



President's Message



Happy New Year! I hope all of you had a wonderful holiday and enjoyed some well-deserved time away from work to spend time with family and friends. Are you ready for 2011? It is very hard to believe that it has been ten years since we were fretting about Y2K! Yet, here it is a decade later and while many things have changed, still others remain the same: specifically, the ever-changing face of healthcare! I know that as leaders in healthcare, we will face many challenges in 2011. Healthcare Reform is upon us; State and Federal budget cuts are looming; there is a shifting focus from volume-based to value-based health care...The list goes on and

frankly, it is daunting! We all know we can't delay in preparing for Reform and the many other changes we will face in 2011; we have to face these changes head-on. The leadership of Idaho HFMA is very aware of this fact and we are planning our 2011 programs with topics that address these issues and hopefully, offer solutions and best practices to assist you in facing these changes.

Many of you who attended the Fall meeting in Sun Valley heard Chris Rivard's presentation on Healthcare Reform and asked for additional education; we listened and are pleased to have a representative from Moss Adams give us an update at our **Spring Meeting in Eagle, Idaho, April 15-16**. We hope to have a representative from the Idaho Hospital Association to give an update on healthcare issues in Idaho. Stay tuned for more information on this meeting and details about our Annual Banquet and installation of officers.

The HFMA Chapters of Region X will offer an exceptional educational and networking opportunity in Denver, Colorado at the Denver Marriott Tech Center, July 27-29: Engaging Healthcare Reform Attitudes at High Altitudes including opening remarks by Richard Clarke, President & CEO of HFMA. This summer we will be back in McCall, Idaho at the lovely Shore Lodge; the dates for this event are August 11-12; this is a change from past years so please make note of this!

With the impending changes under Healthcare Reform, your Board and Officers are committed to providing you with quality, relevant education to successfully manage the financial end of caring for patients. We consider your success, our success.

I wish you good health, prosperity and peace in 2011.

Darci Linstrum

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How Kootenai Medical Center Saved \$5.7 Million in Non-labor Expenses

By Jennie Pipoly, Controller, Kootenai Health

In 2009, Kootenai Health (Kootenai) faced the same challenges as most hospitals – increasing costs and decreasing reimbursement. Kootenai chose to take a proactive stance by implementing a cost savings program. To start the process, Kootenai interviewed two companies that offered services to help develop a program to reduce non-salaried costs. In the end, Kootenai chose VHA.

Definition of Engagement

VHA agreed to provide training and support at Kootenai for a 12-month period. They also guaranteed that Kootenai would realize a savings of \$3 million. Their program focused on **optimizing supplies, purchased services and capital** using the following strategies:

Physician Preference

Management – emphasizing appropriate cost, quality, and use in orthopedics, spine, and cardiology

Supply Chain Analytics –

ensuring the lowest price is paid and measuring whether all contracts are fully utilized

Price Management – ensuring prices reflect current economic realities

Implementation support and expertise –

moving identified savings opportunities to the bottom line

Current Status/Success:

By the end of the 12-month period with VHA, Kootenai had surpassed the goal of \$3 million. Through the continued efforts of all participants, Kootenai has saved a total of \$5.7 million through December 31, 2010. Using this process, over 500 cost-saving initiatives have been generated with 213 implemented, and another 173 pending.

The initiatives ranged from physician preference standardization to employee suggestions. For example, Kootenai's surgery team worked with our orthopedic physicians to standardize the supplies used for total knee and hip replacement. By eliminating the physicians' second-highest used vendor Kootenai saved \$1.2 million.

Employee suggestions have proved valuable as well. One employee felt the hospital could significantly save on its printer toner expenses by switching to remanufactured toner cartridges. After implementation, Kootenai saved \$150,000.

What's Next

Kootenai continues using the program that is now in place and has set its savings goal for 2011 at \$5 million. It is also considering ways to expand the cost savings program to include the evaluation of service and maintenance contracts.

Kootenai has been successful in this project through the support and commitment of the entire hospital. Jon Ness, Kootenai's CEO, sums it up best: "Healthcare is changing, so it's our job to anticipate ways we can do things better in that changing world. Over the past year alone, Kootenai's employees found ways to reduce our overhead by nearly \$5.7 million dollars. That's pretty innovative, and it is money that's going right back into caring for our community."

Strategy

To implement the program, Kootenai developed five key steps:

- **Assessing/Evaluating** – Assessing Kootenai's current state, evaluating barriers, engaging executive sponsorship and assessing current structures and committees.
- **Planning** – Developing timelines and strategic priorities for implementation, setting goals, and seeking to understand vendor and physician practice patterns and purchases.
- **Designing** – Designing team charters, defining organization structure and teams, and building program support tools.
- **Implementing** – Identifying and training team members, implementing a communication plan, and benchmarking internal and external best practice.
- **Measuring/Sustaining** – Continuously tracking sustainable savings, monitoring performance, routinely communicating to stakeholders and celebrating success.

HIPAA Version 5010: Staying Ahead of the Curve

By John Blakey, Partner, Health Care Group, Moss Adams
Richard Lewin, Manager, Health Care Group, Moss Adams

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) was designed to simplify health care administration and improve efficiency and cost effectiveness. But much to everyone's surprise, the legislation didn't have a tremendous impact until 2003, when the Centers for Medicare & Medicaid Services mandated the use of electronic data interchange (EDI) and set standards for information privacy and security. More recently HIPAA introduced a new National Provider Identifier (NPI) system, creating unique identifiers for physicians and health care organizations across the United States.

Despite all these sweeping changes, the work of simplification continues and remains ongoing. Last year, for example, the Department of Health and Human Services published a final rule adopting the X12 Version 5010 for HIPAA transactions. The compliance date for Version 5010 is January 1, 2012, which gives the industry an opportunity to test-run the new standards and make sure they're in good working order as they replace Versions 4010 and 4010A.

The big driver behind HIPAA 5010 is the need to accommodate the new International Statistical Classification of Diseases and Related Health Problems, Version 10 (ICD-10). Version 5010 significantly improves the handling of clinical data, enabling the reporting of diagnosis codes (ICD-10-CM) and procedure codes (ICD-10-PCS) and distinguishing among codes for principal diagnosis, admitting diagnosis, external cause of injury, and patient reason for visit.

However, Version 4010 isn't compatible with the format of the new ICD-10 codes, meaning health care providers will have to upgrade to 5010 to report these codes in

their HIPAA transactions. In practical terms, providers won't get paid unless they implement 5010 by the beginning of 2012, and they won't be reimbursed starting in October 2013 unless they submit ICD-10 coding.

An enhanced version of 5010 was required after the realization that certain parts of the HIPAA EDI lacked the right functionality to meet the needs of providers and payers. To rectify this, the industry has asked for hundreds of changes, such as better present-on-admission reporting on claims, improved use of NPI numbers, and an improved eligibility transaction that will provide more information during the treatment process.

Here are some of the specific changes in Version 5010, which will allow providers to better automate reimbursements:

Authorization and referral transactions are significantly improved for enhanced implementation.

Critical medical information has been added to allow health plans to make smarter authorization decisions.

The implementation instructions are upgraded with logical guidelines.

The updated Version 5010 also has data-reporting requirements that differ somewhat from the current transactions. These changes may require the collection of additional data or the reporting of data in a different format.

Many of the changes will boost efficiency and cut costs by reducing the number of phone calls to health plans as well as appeals as a result of incomplete information. Version 5010 will also eliminate unnecessary customer support.

However, preparing for 5010 requires a good deal of advance work. First and foremost, you need a clear strategic approach to achieve compliance. Second, you must form a steering committee to help navigate the complex changes. Third, your technology infrastructure must be thoroughly assessed to make sure it can completely accommodate Version 5010, and your vendors in this area must be on board. Testing the new systems thoroughly is essential, as is in-house education to ensure that every part of the organization is on the same page. And finally, any investments made today must incorporate the next wave of changes to come after 5010 and ICD-10.

The time, energy, and resources invested in HIPAA 5010 compliance are sure to reap dividends, because the entire industry is moving toward digital streamlining. The Council for Affordable Quality Healthcare, for example, is seeking to improve interoperability among volunteering providers and payers by making eligibility, benefits, and claim-data transactions much more efficient and standardized.

But to get the most out of their investment, health care organizations need to embrace HIPAA Version 5010 today—and act wisely and judiciously now to stay ahead of the curve.

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John Blakey serves a wide variety of health care clients, including physician groups, hospitals, and long-term care organizations. He has more than 17 years of experience in public accounting.

Richard Lewis is the director of sales for the Moss Adams Health Care Consulting Group. He has more than 29 years of experience in health care coding consulting and workers' compensation claims management.

Two Thousand Eleven is Here

Dave Chohon, Regional Exect, Region 10

Happy New Year everyone! I truly feel that the older you get, the faster time flies by.

Yet 2010 had many memorable moments. It doesn't seem that long ago that we were all in Phoenix for the 2010 LTC and getting prepared for the 2010-2011 year and already we are in the 2011 part of our year. Then, because of the flood disaster in Nashville, we went to Las Vegas in June for HFMA's ANI.

In August, the chapter presidents and president-elects were in beautiful Kauai, Hawaii for our Fall Presidents Meeting. Then on Halloween both JJ and I were in Chicago for the RE Council Meeting. Then the holiday season which I hope was wonderful for all of you.

It seems like all this happened in a month or two. Well, 2011 is here. A new year with new goals, new promises we make to ourselves, and new resolutions we want to keep.

Now is also the time for the next group of leaders to start preparing themselves for their year. Being prepared can be very rewarding and having a good team working together will make it a fun year for you as well. LTC is already in the planning stage, so now is the time for the president-elects to select your leadership team and try to bring as many of them as possible to New Orleans.

This is a great opportunity for them to become more knowledgeable of what is expected of them during the 2011-2012 year. This is also an opportunity to make new friends who do the same type of work you do. In most cases these friendships last a lifetime.

Our 2010-2011 Region 10 Team still has work to do. In addition to training our successors we have the two Yergers to write. We will get serious about these on our next conference call at the end of this month.

Chapters still have new members to bring into the chapter and educational hours to accumulate before the end of April. Let's make those shoes the president-elects are going to follow, BIG ONES. This June in Orlando, you all will be going up on stage to receive many deserved awards.

I believe we have one of the best group of Chapter Presidents in Region 10, so keep up the good work. But remember, it takes a good team to produce good results.

HFMA Membership—Idaho Chapter

HFMA Membership

HFMA National's On-line Membership Directory

Have you visited HFMA National's On-line Membership Directory lately? Here's the link: <http://www.hfma.org/login/index.cfm>. When you select "HFMA Directory", not only can you search for members of our chapter, you can also search for all of your HFMA colleagues by name, company, and location - regardless of chapter! Using an on-line directory instead of a printed directory ensures that you always have the most up-to-date contact information.

HFMA Membership—Idaho Chapter

New Member Spotlight

Please join us in welcoming our newest Chapter Members!

Welcome! We look forward to seeing you at our next meeting!

Lisa Dunn - St. Lukes Health Systems

Mark Ness - North Idaho Credit Corporation

Dave Oster - Healthcare 180 Partners, LLC

Nance Pederson - Saint Alphonsus Regional Medical Center

Shirley J. Lawson, - Portneuf Medical Center

Career Opportunities!

Interim Management, Finance, or Revenue Cycle, Exaltant

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http://www.epagecity.com/site/epage/100772_318.htm

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For more information, please visit our website at

http://www.epagecity.com/site/epage/100770_318.htm

Please see our website for additional career opportunities

http://www.idahohfma.org/site/epage/6235_318.htm

HFMA Idaho Chapter—Educational Events Calendar



April 13-15, Spring Meeting

- *Eagle, Idaho*

Chapter and Vendor Information

HFMA Idaho Chapter

2010 – 2011

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Yeager Award Chair

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Luke Zarecor
Calvin Carey

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