Increased Scrutiny Coming to Payments to Medicare Advantage Plans

Congressional auditors are pushing for greater scrutiny of the appropriateness of payments to Medicare Advantage plans following the release of estimates that 10 percent of such payments are improper.

The Government Accountability Office (GAO), Congress’s nonpartisan investigative body, urged several steps to sharpen scrutiny of Medicare Advantage (MA) plans, which enrolled more than 18 million beneficiaries as of June, or more than 32 percent of total Medicare beneficiaries.

The impetus for greater scrutiny followed release of a May report by the U.S. Department of Health and Human Services (HHS) that found HHS failed to meet its goal for limiting improper payments to MA plans. A goal of keeping the share of improper payments to 9.14 percent of all payments was established in FY15, but in FY16 the actual share was 9.99 percent...

More Details

Healthcare Organizations Aggressively Moving to Peer Benchmarking: Survey

Although relatively few healthcare organizations use peer benchmarking to control costs, a significant number are pushing into this area in 2017, according to a new executive survey.

Only 13 percent of the 700 healthcare organizations surveyed in recent months by the advisory health practice at Ernst & Young performed “peer benchmarking and competitive benchmarking.” But 40 percent planned to undertake that type of effort in 2017.

“To get physicians engaged in optimization strategies, they have to be engaged in the corporate agenda to become a more efficient custodian of the healthcare resources,” said Yele Aluko, MD, an executive director at Ernst & Young....

More Details

Questions or comments? Email Clay Owsley at clayton.owsley@nortonhealthcare.org

Don’t forget to follow us on Twitter @KYHFMA and

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All,

As we begin this new Chapter year, I want each of us to take this opportunity to consider the possibilities. Regardless of whether you are a provider, payor, physician or consultant, HFMA offers an opportunity for each of us to expand our knowledge, connect with others and engage in our communities. Healthcare is ever changing, which isn't news to anyone, but as the lines between patient, payor, provider, physician, etc... continue to blur, it is increasingly important for us to strengthen personal connections with each other and enhance our skill sets outside of our areas of expertise. Like many of you, I know that it is sometimes difficult to get out of the office and come to an event.

However, consider the possibility that you may learn something new or meet someone new at one of our events and that these relatively minor interactions may create a new connection or spark a new passion, which may ultimately be the beginning of a new adventure in your career.

With all that being said, our Summer Institute concluded a few weeks back and it was good catching up with some of you at that event. The education committee once again pulled together a wonderful event. If you didn’t have the chance to make it to the Summer Institute, no worries. We will be hosting several other events throughout the year and we look forward to seeing you there.

The next event coming up is the Tri-State Fall Institute, which is jointly hosted by the Kentucky, Indiana and Ohio Chapters, and will be held on September 20th through the 22nd at the Hyatt Regency in Cincinnati. The Kentucky Chapter is responsible for planning the education sessions for this event, so come on out and support the local Chapter and connect with your peers. The agenda and more specific information regarding the Tri-State event can be found at http://hfma-indiana.org/event-2575380. Finally, I would like to take the opportunity to once again thank you, our volunteers, our members and our sponsors for all that they do for the Chapter. Without your support and commitment we would not be able to provide the quality education programming and networking opportunities that we do each year. Your time and support is truly appreciated.

Until next time, feel free to reach out to me if I can be of any assistance, if you want to volunteer or if you would like to provide any feedback regarding the quality of our sessions, venues, etc....

Sincerely,

Chris Graff

FY17/18 KYHFMA President
Meet Our New 2017-2018 Board Members

Chris Woosley
Region IV Executive

Chris Graff
President

Nick Ficklin
President-Elect

Haley Manford
Chapter Assistant

Becca Meredith
VP of Communications

Billy Hopkins
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Jennifer Thomas
VP of Education

Adam Blackwell
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Ben Hayden
Treasurer
Physician Compensation Stacking
—Avoiding Compliance Problems

Neal Barker, Partner
HSG Advisors

Hospitals and health systems must be cognizant of the risks associated with “compensation stacking”, a term used to describe the cumulative effect on fair market value and commercial reasonableness as a result of multiple, individual arrangements with a physician, or a single arrangement with multiple individual components.

As closer alignment between hospitals and physicians is pursued, multiple or multifaceted compensation arrangements are becoming the norm. In our work preparing fair market value and commercial reasonableness opinions, it is no longer uncommon to encounter an employment contract containing multiple components, such as:

- clinical services
- consulting and advisory services
- participation on service line co-management committees
- medical direction
- on-call coverage
- medical student/resident proctoring and mentoring
- advanced practitioner oversight and collaboration, and
- employed physician network leadership in a dyad management structure.

When evaluating for fair market value and commercial reasonableness, ensuring that each of the individual components is delineated and documented as fair market value on its own is not enough. The questions that hospitals and health systems need to be asking are:

- Does the aggregate compensation from all these services fall within acceptable fair market value parameters?
- Is the aggregate commercially reasonable?
- Will the physician’s daily, weekly, monthly, and annual expectations pass the test against reasonableness and common sense?

In practical terms, can the physician be expected to produce 6,000 Work Relative Value Units (“wRVUs”) per year in order to justify a high clinical base as an internist, cover afterhours call at two facilities, provide 10 hours a week as medical director of the hospital’s urgent care program, oversee a nurse practitioner, and serve 4 to 6 hours a week as chair of the employed group’s advisory council chair?

If a reconciliation of required hours and common sense says “No” …unless he/she works 70 to 80 hours a week… perhaps there’s a problem. This problem, and the attention it will attract from auditors and compliance officials, is amplified when the compensation meets and exceeds the 75th and 90th percentiles in accepted industry benchmark data.
To mitigate organizational risk and to protect against compensation stacking, HSG recommends the following 7 steps:

1) Formalize your organization’s fair market value process. Having a structured and formalized fair market value and commercial reasonableness process increases consistency in how arrangements are evaluated and approved.

2) Centralize the contracting and physician transaction process. A central individual and/or governing body, such as a Physician Transaction Committee, can help to ensure that the totality of a physician’s arrangements or compensation components are considered—not just the individual compensation models. Multiple executives, managers, and service line leaders creating new contracts and adding new addendums to existing contracts can result in an undesirable situation—a situation in which no one is focused on the whole. Without focus on and oversight of the cumulative effect of individual contracts and addendums, the result can be a compliance nightmare.

3) Implement base salary reductions, especially in situations of relatively high-base compensation and/or for services that are not rare or unique. Continuing to pay a high premium to a primary care physician after years of not meeting targets is difficult to justify and defend, much more so than it would be for a rare and highly skilled pediatric nephrologist at an academic medical center. Salary reductions help right-size clinical compensation, perhaps appropriately aligning and accounting for other services (i.e., administrative and medical director) that the physician might be providing.

4) Value-based expectations should not be “gimme” goals and targets. Quality, efficiency, and patient experience expectations that truly require physician attention and effort have value to the organization and the patients served, and deserve compensation. Expectations that are easy and require little effort do not have much value. The effort required to deliver quality services can be considered and will help to justify the aggregate compensation.

5) Document and pay accordingly. Document administrative, medical director, clinical and call services, and pay according to the documentation. Administrative and medical director compensation is normally based on an expectation of hours of service. Clinical compensation is normally exemplified by hours or days of expected availability, patient volume and/or wRVUs. Call coverage is frequently documented by a call schedule and/or call log.

6) Consider overlap, necessity and duplication of services. Paying for dedicated call coverage to the same physician on the same day at two facilities is problematic, as is paying for a useless medical director position, or paying a high call rate with an activation fee to an employed physician who also gets bonuses based on wRVUs produced.

7) Use common sense. If the daily, weekly and annual hours required to fulfill all the duties required don’t make sense in the real world, something is wrong and you need to fix it.

Consideration of all of these issues will help ensure compliance and control unnecessary costs within your physician enterprise.

If you have questions or we can otherwise be helpful regarding physician compensation and fair market value, please contact Neal Barker, Partner, at 502.814.1189 or NBarker@HSGadvisors.com.
Past President Spotlight
Catching up with the past presidents of KY HFMA

Kourtney Nett

President during chapter year: 2015-2016
Current employer and title: MCM CPAs & Advisors, Director of Risk Advisory Services
Family: Husband – Joe, Children – Jack (age 11) and Natalie (age 9)

Most difficult part about being president of the Ky Chapter of HFMA:
The most difficult part of serving as president for me was time management. Though my employer and team at work were extremely supportive of me serving in leadership roles for the KY Chapter, it was still challenging to meet deadlines and achieve the goals set out by our team. It was ultimately a very good experience for my personal development, because it helped me learn how to better prioritize tasks both professionally and personally.

Most rewarding part about being president of the chapter:
The most rewarding part for me was interacting with everyone throughout the organization. The Kentucky Chapter is one of the best chapters in all of HFMA, and it is because of the strength of our members, volunteers and leadership team.

Favorite memory from presidential year:
My favorite memory came on the very end of my year as president. The incoming chapter leadership team (and outgoing president) attends the National Leadership Training Conference in April of each year as they get ready to start their new roles with the chapter effective June 1st. The incoming chapter president plans an activity for the team while attending the conference, as a way for the team to bond and spend some time getting to know each other better. The conference was held in Ft. Lauderdale, and our incoming president planned an airboat tour of the Everglades for our team. The experience was a lot of fun and the views of both the Everglades landscape and the wildlife of the area were spectacular. It is now on my bucket list of things to do with my own family!

Looking back is there anything you would do differently:
The national HFMA chapter is evolving because the landscape of its membership is evolving. There is a constant struggle for the chapter leadership team between trying to achieve metrics set out by the National organization and doing what is best and most valuable for the local chapter members. I feel our team did a great job of focusing on what was best for our chapter and letting the metrics follow as a result, but we still spent significant time talking about those metrics. I think if I could change anything I would have worried a little less about those metrics.

Any advice you would have for current/future presidents?
The chapter president and president-elect have the opportunity to interact with other chapter leaders and some of our National organization leadership team throughout their terms. Be vocal about the challenges you are facing at the local chapter level and use those forums as a way to bring about change that is of benefit to all of our members.

What has changed since your presidential year?
In today’s dynamic business environment, the only thing constant is change. That is especially true in the healthcare industry. This creates a lot of challenge in trying to educate ourselves on emerging guidance, but also creates a tremendous opportunity for HFMA to provide timely, valuable education to its members.
## Upcoming HFMA Events

<table>
<thead>
<tr>
<th>Meeting</th>
<th>Dates</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tri-State Conference</td>
<td>September 20-22nd</td>
<td>Cincinnati</td>
</tr>
<tr>
<td>HFMA Revenue Cycle Conference</td>
<td>October 22-24th</td>
<td>Orlando</td>
</tr>
<tr>
<td>Fall Institute</td>
<td>October 26th</td>
<td>Lexington</td>
</tr>
<tr>
<td>KY Rural Health Association Conference</td>
<td>November 16-17th</td>
<td>Bowling Green</td>
</tr>
<tr>
<td>KHA Convention</td>
<td>May 18-19th</td>
<td>Lexington</td>
</tr>
<tr>
<td>ANI</td>
<td>June 24-27th</td>
<td>Las Vegas</td>
</tr>
</tbody>
</table>

For more information about our upcoming meetings please [visit our website](#)
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Director: Mark Kircher

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Secretary
Billy Hopkins

Aas. Secretary/Founders Points
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Mark Kircher (1)
Elaine Younce (1)

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Bill Leachman

Nominating Committee
Bill Leachman

Finance Committee
Tony Miranda
Jim Morris
Shane Whittington

Jim Morris
Shane Whittington

KENTUCKY CHAPTER
HFMA
ORGANIZATIONAL CHART
2017-2018
Happy Anniversary!

40 Years
Katie Black

35 Years
Larry Vaughn

30 Years
William Edwards

25 Years
David Layne
Pamela Cox

15 Years
Renae Blunt
Jonathan Presser

10 Years
Vicki Cannady
Mathew Gayheart
Beth Vail

5 Years
Thomas Carver
Stephen Yates
Kevin McClymonds
Megan Crane
Jayne BRanham

1 Years
Jill Flowers
Cornelia Poston
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We have been working hard to put together a KY Chapter HFMA app to keep you up to date on all the events, agenda, speakers, announcements, and past presentations.

You can download by going in to the Apple App Store or Android Store and searching for “KY HFMA”
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