

Healthcare Organizations: [Financial Management Strategies]

Volume 4 – Number 1



HEALTHCARE ORGANIZATIONS

[FINANCIAL MANAGEMENT STRATEGIES]

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IN THIS UPDATE

- Tab III Chapter 3, “Economic Order Quantity Inventory Management” was updated with material on automatic data collection [ADC], radio frequency identification [RFID] tags, and health materials management information systems software. HMMIS checklist 3 and ADC technology Checklist 4 are new.
- Tab IV Chapter 1, “Incurred but Not Reported Healthcare Strategies” was updated with material on claims management consequences. Checklist 3, on IBNR claims management volume is new, as is Appendix 5 on reducing the claims rejection status of state mandated insurance coverage.
- Tab IV Chapter 2, “Asset Protection Strategies for Accounts Receivable” was updated with material on the AR types suitable for financial leveraging models along with the Fair and Accurate Credit Transactions Act. The physical therapy DME Case Model 2 is new, as is Checklist 9 on accelerated cash recovery initiatives and Checklist 10 on both the “red flag” rules and the new address discrepancy compliance regulations.

DID YOU KNOW?

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According to a new survey by the American Hospital Association titled, "Report on the Capital Crisis: Impact on Hospitals," the capital crunch and current recessionary environment is severely restricting those US hospitals seeking to obtain funds to upgrade facilities or invest in new clinical and health information technologies. The AHA survey, provided data from 639 hospitals collected from late December 2008 to January 6, 2009.

NEW AND NOTEWORTHY

- **Reimbursement:** Legislation enacted in July 2008 reversed a 10.6% cut - while stating in January 2009 that a 1.1% increase would replace same - that would have gone into effect if lawmakers had not acted.
- **Payments:** A new project called the *Acute Care Episode* demonstration will test whether a global payment system will better align the incentives of hospitals and doctors; beginning in January 2009.
- **Finance:** Total hospital profit margins fell to negative 1.6% in the 3rd quarter of 2008 versus positive 6.1% during the same period last year.
- **Policy:** CMS delayed finalizing an exception policy to the Stark Gain Sharing programs in the 2009 Medicare Physician Fee Schedule Final Rule issued on Oct. 30, 2008. Since it received little feedback, it will accept additional comments on exception structures until mid-February 2009
- **Regulations:** The 2009 Final Rule on Hospital Outpatient Department [HOPD] and Ambulatory Surgery Center [ASC] payments added 27 surgical procedures and 13 CPT® codes to the new Medicare ASC payment list; and increased reimbursement for other procedures. But, the rule also cut ASC reimbursement to 59% of that paid to hospital outpatient departments.
- **Cost Shifting:** Milliman reported hospitals lost \$30 billion on Medicare and Medicaid, earned \$66 billion on commercial insurance, and lost \$13 billion on uninsured patients last year.
- **Politics:** Tom Daschle, in dual roles as Secretary of Health and Human Services [HHS], and Director of White House Health Policy Office, will likely advocate expanding health information technology as one part of a comprehensive health reform program of the new Obama Administration.

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•**Government:** HHHS supplied \$1.1 billion in grant funding to health departments, hospitals and healthcare organizations to improve response ability to public health emergencies.

•**Technology:** The Social Security Administration [SSA] is developing a prototype to automatically pull information from electronic health records to deal with the more than 2.5 million disability claims it receives each year.

•**Credit:** Credit agency Fitch changed its not-for-profit hospital sector view to negative, from previously stable. Moody's downgraded 18 for-profit hospital bond ratings and upgraded 1. And, Hospital Corporation of America used risky payment-in-kind (PIK) debt swaps to keep bonds afloat.

•**Banking:** Despite Citigroup's bailout, it will remain a major player in the tax-exempt healthcare lending space. And, insurers like WellPoint, UnitedHealth Group and BCBS are launching HSA and health debit card programs, as others enter the banking space to raise scarce cash reserves.

•**Safety:** OSHA is releasing a new computerized graphical safety interface, known as eTool, to help hospitals reduce occupational injuries and illnesses.

•**Coding:** The DHHS extended the deadline for implementing ICD-10CM and ICD10-PCS coding modifications, two years; until October 1, 2013.

•**Business:** SearchAmerica.com provides dedicated, but controversial, business services to optimize healthcare revenue and AR collection cycles.

•**Pharmaceuticals:** CMS proposed a ban on referenced based drug pricing for health plans in 2010; open commentary accepted until March, 2009.

Contact the Editors and Contributors

In, *Healthcare Organizations [Financial Management Strategies]*, STP wants you to have a publication that meets your needs and covers material that you consider most important and interesting. Therefore, if you would like to see additional topics covered in this guide, feel free to send them to this email address: MarcinkoAdvisors@msn.com. Kindly include "Healthcare Organizations" in your subject line and as much information as possible in your request.

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We will read each topic and consider all suggestions for material in future updates. Due to the volume of emails, we will not be able to acknowledge or respond to every one. But, we look forward to your suggestions and will make every reasonable request to accommodate them.

Thus, we hope you will find this publication an invaluable and practical resource for creating and maintaining financial and economic success for your own medical practice, clinic, hospital or healthcare organization.

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Fraternally,

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