

FRONT LINES

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Thoughts and Things

We would like to thank all of you who attended THA's annual meeting this month. This was one of our most successful meetings and exhibit shows. Almost 200 companies representing a broad spectrum of services and products participated in the event.

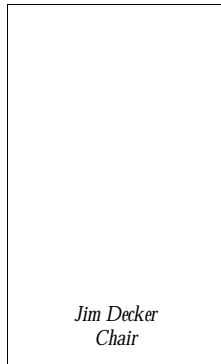
I would also like to introduce you to a new THA Solutions Group staff member. Susan Murphy will be joining the Solutions Group team as Marketing Representative. Susan brings a wealth of experience in both healthcare and marketing to Solutions Group. She will be visiting your organizations to inform you and your managers about THA Solutions Group and the products and services we have available through our vendor relationships. Susan will be ready to help your management team with problems and issues, and we look forward to her coming and being part of our team.

Also in this issue you will read about a new natural gas service being offered through THA Solutions Group. This service can save members up to 40 percent of the current cost of natural gas. Jim Byrd will be holding regional meeting around the state to announce this product, provide information and answer questions about the program. This is an exciting opportunity for THA and TNAHSA members to save significant dollars on their utility costs.

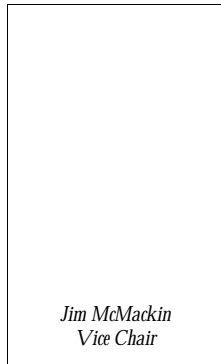
Please remember, if you need assistance with any problem or issue, call the THA Solutions Group staff. We are your number one information resource in Tennessee

Jeff Whitton
Senior Vice President

THA Solutions Group Board of Directors



*Jim Decker
Chair*



*Jim McMackin
Vice Chair*

Thank you Jim Decker for your guidance and leadership over the past ten years.

The THA Solutions Group Board of Directors consists of sixteen members from the THA membership who provide strategic direction to the company. The Board also approves all new vendor relationships.

Currently, Jim Decker, President & CEO of Clarksville Memorial Hospital, serves as Chair. He has served as Chair of the Solutions Group Board for 10 years. Jim McMackin, CEO of Unicoi County Memorial Hospital, is the Vice-Chair.

The current members of the THA Solutions Group Board of Directors and their ending term are:

Jim Decker 1999
Clarksville Memorial Hospital

Jim McMackin 1999
Unicoi County Memorial Hospital

Bill Walter 2001
Maury Regional Hospital

Jim Whitlock 2001
Bradley Memorial Hospital

Robert Nolly 2000
UT Bowld Hospital

Chuck Whitfield 1999
Laughlin Memorial Hospital, Inc.

Bob Willner 2000
McKendree Village, Inc.

Tom Gee 1999
Henry County Medical Center

Ed Anderson 2001
Cumberland Medical Center

Phil Campbell 2000
Methodist Healthcare West Tennessee Division

Joe Dawson 2001
Blount Memorial Hospital

Grady Scott 1999
Copper Basin Medical Center

Bob Gordon 2000
Baptist Memorial Health Care Corp.

Dale Collins 2000
Baptist Health System of East TN

Bill Sugg 2001
Sumner Regional Medical Center

Craig Becker
THA

A New Vendor For Solutions Group

THA Solutions Group has recently initiated an agreement with Associated Purchasing Services of the Kansas Hospital Association. The agreement will allow Associated Purchasing Services to provide assistance with development of a natural gas purchasing program for the members of THA.

Associated Purchasing Services has successfully implemented similar programs in

Kansas, Missouri, Ohio and Indiana.

The key to the program will be the ability to regionally aggregate natural gas volumes to allow transportation costs to be minimized.

Solutions Group will be working with administrators and hospital engineers to design a program that will effectively deal with the purchase and transport of large volumes of

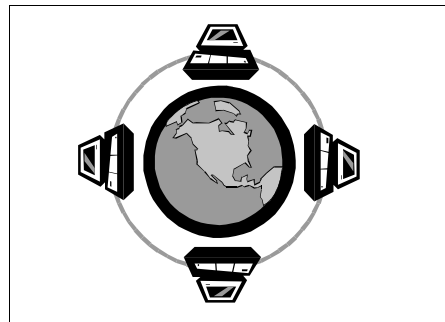
natural gas. The program will have options available to individual institutions while offering all the participants benefits typically not available to smaller volume users.

The program will also address areas where local delivery companies maintain artificially inflated "thresholds" which preclude institutions from participating in aggregated purchasing contracts.

USING DATA TO DETECT POSSIBLE FRAUD AND ABUSE

By K. David Crone, Senior Director
HCIA

In 1996 an OIG audit of HCFA estimated that 10 to 20 billion dollars had erroneously been paid to providers. The reasons for improper payment included insufficient or no documentation on the patient record, lack of medical necessity, incorrect coding of diagnoses and procedures, and payments made for unallowable services. In response to the audit and the extra funding provided by the Kennedy Kassebaum Health Insurance Portability and Accountability Act (HIPAA), HCFA developed an action plan



OIG audit of HCFA

“...are you prepared to evaluate these areas with respect to your own facility before the OIG pays you a visit?”

to address payment errors. Included in HCFA's action plan were the following:

- ◆ Increased number of pre-payment reviews;
- ◆ Increased post-payment reviews of medical necessity and medical record documentation;
- ◆ Over-payment recovery;
- ◆ Increased review of E & M claims;
- ◆ Demand for more documentation;
- ◆ Increased security measures;
- ◆ Providers identified by an audit as submitting improper claims would be targeted for more extensive investigation.

By now we should all be familiar with the OIG's specific investigative focus areas. But are you prepared to evaluate these areas with respect to your own facility *before* the OIG pays you a visit? The answer is yes. You may be surprised to learn that you already have one of the most important tools needed to implement a compliance program: your data. Through evaluation of your facility's data, assessments of current and past practices can be made. Any demonstrated improvement in practices may come to your rescue should you find yourself the target of an OIG audit.

Several products, including HCIA's *Fraud and*

Abuse Compliance Services, will help you conduct internal monitoring and auditing of your claims using data from your Medicare files and/or your UB-92 data set. Our Opportunity/Vulnerability Analysis provides four reports that identify risk at the DRG and facility levels. The Variance Analysis identifies potential “upcoding” issues within paired DRGs and reviews patient distributions across peer groups. The Trend Analysis reviews coding trends over time to determine if there has been a potential change in coding practices over time. The Financial Impact Analysis compares reimbursement trends across peer groups and identifies potential revenue risks or opportunities that you need to investigate. The Discharge Destination Report reviews patient discharge destinations across peer groups. The Opportunity/Vulnerability Analysis also includes an Executive Summary outlining what DRG variances are statistically significant compared to the national norm. The reports contained in the Opportunity/Vulnerability Analysis offer the same type of information that HCFA uses to analyze providers.

The more sophisticated Detailed Audit uses a flexible, rules-driven database screening tool to identify areas of non-compliant activity. A facility can monitor Medicare and all-payor payments for both inpatient and outpatient billing claims. Detailed Audit is linked to the OIG's areas of focus for the following codes:

- ◆ Seventy-two hour rule
- ◆ Chemistry lab unbundled
- ◆ Obsolete codes
- ◆ Experimental procedures
- ◆ Cosmetic or discretionary procedures
- ◆ Obstetrical global fee period
- ◆ Surgical global fee period
- ◆ Pre-and post operative visits
- ◆ Medical protocol
- ◆ Disallowed multiple procedures
- ◆ Mandatory outpatient procedures
- ◆ Code creep
- ◆ Procedure code-age/gender appropriateness
- ◆ Procedure code-diagnosis appropriateness
- ◆ Thirty-day readmission

HCFA and the commercial insurance companies have spent millions to develop or purchase software that will identify possible fraud and abuse claims by mining the data provided by billing forms. Now you can do the same for your own facility with your own best tool, your data. It is much better to discover a problem on your own and settle before becoming the target of the OIG.

WILLIS CORROON CONTRACT REVIEW SERVICES

Willis Corroon Contract Review Services provides THA member hospitals with the ability to have an independent, confidential review of managed care contracts. Contracts in need of review may include direct employer contracts, PPO, POS, HMO contracts and TennCare contracts. A part of this service includes a contract compliance audit so hospitals can determine if they are being paid properly and according to the contract terms.

As a resource for a member hospital's managed care

department/person, this service enhances the contract review function and can lend expertise to an established managed care department.

The service can be a resource to a CFO or other executives who are juggling many hats. Willis Corroon can lend expertise and provide confidence to someone who handles managed care contracts on a part-time basis. Hospitals can also outsource their entire managed care function to Willis Corroon, which can be more cost effective than providing this service in-house.

Willis Corroon has provided contract services for their clients for more than 20 years. They are Tennessee based and are the fourth largest broker in the world. Willis Corroon Administrative Services Corporation is unique because it contracts with many entities while maintaining a neutral position with all of them.

If you would like more information, please contact Fred Massa at Willis Corroon at 615/360-4560 or 800/477-5782.

THE INTERNET REVOLUTION IN HEALTHCARE

By Don Larson, Passport Health Communication

Healthcare organizations have historically been slow to adapt to new information technologies, so much so that *CIO Magazine* has labeled them "IT slowpokes." For years, the label held true when it came to Internet-based technology. However, as *CIO* goes on to point out, healthcare organizations are now doing more than merely catching up; many are breaking new ground in their Internet strategies.

A quick look at the statistics demonstrates how dramatic the move to Internet-based technology has been in the past two years. In the 1997 Healthcare Information & Management Systems Society's Leadership Survey, a mere 6% of CIOs said their organization had an Intranet in place. In 1998, that figure rose to 29%.

What has sparked this migration? Mounting pressures to cut costs and streamline operations have played an obvious part. Case studies from within the industry documenting positive returns on investments— including reports of Intranets that have paid for themselves in a single year solely through reduced document-management costs— have also helped.

The Internet has also proven to be a convenient, cost-effective gateway to electronic data interchange (EDI) options. Using secure applications such as Passport's *OneSource* service, providers can now complete a variety of transactions and access vital information via the Internet, including: eligibility and benefit level verification, claims status and submission, referrals and pre-authorization, provider panels, formulary data and more.

The Workgroup for Electronic Data Interchange reports that the cost benefits of these electronic processing options versus traditional methods can be significant. Electronic eligibility inquiries, for example, save an average of \$1.89 per transaction over traditional phone methods. The cost savings for electronic claims transactions are equally impressive: \$1.01 per claims submission and \$3.88 per claims status inquiry.

For more information on how your organization can tap into the Internet "revolution" in healthcare, visit the Web sites mentioned above at <http://www.himss.org> and <http://www.wedi.org>. You can also visit Passport Health Communications on the Web at <http://www.passporthealth.com> or contact us by phone at 888/661-5657.

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We're on the Web!
www.tha.com

EDITORIAL CORRECTION

In the July issue we reported that CCI's services are "compliance training and consultative services regarding the 72-hour rule."

It should have read that CCI's services are "consultative support and assistance in developing and implementing a corporate compliance program."

We apologize for the error.

"I wish I'd said that..."

TJH&G Quotable Quip:

"We sow a thought and reap an act;

We sow an act and reap a habit;

We sow a habit and reap a character;

We sow a character and reap a destiny."

William Makepeace Thackeray

THERF Education Highlights

NO VEMBER

Preparing Your Organization for the Year 2000

November 5, 1998
Nashville, TN

The Dartmouth Atlas of Health Care and Analysis of Tennessee Patient Level Hospital Data

November 18, 1998
Nashville, TN

JCAHO Improving Your Long Term Care Organizations' Performance

November 19-20, 1998
Nashville/Opryland

DECEMBER

OASIS Training Session (Home Care Alliance/Tennessee State Agency)

December 1, 1998	Johnson City
December 2, 1998	Chattanooga
December 3, 1998	Nashville
December 4, 1998	Jackson

TNAHSA Assisted Living Symposium "Continuum of Care"

December 8-9, 1998
Nashville/Willis Corroon Conference Center

JCAHO Special Combined Program: Accreditation Standards and Performance Improvement for Home Health and Hospice

December 10-11, 1998
Knoxville/Knoxville Hilton

ACHE (Category I) Leadership Imperatives for the Learning Organization

December 15, 1998
Nashville