CMS Approves Arkansas UPL Change

State Medicaid officials informed the Arkansas Hospital Association last month that the Centers for Medicare & Medicaid Services (CMS) has approved a State Medicaid Plan amendment that will change the composition of hospitals listed as non-state public facilities under the Arkansas upper payment limit (UPL) program. Under the amendment, hospitals which have participated in the program as public facilities and which are operated by 501(C)(3) not-for-profit organizations will be moved into the “private” hospital category.

The amendment will significantly reduce the number of Arkansas hospitals that have the ability, as non-state public facilities, to maximize their supplemental UPL payments by providing state Medicaid matching dollars through the use of intergovernmental transfers of public dollars.

The change, which is effective July 1, 2005, will also affect the amount of UPL funds that “private” facilities receive. Those hospitals currently divide a pool of about $12 million annually. Payments per hospital depend on each facility’s share of total Medicaid discharges for the category. The per-hospital share will fall when more than 25 new hospitals are added to the category.

The Medicaid program itself also stands to lose millions of dollars as a result of the change. For each of the five state fiscal years (SFY) the UPL program has been in place (2001-2005), Medicaid has received an amount equal to 20% of the total UPL payout to the non-state public hospitals. That annual amount will decrease as fewer hospitals qualify as public facilities.

For its part, CMS has agreed to allow the UPL program to continue “as is” through the end of SFY 2005. In addition, it will not attempt to challenge or recoup the UPL payments made for the five-year period to those hospitals it now questions as non-state public hospitals.

AHA, Medicaid Discuss ER Claims

Members of the Arkansas Hospital Association (AHA) executive team and board met December 8 with state Medicaid officials and representatives from the Arkansas Foundation for Medical Care (AFMC), Medicaid’s medical review contractor, to discuss issues related to the denial of Medicaid emergency room claims. Much of the meeting concerned the Medicaid/AFMC application of the state’s “prudent layperson” law when reviewing ER claims.

The hospital representatives informed the Medicaid and AFMC officials of their concerns and discussed AFMC’s interpretation of what a “prudent layperson” would consider as an emergency. In addition, the groups reviewed suggestions about the way Medicaid might change or streamline its ER/outpatient payment policy.

Hospitals voiced their frustration about not being paid for providing emergency care that is later denied or for non-emergency care provided without a primary care physician’s (PCP) referral. That concern is addressed in a new Medicaid policy that was effective for claims with dates of service on and after October 1, 2004. The policy, included on Medicaid
Remittance Advices dated August 19-26, 2004, says that hospitals may re-bill their denied emergency service claims as non-emergency or assessment services. In addition, the Medicaid program will accept those re-billed claims up to one year after the original date of denial.

The group discussed a suggested policy change that would allow Medicaid to automatically bump down a denied emergency claim to a non-emergency service and pay on that basis. That would eliminate the intermediary step of re-billing the claim and would allow the payment for non-emergency treatments without first obtaining a PCP referral. Medicaid is considering that move, which would require approval by the Centers for Medicare & Medicaid Services, since it would change provisions of the state’s ConnectCare waiver.

A flurry of calls to the Arkansas Hospital Association (AHA) last week concerned the recent implementation of an Arkansas Medicare local coverage determination (LCD) policy. The policy relates to a requirement for registration of ultrasound technologists who perform non-invasive vascular studies.

Medicare Part A Local Coverage Determination Number ARA-02-055 says, “All noninvasive vascular diagnostic studies must be either (1) performed by, or under the general supervision of, persons that have demonstrated minimum entry level competency by being credentialed in vascular technology, or (2) performed in laboratories accredited in vascular technology.

“Examples of appropriate personnel certification include the Registered Vascular Technologist (RVT) credential and the Registered Vascular Specialist (RVS) credential in Vascular Technology, and appropriate laboratory accreditation includes the Intersocietal Commission for the Accreditation of Vascular Laboratories (ICAVL), or the American College of Radiology (ACR).

“Effective January 1, 2005, documentation of either the Registered Vascular Specialist (RVS), Registered Vascular Technologist (RVT) or facility accreditation will be required each January prior to billing electronically for that new year and with any and all submitted paper claims.”

The CEOs who contacted the AHA were surprised to find that their hospitals must have had the registered personnel in place by January 1 in order to be paid for studies performed there, particularly since training and registration can only be secured through the American Registry of Diagnostic Medical Sonographers (ARDMS). The ARDMS directory shows that there are approximately 300 RVTs in Arkansas.

The LCD was originally proposed in November 2002 and went through a 60-day public comment period. Arkansas Medicare Services (AMS), the state’s Medicare contractor, received extensive comments on the accreditation requirements and allowed a two-year period before the requirements were implemented.

According to Dr. Sidney Hayes, contractor medical director for AMS, the LCD will primarily impact Part B providers, who have a similar policy in place. Dr. Hayes said that she had fielded several calls for waivers, but those are being denied. Providers are expected to make good faith efforts to have the appropriate technical support or physician supervision. Most hospitals will have a Radiologist supervising the tests, which would fulfill the first provision in the policy. Hospitals not aware of this policy should review it. The Web site address is http://www.arkmedicare.com/provider/medpolb/ac02055.asp. Other questions should be directed to Dr. Hayes at the AMS office, (501) 918-7423.
Hospitals may be surprised to find they are losing valuable reimbursement through improper ED coding. On February 11, the Arkansas Hospital Association (AHA) will present a workshop, “Internal Auditing Techniques to Secure APC Revenue Integrity for ED Encounters,” to help better understand and solve problems associated with ED coding.

Coding expert Andrea Clark will examine the top 20 most common medical and surgical procedures performed in the ED setting coupled with APC reimbursement; introduce ED APC updates for 2005; explain appropriate UB92 claims submission for the ED; help pinpoint coding weaknesses within the ED coding staff; explain how to create your facility’s internal auditing techniques based on your own data; and offer hands-on ED examples along with crucial coding tips.

Workshop information is available by calling the AHA at (501) 224-7878 or by clicking on http://www.arkhospitals.org/calendar/calendarpdf/ED%20Coding%202-11-04.pdf.

Former U.S. Senator David Pryor will be the guest speaker for the Arkansas Health Executives Forum’s winter meeting on Friday, February 4. Senator Pryor, who has been named Dean of the University of Arkansas Clinton School of Public Service, will discuss plans for the unique school located on the campus of the Clinton Presidential Library.

After accepting his new appointment, Senator Pryor said, “I am excited about this opportunity to work with what I think is going to be a model of public service leadership. This unique school will draw applicants from all over the country and the world, and will help develop solutions to community problems that can be instituted at any level of leadership. This will be an enormous challenge as we will be shaping some of the major decision-makers of this and the next generation.”

The luncheon meeting begins at 11:30 a.m. in the Vincent de Paul Room at St. Vincent Infirmary Medical Center in Little Rock, which is located through the main hospital entrance. Parking is available in the hospital parking deck. Please RSVP to Beth Ingram at bingram@arkhospitals.org or (501) 224-7878 to make reservations for lunch, which will be provided by St. Vincent Health System. We are expecting a large crowd for this meeting, so please pre-register.

The Arkansas Health Executives Forum is an independent chapter of the American College of Healthcare Executives. Lee Gentry, vice president of operations at St. Joseph’s Mercy Health Center in Hot Springs, is president.

Despite a recent report from the American Association of Colleges of Nursing (AACN) that enrollment in U.S. baccalaureate nursing programs increased for the fourth consecutive year in 2004, the nursing shortage in the U.S. is likely to get worse before it gets better. One reason: schools had to turn away more than 26,000 qualified applicants, primarily due to a shortage of faculty.

Enrollment in nursing schools increased by 10.6% in 2004, down from a 16.6% increase for the previous year, suggesting some nursing schools may have reached the limit in how far they can expand, according to the AACN. The organization expressed concern that growing competition for limited courses could encourage nursing students to change majors as they near graduation. The situation is further complicated by a recent action of the State Department. As of January 1, the federal government stopped issuing employment-based
visas for workers in countries that have exceeded their annual quota for green cards, such as the Philippines, India and China. The new policy will hurt the nurse supply in Arkansas hospitals where there is a 12% vacancy rate in hospital-based nursing positions, according to a report by the Arkansas Legislative Commission on Nursing. That report says that Arkansas needs 1,925 new nurse graduates each year to keep up with demand. In 2004, there were 793 nurse graduates who were licensed.

In a letter last week to members of Congress, American Hospital Association executive vice president Rick Pollack said the move will dramatically curtail the recruitment of foreign nurses and aggravate the serious shortage of caregivers. Pollack encouraged the congressmen and senators to act swiftly to address this imminent change in immigration processing. He wrote, “We urge you to take action now to address an emergency situation that will limit hospitals’ ability to address their workforce challenges and respond to the needs of their patients and communities, and that only legislation can correct.”

The Centers for Medicare & Medicaid Services (CMS) has issued additional guidance confirming that hospitals can offer discounts to any uninsured patients, without putting the hospital’s Medicare payments at risk. The agency issued its first set of guidance last February, and responses from administration officials during a June (CMS) open door forum led hospitals to believe that offering discounts to any uninsured patient would be permitted and would not imperil Medicare payments.

The new guidance, released in the form of a “Frequently Asked Question,” appears to confirm the information provided to hospitals last June that “individualized determinations of need” are not required to offer discounts to uninsured patients. Go to http://www.cms.hhs.gov/providers/FAQ_Uninsured_Additional.pdf.

One of the hottest issues today is how hospitals bill and collect from low-income, uninsured patients. Intense public and legislative scrutiny has brought the issue to a boiling point. It is critical that all hospitals have written charity care policies and clearly communicate them to low-income patients. Equally important, hospitals must report their charity care accurately and consistently.

The California Healthcare Association has published Assisting Low-Income, Uninsured Patients, a guidebook that details a step-by-step process for developing and implementing a charity care policy; includes relevant state and federal guidance; details charity-care policy components; and outlines collection processes, record keeping and documentation requirements for assisting low-income, uninsured patients. Sample policies and a process checklist are also included.

The Arkansas Hospital Association has purchased two copies of the guidebook and is making them available for loan to member institutions. If you would like to borrow a copy for a one-week period, please call Sandra Minor at (501) 224-7878 or email her at sminor@arkhospitals.org. To purchase a copy of Assisting Low-Income, Uninsured Patients for $190, call the California Healthcare Association at (800) 494-2001 or obtain the order form at http://www.calhealth.org/public/pubs/gms/index.html.
The National Uniform Billing Committee (NUBC), which maintains the billing data set for institutional healthcare providers, is seeking comment from hospitals and others on proposed revisions to the billing form and data set used to process healthcare claims. The changes are intended to better align the submission requirements with the Health Insurance Portability and Accountability Act’s (HIPAA) transaction standard and other national standards. The NUBC will accept comments through February 1, 2005, and plans to review comments at its February 22-23 meeting in Baltimore. For a summary of changes to the billing form and data set, and a survey for submitting comments, visit http://www.nubc.org/UB04.pdf.

OSHA Guidance For Hospital-Based Responders

The Occupational Safety and Health Administration (OSHA) issued guidance December 21 designed to help hospitals safeguard their employees who care for patients injured in incidents involving chemical, biological or radiological materials. The document was developed based on the best practices of hospitals of varying sizes and risk levels, an extensive literature search and stakeholder input.

The OSHA guidance provides practical information to help hospitals address employee protection and training as part of emergency planning for mass casualty incidents involving hazardous substances. OSHA considers sound planning the first line of defense in all types of emergencies (including emergencies involving chemical, biological, or radiological substances). By tailoring emergency plans to reflect the reasonably predictable “worst-case” scenario under which first receivers might work, hospitals should better be able to develop appropriate training programs.


Medicare Contractor Survey

Beginning this month, the Centers for Medicare & Medicaid Services (CMS) will initiate a pilot test of a new survey to assess providers’ satisfaction with the services provided by fiscal intermediaries and other Medicare fee-for-service contractors. CMS plans to send the draft survey to roughly 7,400 Medicare providers, including hospitals, in multiple states. The 76-question survey, which CMS estimates will take 22 minutes to complete, asks providers to rate contractors on administrative functions such as provider inquiries, claims processing, appeals, medical review, reimbursement and other areas.

The findings will be used to fine-tune the survey instrument before a planned roll out to all Medicare providers in 2006. CMS intends to use the final survey instrument to help contractors improve the quality of their services, and create a performance-measurement standard for contracting purposes.

All About Arkansas

(DeWitt) DeWitt Hospital is set to receive $400,000 from the federal government. U.S. Congressman Marion Berry announced December 9 that the funds were included as part of the Omnibus Appropriations Bill, which Congress passed and President Bush signed last month. The funds will be used to modernize the hospital’s facilities, particularly its radiology and laboratory departments, to accommodate expansion and renovations necessary to better meet the healthcare demands of people in the region.

(Fayetteville) Northwest Arkansas Radiation Therapy Institute (NARTI) has resumed radiation therapy treatments in its newly remodeled and expanded Fayetteville facility. The
$1.6 million renovation expands the facility to 9,300 square feet of space including the addition of a second radiation treatment vault. The expansion allows NARTI to expand its treatment capabilities in its Fayetteville location, which was acquired in 1999, from half-days to a full-day schedule throughout the week. NARTI has operated in northwest Arkansas for the past nineteen years in its flagship facility in Springdale and for the past four years in a satellite facility in Bentonville.

(Texarkana) **Wadley Regional Medical Center** (WRMC) has announced plans to build a new 200-bed hospital. The proposed 350,000 square-foot facility is expected to be completed within the next three to five years. Downsizing from the current licensed bed capacity will better reflect the medical center’s increasing focus on outpatient services, according to Jim Summersett, WRMC president and CEO. The construction project will cost around $100 million. To help finance the project, Wadley will partner with Community Health Corp., a Dallas-based hospital consulting company.

### AHA Calendar

**January 2005**

- 11 CPT 2005 Coding Update Workshop, Holiday Inn Select, Little Rock
- 13 AHAA (Auxiliary) Board Meeting, AHA Headquarters, Little Rock
- 14 AHA Board of Directors Meeting, AHA Headquarters, Little Rock
- 14 AAHE (Engineering) Winter Meeting, St. Vincent Infirmary Medical Center, Little Rock
- 19-21 HFMA (Financial Management) Tri-State Winter Institute, Grand Casino, Tunica, MS
- 27-28 Continuous Service Readiness Annual Meeting, Nashville, TN

### Newsnotes About Arkansas Folks

The governor **Mike Huckabee** has named **Angelico Cabantac**, administrator of St. Vincent Doctor’s Hospital in Little Rock, to the Advisory Board for Perinatal Health Services. His term will expire November 15, 2006. Cabantac replaces **Susan Barrett**, president and CEO of St. Mary’s Hospital in Rogers.

**John A. Guest** has been named CEO of Sparks Health System in Fort Smith following the System’s engagement of QHR for hospital advisory services. Guest has over twenty years of healthcare leadership, having served as president/CEO of Harris County Hospital District in Houston and as president/CEO of University Health System in San Antonio. He is a past-chairman of the Texas Hospital Association.

**Tim Shea** has been named Medical Center Director of the Central Arkansas Veterans Healthcare System in Little Rock effective January 10. He succeeds **George “Buzz” Gray** who left in August to direct the Veterans Integrated Service Network 8 in Florida and south Georgia. Dr. **Nick Lang** has been acting director since Gray’s departure. Shea previously was Medical Center Director of the Louisville (Kentucky) VA Medical Center.

**David A. Dennis**, president of St. John’s Hospital in Berryville, has been elected to the AHA board of directors representing the Northwest Hospital District. Dennis succeeds **Donnie Frederic** who has resigned his position on the board. Frederic has been named CEO of Gulf Coast Medical Center in Wharton, Texas, effective January 24.