



**hfma** idaho chapter  
healthcare financial management association



# The GemStatement

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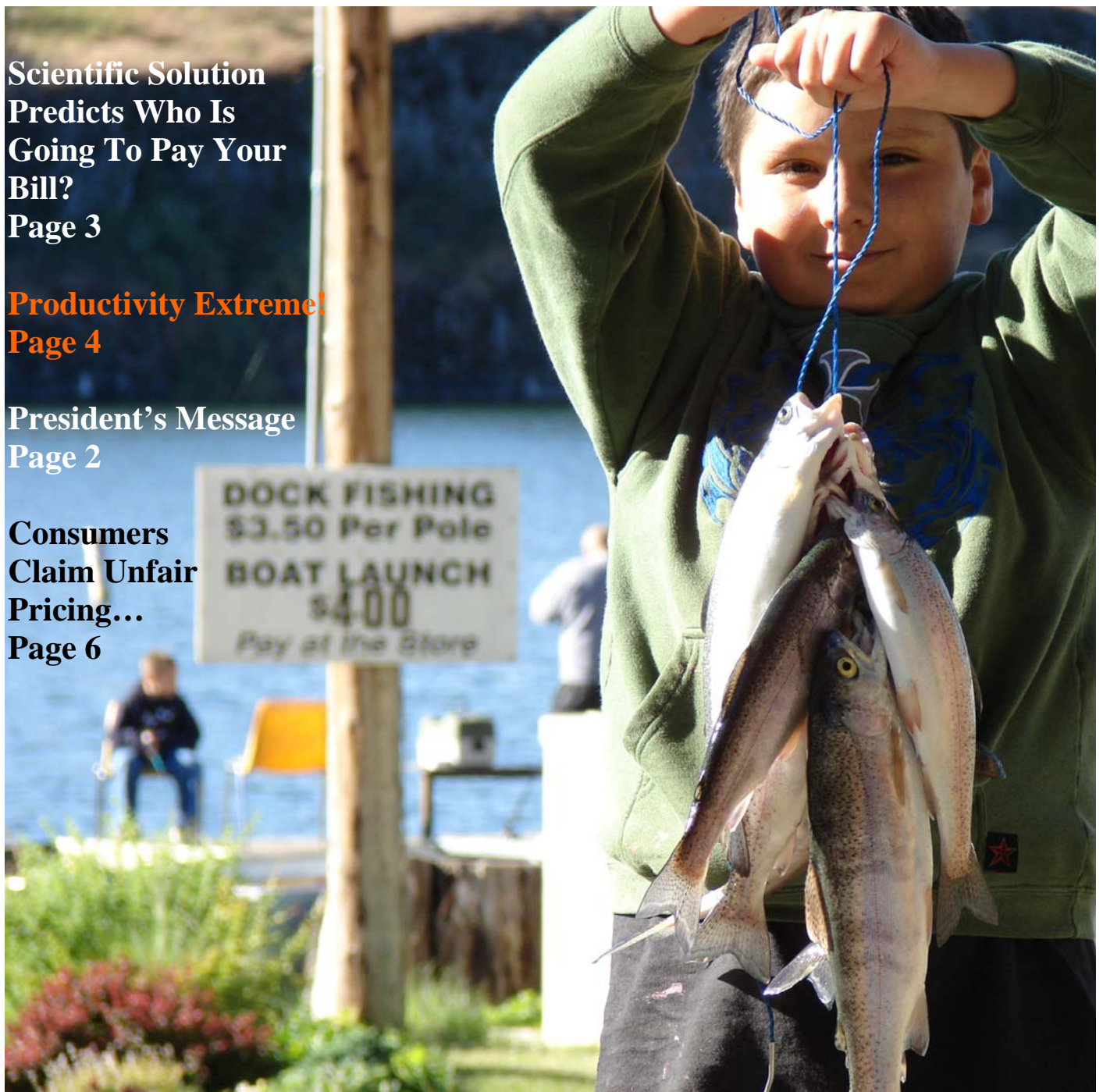
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## President's Message...



Summer is upon us and with summer comes healthcare conferences. I recently attended a conference that reminded me why I chose to specialize in healthcare. The reason for my career decision was that I love hospitals, especially rural hospitals; I still do.

A rural hospital is the glue that holds a community together. Many of the most crucial events of a person's life are bound to their local hospital. The births, illnesses, accidents and deaths that are the milestones of our mortal experience all usually involve hospitals. The memory of the treatment, care, and compassion that we receive during these events stay in our memories throughout our lives.

As finance professionals, we usually don't provide the direct patient care. However, we do provide the financial leadership and guidance that allows patients and their families to have access to the best medical professionals and equipment possible. This is no mean achievement in today's world of tight reimbursement and rising expenses.

The real message that I want to give is that each of you is crucial to your communities. You are performing an essential job that is no less important than that of the caregivers. In this way, you can be a part of the shared joys and sorrows that create a community out of a group of people. I am proud to know you and prouder still to be the president of this great chapter. I hope each of you has a wonderful summer and I also hope to see you in McCall for our summer meeting.

Respectfully,  
Luke Zarecor

## Don't Forget to Mark Your Calendar....



**July 19-20 in McCall, Idaho meeting and family BBQ by the lake**



**October 7-9 in Sun Valley, Idaho meeting with the Idaho Hospital Association conference**

## Financial Intelligence Creates Financial Clearance

If a scientific solution or system can accurately predict, in advance, who is going to pay your bill a high percent of the time, would this be of use to you? If so, how would this affect time of service collections and financial clearance?

Scientific algorithms used to “model” patients for collection activity have been in widespread healthcare use for only the last two years or so. This process finally came to healthcare for three reasons. First, health plan design “tilted” the scale of self-pay out-of-pocket balances leading to increased bad debt write offs. Secondly, healthcare providers do not have money to “waste” on collection resources. Third, lawsuits forced revised policies for processing patients for charity qualification.

The industry is now changing its approach to collecting from patients. The previous collection approach might be characterized as “let the collection agencies do the real collection work.” This is not to say the agencies have done poor work on behalf of healthcare providers, but it can be argued that this approach has not been optimal for healthcare providers. This is because write offs have skyrocketed and patient public relations have been poor. Waiting for collection agencies to do the “real collection work” cannot be the solution, no matter how good a job your collection agencies might be doing. The back end focus cannot be continued.

If you look at the information disseminated on the Scruggs lawsuits [www.nfplitigation.com](http://www.nfplitigation.com), you will find considerable advise to consumers (your patients). The questions are designed to put hospitals on the defensive over their collection practices. While uninsured collection policy is certainly a major focus, billing and collection practices receive considerable attention as well. Essentially many are asking hospitals, “Why are you trying to collect from people who have no ability to pay you back.” This is no longer done by best practice revenue cycle operations.

So maybe hospitals cannot afford not to implement new technology into revenue cycle operations regarding prediction of payment. Maybe hospitals must take into account payment prediction when deciding what collection approach to use on an account. Maybe it makes sense to use a different approach with a patient with a high probability of payment vs. a patient with a low probability of payment. After all this is what is done in the commercial business world outside of healthcare. By the way, whether you are a for-profit or a not-for-profit healthcare provider, you still have to “run like a business.” Who can effectively argue against that point?

Healthcare providers are now implementing state-of-the art prediction of payment technology into the front end of revenue cycle operations. While these providers are NEVER using this technology to decide who gets treatment, it is being used in a variety of ways at point of registration or via financial counseling:

- Determining the best method to collect at POS based on probability of payment—adjusting collection efforts based on the patient financial situation
- Achieving 100 percent financial clearance at POS. some patients are ‘financially cleared’ based on their financial circumstances. Others require personalized collection efforts.
- Offering charity to those patients who qualify at the front end, which prevents unnecessary collection activity. For everyone’s benefit, those patients who qualify for charity discount programs are “slotted” into them right away, on the front-end. This saves time and money for everyone.
- Obtaining payment at POS based on credit card outstanding balance availability

Most interestingly, many times sophisticated financial information is best used to assist patients and help them understand how they can pay your bills. This is a huge public relations advantage for healthcare providers.

Best practice revenue cycle operations now routinely use technology for predicting payment, verifying address information and automating the charity process. This new solution has produced incredible results for healthcare providers: lower bad debts, better reporting of charity and improved patient public relations - beginning at the front end.

Bruce Nelson  
Vice President  
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## Productivity Extreme

Have you ever felt like you have to make every minute count in the day? Or that you need to be better organized in order to get done what needs to be done, read what need to be read or meet who needs to be met with? Maybe it is just us type A personalities that feel this way. With health care changes we have seen it is no secret we need to be more productive. However there may be some things that are extreme. Below are some suggestions to improve your productivity with several cautions. Make sure you understand these are intended as humor. However if you find that they hit a little to close to home or you actually are using more than 4 of them currently may I suggest getting some mental help. I have put them in Letterman style from 10 to 1.

How you know when you operating at productivity extreme.

#10 You read articles on your way to and from meetings. This can be effective but can also have negative side effects such as falling down stairs, running into walls, people or people thinking you are stuck up.

#9 You use a portable phone routinely when walking down the hall. Downside to this is people often think you are talking to yourself(dangerous). People already think finance people do this so may not be that bad. Big caution, if you the phone in the bathroom make sure you mute the microphone before flushing. Trust me it will save you some embarrassment.

#8 Reading while driving. This is not recommended unless you have great reactions and don't mind a ticket if you get caught. Only read on freeways with light traffic. I want to see you hit only those in front of you not oncoming traffic. It is kind of like bumper cars if you hit cars in front of you.

#7 Watching training videos with a portable VCR while driving. Same advices as #8. One thing to remember, keep the material light and don't try to take notes. The glancing method works best for watching. Don't ever watch a suspenseful movie while driving. Glancing does not work.

#6 Using your cell phone at kids games to conduct business. This may be great for productivity but it really has a downside with the kids and spouses. Try putting down the phone you may actually find out what the score is.

#5 Doing work at kids games. This again can make you productive but you look really out of place. Other people think you are obsessed or something. Who am I kidding, if we are doing this we probably are obsessed.

If you have to work at games you can use the sports magazine approach for reading. Take articles you want to read and tape them to inside of sport magazine pages. You don't look quite so weird this way.

#4 Making appointments for kids to meet with you. This is OK once in a while but doing it on a regular basis speaks for itself.

#3 Talking on the cell phone in the car while driving and taking notes. If you do this make sure you take only brief notes and for Pete's sake use a microphone. People with the phone next to their ears really bug me. Dangers don't even have to be stated, they are obvious.

#2 Eating lunch while you work more than three times a week. This is great for productivity but we all need to get a life and get out more. If you eat dinner or breakfast this way, you might consider moving a bed in your office and complete the cycle. If you have already thought of this or worse done it, you probably also are looking at all of the items above as great ideas, not jokes.

#1 Looking forward to the day when a palm pilot or mini PC can be integrated into the steering wheel. Think of the potential for productivity then. Think of the danger to others on the road. More than likely this will be an add on to most vehicles, the liability will supersede that of Firestone with the current tire problems.

I hope this article helps bring some perspective back to our busy lives. I know writing it did for me. I am currently seeking that mental help I suggested above. Fortunately while I may have tried several of these I no longer use most of them. Can't say I have quit using all of them. If I had I would not need therapy. What fun is that?

Jim Heilsberg  
COO  
Whitman Hospital & Medical Center

## Help Wanted!

Providence Health Care, a holding company over twelve health care ministries in Eastern Washington, and Sacred Heart Medical Center have openings for Financial Analysts. Providence Health Care has an operating budget of over \$780 million. These positions are highly challenging, professional salaried positions responsible for operational and capital budgeting, long-range financial planning, productivity reporting, process improvement, cost reductions, operational efficiencies and improved outcomes. These positions will act as the primary liaison between clinical units and the Finance department to facilitate the understanding of patient processes and challenges. Qualifications include an accounting or related degree, preference for a CPA with 3 years of audit experience, and exposure to the healthcare environment. Please apply on line at [www.shmc.org](http://www.shmc.org) under "Careers".

## A Huggies® Class-Action:

Consumers claim unfair pricing for non-Costco members, states' Attorneys General playing wait-and-see, Scruggs' name mentioned, Senate hearings inevitable.

My daughter recently decided that eliminating body waste into a toilet was a more refined and princess-like process than peeing and pooping in diaper. My wife and I had a hand in that, we had an intervention with Ella: we locked us all up in the house for a weekend and by Sunday night, we had potty-trained our final kid, and hopefully bought our last diaper. My daughter's doing great, and I can give you the website for the technique if you'd like.

Until that fateful weekend, I had a real problem. Diapers are expensive, especially considering you have to use around five or six a day. So when we were buying 46 diapers for \$15.99 at the grocery store, we were paying \$62 a month, not including the price of those baby wipes. That's a couple of rounds of golf in Spokane.

Then, I was talking to some neighbors and they started talking about Costco, how things are so much cheaper there, like diapers. At Costco, you can get the same Huggies® brand diapers for \$37.99 for a 176 count box. That is \$39 a month, which is a whole lot less.

"It is completely unfair, it's an outrage!" I exclaimed. Why did my neighbors, card-holding members of Costco, only have to pay \$39 a month, while I was paying \$62 a month? I told my neighbors that I was going to call a lawyer and sue (who, I hadn't figured out, perhaps Huggies®), and I'd heard of a good attorney named Scruggs. After a minute or so, my neighbors settled me down and explained one law of economics: *volume pricing*. They said that by being members of Costco, they had access to discounts based on Costco's ability to purchase products and services in bulk. Although it seemed to make sense to me, I still wanted to sue someone.

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Okay, the story above is not true. In fact, my wife and I had been buying diapers at cut-rates at Costco for five years, since our first kid was in them. But, I did have a very similar conversation with a stranger on a recent business trip, except for he was the complainer and I was the friendly neighbor trying to explain economics. The subject of our conversation wasn't 'diapers'...it was healthcare. After briefly explaining what I did for a living, he went off on why these large insurance companies can get their members discounts from providers, while self-pay patients have to pay an egregious, full-price. He thought something sneaky was going on, and was mad at providers (funny though, he didn't seem upset at insurance companies). I got frustrated when the man didn't understand my point, which was that providers can give discounted prices to health plans because of plans' purchasing power, kind of like Costco. So I excused myself and pretended to make a call on my cell phone.

Well, this evening I was in a cul-de-sac in my neighborhood where kids and parents seem to migrate on nice days, and again I had the same conversation. This time it really was a neighbor of ours; this neighbor is in upper-management for the railroad. He, however, did understand my point after explanation...thank goodness, because I like this guy and I will have to be neighborly for some time.

He ended by saying that he wished he could go and negotiate discounts with providers for the railroad. I don't know how the railroad works, but I told him that hospitals would most definitely be willing to talk. Of course I mentioned prompt-pay clauses and such.

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My real problem is that the story about diapers and Costco could never be true. People completely understand that it is fair to pay less per unit when buying in bulk (for anything other than healthcare).

Really, has anyone ever complained that a single can of Coke costs 75-cents at a convenience store, but a six-pack costs \$3.00, or 50-cents a can? No. So, Costco is a CPMO (Consumer Products Maintenance Organization) and no one cares that its members get cheaper rates than the general public. But hey, don't get the public started on prices for healthcare.

Or perhaps, the real issue is that hospitals and providers have not done enough to provide consumer education to their patients. I think that the average public is more like my neighbor, and would appreciate education and would understand economics. I think the stranger I met in the airport would be the exception, the small sector of the population who does not care to understand any reality, but just likes to complain to anyone who will listen – don't get me started on why our politicians get so easily distracted by these people.

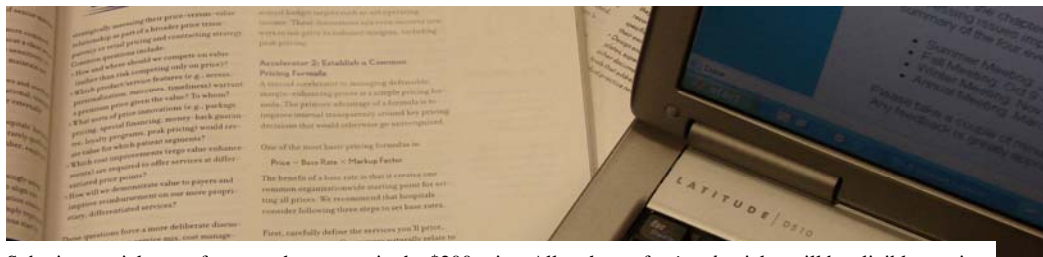
So, the next time you or your staff are on a call with an outraged patient, who for some reason other than indigence does not have insurance, and who is complaining about how much he is being charged for you saving his life; try the Costco analogy. Because in this day and time, the facts that hospitals are the foundation for any community's health and that hospitals are practically regulated to have margins of 3% or less are lost on patients who leave the hospital and receive a bill for the quadruple bypass that saved their life.

(Speaking of margins, if jewelry stores had only 3% margins there's a good chance I could get my wife a nice 10-year anniversary band, but alas, even at Costco they are really expensive.)

Corey Shank  
Outreach Services

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Submit an article now for your chance to win the \$200 prize. All authors of *printed* articles will be eligible to win the grand prize. The winner will be announced at the Idaho Annual Banquet.

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