The Arkansas Hospital Association’s 73rd Annual Meeting and Trade Show will convene Thursday, October 23, at the Hot Springs Convention Center, which adjoins the Austin Hotel. Two pre-meeting sessions, including an American College of Healthcare Executives (ACHE) Category 1 Workshop and the regular monthly meeting of the AHA Board of Directors, will take place the preceding day at the same location.

Annual Meeting speakers include keynoter Eddie Erlandson, senior vice president, Worth Ethic, of Carpinteria, CA; Quorum Health Resources senior vice president Karolyn Broussard, who will talk about re-engineering your hospital’s revenue cycle; and Martin Merry, MD, a senior advisor with the New Hampshire Hospital Association and Foundation will address quality initiatives and why they won’t go away. Also, William Mason, MD, Arkansas Department of Health, and John Neal, CEO, Stuttgart Regional Medical Center, will review hospital disaster readiness efforts in the state.

In addition, Doctors Barry Levy (Massachusetts) and Gregory LaGana (New Jersey), along with Brad Ross (New York) will entertain attendees with their program “Damaged Care: The Musical Comedy Cabaret About Healthcare in America” as Friday’s meeting finale.

A highlight of the meeting will be the annual AHA Trade Show, to be held Thursday afternoon in the Convention Center. Now in its 16th year, the Trade Show will feature more than 125 exhibits of healthcare products and services from vendors and suppliers across the country.

All hospital CEOs are strongly encouraged to attend the trade show, bringing as many employees as possible. There will be no registration fee for hospital employees who can attend the Trade Show, but won’t be able to attend other activities during the Annual Meeting.

Last week’s transition by the state Medicaid program to accept only HIPAA-compliant electronic claims proved to be a bumpy road. As of Friday afternoon, reports had surfaced related to transmission problems, coding errors, communication lapses and misunderstandings, coupled with some lack of preparedness and general confusion. Systems specialists and support staff in hospitals and at EDS, the Arkansas Medicaid contractor, worked to identify and fix the problems as quickly as possible. Among other things, fixes had to be made to the institutional Web entry screen before some claims submitted over the Internet would adjudicate, but hospitals said that EDS staff resolved these issues as quickly as possible.

Throughout the early part of the week, hospitals found that EDS’ phone lines were being flooded with calls, causing busy signals, lengthy hold times, or in some cases, a failure to get an answer. To provide relief, additional hardware was added and EDS assigned all available personnel to answer phone calls, research issues, and respond to providers. To expedite and enhance communications, EDS began posting information about issues and answers on the Medicaid Web site. Medicaid and EDS officials want to hear from providers that are...
experiencing problems, as that helps them tailor their systems and programs to address problem areas sooner and to get the word out about changes to EDS staff and other providers.

CMS Revises Occupational Mix Survey

Under federal law, the Centers for Medicare & Medicaid Services (CMS) is required to collect data every three years on the occupational mix of employees for each short-term, acute care hospital participating in the Medicare program. The data is used to construct an occupational mix adjustment to the Medicare area wage index (AWI).

Healthcare industry analysts and others, especially from rural areas, argue that the current wage index calculation, based on cost reports of wages, hours and wage-related costs of all hospital employees, does not reflect differences in the mix of occupational categories of employees across hospitals. They say that distorts the wage index for hospitals that employ lower-cost employees who perform the work of higher cost, more specialized employees. Furthermore, hospitals with specialized employees treat more acutely ill patient populations, which is reflected in the higher case mix of these hospitals.

To address the problem, CMS has released a revised occupational case mix survey form for hospitals. Data gathered from the survey will apply to calculations of the fiscal 2005 AWI, which has an October 1, 2004 effective date. The revised form includes the following changes to one originally proposed last April:

- data would be collected for a 30-day period, to be defined later, rather than for a full year;
- the new survey asks for counts of full-time-equivalent employees for each category, rather than wages and numbers of employees in specific categories;
- definitions for the occupational categories are derived from the U.S. Bureau of Labor Statistics; and
- the occupational categories cover nursing, therapy, pharmacy, dietary, and medical and clinical laboratory services.

The revised survey form is available at [http://cms.hhs.gov/regulations/pra](http://cms.hhs.gov/regulations/pra).

Benefits Disputes Causing Grocery Strikes

Grocery workers in Missouri, West Virginia, Ohio, Kentucky and California are entering their second week of workforce strikes, bringing the issue of healthcare benefits even more into the national spotlight. More than 70,000 grocery workers in 859 California stores last week joined thousands more grocery workers across the nation striking over disputes with management regarding reductions in their healthcare benefits packages. As is happening in corporations across the nation, employees are being asked to pick up more of their healthcare costs while some of their longstanding benefits are being eliminated. According to grocery company officials in California, healthcare costs for their employees have increased more than 50% over the past four years.

Gary Rhodes, an official with Kroger, Inc., said that the grocery workers’ strikes occurring in Missouri, West Virginia, Ohio, Kentucky and California are not related, but all focus on the various companies’ efforts to contain spiraling healthcare costs.
Healthcare costs face another round of double-digit increases in 2004, according to projections by the human resources consulting firm Hewitt Associates. The company projects employer health insurance costs will increase an average 12.6% in 2004, down from 14.7% in 2003. Costs should begin to moderate in a few years.

According to the company’s database of about 2,000 U.S. health plans, employers, on average, will receive cost increases of 13.5% for health maintenance organizations, 12.5% for traditional indemnity plans, and 12% for preferred provider organizations and point-of-service plans. Hewitt said prescription drug costs continue to be a major driver behind insurance hikes, and that employers plan to implement higher co-payments and other strategies to help contain drug costs. It also said more employers are contracting with organizations that offer specialized or disease management programs to help manage employees’ chronic health conditions. For more, go to http://was4.hewitt.com/hewitt.

The American Hospital Association (AHA), the American Medical Rehabilitation Providers Association and several other healthcare organizations have urged the Centers for Medicare & Medicaid Services (CMS) to require Medicare’s fiscal intermediaries to withdraw their current and planned inpatient rehabilitation local medical review policies (LMRP) that constrain and limit coverage guidelines for inpatient rehab services. Fiscal intermediaries that contract with Medicare in Georgia, Alabama, Tennessee, New Jersey, North Carolina, and Pennsylvania have promulgated draft LMRPs that constrain and limit the coverage guidelines for inpatient rehab, an effort being pursued while CMS is in the midst of a rulemaking process to modify the 75% Rule for inpatient rehab hospitals and units. The groups call on CMS to halt current and future LMRP action until an independent panel of experts can fully examine issues associated with medical necessity in rehab hospitals and units. The letter is to be posted at http://www.aha.org under “What’s New.”

In January 2004, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) will implement its new accreditation process, Shared Visions – New Pathways, which emphasizes continual compliance with accreditation standards. The new process requires that an accredited organization complete a Periodic Performance Review (PPR) at the mid-portion of the triennial survey cycle. It includes specifics on identifying compliance problems, addressing them and measuring progress toward their resolution. All hospital information is to be shared with the JCAHO.

On September 23, the American Hospital Association distributed a Quality Advisory about legal and risk management concerns with the PPR. Arkansas Hospital Association legal counsel Diane Mackey was part of a work group that identified the concerns and developed options to the Joint Commission’s PPR requirements that would effectively address the issues. The JCAHO recently approved two of the suggested options. Accredited hospitals can choose either option, if, on the advice of its legal counsel, the hospital attests that it is unable to submit the standard PPR.

- Option 1 – The organization completes the PPR, but DOES NOT submit the results, any plans of action, or measures of success to the JCAHO; the organization attests to the fact that it has completed the PPR; measures of success are made available to the on-site surveyors at the time of the triennial survey.

- Option 2 – One surveyor assesses compliance with the relevant JCAHO standards by conducting a fee-based, condensed on-site survey, approximately one-third the length of the typical triennial survey. Corrective action plans and measures of
success will be completed and submitted to the JCAHO by the organization for all areas where the organization is found to be in non-compliance.

Mackey says that in view of the way Arkansas law provides for protection of peer review and quality assessment activities, Option 1 is the appropriate choice. Any hospital selecting Option 1 should take great care when attesting to the fact that it has completed the PPR. The attestation should be in general terms and should make clear that the PPR was conducted by an organized committee of the medical staff in furtherance of quality improvement and assurance.

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**The AHA Calendar**

**October 2003**

22  AHA Board of Directors, Hot Springs Convention Center
22-24 AHA Annual Meeting and Trade Show, Hot Springs Convention Center
23  AONE (Nurse Execs), Hot Springs Convention Center (during the AHA Annual Meeting & Trade Show)
23  ASDVS (Volunteers), St. Joseph’s Mercy Health Center, Hot Springs (during the AHA Annual Meeting & Trade Show)
31  Arkansas Social Workers in Health Care (ASWHC) Fall Conference, Arkansas Children’s Hospital, Little Rock
31  Haunted by HIPAA (HIPAA for Lawyers), Sponsored by the Arkansas Bar Association, UALR Bowen School of Law, Friday Courtroom, 1201 McMath Avenue, Little Rock

**November 2003**

5   AHA Metropolitan Hospital District, AHA Headquarters, Little Rock
7   AHHRA (Human Resources) Fall Conference, Holiday Inn Select, Little Rock
7   EMTALA Workshop, Holiday Inn Select, Little Rock

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**Newsnotes About Arkansas Folks**

The Board of Directors of the American Hospital Association has elected Steve Lampkin, president & CEO of Washington Regional Medical Center in Fayetteville, to fill a term as delegate for the association’s Regional Policy Board (RPB) 7. The three-year term begins January 1, 2004 and will expire December 31, 2006. He will serve as a delegate for the RPB’s Section for Metropolitan Hospitals.

Chancellor I. Dodd Wilson, M.D., of the University of Arkansas for Medical Sciences is a new member of the board of directors of the Association of Academic Health Centers. Wilson was elected during the group’s annual meeting, which was held October 3-4.

Governor Mike Huckabee has appointed Jimmy Leopard, CEO of Medical Park Hospital in Hope, to serve as a member of the Arkansas Tobacco Prevention and Cessation Advisory Committee. Leopard replaces Ray Montgomery, president & CEO of White County Medical Center in Searcy, whose term on the committee expired.

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**Editor’s Note:** The Notebook will not be published October 28 due to the Arkansas Hospital Association’s 73rd Annual Meeting and Trade Show being held this week in Hot Springs at the Hot Springs Convention Center. The next issue of The Notebook will be published November 4.