

Local Notes

Central New York HFMA Chapter

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HHS Required to Recalculate DSH Payments to Hospitals

The U.S. Court of Appeals for the District of Columbia Circuit has affirmed the District Court's decision requiring the Secretary of Health and Human Services to recalculate DSH payments to hospitals. The court had previously affirmed that the district court had jurisdiction under the Mandamus Act, 28 U.S.C. § 1361, and ordered the reopening of the hospitals' Notice of Program Reimbursement. The appeals court explained that Ruling 97-2 (the Centers for Medicare and Medicaid Services' old method of calculating DSH entitlement) was "inconsistent with the applicable law," and that CMS had improperly restricted DSH eligibility and reduced payments to eligible hospitals.

The Medicare Act bases payments for "operating costs of inpatient hospital services" on preset nationally applicable rates, but those rates are subject to hospital-specific adjustments, one of which, the disproportionate share hospital adjustment, increases payment rates for hospitals serving disproportionately high percentages of

low-income patients. Several years after creating the DSH adjustment, Congress enacted legislation that established detailed criteria for determining eligibility and the extent of a [\(continued on page 7\)](#)



A Word From Our President.....

Dear Fellow Members,

So many things are happening within the Central NY Chapter. I am excited to report to you on all these initiatives.

Educational Seminars:

- Full Day - November 18th at the Turningstone Casino, “Capital Allocation & Strategic Planning”
- Full Day – December 15th at the Turningstone Casino, “Risk Management”

Membership Directory:

- Your Membership Committee, chaired by Karen Carter, is working very hard with the printers and trying to ensure the most up to date information. Our goal is to have these in the mail to all members by November 10th.

Chapter Events:

- Events Chair, Mike Stolicker, is working diligently to secure a time and place to celebrate the 50th Anniversary of the Central NY Chapter in 2006. We are focused on having a networking and awards ceremony in late January or early February of 2006.

Certification:

- The Books are in!!! In an effort to help those members who would like to become Certified, the chapter has purchased ALL the study guides for Members to use. We will use a 1st come, 1st served basis and it will be “Library style.” Please email me or John Milligan at jmilligan@fcc-cpa.com if you’d like to borrow the study guides and take the exams.

Board Development:

- To date we have a full slate of board members and an additional 7 individuals serving on committees. Of the 18 individuals serving as leaders for your Chapter, 12 work for Healthcare providers, and the remaining 6 are in the accounting, banking and Medicare fields – all supporting the business of Healthcare. If you or someone you know, would like to be more involved in the leadership of your chapter contact me at [Matthew T Huber@KeyBank.com](mailto:Matthew_T_Huber@KeyBank.com).

We hope you find the chapter Newsletter informative and timely.

Best Regards,
Matt Huber
HFMA of Central New York Chapter President

Welcome New Members to the Central New York Chapter:

James E. Godleski
Manager
Fust Charles Chamber LLP

Tricia M. Sherwood
Manager
Fust Charles Chamber LLP

Erin Lindsay
Finance Director
Loretto-Oswego Health & Rehab.

Amelia Collins
Senior Associate
Ernest & Young

Christine L. Villano
Director of Finance
Loretto Health & Rehab. Center

Kristylynn Hancock
Student
Cornell Business Management

Terry Ann Holevar
Director of PFS
ACMC

Theo Tarantini, MA, MS
Chief Executive Officer
Health Systems Reimbursement Network

Interested in Writing for the Local Notes

The Central New York Chapter of the HFMA is always looking to promote and publish articles from the local membership!!!!!!!

If you have written or would like to write a healthcare related article and have it published in the Local Notes, please contact John Milligan at 315-446-3600 or email him at jmilligan@fcc-cpa.com

SPONSORSHIPS FOR THE CENTRAL NEW YORK CHAPTER

The lifeblood of the Central New York Chapter is their ability to receive sponsorship dollars every year. These funds enable the Chapter to provide low cost educational seminars and events to all members of the Chapter. Where else can you get timely information about the constantly changing reimbursement regulations for as little as \$35.00?

Over the past year Sponsorship opportunities have become much more flexible. While the HFMA's fiscal year ends May 31st, we are now offering sponsorship though out the HFMA's fiscal year as well as a calendar year. The levels of sponsorship have not changed in years. These affordable sponsorship levels make for great exposure and benefits to the companies involved.

Sponsorship Levels are:

\$1,500 Gold Level

- Recognition at all HFMA seminars, events and newsletters
- 8 free passes to HFMA Central NY Educational Seminars
- 2 free passes to the HFMA Central NY Annual Golf Event

\$1,000 Silver Level

- Recognition at all HFMA seminars, events and newsletters
- 6 free passes to HFMA Central NY Educational Seminars

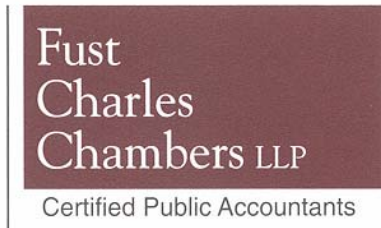
\$500 Bronze Level

- Recognition at all HFMA seminars, events and newsletters

Call Eric Fehrman, Sponsorship Chair at 315-446-3600 to commit to a sponsorship.

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Gold Sponsors



Senate Bill Includes Grants, Loans for Healthcare IT

A new bipartisan proposal for provider grants and loans and to establish standards to support an interoperable health IT system was quickly approved July 20 by the Senate Health Education, Labor, and Pensions Committee.

The Wired for Health Care Quality Act (S.1418) would provide grants to not-for-profit hospitals, group practices, and other providers that demonstrate significant financial need and provide matching funds of \$1 for each \$3 of grant money. Preference would be given to eligible entities that are located in underserved areas and entities that will link to local or regional health information networks. The bill would also provide for competitive grants to states to develop programs to provide loans to healthcare providers to purchase and/or enhance health IT use, and award demonstration grants to academic health centers to integrate health IT into clinical education.

The bill would also provide for the establishment of electronic exchange standards for health records information, establish quality measures for the reporting of provider performance, and offer incentives for providers to create secure electronic health information exchange networks.

The Congressional Budget Office estimates that implementation of the bill would cost \$40 million in 2006, and \$652 million over 2006-10. The act combines elements of two earlier bills, one proposed by HELP Committee chair Mike Enzi (R-Wyo.) and ranking member Edward Kennedy

(D-Mass.), the other proposed by Majority Leader Bill Frist (R-Tenn.) and Hillary Clinton (D-N.Y.).

To read the text of S.1418, go to thomas.loc.gov, and type in the bill number (S.1418). To read the CBO cost estimates for S.1418, go to www.cbo.gov/ftpdocs/65xx/doc6585/s1418.pdf.

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Mail Order Drugs Could Save Medicare Billions: Study

With savings of an additional 10 percent compared to retail pharmacies, the mail-service pharmacy option has the potential to save Medicare as much as \$86 billion dollars on prescription drug costs over the next decade, according to a study by the Lewin Group released Aug. 2 by the Pharmaceutical Care Management Association. The PCMA is the national association representing America's pharmacy benefit managers.

Those patients with chronic conditions that require constant medication particularly could be better served by mail-service pharmacies because, unlike most retail settings that allow only 30-day prescriptions, mail-service outlets allow 90-day prescriptions and can fill prescriptions for about half of what retailers charge. The drugs-by-mail option offers increased savings for a number of reasons, including reduced overhead and bulk purchasing.

Also, mail-service pharmacy satisfaction scores very high in terms of the condition of the drugs received, correct drugs delivered, and ease of refilling prescriptions, according to a 2004 survey of consumers in mail-service pharmacy. In 2006, Lewin estimates that the mail-service pharmacy penetration rate will be about 23.6 percent of the Medicare population.

The Lewin study found that, at its current level of market penetration, mail-service pharmacies would save the healthcare system \$78.9 billion in drug expenditures between 2006 and 2015--this includes \$44.3 billion for Medicare and \$34.6 billion for the commercial sector. Furthermore, the study estimates that if all prescriptions that could appropriately be filled through mail service were filled that way, drug

expenditures would be reduced by an additional \$99 billion between 2006 and 2015, which includes \$42.2 billion for Medicare and \$56.8 billion for the commercial sector.

To read the complete Lewin study, Mail-Service Pharmacy Savings: A Ten-Year Outlook for Public and Private Purchasers, go to www.pcmanet.org/newsroom/pr_08/Lewin_Study.pdf.

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HHS Required to Recalculate DSH Payments to Hospitals

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hospital's adjustment. Between 1994 and 1996, four circuits found the regulations inconsistent with one of these provisions, ruling that CMS had improperly restricted DSH eligibility and reduced payments to eligible hospitals.

CMS issued Ruling 97-2, in which it announced it had "changed its interpretation of the statutory provision at issue to follow the holdings of the U.S. Courts of Appeals for the Fourth, Sixth, Eighth, and Ninth Circuits." CMS's new interpretation would have prospective effect only. As the ruling explained, CMS would "not reopen settled cost reports," and would instead apply its new interpretation only to cost reports settled thereafter, or to cost reports for which the hospital had a "jurisdictionally proper appeal pending on this issue."

After CMS issued Ruling 97-2, two DSH eligible hospitals, Monmouth Medical Center and Staten Island University Hospital, filed motions with their intermediaries pursuant to section 405.1885, seeking to reopen NPRs issued to them during the three years prior to the ruling.

There were 26 hospitals serving Medicare and Medicaid beneficiaries that filed suit under the Mandamus Act, seeking to compel reopening of NPRs issued to them in the three years preceding Ruling 97-2. More than 250 other hospitals filed similar suits, which (with some exceptions) the district court stayed pending resolution of the "core issue" in this case.

To read the ruling, go to

<http://pacer.cadc.uscourts.gov/docs/common/opinions/200507/04-5203a.pdf>

From the Regional Executive

Each fall, the Presidents & President-Elects of each chapter meet with their Regional counterparts. This Fall Presidents Meeting, FPM as it's called, is a charter requirement for each chapter to have at least 1 officer attend. Region 2 recently held our FPM on September 16th & 17th in Toronto. We were able to have 12 of our 14 Presidents & President-Elects attend. Also joining us were our National HFMA Board member, Debi Kuchka-Craig from the Maryland chapter, and Mike McCarthy of HFMA's Chapter Relations department.



An agenda is pre-set for the meeting with about 8 topics that National HFMA requests the chapter's feedback on. The discussion of these topics is usually a good method for chapter leaders to share with their peers and National what is working and not-working for them.

This years FPM yielded many opportunities for our Region 2 leaders to gain new ideas and insights in the areas of Education speakers, session pricing and session topics, Strategic Planning & By Laws, Leadership Training, Board Meetings, and CFO Involvement in the chapter to name a few. Even in our relatively small region of NYS and Puerto Rico we find varying concerns in each chapter in areas such as geography challenges, membership distribution among providers & payers, etc. However, one consistent concern is always having enough volunteers to offer all the benefits to members that the leadership would like to. Attending educational sessions and social events is great, but think about offering an hour or two to help plan an event too.

We are also as a region hoping to offer a new & improved Region 2 Institute in the coming year. We are meeting as a leadership group again for a Winter Presidents meeting in January with a single agenda item – to plan that event. If you have ideas or suggestions on what would appeal to you in a Region-wide Institute, please share them with me or your chapter president.

Our mission of becoming an invaluable resource to you, the healthcare finance professional, remains our focus. We can only meet your needs however if we know what they are. So please – share your ideas & thoughts and consider offering to help out at the same time.

Thank you again for the opportunity to serve Region 2.

Peace.

Nancy J. Reiss

Nreiss@unityhealth.org

(585) 368-6273