AHA Annual Membership Meeting, April 6-9

“Vision to Action: Local Leadership, National Change” is the theme for the American Hospital Association’s (AHA) annual membership meeting April 6-9 in Washington, DC. This meeting provides an excellent opportunity for hospital executives and trustees to learn firsthand about AHA’s advocacy agenda and strategy for accomplishing those legislative and regulatory goals in 2008. In addition, attendees will get the occasion to visit personally with their congressman and the state’s two senators to deliver their messages on how federal legislative and regulatory issues are affecting their hospitals and communities.

Because the 2008 meeting comes during an election year, investing the time and effort to attend is more important than normal, since the debate over national healthcare policy is a key concern on voters’ minds. Attendance is so important, in fact, that the Arkansas Hospital Association board agreed last Friday for the state association to reimburse each member-hospital CEO up to $1,000 to cover the registration fee and airline ticket costs. However, this stipend comes with strings: Attendees must participate in all Arkansas activities, including the April 9 visits with Arkansas’ congressional leaders.

During the meeting, participants will be able to attain American College of Healthcare Executives Category I credit; attend executive briefings on topics such as The Joint Commission, information technology, the future of Medicare and Medicaid, and potential effects of the 2008 election. Other educational opportunities will be available for hospital trustees covering issues such as succession management, quality and patient safety, and “the gremlins of governance.” Getting the chance to hear presentations from former NBC Nightly News anchor Tom Brokaw, former Speaker of the House Newt Gingrich and other Washington figures is an added bonus.

Yet, the most important events are the times set aside to meet with the state’s Washington delegation and their key aides on health matters. The AHA will host a reception for congressional aides on Monday evening, April 7; and on Wednesday, April 9, attendees from each congressional district will meet as a group with their respective congressman in his Capitol Hill office. Additionally, plans are being made for either a luncheon or breakfast with Senators Blanche Lincoln and Mark Pryor.

Meeting and registration information has been mailed to American Hospital Association members, or registration may be completed on-line at www.aha.org. Please fax a copy of your meeting registration form to Beth Ingram at the Arkansas Hospital Association (501) 224-0519 or e-mail it to bingram@arkhospitals.org to receive special mailings detailing Arkansas events.

RAC Educational Webinars

Last week, the Arkansas Hospital Association (AHA) hosted an informational workshop on the new Medicare Recovery Audit Contractor (RAC) program, which is authorized by Congress to identify improper Medicare payments – both overpayments and underpayments. While Arkansas hospitals are scheduled to begin RAC reviews no earlier than January 1, 2009, they should begin...
now learning as much as possible about these new contracting organizations and how to comply with this new claims review process. To make the task a little easier, the AHA will be providing several educational opportunities over the coming months focused on the audit program. The initial two programs are Webinars, which hospital personnel can “attend” via Internet access.

The first of these online sessions, “Preparing for the Recovery Audit Contractor Program: An Overview,” will be held March 18. It will review the reasons behind Congress’ decision to implement the program, the experience and results of the RAC Demonstration Project, and how to prepare your hospital for RAC audits. That will be followed with an April 15 Webinar, “Preparing for Medicare Recovery Audits,” which will focus on specific issues associated with the audit process. While these two Webinars are very similar in subject matter, attendees have a choice of dates to hear more about the RAC program.

In addition, the Arkansas Hospital Association will include a very candid discussion of the RAC program by James Kopf, president of Healthcare Oversight, Inc., during the April 22 Compliance Forum. More information about that program will be available soon. For program and registration information about these and other AHA educational programs, please click on www.arkhospitals.org/calendar.htm.

Arkansas Receives NDC Billing Extension

The Arkansas Medicaid program received notice December 31 that CMS has granted the state’s request for an extension in meeting federal requirements to implement a new National Drug Code (NDC) billing policy. Medicaid program officials filed for the extension after learning from the Arkansas Hospital Association and hospital officials that many of the state’s hospitals could not be ready to comply with the new policy to bill affected services using the appropriate drug codes by the January 1 effective date. Based on that information, CMS granted a six-month delay, until July 1, 2008, on implementing the policy for hospital claims.


The Deficit Reduction Act of 2005 required the submission of NDCs, as well as appropriate HCPC/CPT codes on Medicaid claims containing drug procedure codes on the CMS-1500 and UB-04 billing forms. The purpose of the new requirement is to assure that the states obtain a rebate from those manufacturers who have signed a rebate agreement with the CMS.

More NDC Training Available

Arkansas hospitals in need of more information to comply with a change in billing Medicaid claims containing drug procedure codes should plan to attend one of five training programs that the Arkansas Medicaid program and its claims processing contractor, EDS, will be holding this week at various locations across the state. The training will cover changes that CMS is requiring under its new National Drug Code billing policy, which will be effective for the state’s hospitals
beginning July 1, 2008. The programs will be presented twice in each location, once at 9:00 a.m. and again that afternoon at 1:30. Registration will begin 30 minutes prior to the starting time for each session. Dates and locations are:

**Tuesday, January 15**
University of Arkansas at Monticello
College of Technology
1609 East Ash St.
McGehee, Arkansas

**OR**
Texarkana Public Library
David Nelson Room
600 West Third St.
Texarkana, Texas

**Wednesday, January 16**
St. Edward Mercy Medical Center
Hennessy Conference Room
7301 Rogers Ave.
Fort Smith, Arkansas

**Friday, January 18**
St. Bernards Healthcare
225 East Jackson St.
Jonesboro, Arkansas

**OR**
NW Arkansas Area Agency On Aging
1510 Rock Springs Rd.
Harrison, Arkansas

Information about the training sessions was previously distributed and, although the sessions are to be held this week, there is still time to make plans to attend. Hospitals should send one or more representatives to one of these educational programs, as the new billing policy, when implemented, will affect Medicaid reimbursements. While there is no fee, space is limited, so those planning to attend must pre-register. To do so online, go to arkrsvp@eds.com.

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**Legal Note: Trustees’ Responsibilities For Quality**

In the fall, the U.S. Department of Health and Human Services Office of Inspector General (OIG) and the American Health Lawyers’ Association (AHLA) jointly published a document entitled, “Corporate Responsibility and Health Care Quality: A Resource for Health Care Boards of Directors.” This 11-page paper is the 3rd in a series of co-sponsored documents by the OIG and the AHLA. Trustees who serve on the governing boards of hospitals and other healthcare organizations have fiduciary duties to those organizations that include responsibility for oversight of quality of care and patient safety.

This paper discusses the important role of hospital trustees in maintaining and improving quality and safety at a time when healthcare quality is emerging as an enforcement priority for regulators. At a time when the OIG, other federal agencies and various state agencies are collaborating to address quality of care issues, the paper offers practical assistance for trustees in understanding and fulfilling their responsibilities and ensuring that appropriate compliance mechanisms are in place to monitor quality of care and patient safety.

The paper, which includes a list of 10 questions that trustees can use to evaluate the hospital’s quality and safety initiatives, is available on the OIG Web site at http://oig.hhs.gov/fraud/docs/complianceguidance/CorporateResponsibilityFinal%209-4-07.pdf.

Suggested topics for the Legal Note may be submitted to elisawhite@arkhospitals.org. The Legal Note is provided solely for informational purpose and does not constitute legal advice. Readers are encouraged to consult with their own attorneys about any legal issues, including those discussed in this article.
MedPAC Recommends Extra Education Cuts

The Medicare Payment Advisory Commission (MedPAC) met in its initial meeting for 2008 last week and adopted recommendations that, if enacted, would significantly reduce Medicare reimbursement for teaching hospitals while eliminating the update for skilled nursing facilities (SNFs), inpatient rehabilitation facilities (IRFs), home health agencies (HHAs), and long-term care hospitals (LTCHs) in federal fiscal year (FFY) 2009. Failing to weigh the ability of teaching hospitals to train physicians and fulfill their overall social mission, MedPAC recommended a decrease in the Indirect Medical Education (IME) adjustment from 5.5%, as currently required by statute in FFY 2009, to 4.5%. MedPAC further recommended that the funds saved by the IME cut be redirected to fund an inpatient pay-for-performance system.

MedPAC also recommended the following Fiscal Year 2009 reductions in the annual update factors for these Medicare prospective payment system services:

- Inpatient – full marketbasket update concurrent with implementation of a quality incentive payment program. The inpatient update is currently projected to be approximately 3%;
- Outpatient – full marketbasket update;
- SNF – no update;
- IRF – no update;
- HHA – no update;
- LTCH – marketbasket minus 1.5%; and
- Physicians – 1.1% update (current law requires a 10.6% reduction beginning in July 2008 and an additional 5% reduction in January 2009, if Congress does not intervene).

MedPAC commented briefly on the report which CMS recently submitted to Congress proposing options for a “value-based purchasing” (VBP) program. The proposal would carve 2% to 5% out of the Inpatient Prospective Payment System rate, redirecting the funds based on hospitals’ performance on quality measures. MedPAC supports CMS’ options in general; however, while CMS has stated they believe the VBP system could cut costs out of the system, MedPAC believes no money should leave the system and that implementation of VBP should be budget neutral. Before CMS can implement any form of VBP, Congress must pass enabling legislation. MedPAC will formally submit its recommendations to Congress in March.

HFMA Meeting Features Fred Lee

Once again, Arkansas hospital representatives have an opportunity to hear Fred Lee, author of If Disney Ran Your Hospital, 9 ½ Things You’d Do Differently, during a January 30 – February 1, 2008 meeting of the Arkansas, Mississippi and Tennessee Chapters of HFMA at the MGM Gold Strike Casino Resort in Tunica, Mississippi. Lee, who presented several workshops for Arkansas hospitals a few years ago, will present an educational track during the meeting sharing his insight into the healthcare culture using unique ideas gained from Disney that are not common in the service industry. A special one-day rate of $150 will be available to those wishing to hear Fred Lee’s presentation. The complete brochure and on-line registration are available at www.mshfma.org. Click on Education Programs to find all the details.
Preview HQA Data January 17

Hospitals participating in the Hospital Quality Alliance can preview their latest quarterly data and initial HCAHPS survey data beginning January 17 at the QualityNet Exchange Web site. Meanwhile, hospitals need to consider which staff members should review the HCAHPS data, such as those who handle patient surveys, communications and marketing staff, and consumer advocates. The appropriate staff should review all of the data and report any errors to their Quality Improvement Organization by February 15. HCAHPS is the new national standard for collecting and publicly reporting information on patient experiences with inpatient care. The first data from HCAHPS will be reported on the “Hospital Compare” Web site in March 2008.

AHA Board Highlights

During its regular monthly meeting on January 11, 2008, the Arkansas Hospital Association board of directors:

- Discussed a set of criteria previously approved by the American Hospital Association board aimed at assisting hospitals in working with insurers and employers to craft payment policies for claims covering patient care episodes when serious adverse advents occur in hospitals.

- Reviewed a proposed set of guiding principles that ought to be included as elements of any Pay-for-Performance programs adopted by private health plans offering products in the state. Board members will suggest revisions to the guidelines that will be discussed during the February 2008 board meeting.

- Heard that the state Medicaid program is moving forward with a proposal to raise hospital outpatient fees. Medicaid is developing a State Medicaid Plan amendment for submission to CMS that would allow a 58% increase in Medicaid payments for drugs/injections, emergency room care, outpatient assessments, non-emergency room outpatient visits, emergency outpatient hospital supplies, treatment/observation room fees for hospital outpatient services and four categories of outpatient surgical services. In addition, Medicaid also plans to increase the rates for hospital outpatient X-ray and other tests to 100% of the current physician Medicaid maximum.

- Learned that effective January 2, 2008, Arkansas Blue Cross and Blue Shield increased its conversion factor for anesthesia services from $42.00 per unit to $50.00 per unit. Comparatively, as a result of Medicare, Medicaid, and SCHIP Extension Act of 2007, the Medicare anesthesia conversion factor was raised from $14.95 to $16.17 per unit through June 30, 2008. That ranks 88th of 92 areas which have the Medicare conversion factors.

- Reviewed provisions of the Medicare, Medicaid, and SCHIP Extension Act of 2007, which the President signed on December 29. Under the Act, the Inpatient Rehabilitation Facility compliance threshold is permanently set at 60%, instead of 75%; rural hospitals having fewer than 50 beds will continue to receive cost-based Medicare payments through June 30, 2008; outpatient lab services and independent labs may continue billing Medicare directly for the technical component of certain physician pathology services provided to hospitals through June 30, 2008.
Agreed that the AHA will provide up to $1,000 to help cover the registration fee and air fare for any AHA member-hospital CEO who attends the upcoming American Hospital Association Annual Membership Meeting to be held in Washington, D.C. April 6-9.

Learned that the Arkansas Rural Medical Practice Student Loan and Scholarship Board Dispute Resolution Procedures were finalized on December 7, 2007.

Heard that a plaintiff’s attorney representing several defendants in collection lawsuits filed by an AHA member hospital was successful in obtaining a copy of the hospital’s ABCBS contract, which was disclosed by the hospital pursuant to a court order. The attorney is arguing that uninsured patients should receive the same discount the hospital gives to Arkansas Blue Cross Blue Shield (ABCBS).

Learned that a Memorandum of Understanding which recognizes differences between the State Fire Code, federal regulations and The Joint Commission standards will continue to be a part of the most recent state rules affecting hospitals.

Voted in favor of the AHA signing a Memorandum of Understanding with the Arkansas Coalition Against Sexual Abuse, agreeing to encourage hospitals to assist in the distribution of information pertaining to the rights of sexual assault victims.

Reviewed the results of a recent survey of 2007 Arkansas Hospital Association annual meeting attendees and agreed to a list of suggested changes in the format of the 2008 meeting.

Heard an update on progress of the AHA building expansion project.

The AHA Calendar

January 2008
15 Chargemaster Pricing, Charge Compression and Devices – Webinar #T2360
15 Safety Series: Engaging Physicians in a Shared Quality Program – Webinar #T2361
23 What’s Sex Got to Do With It? The Gender Differences in Leadership Styles, Team Building Skills and Customer Service – Webinar
24 Thriving in the P4P Environment: Strategies for Meeting the Challenges of POA/PQR/P4P/P4R – Lessons Learned: Case Studies in POA Implementation – Webinar #T2365
24 The Perfect Storm: Managed Care, Aging Adults and a Nursing Shortage – Webinar #T2362
24 Mentoring: Developing Leadership Skills (4-Part Series) Part I – Webinar
29 Preventing Healthcare-Associated Infections – The Challenge – Webinar #T2364
30-1 Healthcare Financial Management Association (HFMA) – Tristate Gold Strike, Tunica, MS
31 The Joint Commission Medical Staff Standards: 2008 Update – Webinar #T2366
31 Recent Stark II Developments Impacting Hospitals: Reporting and Phase III – Webinar #T2365

February 2008
5 Hot Topics in Risk Management: Opportunities for Improvement – Webinar #T2367
7 Arkansas HIMSS Education and Networking Opportunity, FedEx Institute of Technology, Memphis