

CT SCANNER

Re-Evaluating Your Managed Care Revenue Improvement Opportunities

By Cassandra Mitchell

Over 60 multidisciplinary participants attended the January 26 Managed Care Revenue Improvement program co-sponsored by the CT Chapter of HFMA and CHA. Chris Kalkhof, a director from the firm of Alvarez and Marsal's Healthcare Advisory Group, led an information packed, practical education session targeted on reducing leakage to increase the sustainability of revenues.

The session was divided into two primary components:

- Managed Care Strategy Development
- Contract Integration in the Revenue Cycle

Utilizing data either publicly available or developed via the firm's client experience, Chris emphasized that if a provider's managed care revenue exceeds twenty-five percent of the total mix, it is imperative to have an automated and integrated denial management process. Employing this process will assist any provider in reducing denials, downgrading and "slow pay" processes. Utilizing key dashboards with relevant data points, managed care revenues can be safeguarded by addressing issues on a real time basis as they cross finance, clinical care, charge capture and case management. Effective revenue cycle advocates within the provider would be essential to this process. Internal assessments to both find and collect cash will enable all providers not only to manage their cash, but also to grow their cash.

Speaking to an audience mixed with hospital providers, skilled nursing facilities (SNF) and payer representatives, Chris concluded with advice for the audience — a general contracting strategy focused on covering fully costs with a modest target margin should be a starting floor for negotiations and that this planned approach tends to be more advantageous than using traditional market driven approaches.

National HFMA Educational Opportunities

Travel Destinations

Spring Seminar Series

Savannah, Georgia, March 16-19

Nashville, Tennessee, April 27-30

The Healthcare Finance Conference – ANI

Seattle, Washington beginning, June 14, 2009

HFMA's Annual Conference – A do-not-miss opportunity to learn and network and see old friends and make new friends in the industry.

HFMA On-Line

Audio Webcasts

March 19 – Appealing Denials: Enhancing the Success of Your Recovery Revenue Progress

March 31 – RAC is Back! Now What?

April 14 – Beyond the Charge Master – Complexities and Opportunities

Sign up at the HFMA Web site and look for more educational opportunities.

www.HFMA.org

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President's Corner

By Jim Harris, Chapter President

Happy New Year! I hope you all had an opportunity to enjoy time with your families and friends during the holiday season.

The beginning of 2009 is starting to shape up as an interesting year for the healthcare industry, and history may look back on 2009 as a turning point in healthcare. Since my last column, we have a new President with new ideas that will impact the healthcare industry.



President Obama's \$825 billion economic stimulus plan includes \$20 billion to modernize the health care system by computerizing all of the nations' medical records in the next five years. In his January 8 speech at George Mason University in Fairfax, VA, President Obama stated,

"To improve the quality of our healthcare while lowering its cost, we will make the immediate investments necessary to ensure that, within five years, all of America's medical records are computerized. This will cut waste, eliminate red tape and reduce the need to repeat expensive medical tests. But it just won't save billions of dollars and thousands of jobs; it will save lives by reducing the deadly but prevalent medical errors that pervade our healthcare system."

Computerizing the medical records for all Americans has many significant challenges, not the least of which is the definition of what makes up an electronic medical record. At a minimum an individual's electronic medical history should include family medical history, immunizations, allergies and reactions to drugs, current medications, medical/psychiatric illnesses (diabetes, hypertension, depression, etc.), hospitalizations, surgeries and injuries. It should also be able to keep track of the underlying data that led to the doctor's decision to order tests or prescribe medications. Yet one significant barrier for computerizing electronic health records is ensuring that a person's health information remains privileged. Privacy advocates warn that patients should be alarmed that their health information, such as abortions, mental health problems, impotence, being labeled as a non-compliant patient, lawsuits against doctors and sexual problems could be shared electronically with millions of people. But as Dr. Bill Crouse, senior director of worldwide health for the Microsoft Corporation stated *"The opportunity here is so much bigger than just electronic medical records. The opportunity is really to think in entirely new ways about how you do healthcare."*

Just a reminder that the ballots are out for the election of members of the board of directors. If you haven't returned your ballot, please be sure to do so no later than February 27.

This is also the time for you to consider volunteering to serve on one of our committees. Additional members are always needed for our Chapter committees. Please contact any one of the Chapter leaders listed in this newsletter, the membership directory, and/or the Chapter Web site. I encourage you to participate in Chapter activities and contribute to the continued success of our Chapter.

Keep your membership information current by making changes to it on the national Web site.

I want to wish everyone a successful new year and look forward to having the opportunity to see you at one of our Chapter events.



Connecticut Chapter — Healthcare Financial Management Association

CT HFMA OFFICERS AND DIRECTORS

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- Joe Pajor, *President-Elect*
- Kathy Pajor, *Interim Secretary*
- Steve Beaulieu, *Treasurer*
- Steve Vargo, *V.P. – Membership*
- Todd Thiesfeldt, *V.P. – Programs*
- Lou D'Auria, *Past President*

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Editor: Janet F. Roemer, FHFMA, roemerjf@att.net
Staff: Jim Moylan, Frank Micelli, John Ruocco, Megan Budd, Steve Vargo, John A. Roemer, FHFMA



Web Site Information

Chapter – www.cthfma.org

Sue Stanley, Chair

stankel43@aol.com

National – www.hfma.org

Balance Sheet for CT HFMA as of January 21, 2009

Assets	
Checking	\$8,720
Scholarship Account	\$37,072
Money Market	<u>\$48,636</u>
Total Assets	<u>\$94,428</u>
Equity	
Beg Balance	\$55,330
Retained Earnings	\$38,060
Net Income	<u>\$1,038</u>
Total Equity	<u>\$94,428</u>

SAVE THE DATE . . .

for the HFMA Region 1 Eighth Annual Healthcare Conference

Where: Mohegan Sun, Uncasville, Connecticut

When: May 12 - 13, 2009



Early, Early Birds: Register on/before February 28 and save \$150!
Early Birds: Register on/before March 31 and save \$100.

Tough economic times are setting the stage for 2009 to be one of the most challenging years for healthcare providers. Now more than ever, the HFMA Region 1 Eighth Annual Healthcare Conference provides the perfect setting to bring people and education together to equip you with the information and tools you need to help your healthcare organization weather this tough economic period. Four education tracks are offered focusing on Revenue Management, Senior Executives, Reimbursement, and Peer Review Products.

Richard L. Clarke, DHA, FHFMA, President and CEO of HFMA, will welcome participants with remarks on *Making Connections*. The keynote address on *Healthcare: A Transformational Force in the 21st Century* will be provided by Lowell Catlett, Ph.D., Regents Professor and Dean of the College of Agriculture and Home Economics, New Mexico State University. Twenty-eight additional top-quality local and national speakers will be presenting at the conference.

The conference kicks off with a Golf Tournament, hosted by the Connecticut Chapter, at the Fox Hopyard Golf Club in East Haddam, CT, on Monday, May 11, 2009. For more information on the golf tournament contact Kim Young (kim.young@ey.com) or Michael Rosadini (michael.rosadini@yahoo.com).

A reunion dinner is scheduled for the evening of May 12 for all Past Presidents and current Presidents serving a Region 1 Chapter. (This dinner is by advance invitation only).

Attendance at the Region 1 Healthcare Conference has more than doubled since its inception and Region 1 has won four HFMA Yerger awards for collaboration in planning the conference. Suggestions from prior participants help shape and guide the conference agenda and make it a truly member-driven educational experience. A new Peer Reviewed Product Track was added to the 2008 conference. It was very successful and well received by participants and is being repeated for the 2009 conference.

The conference's proximity to *Mystic Country* provides family entertainment, whether it's bonding with Mystic Aquarium's Beluga whales, touring a New England winery, or simply spending a day at Olde Mystic Village and the Seaport. Additionally, major shopping outlets are close by. All of these venues are only 20 minutes away from the Mohegan Sun Hotel. Available at the Hotel are a spa, indoor pool and exercise rooms as well as the Kidsquest entertainment area.

The conference brochure with complete details will be sent to all Region 1 members by the end of January. When you review the brochure you will see the conference volunteers have provided educational and vendor opportunities in response to your requests.

Please contact the HFMA Region 1 office at (781) 647-7004 or e-mail at HFMAReg1@camihq.com if you have any questions about the conference or your registration.

We look forward to seeing you there!

Connecticut Chapter HFMA Corporate Sponsorship Program

PURPOSE: In an ongoing effort to provide quality speakers, programs and communication tools, as well as to provide scholarship opportunities to healthcare students, the CT Chapter of HFMA recognizes the need to recruit Corporate Sponsors in order to meet its financial obligations.

The Sponsorship Program year is based upon the Chapter year (June 1 through May 31) and all benefits associated with sponsorship will be applicable only for that Chapter year, irrespective of when the sponsorship is made. Sponsorships made after the Chapter year begins will not be prorated nor will missed benefits (i.e. recognition at prior programs or in prior newsletters) be made up.

Sponsorship Levels

I. DIAMOND SPONSOR (\$5,000)

- Title Sponsor(s) for the annual golf tournament
- 1 page profile/advertisement in all newsletters published in the year of sponsorship (4 newsletters annually)
- Listing of Sponsor's name on the CT Chapter Web site as a diamond sponsor
- Listing of Sponsor's name on educational program announcements
- Six coupons for attendance at a CT Chapter (sole sponsored **) educational program of Sponsor's choice during the program year (\$600 value)
- Four participants in the CT Chapter annual golf tournament (\$800 value)

II. PLATINUM SPONSOR (\$2,500)

- ½ page profile/advertisement in two newsletters published in the year of sponsorship
- Listing of Sponsor's name in all newsletters published in the year of sponsorship (4 newsletters annually)
- Listing of Sponsor's name on educational program announcements
- Four coupons for attendance at a CT Chapter (sole sponsored **) educational program of Sponsor's choice during the program year (\$400 value) or two participants in the CT Chapter annual golf tournament (\$400 value) or a free sponsorship of one hole at a CT Chapter annual golf tournament

III. GOLD SPONSOR (\$1,500)

- ¼ page profile/advertisement in one newsletter published in the year of sponsorship
- Listing of Sponsor's name in all newsletters published in the year of sponsorship (four newsletters annually)
- Listing of Sponsor's name on educational program announcements
- Two coupons for attendance at a CT Chapter (sole sponsored **) educational program of Sponsor's choice during the program year (\$200 value) or one participant in the CT Chapter annual golf tournament (\$200 value)

IV. SILVER SPONSOR (\$1,000)

- Business card-sized advertisement in one newsletter published in the year of sponsorship
- Listing of Sponsor's name in all newsletters published in the year of sponsorship (four newsletters annually)
- Listing of Sponsor's name on education program announcements

V. BRONZE SPONSOR (\$500)

- Listing of Sponsor's name in all newsletters published in the year of sponsorship (four newsletters annually)
- Listing of Sponsor's name on educational program announcements

** Sole sponsorship refers to a program that is sponsored solely by CT HFMA and not co-sponsored with another organization.

Please contact Lou D'Auria at Louis_dauria@uhc.com
to obtain additional sponsorship information OR to become a sponsor.

CT HFMA New Members

We extend a sincere welcome to the following individuals who have chosen to join the Connecticut Chapter of HFMA. We hope our new members will contact one of the Chapter Officers or Directors with any questions they may have and also let us know if they have an interest in becoming involved or participating on one of our committees.

Terrie B. Estes
Director of Planning
Saint Raphael Healthcare System

Joe Kowalczyk
Audit Manager
Saslow, Lufkin, & Buggy LLP

Dulce Rabines
St. Vincent's Medical Center

Stephen Jeffries
VP, Healthcare
Matthews & Stephens Associates

Christine Marshall
Operations Manager
Transplant Management Group

Cynthia S. Rhomberg
VP, Marketing
Cardinal Health

Bob Jerome
Senior Financial Consultant
Health Net of The Northeast, Inc.

Laura A. Nicoletti
Business Director, Cardiology
Danbury Hospital

SAVE THE DATE . . .

for the HFMA Region 1 Eighth Annual Healthcare Conference

Early, Early Birds . . .
Register on/before February 28, 2009
to receive last year's early bird conference
registration rate and save \$150!

Early Birds: Register on/before March 31
and save \$100.

Where: Mohegan Sun, Uncasville, Connecticut

When: May 12-13, 2009



Starting off with the Pre-Conference Golf Tournament
on May 11, 2009

Conference dates are May 12 & 13, 2009.
Four tracks will be offered: Revenue Management,
Senior Executives, Reimbursement,
Peer Review Products

For more information and registration options, please
visit www.hfma.org/events.

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Phone: (860) 241-8623
Email: Scott.gibson@rbccm.com



CT HFMA/CHA Medicare Update by NGS — December 4, 2008

By Janet F. Roemer, FHFMA

On Thursday, December 4, 2008 a co-sponsored HFMA/CHA meeting was held at Connecticut Hospital Association, in Wallingford. NGS (National Government Services) brought a core group of people, including the new MAC Director, Gene Nickerson, to give the group an overview of the transition to a MAC and updates on any changes for 2009.

Gene Nickerson, is the Director of J13 (the jurisdiction for CT) a new approach of crossing state boundaries. Connecticut is fortunate, since most of the work will be completed by the people we know from the Middletown office. Offices with J13 will be assigned certain tasks, for example, Middletown will be auditing Wage Index revisions for CT and part of NY; new assignments for that office.

Appeals work will be handled separately from the balance of Audit & Reimbursement work.

The J13 MAC consists of people from Middletown, CT, Syracuse, NY and the Cincinnati, OH office. There is a very limited Part A transition, but Part B will have a new synergy.

Christine Chamberlain gave an overview of some of the Medicare Cost report changes. Hospitals can choose the SSI % from either 05 or 06 since 07 is not finalized. Hospitals are to use the customer service number for issues and not call directly in the new transition. We can adjust the reporting of supplies and drugs on the Cost Report and if we do so it should be in the cover letter.

RAC was mentioned, but their office is learning about the process too. Since CT hospitals are 9/30 fiscal year ending hospitals we will be using the new P S & R next year. For now NGS has converted the P S & R to the legacy format and passed out the November copy at the meeting. Christine also verified the calculation of Case Mix from the PS & R. Christine illustrated the new NGS Web site and gave shortcuts to find pertinent information. She stressed the importance of having the correct contact

person listed for each hospital and told us the proper procedure to insure it is accurate.

Warren Willis, the Manager from Middletown gave an overview of audit changes. NGS will be conducting more comprehensive desk reviews and focusing on specific issues. There will be shorter time frames to complete documentation. The new draft letter will be more encompassing than in the past. NGS is using new software for extrapolation of samples.

Christine Oberlander spoke on Medicare Bad Debt, the hot and controversial issue for providers. CMS has made an additional clarification and hospitals will be required to have available the turnover list from collection agencies for verification. The audit team will also be verifying that the collection process for all Bad Debts sent to collection are treated the same.

Trish Leonard gave a brief update of DSH adjustments and expectations.

Ken Shusterman discussed issues relating to GME and time studies. He gave a very good summary of the initial residency period and how it is determined based on the resident's specialty and possible type of match. He also touched upon the change in counting foreign resident students' time toward the initial residency period. Another item he addressed is that in lieu of physician time studies hospitals can use allocation agreements.

George Porette gave an excellent presentation on the new Appeal Process. This is the first time in years there have been changes. He urged hospitals to read the 74 pages. The changes were made to shorten the extensive backlog of cases with the PRRB. Although the rules are more time sensitive, they appear to be well thought out to help resolve issues more timely which benefit the PRRB and the providers.

The meeting was well attended, as it is an annually scheduled event that many include on their calendar.



Jackie Gibbons, Cheryl Coyle, Terry Surh and Scarlett Branham (seated), Conference Participants



Steve Vargo VP Membership CT HFMA and Warren Willis, Manager from Middletown



Al Pinard of CHA and Gene Nickerson, NGS, Director of MAC

EMPLOYEE BENEFITS AND EXECUTIVE COMPENSATION ALERT

Final Regulations under Section 403(b) of the Code New Responsibilities for Sponsors of Tax Sheltered Annuity Plans

May 2008

IRSFINAL403(b)REGULATIONS

The IRS has issued long-awaited final regulations under Section 403(b) of the Internal Revenue Code. The final regulations are generally effective as of January 1, 2009. **The regulations require non-profit Section 501(c)(3) employers to implement new written 403(b) plans (generally called “tax-sheltered annuity contracts” or “custodial accounts”) by December 31, 2008, and to implement new administrative procedures for complying with Section 403(b) by December 31, 2008.** This Client Alert highlights certain significant changes made by the final regulations.

WRITTENPLANREQUIREMENT

By December 31, 2008, a 403(b) plan must be maintained under a written plan of the employer which, in form, satisfies the requirements of Section 403(b) and the final regulations. This is the most significant change in the final regulations, and will require each employer that sponsors a Section 403(b) plan to adopt a new plan document before the end of 2008. **If you would like us to draft your new plan document to comply with Section 403(b) and the final regulations, please contact us as soon as possible.**

The written plan may include a number of documents, including insurance policies, custodial accounts and agreements. However, the final regulations also provide additional rules that will be difficult to satisfy without a complete, plan document referencing the various annuities and custodial accounts in which the plan assets are invested.

The written plan must contain all material terms and conditions regarding:

- eligibility;
- contributions;
- applicable limitations;
- contracts that are available; and
- time and form of distributions.

Also to be included in the written plan document are any optional provisions, including provisions for:

- loans;
- hardship distributions;
- plan-to-plan transfers;

- annuity contract transfers or exchanges;
- acceptance of rollovers; or
- delegation of responsibility for administrative functions.

OTHERPROVISIONSAPPLICABLETOTAXSHELTERED ANNUITYPLANS

The final regulations:

- Contain “universal availability” requirements, under which generally all employees must be permitted to make elective deferrals to the plan, if any employee may do so.
- Provide that any catch-up contribution for an employee who is eligible to make both an “age 50 catch-up contribution” and the “special section 403(b) catch-up contribution” is to be treated first as a special section 403(b) catch-up contribution, and then as an age 50 catch-up contribution.
- Restrict the distribution of elective deferrals and catch-up contributions.
- Contain rules governing the exchange of contracts within a 403(b) plan that are issued by different providers, as well as the transfer of benefits from one 403(b) plan to another.
- Contain rules for identifying controlled groups for tax-exempt organizations.
- Do not permit a life insurance contract, an endowment contract, a health or accident insurance contract, or a property, casualty, or liability insurance contract to constitute an annuity contract for purposes of Section 403(b).
- Require that employer matching and nonelective contributions made to a 403(b) plan must satisfy the same nondiscrimination tests that apply to such contributions under a tax qualified retirement plan. A 403(b) plan is also subject to the qualified retirement plan rules that limit the amount of compensation that may be taken into account, and that limit the amount of contributions that can be allocated to an employee during a plan year.
- Allow employers to amend their 403(b) plans to eliminate future contributions for existing participants, to limit participation to existing participants, or to terminate their 403(b) plans and distribute the plan assets.

Continued on page 8

Employee Benefits and Executive Compensation Alert

Continued from page 7

Employers must amend their tax-sheltered annuity plans to comply with the final 403(b) regulations by December 31, 2008. If you have questions regarding this Alert, or if you would like our assistance in amending your tax-sheltered annuity plan to comply with the requirements of the final 403(b) regulations, please contact us as soon as possible.

Note from the Editor This edition of the Employee Benefits and Executive Compensation Alert was written by Ronald J. Koniuta of the Employee Benefits and Pension Practice Group at Reid and Riege, P.C., One Financial Plaza, Hartford, CT 06103. The Group works closely with employers to design and draft tax-qualified and nonqualified retirement plans, and counsels employers on compliance with the complex and changing rules governing such plans. For information or additional copies of this Alert, or to be placed on our mailing list, please contact Ron (tel. 860-240-1034)(e-mail rkoniuta@reidandriege.com), or another member of the Group: John J. Jacobson, Chairman (tel. 860-240-1006) (e-mail jjacobson@reidandriege.com), John V. Galiette (tel. 860-240-1009) (e-mail jgaliette@reidandriege.com), or another Reid and Riege attorney with whom you regularly work. For other information regarding Reid and Riege, P.C., please visit our Web site at www.reidandriege.com.

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Gary Bergenty, Director Marketing/Client Services
23 Maiden Lane, North Haven, CT 06473-2351

800.732.2843/Fax 203.239.6364
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Notes from the Editor

Every day we hear how bad the economy is in our country. The government is bailing out banks, an economic stimulus package is on it's way. Prices for homes are falling, stores are having trouble selling their products. We all have to tighten our belts. We have lost thousands of retirement dollars. There are many people unemployed. People can't afford vacations.



Hospitals are not doing well during this downturn. My favorite former boss, Ruth Schwallie, from Cincinnati, told me hospitals did well in hard economic times, because people get sicker from the stress. So why is this any different?

We live in the greatest nation in the world. We have all come to expect bigger, better and more, right now. Well maybe, to put another spin on this recession, it's time for us to all take a step back and evaluate what is really important to us. Do we need a huge home or a comfortable home in a nice neighborhood? Do people really need the exorbitant salaries that some make today? Wouldn't it be better to have more jobs for people, but at a salary with benefits that allows a decent standard of living. Let's be honest, prices for homes are too high, and prices in stores are ridiculous. It's time that prices adjusted to affordable levels.

All of us who work in healthcare know we are not in the highest paid industry. We know there are limitations, but we are comfortable, we work with great teams and we love the mission of helping people. Yes, hospitals, too will have to spend less, and cut back. Let's get over complaining about what we will have to cut back on and be proud of what we have achieved. Other industries should look to healthcare as an example and set new standards.

Comments are welcome — roemerjf@att.net

Janet F. Roemer, FHFMA

Editorial Policy

The statements and opinions appearing in the articles are those of the authors and not necessarily those of CT HFMA Chapter, or the editor. The editor reserves the right to edit material and accept or reject contributions whether solicited or not. All correspondence is assumed to be a release for publication unless otherwise indicated.

Article Submission

CT Scanner encourages submission of material for publication. Articles should be typewritten and submitted electronically to the editor by the deadline listed below. The editor reserves the right to edit, accept or reject materials whether solicited or not. HFMA Founders Points are granted for any article published in the CT Scanner.

April Newsletter

Deadline for Submission March 27, 2009

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