confidence in healthcare decision-making or improve the "healthcare IQ" of members.
- Promote the value of wellness lifestyle and preventive care.

Health Savings Accounts (HSAs) were created in Medicare legislation signed into law by President Bush on December 8, 2003. The Medicare Prescription Drug, Improvement and Modernization Act went into effect on January 1, 2004, giving 250 million non-elderly Americans access to opening an HSA. In order to take advantage of an HSA, an individual must also have a qualified "High Deductible Health Plan" (HDHP), also referred to as a Consumer Driven Health Plan (CDHP). HDHPs typically have low monthly premiums, however, aside from preventative care; do not cover the first few thousand dollars of medical expenses. HSAs are available to any individual that meets the following criteria:

- Covered by a HDHP
- Not covered by another health insurance plan
- Not enrolled in Medicare
- Can't be claimed as a dependent on someone else's tax return

To read the entire essay please visit the CT HFMA Web site at http://www.cthfma.org/site/epage/18079_473.htm or go to the Web site and click on scholarships.

Kelly Goodyear is the Graduate Student winner. She is a part-time student in the M.S. in Healthcare Administration program at the University of New Haven.

Health Savings Accounts

By Misty Carroll

In December 2003 health savings accounts (HSAs) were introduced by the Medicare Prescription Drug, Improvement and Modernization Act and were implemented in January of 2004. The design of the health savings account allows individuals to accumulate funds tax-free through tax-deductible contributions made by the employee and/or the employer for use in the offset of current or future qualified medical expenses. Qualified medical expenses include co-payments and deductibles but do not include premiums for other health insurance such as dental or vision coverage. Some long-term care expenses may also be considered qualified medical expenses as well as COBRA continuation coverage. Qualified medical expenses now include over-the counter drugs. If funds from the HSA are used to pay for medical expenses that are considered qualified, this amount will be included in their gross income and subject to an excise tax of 10%.



There are no income limits on who may contribute to an HSA, and an individual is not required to have an earned income to establish an HSA. However, an individual must meet basic requirements to qualify for an HSA, which include being enrolled in a high deductible health plan (HDHP). In addition, to be eligible for the HSA, the person cannot be eligible for Medicare benefits, and cannot be claimed as a dependent by someone else. High deductible health plans provide the employer with an effective way of combating the rising cost of healthcare in multiple ways. The cost of HDHPs are lower than the traditional health plans. By offering HDHPs employers reduce the cost of insurance premiums. Also, contributions made to employees' HSA are tax deductible. They must have an annual deductible of at least \$1,050 and a out-of-pocket maximum of \$5,250 or less for individual coverage. The annual deductible for family coverage should be at least \$2,100 and have an out-of-pocket of no more than \$10,500. The HSA must be established with an entity that is approved by the IRS such as a bank, credit union, or an insurance company. The custodian of the account may set reasonable limitations on the size or frequency of the withdrawals or distributions. The account custodian has minimal control; the account is ultimately owned and controlled by the individual consumer.

To read the entire essay please visit the CT HFMA Web site at http://www.cthfma.org/site/epage/18079_473.htm or go to the Web site and click on scholarships.

Misty Carroll is the Undergraduate Student winner. She is a full-time student in the Physical Therapy program at the University of Hartford.

Please Welcome the Following New and Transferred Members to the Connecticut Chapter

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2006 Corporate Compliance Conference

By Melinda Agsten

On June 1, 2006, CT HFMA in collaboration with the Connecticut Hospital Association presented “The 2006 Corporate Compliance Conference: Perspectives and Practical Approaches.” Approximately 70 people attended this full-day program, which represented the first educational collaboration between CT HFMA and CHA in several years.

The opening session was an engaging panel discussion on investigations of healthcare organizations. Ron Offutt, a Special Agent with the FBI, Gates Garrity-Rokous, a partner with Wiggin and Dana, and Larry Plutko, System Director, Privacy and Corporate Compliance for Yale-New Haven Health System, were the panelists for “Anatomy of an Investigation.” The panel utilized a fact-based hypothetical to explore from their different perspectives the issues and considerations affecting decision-making and management of investigations geared toward healthcare organizations. Numerous questions from the audience were answered by all of the panelists. The open and straightforward responses by Ron Offutt of the FBI were especially insightful as the process and techniques used by the FBI were discussed.

Concurrent sessions on “Fraud Deterrence Risk Assessment” and “Billing and Charity Care: The Status of National Litigation” followed. Gregory Crouse and Deborah Joslyn, both of Ernst and Young, explored the steps in a fraud risk assess-

ment and discussed how such an assessment relates to compliance. Kim Rinehart of Wiggin and Dana provided an overview of the various federal and state court class actions and related litigation around the country, providing insight into areas deserving special review by hospitals.

Following lunch, George Thomas, Senior Manager with Blum Shapiro and Company, and Janice McDonnell, Project Coordinator for Qualidigm, presented a general session on “Compliance Effectiveness with Limited Resources,” which focused on understanding an organization’s risk profile and using economical methods to minimize risk. The utility of PEPPER reports from Qualidigm as a tool for risk assessment and compliance was explored.

The final session focused on “Hospital/Physician Relationships,” an area fraught with complexity and compliance risk. Margaret Stover, Director of PricewaterhouseCoopers, led this session, which addressed pay for performance and collaboration and partnering options.

The program attendees rated the session extremely beneficial and useful.

CT HFMA Program Committee members Barbara Durdy, senior business development analyst with the Hospital of St. Raphael, and Melinda Agsten, partner with the law firm of Wiggin and Dana LLP, coordinated this session.



Panelists Gates Garrity-Rokous, Ron Offutt and Larry Plutko



Mark Plonske and Margaret Stover from PwC



George Thomas
from Blum Shapiro



Gregory Crouse and Deborah Joslyn from Ernst and Young

Annual Meeting a "Hit" for Attendees

By Gary Bergenty

On June 23, 60 individuals attended our annual meeting and program held at the beautiful Lyman Orchards in Middlefield, CT. Our esteemed President Lou D'Auria wanted a change of venue in a casual and relaxed atmosphere. And from feedback received from attendees, he accomplished his goal for participants and our chapter.

John Sunde, Corporate Director of Managed Care from Baystate Health System, enlightened and entertained everyone with his presentation, **The "Top Ten" Things Health Plans Do that Aggravate Providers and Vice-Versa**. While John provided valuable input as to what the real issues are, he also offered proven methods to minimize their impact and improve workflow, relations and communication. In addition, we were treated to appearances and quotes from Robert DeNiro as Sam "Ace" Rothstein in *Casino*, Tom Hanks in *Forrest Gump* and Homer Simpson among others. John concluded his talk by emphasizing how much we all can gain from working effectively together.

Kathy Pajor, a long-time Board of Directors member of our chapter and the current Region 1 Executive-Elect, conducted the ceremony to install the officers and new board member for 2006-2008. In addition, special recognition was given to Mary Lou Sanders for her tenure as president as well as her long-term commitment and service to our chapter and board. Kathy also enthusiastically introduced Lou D'Auria, our new president.

As a result of continued service to the Association and adhering to a strict set of guidelines and requirements, Founders Awards were presented to the following individuals:

Muncie Gold Award:

James Harris

Mary Lou Sanders

William A. Wollman Jr., FHFMA



Jim Harris receives Muncie Gold Award

Follmer Bronze Award:

Elwin Bresette

David Early

David Gladstone, CPA



David Gladstone receives Follmer Bronze Award

Kathy informed everyone that HFMA National recognized CT HFMA for its improvement in the educational programs offered last year. Our collaboration with the other Region 1 Chapters to produce the most successful Region 1 conference was also recognized by HFMA National.

After a short break, which included the famous Lyman Orchard cider donuts, a lively and informative panel discussion ensued with John Sunde, Jim Papadakas, VP Finance/CFO Windham Hospital; Mary Brannigan-Lowe, Director Patient Access and Financial Services, Danbury Hospital; and Kevin Murphy, Senior VP/CFO, Eastern CT Health Services, Inc.

The panel responded to questions and issues regarding charity care and pressure from the attorney general's office in maintaining tax-exempt status, pricing policies for self-pay patients, collecting money up-front and HIPAA enforcement efforts in New England. Interaction among panelists and with attendees was excellent and important information was shared and learned by all.



Outgoing President Mary Lou Sanders passes the gavel to Lou D'Auria



Panelists John Sunde, Mary Brannigan-Lowe, Kevin Murphy and Jim Papadakas



Attendees enjoying a beautiful summer day under the big top

Editor's Note

By Steve Vargo

Welcome to a new chapter year and the start of an improved *CTScanner*. Our goal for the 2006-2007 chapter year is to make the newsletter more of what you, the chapter members, want to see.

We will continue to include photos from all chapter events (additional photos will also be available on our Web site) while describing the important aspects that occurred at each event. We will also have specialists address areas of technical issues that affect all of us.

New features will spotlight members for their professional achievements as well as their personal involvements in volunteer activities. Do you know a member who has a personal volunteer addiction or has recently received accolades for professional efforts or was recently promoted, transferred or hired? Let one of us on the committee know so we can get the word out.

Ever thought about becoming more active in the chapter? We will be featuring a synopsis of each of the committees so you can better appreciate what types of data and access your membership affords you. You may even want to become more involved and join a specific committee — I know you'll appreciate CT HFMA even more as an active member.

Did you ever have a project assigned and didn't know where to look for data? We will be supplying tips on how to access the HFMA National Web site and available resources to find some of that material. Of course if you are a more active member there are additional resources that will be available to you.

We realize that this is your newsletter and we want to make it a useful tool for your daily as well as special needs. To continue to meet your expectations and improve with each issue, we need your input regarding what you feel is important. Let us know what you think about our direction and most importantly what you would like to see us address.

Notification regarding members' achievements and volunteer activities and other comments can be sent to any of the Newsletter Committee members:

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Karen Minogue
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Outgoing President's Letter

By Mary Lou Sanders

Here it is July and Lou D'Auria, our new president, is leading this great group of people employed in the healthcare field. I am certain that with his great team of officers and board members, Lou will have a terrific two years. The members of this chapter will definitely benefit under his leadership and direction.

It's been a great two years for me as well. The hard work and cooperation from the officers and board members have been outstanding. We dared to deviate from the norm and status quo. I looked to our board and past presidents for advice but didn't always take that advice. Most of the time, everything worked well. Sometimes not — but that's what happens in life.

Our member survey indicated that many members wanted to work on committees that were not active. We were able to reactivate them. The committee members spent most of the year working on the direction each would take.

More members volunteered to become active participants in the organization this last year than in my first year as president. I thank all of them as well as the committee chairs, board members and other officers.

At this year's ANI in Orlando, our chapter received an award for improvement in educational performance. We are all proud of that honor.

I now continue as immediate past president and will offer Lou advice when asked (and sometimes when not asked). Lou has some great ideas for the upcoming two years. Let's all support him by attending events and becoming active on at least one committee or for at least one special event.

Thank you for all of your support during my tenure as your president. It has been an honor and a privilege to work with and serve each of you.

Selected Changes in Medicare Inpatient Reimbursement October 1, 2006

Continued from page 3

(62% Labor Share/38% Nonlabor Share If Wage Index Less Than or Equal to 1)

Full Update (3.4 Percent)		Reduced Update (1.4 Percent)	
Labor-related	Nonlabor-related	Labor-related	Nonlabor-related
\$3,028.19	\$1,855.98	\$2,969.62	\$1,820.08

FY2007 represents a challenging transition year for the many hospitals, that rely upon a predictable and consistent stream of Medicare reimbursement. As stated earlier, organizations should commit resources to improve the documentation within the medical record and training of coding staff to ensure successful transition and implementation of these changes. Providers should also give deliberate consideration and ensure senior leadership oversight to the filing of the FFY 2008-2009 Occupational Mix Data.

Brad Bowman is a member of the HFMA Indiana Pressler Memorial Chapter. For further information or questions on these or any other reimbursement issues, please contact Eric Wetherell, Manager, PricewaterhouseCoopers Healthcare Industries Practice (860) 240-2089 or eric.wetherell@us.pwc.com, or Brad Bowman, Director, PricewaterhouseCoopers Healthcare Industries Advisory Practice, (317) 860-2041 or brad.bowman@us.pwc.com.

CT HFMA GOLF TOURNAMENT

With all the issues we have had this season with rainy weather, the week of the HFMA golf tournament was no different. But miraculously, the day of the event ended up dry and wonderful. The tournament was once again held at the Fox Hopyard Golf Club in East Haddam. Held on May 17, 2006, it served as the informal kick-off to the two-day Region 1 HFMA Annual Healthcare Conference that was held at nearby Foxwoods Casino May 18-19, 2006.

The condition of the golf course, along with the food, could not have been better. After the golfing, the reception was open to conference attendees and was an excellent commencement for the conference. There were over 120 golfers at this event, which was another sizable jump from the prior year. The tournament benefits the scholarship program coordinated by the Connecticut chapter.

Taking home the prize for low gross was the team of Dan Kutchel, Jim Pender, Bryan Marcotte and Mike Day, with the low net honors going to Jeff Noonan, Darren DeMartino, Joe Davi and Chris Whiticker. For the men closest to the pin was Dave Johnson at 3'9" and the longest drive was Joe Davi. Betsy Shelley won both of these honors on the women's side. Congratulations not only to the other winners but also to all of the players for having a great day to enjoy with friends.

Special thanks to the golf tournament committee consisting of Mike Rosadini, Sean Claffey, Eric Wetherell, Rick Werkowski, Sharice Powell, Lou D'Auria, and Vin Capece. Thanks also to Patty Magrin for her help at the registration desk. A special thanks to Patty along with Mary Lou Sanders and Kathy Pajor for selling the raffle tickets for the great prizes we had available.

The committee would appreciate any comments or feedback you might have regarding the event and asks that you contact Mike Rosadini at (860) 524-3510 or michael.rosadini@ey.com

Thanks to all who participated in and/or sponsored the event. We look forward to next year!



Carol Wardell receives her raffle prize



2nd Low Gross Award accepted by Gary Bergenty



2nd Low Net Award accepted by Todd Theisfield



National's Treasures

By Steve Vargo

One of the benefits of membership in HFMA is the wealth of information that the association compiles and allows members to access. These tidbits range from keeping you abreast of current healthcare trends and developments to providing you with ways to address very specific issues.

This column will discuss some of these treasures and how you can access them.

Keeping abreast of all of the latest updates in the Medicare program is undoubtedly a task that can eat up precious hours of your days. Why not subscribe to the **"Weekly News Highlights"**? Each Friday, synopses of the major issues are e-mailed to your desktop to give a brief overview of each issue. Need more information than the synopsis — click the link to read the more detailed version. To sign up for the **"Weekly News Highlights"** e-mail HFMA's Member Services Center at memberservices@hfma.org, or call (800) 252-4362, ext. 2.

If you subscribe to the **"Weekly News Highlights"** but would like to know sooner that developing stories are occurring, HFMA has recently created the **"Daily News Highlights."** This provides the same synopsis and full story links as the weekly highlights, but they are more current and take less time at one session to stay updated. To sign up for the **"Daily News Highlights"** go to http://www.hfma.org/Site/publications/subscribe_daily.cfm and fill in the information.

Need a tool that provides practical, "use-it-now!" career and professional development insights? Sign up for **"HFMA Wants You to Know."** This free, biweekly newsletter features in-depth articles and substantive excerpts from HFMA's publications and educational programs. Each issue includes cross-references to relevant offerings from HFMA and announcements of important products and services. To sign up, click the link on the HFMA home page **"Subscribe to Free HFMA Newsletter."**

How often have you wanted to talk to one of your counterparts at another facility or someone you met at an event but did not know how to reach them? Log in to your account and select either the **"Search or Speed Search"** options and you can find the person. If all you have is a last name, the results may be a list of members with that last name. You can then click to get their contact information. So if you want to contact that pesky newsletter editor with ideas to improve the publication but you do not have the newsletter available, it's only a couple of mouse clicks away.

Have you been volunteered to do some research on a specific topic? Maybe it involves patient-friendly billing, or the uninsured, or some accounting or finance topic. Embrace that challenge and use your HFMA Web site to help find the information you need. There are several drop downs on the home page that you can use to find the topic in which you are interested, including **"Resource Library," "News," "hfm Magazine"** and **"HFMA Publications."** These not only give you the current articles and information on various topics but also allow access to many of the archived articles. Happy hunting!

These are only a few of the many resource treasures that HFMA has at your disposal. Check out the future issues of *CTScanner* for more treasure tips!

CT HFMA 2006-2007 Committees

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Got NPI?

By Steve Vargo

What Is an NPI?

The NPI or National Provider Identifier is a 10-digit, numeric identifier that does not expire or change. This program is administered by CMS. The identifier will help to ensure that medical claims are processed on time and payments are made correctly. The Medicare fee-for-service program began accepting the NPI, along with the Medicare legacy identifiers, from healthcare providers in HIPAA standard claims transactions in January 2006.

It's important to remember that Medicare providers are required by the NPI Final Rule to determine if they have subparts, and if those subparts should have their own NPIs. Many enrolled Medicare providers are actually subparts of other enrolled Medicare providers who are their "parents." In January 2006, Medicare posted a paper about the subpart concept and its effect on Medicare organization providers. Check the NPI Web site below for that notice.

Covered healthcare providers have less than one year to obtain NPIs. NPIs must be used in standard healthcare transactions, as specified by the Health Insurance Portability and Accountability Act of 1996 (HIPAA), no later than May 23, 2007. Use of the NPI applies to covered healthcare providers, health plans and health clearinghouses. Small health plans have until May 23, 2008, to comply. Legacy identifiers will not be accepted after that date.

Once a covered healthcare provider has an NPI, it must share the NPI with any entity that needs it to identify the covered healthcare provider in a standard transaction. In addition providers must identify other providers from which it will need

their NPIs, and followup to assure that the NPIs are obtained. Health plans and healthcare clearinghouses should make every effort to ensure that the NPI is incorporated into their systems and processes so that they can be used successfully by the May 23, 2007, deadline.

Providers need to obtain their NPI from CMS. Although fiscal intermediaries should contact facilities to notify them when the validation paperwork is required, new facilities or facilities that need to update/change enrollment information are required to use the new 855 forms that also requires an NPI. The sooner you obtain your NPI, the more time you will have to update and modify systems to assure a seamless transition.

Healthcare providers can obtain their NPI in one of three ways:

- (1) Apply on-line by using the Web at <https://NPPES.cms.hhs.gov>;
- (2) Call the NPI Enumerator (1-800-465-3203) and request a paper NPI application form, complete it, and mail it back to the address on the form; or
- (3) Apply for a bulk enumeration, which allows an Electronic File Interchange Organization (EFIO) approved by CMS to obtain a number of providers' NPIs.

Under the law, all HIPAA-covered healthcare providers, whether they are individuals or organizations, must obtain an NPI for use to identify themselves in HIPAA standard transactions. For more details about NPI and EFI, visit www.cms.hhs.gov/NationalProvIdentStand/.

Nursing Home Legislative Session Update

By George Thomas

The Connecticut General Assembly's work has been completed for the 2006 session and nursing homes will receive a 3% rate increase for the period July 1, 2006-June 30, 2007. Residential Care Homes will receive a maximum 4% rate increase for the period October 1, 2006-June 30, 2007. These increases were approved even though other methodologies were presented to the legislature, including case mix indexing and tiered rate increases for lower cost nursing facilities.

This rate increase will not have a major impact on the cycle of Medicaid cost report audits that will be required by

DSS. Facilities not on interim rates should be expecting an audit of their 2003 Medicaid Cost Report. For facilities on an interim rate, an audit could be expected for any years in which a filed cost report was used to determine that interim rate, notwithstanding this additional rate increase.

Finally, although there was some discussion about restoring the full June Medicaid payment to facilities, this was not acted upon during this session.

George Thomas is a member of CT HFMA and is a senior manager with Blum Shapiro & Co. PC.

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