On Friday, December 2nd, the Legislative Joint Performance Review Committee met in Hope to discuss a number of issues. Hospital Medicaid reimbursement was included among those items. During the meeting, the committee heard testimony from Arkansas Hospital Association (AHA) executive vice president Bo Ryall who discussed the impact of inadequate Medicaid payments on the state’s hospitals. Jimmy Leopard, CEO of Medical Park Hospital in Hope, reviewed how those Medicaid losses affect the local hospital and told how Medicaid patients with particular conditions can create significant losses for a hospital.

Roy Jeffus, Director of the Division of Medical Services, which oversees the Medicaid program, spoke to the committee about the current Medicaid budget situation and the historical perspective of how Medicaid hospital rates are determined. Jeffus stated that he was in agreement that hospitals need a rate increase, but as always the issue comes down to money. The current $675 Medicaid per diem cap has been in place since 1996.

Each committee member received a copy of the Medicaid study commissioned by AHA in 2004, which showed hospitals lose more than $32 million by serving Medicaid patients. The Medicaid study is currently being updated and will be available in 2006. AHA continues to push for an increase in Medicaid hospital rates with hopes of the issue being included on the call of an expected special legislative session.

Budget Reconciliation Work Resuming

House and Senate conferees are set to begin budget reconciliation negotiations very soon. Congressional staffers have already been discussing ways to iron out differences between the two budget bills and are feeling pressure to find additional savings. The immediate concerns center on Medicaid. The Senate bill avoided cutting Medicaid in a way that hurts hospitals or patients, but the House has a higher target in mind. The House bill also includes two harmful provisions: one would regulate the rates for emergency department (ED) services paid by Medicaid managed care plans, and another would allow states to charge Medicaid patients an ED co-pay for non-emergent care. Both should be removed.

The Senate bill has two provisions that hospitals hope to retain. The first extends the 50% threshold for inpatient rehabilitation hospitals for two years; the other one places a permanent ban on self-referral to new limited service hospitals. Neither bill includes direct hospital Medicare cuts, but several groups are lobbying hard for changes that could alter the situation. One particular concern is a budget neutral proposal to “fix” a scheduled cut in physician fees. If successful, Congress may target hospital payments to make up the lost savings.

Arkansas hospitals should contact the state’s congressional delegation about all these concerns. Call 1-800-826-9658 to be directly connected to the members’ offices. Ask them to tell House and Senate leaders to back the positive provisions in the Senate bill and protect hospitals and patients from cuts to Medicare and Medicaid funding.
Arkansas Retains High Medicaid FMAP

The Department of Health and Human Services has published the Federal Medical Assistance Percentages (FMAP) for U.S. states and territories in fiscal year 2007, which begins October 1, 2006. Published annually, the percentages are used to determine the federal matching shares for the Medicaid and State Children’s Health Insurance Program.

The state FMAP rates are derived from a legislatively set formula that compares the average income for a state to that average income of the U.S. Under the formula, Arkansas’ FMAP for fiscal year 2007 will be 73.37%, which is the highest rate of any state except Mississippi. It means that the federal government will continue to fund about $3 for each $1 in state matching funds that are allocated and paid for Medicaid programs.

The rates are available in the November 30, 2006 Federal Register and can be viewed online at [http://a257.g.akamaitech.net/7/257/2422/01jan20051800/edocket.access.gpo.gov/2005/pdf/05-23392.pdf](http://a257.g.akamaitech.net/7/257/2422/01jan20051800/edocket.access.gpo.gov/2005/pdf/05-23392.pdf).

Day With The Lawyers

The Arkansas Hospital Association (AHA) and Kutak Rock LLP are collaborating to present a one-day legal workshop, “Day with the Lawyers,” to the AHA membership on January 25, 2006. Topics to be covered include employment law, hospital/physician joint ventures and contractual affiliations, Sarbanes Oxley and hospital governance, HIPAA hang-ups, EMTALA updates and updates on the Stark Law. Attorneys from Kutak Rock’s healthcare, compliance, corporate and securities, and employment law practice groups will serve as faculty for the workshop, with AHA legal counsel Elisa M. White moderating the day as well as presenting.

Hospital CEOs, COOs, chief nursing officers, compliance officers, privacy officers, HIPAA coordinators, senior administrative staff, human resource directors/managers, medical staff coordinators and hospital attorneys are encouraged to attend the workshop. The program brochure is accessible by clicking on [http://www.arkhospitals.org/calendar.htm](http://www.arkhospitals.org/calendar.htm). Please call Beth Ingram or Donna Boroughs at (501) 224-7878 with questions about the workshop.

CMS: P4P Improves Quality

The Centers for Medicare & Medicaid Services (CMS) says that a demonstration project on pay-for-performance has yielded statistical evidence that the payment model improves the quality of healthcare for patients. The conclusion was based on the findings of the Hospital Quality Incentive demonstration in which improvements in care were tied to an award of monetary bonuses in CMS’ Medicare payments to hospitals.

The demonstration, in which more than 260 hospitals voluntarily participated, began in October 2003 and included 36 hospitals with fewer than 100 beds, as well as smaller hospitals. Five clinical areas were measured: (1) heart attack; (2) heart failure; (3) pneumonia; (4) coronary artery bypass graft; and (5) hip and knee replacement. Composite quality scores were calculated for each demonstration hospital by combining individual clinical area measures into an overall quality score for each clinical condition.

Medicare will distribute $8.85 million of bonuses to hospitals that demonstrated measurable improvements in care during the first year of the project, including $1,756,000 distributed to 49 hospitals for heart attack care; $1,818,000 to 52 hospitals for heart failure; $1,139,000 to 52 hospitals for pneumonia; $2,078,000 to 27 hospitals for heart bypass; and $2,061,000 to 43 hospitals for hip and knee replacement. The largest bonus awarded, $326,000, will be to a medical center for heart bypass patient care and the second largest bonus amounts to $249,000. The demonstration began in October 2003 with more than 260 hospitals agreeing to participate. It is scheduled to end in September 2006.
Join The SCIP Today

More than 42 million operations are performed each year in U.S. hospitals to protect, enhance and save lives. But, too often post-operative complications can prolong a patient’s suffering, disrupt their families and add to the cost of care for everyone. The Surgical Care Improvement Project (SCIP) is a new patient safety initiative intended to reduce those dangerous and costly complications and to improve surgical care for hospital patients.

The SCIP involves the entire care team — doctors, nurses, anesthesiologists and quality improvement staff — in preventing four of the most common surgical complications: surgical site infections, blood clots, heart attacks and ventilator-associated pneumonia. The goal is to reduce these complications by 25% within five years. Hospitals across the country are committing to participate in the SCIP because they see real benefits to their patients — better care and less chance of developing serious complications that can affect a patient’s health.

Improving quality of care continues to be a top priority for hospitals, and participating in SCIP is an excellent way to continue and extend quality improvements. While the project is currently being launched as a quality improvement program, in 2007 the Hospital Quality Alliance will ask all hospitals to consider collecting data for public reporting. More information will be available next year. Arkansas hospitals that have not joined the project can sign up and start making a difference in surgical care for their patients now.

For more information, go to the American Hospital Association’s (AHA) Web site — http://www.aha.org — and click on the SCIP icon. Print out AHA’s SCIP Quality Advisory and commit to being part of SCIP by completing and sending back the sign-up sheet. The advisory also includes tips and strategies to prepare for participating in SCIP. If you have additional questions, please call AHA Member Relations at 1-800-424-4301.

Notary Public Training Sessions

Arkansas hospitals having employees who are notaries public and who provide those services for the hospital may want to take note of this information from the office of Arkansas Secretary of State Charlie Daniels. The Secretary of State’s Business and Commercial Services division is offering a free training to all notaries public.

The 90-minute sessions will be held in the Secretary’s Little Rock offices located in the Victory Building at Capitol and Victory Sts., or on location for groups of 10 or more. These sessions will provide information to notaries about the effect of new laws on notarizations, the requirements of notarizing a document and legal liability issues. Classes are held on the second Wednesday of every month, or on location by appointment. If you wish to hold an on-site session and your organization does not have 10 notaries, you may invite notaries from a neighboring or associated agencies or offices to join the seminar. To register for a class, or to schedule a session at your agency, call (501) 682-5282 or 682-5165.

JCAHO Won’t Sell Performance Data

The Board of Commissioners of the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) voted at its November 18-19 meeting not to sell performance measurement data analyses to private third-party payers. In a statement on the matter, the JCAHO said that accreditation contract language consistent with this intent will be drafted and made available to any accredited organization that wishes to incorporate it into its JCAHO contract. At the same time, the commissioners affirmed the Joint Commission’s need to secure access to patient-level performance data to support its ongoing accreditation-related measurement activities. In so doing, the Board agreed that there is need for resolving a series of outstanding issues involving this effort that have been raised by the American Hospital
Hospital Association (AHA), especially those involving compliance with the Health Insurance Portability and Accountability Act. The JCAHO said it would work in collaboration with the AHA to resolve these issues.

It appears to be clear that the commitment in the Joint Commission’s November 21 statement “not to sell performance measurement data analyses to private third party payors” applies to any new plans for data-sharing going forward. However, in order to avoid any misunderstandings, Arkansas Hospital Association legal counsel Elisa White further clarified that the Joint Commission does have a contractual obligation to fulfill its responsibilities to the current Blue Cross Blue Shield Association pilot project. As specified by this contract, the third set of data reports have been issued, and the final set of reports will be issued during the first week of March 2006. The Joint Commission’s involvement in the pilot project will then be concluded.

Guidelines For CAH Relocations

In a November 14 letter to State Survey Agency directors, the Centers for Medicare & Medicaid Services (CMS) provided guidance for the implementation of new regulations regarding the location and relocation of Critical Access Hospitals (CAH). The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA), enacted in December 2003, contained a number of modifications to the CAH statutory requirements including a new provision that eliminated the use of state-issued necessary provider designations which allow participation of CAHs that do not meet the requirement to be located 35 miles from a hospital or another CAH or, in the case of mountainous terrain or in areas with only secondary roads available, a 15-mile drive.

The MMA stipulates that the necessary provider designations would no longer be issued on or after January 1, 2006. The MMA allows grandfathering for CAHs that were already certified via a necessary provider designation prior to January 1, 2006, but, the Act raised questions about the grandfathering of those medically necessary providers that build replacement facilities in new locations. The interpretive guidelines address the criteria used by a CMS Regional Office to determine if a CAH that relocates continues to be essentially the same provider serving the same community so that the same provider agreement would continue to apply to the CAH or medically necessary provider at the new location.


Report Pushes EHR Funds

A new report by the Center for Health Transformation outlines recommendations for spurring the adoption of electronic health records based on the successful practices of health data exchanges known as regional health information organizations (RHIO). The report calls on Congress to pass “comprehensive” health information technology (IT) legislation this year that includes grants or loans to create and develop RHIOs and removes regulatory barriers to health IT progress.

The Center advocates dedicating 1% of federal discretionary spending, or roughly $7 billion a year, to health IT, which it calls vital to reducing medical errors and increasing disaster preparedness. Former House Speaker Newt Gingrich, who founded the Center, said, “There are communities around the country that are already realizing the power of health information networks. Their strategies, expertise and technology are connecting caregivers in ways that are saving lives and saving money. We now need to put these tools in the hands of providers and people nationwide.”
JCAHO Survey Price Hike

The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) will increase its fees for full on-site accreditation and certification surveys by 5% as part of a 2006 operating plan and budget recently approved by its Board of Commissioners. The average estimated on-site survey fee increase for hospitals would be $465 or $155 for critical access hospitals. There will be no increase in the annual base rate fees or for any of the other types of on-site surveys.

At its recent meeting, the board also reappointed Fred Brown as its chair for an additional one-year term. Founding president and CEO of BJC Healthcare in St. Louis and a former chair of the American Hospital Association (AHA) Board of Trustees, Brown was appointed to the JCAHO Board by the AHA.

New ICD-9-CM Guidelines

The Centers for Medicare & Medicaid Services and National Center for Health Statistics recently released updated guidelines, effective December 1, for using ICD-9-CM diagnostic and procedure codes to report and bill for medical services. Approved by the American Hospital Association (AHA) and the other three organizations that serve as cooperating parties for the ICD-9-CM, the guidelines are a set of rules that have been developed to complement the official conventions and instructions provided within the *International Classification of Diseases, 9th Edition, Clinical Modification*.

Adherence to the guidelines is required under the Health Insurance Portability and Accountability Act. Go to [http://www.cdc.gov/nchs/datawh/ftpserv/ftpicd9/icdguide05.pdf](http://www.cdc.gov/nchs/datawh/ftpserv/ftpicd9/icdguide05.pdf) to review the guidelines.

All About Arkansas

(Piggott) Piggott Community Hospital has recently received the Press Ganey Compass Award for its great improvements in patient satisfaction scores. The scores were calculated over a two-year period from patient satisfaction surveys mailed to patients after their discharge. Piggott is one of only three hospitals in its size category to receive this award. This nationally recognized award is presented by Press Ganey Associates, Inc., the leader in healthcare satisfaction measurement and improvement services.

(Pocahontas) Randolph County Medical Center is one of only two hospitals in the United States to test bioMérieux’s state-of-the-art STELLARA software. The pharmaceutical software gives the hospital pharmacy, the physician and the patient a huge advantage when it comes to prescribing, dispensing and receiving more effective medications. The software will help the physicians and the pharmacists decipher antibiotic prescribing guidelines by pulling information from various hospital systems and lab testing equipment and combining them with a knowledge base on antibiotics. It helps clinicians check whether they’re using the correct dose and type for a given infection. It is estimated that STELLARA can reduce per-day drug costs by about 60%, reducing length of stay for pneumonia patients through streamlining the antibiotic assessment process and reducing patient expense by prescribing the right medication from the start.

(Wynne) CrossRidge Community Hospital recently added another tool to its inventory of equipment that helps in the early detection of cancer. The hospital’s new Second Look Computer-Assisted Detection device scans breast mammograms, comparing the images to known parameters of healthy tissue and alerts radiologists to any unusual characteristics found on the image. It can mean detection of up to 25% of cancers missed by traditional means. Statistics indicate that as many as 30% of cancers may go undetected during the normal screening process.
The AHA Calendar

December 2005
6 Coding Update 2006 Workshop, Fayetteville Radisson
7 AHA Metropolitan Hospital District, AHA Headquarters, Little Rock
7 Coding Update 2006 Workshop, Holiday Inn Select, Little Rock
8 Coding Update 2006 Workshop, Holiday Inn, Jonesboro

January 2006
6 Arkansas Health Executives Forum Quarterly Meeting, Baptist Health Medical Center, Little Rock
10 Coding Update 2006 Workshop, DeGray Lake Resort, Bismarck
25 A Day With the Lawyers Workshop, Holiday Inn Select, Little Rock
30 APC 2006 Coding Update, Holiday Inn Select, Little Rock

Newsnotes About Arkansas Folks

Robert R. Bash was named president and CEO of Bradley County Medical Center in Warren on October 27, after having served as assistant administrator since December 2003. Prior to moving to Warren, Bash was administrator of Booneville Community Hospital and was also rural administrator of Sparks Health System in Fort Smith. Bash is a past-chairman of the Arkansas Hospital Association (AHA) and currently serves on the AHA board as the director at-large.

James R. (Jamie) Carter has been named CEO of Crittenden Memorial Hospital in West Memphis, effective November 7. He succeeds Ross Hooper, who retired in September. Prior to moving to West Memphis, Carter was administrator of North Mississippi Medical Center in Iuka. He previously held administrative positions with the North Mississippi Physicians Association, Yalobusha General Hospital and Nursing Home and the Quitman County Hospital.

Jim Richardson, president and CEO of Saline Memorial Hospital in Benton, has been elected to the Arkansas Hospital Association Workers’ Compensation Self-Insured Trust board of directors. He succeeds Eugene Zuber of Newport and will serve until the 2006 annual meeting.

Governor Mike Huckabee has appointed Steve Erixon, CEO of Baxter Regional Medical Center in Mountain Home, to the Governor’s Trauma Advisory Council. His term expires July 1, 2009.

Herbert K. “Kirk” Reamey, CEO of Ozark Health Medical Center in Clinton, has been elected to a second three-year term as a Section for Small or Rural Hospitals delegate to the American Hospital Association’s Regional Policy Board 7. His term expires December 31, 2008.

Stephen Smart, DDS, of El Dorado, has been appointed an at-large member of the American Hospital Association’s Committee on Governance. His term will expire in December 2008. Smart currently serves on the Arkansas Hospital Association board of directors representing the Arkansas Association of Hospital Trustees, for which he is president.