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INSIDE

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American Health Consultants® is A Medical Economics Company

Embezzlement: Don't think it can't happen at your agency

Take steps now to minimize your exposure

A $1,500 overdraft on a payroll account was the first inkling **Ruth Constant**, EdD, MSN had that something was very wrong. Constant is the president and chief executive officer of Victoria, TX-based Ruth Constant and Associates, which operates home health agencies in Beaumont, Port Arthur, and Wichita Falls, TX. The even amount and size of the check initially made her think it had been posted to the wrong account.

From her office in Victoria, Constant called her accountant who worked out of the agency's Beaumont office. "Something's wrong here," she said, relaying her suspicions about an erroneous account entry. The accountant assured Constant that she had already called the bank and corrected the mistake. But something nagged at Constant, and she continued asking the accountant about the transaction:

Constant: "Whose check was it?"

Accountant: "It's [the accounting supervisor's]."

Constant: "But you have to take out taxes."

Accountant: "Ruth, don't you remember? We had an agreement not to take out income tax for her."

Constant: "Well that may be, but you still have to take out FICA."

The silent white-collar crime

By now, sirens were blaring inside Constant. She knew the accountant's pat answers were hiding something, but she had no idea that the truth would send her on a two-year odyssey from 1989 to 1991 to save her business and salvage her reputation.

Over the next few days, Constant discovered that the accountant, one of her most trusted and long-standing employees, had embezzled nearly $300,000 over a three-year period. To make matters worse, while still reeling from the shock of both the financial loss and shattered trust, Constant was hit with an even more devastating deceit. The accountant falsely accused her of Medicare fraud, launching a 20-month FBI investigation

that ultimately exonerated Constant, but nearly shut down her business in the meantime.

If Constant's ordeal sounds too far-fetched to have any relevancy for your operations, think again. Embezzlement is a silent white collar crime eating its way through U.S. businesses, according to experts. In what it believes is the most comprehensive study of embezzlement, the Association of Certified Fraud Examiners (ACFE), an organization committed to contributing to the detection and prevention of white collar crime based in Austin, TX, found that the average organization loses $9 per day per employee, or about 6% of its revenue, to fraud.[1]

The study found that while embezzlement cuts across all industries and organizations, it disproportionately affects small companies. The average reported embezzlement is $65,000, but small businesses average a $120,000 loss per fraud incident.

Still think it can't happen to you? Home care providers are a trusting lot with a humanitarian mission. But your disbelief is no different than most others, says **John Warren**, JD, associate general counsel at ACFE. "The hardest thing is convincing companies that they're vulnerable. No one wants to believe that someone is stealing from them. But the numbers are irrefutable," he says.

Constant was no exception. "I had 100% trust in her," she says, referring to her former employee.

Watch for changes in employee behavior

Even if you can't believe that any of your current employees would steal from you, you can take steps to minimize the possibility of white-collar crime, Warren advises. Learn to recognize behaviors that often signal improprieties.

Before their crimes are detected, embezzlers often seem like model employees. They may work long hours, including nights and weekends, take few vacations, and refuse help. "They're usually seen as hard workers and loyal. It's very common because it takes a lot of work to conceal what they're doing," Warren says.

As dedication may be a hallmark of most of your employees, you should consider it in the context of other workplace behaviors. Embezzlers responsible for financial transactions may leave a trail of accounting anomalies. "You may see strange journal entries such as a high number of courtesy or discount entries, or invoices to companies you wouldn't [expect to] be paying," Warren explains.

Do all the numbers add up?

Missing or incomplete support for transactions may also be a signal. For example, payments without accompanying invoices or photocopies rather than original invoices. Accounting inaccuracies may also signal problems. Embezzlers may intentionally miscalculate and leave out-of-balance ledgers to hide their activity, he adds.

Some embezzlers use analytical anomalies to work their scams, Warren notes. Payments to unorthodox vendors in the context of your business may be a shell the embezzler uses to funnel money to herself. For example, it is improbable that a private duty company would process invoices to a gravel company, he explains.

Or, the embezzler may cut additional checks to a commonly paid vendor. For example, if you pay a supplier on the 15th of every month, he or she may begin processing additional checks at the first of the month.

In either situation, the slight of hand may go undetected if someone in authority doesn't review checks and question the logic of your organization's relationship with new vendors or suddenly larger payments to existing vendors, Warren continues.

In Ruth Constant and Associates' case, the embezzler used at least three schemes. She cut extra payroll checks to herself and oversaw the payroll reconciliation to hide those efforts. When the company stopped manually processing payroll

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COMING IN FUTURE MONTHS

- Should you merge with another provider?
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Sample Fraud Policy

Background
The corporate fraud policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against XYZ Corp. It is the intent of XYZ Corp. to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

Scope of policy
This policy applies to any irregularity, or suspected irregularity, involving employees as well as shareholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or other parties with a business relationship with XYZ Corp. (also called the Company). Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position, title, or relationship to the Company.

Policy
Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.
Any irregularity that is detected or suspected must be reported immediately to the director of the investigation unit, who coordinates all investigations with the legal department and other affected areas, both internal and external.

Actions constituting fraud
The terms defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:
- ☐ any dishonest or fraudulent act;
- ☐ misappropriation of funds, securities, supplies, or other assets;
- ☐ impropriety in the handling or reporting of money or financial transactions;
- ☐ profiteering as a result of insider knowledge of company activities, or disclosing confidential and proprietary information to outside parties;
- ☐ disclosing to other persons securities activities engaged in or contemplated by the Company;
- ☐ accepting or seeking anything of material value from contractors, vendors, or persons providing services or materials to the Company;
- ☐ destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment;
- ☐ any similar or related irregularity.

Other irregularities
Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by departmental management and the employee relations unit of Human Resources rather than the investigation unit.
If there is any question as to whether an action constitutes fraud, contact the director of _____ for guidance.

Investigation responsibilities
The investigation unit has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the investigation unit will issue reports to appropriate designated personnel and, if appropriate, to the board of directors through the audit committee. Decisions to prosecute or refer the examination results to the appropriate law enforcement and or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on the disposition of the case.

Confidentiality
The investigation unit treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the investigation unit immediately and should not attempt to personally conduct investigations or interviews related to any suspected fraudulent act.
Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Company from potential civil liability.

Authorization for investigating suspected fraud
Members of the investigation unit will have:
- ☐ free and unrestricted access to all Company records and premises, whether owned or rented;
- ☐ the authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

(Continued)

Reporting procedures
Great care must be taken in the investigation of suspected improprieties or irregularities to avoid making mistaken accusations or alerting suspected individuals that an investigation is under way. An employee who discovers or suspects fraudulent activity will contact the investigation unit immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney, or representative, or any other inquirer should be directed to the investigations unit or the legal department. No information concerning the status of an investigation will be given.
The proper response to any inquiries is: "I am not a liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.
The reporting individual should be informed of the following:

- ☐ Do not contact the suspected individual in an effort to determine facts or demand restitution.
- ☐ Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the legal department or investigation unit.

Termination
If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the designated representatives from Human Resources and the legal department and, if necessary, by outside counsel, before any such action is taken. The investigation unit does not have authority to terminate an employee. The decision to terminate an employee is made by the employee's management. Should the investigation unit believe the management decision inappropriate for the facts presented, the facts will be presented to executive level management for a decision.

Administration
The director of _____ is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.

Approval

_____
CEO/Executive, Date

Source: Association of Certified Fraud Examiners, Austin, TX.

and began using an outside vendor, she retained the old manual checks and used them to process payments to herself. Finally, when the company took on its own computer-processed payroll, she paid herself with the unused checks she recalled from the vendor, Constant says.

Sudden changes in employee lifestyle or behavior may also signal trouble, Warren advises. "If an employee suddenly drives a better car, dresses nicer, or [begins throwing] extravagant parties, you should wonder 'Why has his lifestyle so improved?'" he says. Likewise, someone who suddenly exhibits signs of stress such as being irritable or moody, smoking or drinking more than usual, or acting suspicious of others looking at his work, should also raise concerns.

In addition to recognizing employee work habit, behavior, and lifestyle changes, you can take these actions to help prevent employee fraud:

❒ **Create a strong system of internal controls.**

"Segregate duties. Don't put one person in control," Warren says. For example, make three different employees responsible for receiving, depositing, and posting cash payments, respectively. "Someone different than the person processing transactions should [also] review transactions. [The person] should be independent enough and have authority to act [on any variances]," he advises. Ideally, the doer and reviewer should work in different departments.

This may be a challenge in small companies, simply because there aren't enough employees to totally separate functions. In those situations, "some companies may hire accounting students to run exception reports of unusually high payments or vendors. It cuts down on the owner's time and energy [reviewing transactions], but it's best to go over things yourself," Warren recommends.

Get involved with your company's money

In the pre-fraud days, Constant was so busy running her business, she never personally reviewed the company's canceled checks and bank statements. Now, she periodically scans checks as they are prepared. "There's no definite pattern. It's spot-checking. No one knows when I'm going to do it," she explains.

Larry Leahy, MHA, CHE, CHCE, director of program integrity for Ruth Constant and Associates, also reports that the company now performs extensive background checks on anyone in a financial decision making or accounting

SOURCES

- **Ruth Constant**, EdD, MSN, President and Chief Executive Officer; **Larry Leahy**, MHA, CHE, CHCE, Director of Program Integrity; Ruth Constant and Associates, 1501 Mockingbird, Suite 404, Victoria, TX 77904. Telephone: (512) 578-0762.
- **John Warren**, JD, Associate General Counsel, Association of Certified Fraud Examiners, 716 West Avenue, Austin, TX 78701. Telephone: (800) 245-3321. Web site: www.cfenet.com.

position. For about $130, an outside firm conducts work history, credit, driver's, and educational transcript checks on such individuals.

Constant also created Leahy's position after the fraud. Though his role was not specifically designed to combat embezzlement — he is responsible for the company's overall regulatory compliance, risk management, and retirement plans — he reviews financial statements, conducts safety assessments, and performs some internal audit functions. Leahy also developed the company's compliance plan, which includes anti-fraud due diligence actions by key officers.

❒ **Increase the perception of possible detection.**

"Educate employees about fraud. It doesn't have to be negative; [you can explain] that it can shut down the business, and you'll have more eyes and ears aware [of the consequences and willingness to report suspected problems]," Warren says. Also, make employees aware you are reviewing their work, managers will be trained to recognize behavior changes, and you will pursue wrongdoers. If your ethics policy does not specifically address fraud, consider revising it or adopting a separate fraud policy, Warren advises. **(For a sample fraud policy, see pp. 155-156.)**

Enforcing vacation policies and periodically shifting employees' duties also puts potential wrongdoers on notice that any fraud will likely be detected, Warren explains.

Keep the door open

Once you make employees aware, keep fraud prevention on the front burner by including information about it in employee newsletters and payroll inserts. Also consider activating a fraud hotline, enabling employees to anonymously report suspected violators, Warren suggests.

❒ **Develop a supportive work environment.**

Personal financial reversals can cause employees to commit workplace fraud. To both ease their anxiety and reduce their potential for fraud, "Keep an open-door policy where they can come talk to you," Warren recommends. Even if you can do nothing for an employee who tearfully reports "My husband lost his job, and we can't meet our mortgage," just listening "relieves their sense of desperation and makes them more loyal to the company. It is more difficult to steal from someone when you feel they care and listen to you," Warren says.

❒ **Run an ethical ship.**

Create a top-down ethical environment, he advises. If employees perceive that management skirts the law, it makes it easier for them to misbehave, he says. This particular precept provided little help for Constant. A stickler for ethical behavior, she requires all employees to memorize two statements. "One is the mission statement: 'to provide the very best home health care possible.' The other is to know the answer to the question 'what is the quickest way to get fired from this agency?' The answer is 'to falsify a record,'" she says.

Follow through if you're suspicious

If you suspect any wrongdoing, or simply want an assessment of your organization's vulnerability, consider contacting a fraud prevention professional, Warren advises. The ACFE certifies and maintains a large database of fraud examiners who are trained to bridge the gap between accounting and law enforcement.

Hiring a fraud consultant may seem like an extravagance given the home care industry's current difficulties. "Small companies especially are hesitant of the cost to call someone in, but look at the cost [of not doing so]," he notes.

Though Constant survived her almost two-year ordeal and argues that her company is stronger than before, "It was a bitter lesson for me to learn," she acknowledges. "Just because you think you're honest and operate an honest organization is not enough. Get a good lawyer to defend that position."

Reference

1. Association of Certified Fraud Examiners. *The Report to the Nation on Occupational Fraud and Abuse.* Austin, TX; 1996. ■

A new business line: School nurse assistants

Program helps schools deal with tight budgets

Remember the good old days when you felt sick at school or fell on the playground? The school nurse was right there to hold your hand and wipe away your tears until your parents were by your side. Today, that heartwarming picture is truly a long trip down memory lane, with one-nurse-one-school staffing often a casualty of school budget constraints. In Ohio, for example, individual school nurses now often cover several schools, and school administrators may find themselves subbing in times of illness and pain.

Reacting to the lost services and with grant funding in hand, in 1997, the Springfield City (Clark County, OH) Board of Education issued a communitywide request for proposal (RFP) for a school nurse assistant program. The winner was Mercy Home Care, based in Urbana, OH. "We addressed everything they asked for [in the RFP] and structured a new position rather than using [home health] aides," says **Patricia Haley**, MSA, manager of personal care services. The program started as a pilot in five schools — four elementary and one junior high — and has expanded to 14 others this year, according to Haley.

Under the program, Mercy school nurse assistants perform basic first aid and preliminary health screenings such as vision and hearing tests and head lice checks. The Ohio Nurse Practice Act also allows the assistants to administer medications at school; they are always on-site for children in need. "They are basically the eyes and ears of the [school] nurses, [who] are available at all times by beeper," she notes.

Although she encouraged home health aides already employed by Mercy Home Care to apply for school nurse assistant positions, the program draws an entirely different type of worker, according to Haley. Applicants are predominantly parents already involved in the school who want to work but only when their children are in school. Five home health aides have been cross-trained to cover school nurse assistant absences, she adds. The two positions pay equally, starting at $7 per hour.

Mercy conducts criminal background checks and requires that applicants pass basic skills tests such as alphabetizing a list of names. Applicants must also have a high school diploma or GED, Ohio driver's license, and car insurance. (Infrequently, assistants travel between schools.)

School nurses participate in applicant interviews, at Mercy's request. "[They] had people they really wanted [in the positions], and this helped them see another person was better qualified," Haley explains.

Those hired go through a four-day training program, conducted by Mercy, that covers CPR, basic first aid, body substance isolation and infection control, communications, signs and symptoms of abuse, gang awareness, and both school and Mercy policies. Haley developed the training in collaboration with a school nurse.

Although the Urbana school district initiated the program, getting school nurse buy-in is critical, Haley reports. "You have to work closely with [them]. They feel threatened. [Many think] 'I've been doing this for years. I don't need help,'" she explains.

School nurses also have input into the school nurse assistants' performance evaluations. The Mercy private duty nursing supervisor manages the school nurse assistants, but she "seeks active collaboration with school nurses on any areas of retraining," Haley says.

Mercy has a year-to-year contract with the school district. It covers the agency's recruitment, training, and supervision costs and gross profit goals, according to Haley. Although the positions drew many applicants, staffing has, at times, been challenging because of guaranteed coverage for some schools and unexpected departures of certain school nurse assistants, she explains.

The school district, school nurses, parents, and Mercy all give the program high marks, according to Haley. It allows the school district to fill a service gap at a lower cost than if it developed the program itself, and it frees school nurses to be more proactive, providing additional health education and visiting the homes of at-risk children, she explains.

"It's a great program. It's a chance for a private duty agency to be active in the community in a whole different way," she says. ■

SOURCES

- **Patricia Haley**, MSA, Manager of Personal Care Services, Mercy Home Care, Mercy Memorial Hospital, 904 Scioto Street, Urbana, OH 43078. Telephone: (937) 653-3447.

Can private duty, Medicare intake be linked?

It's possible, but staff training is the key

Intake staff are your organization's senior diplomatic corps, interacting with all existing and potential players in your home care sphere of influence. They run interference between and finesse relationships with physicians, payers, field staff, and clients; bundle disparately received intelligence into cohesive referrals; and know the rules and regulations governing your operation.

In the private duty world order, they are also promoters and negotiators, wooing customers by talking up your clinical expertise and service commitment while bargaining over the price and service array. And their actions play a large role in your organization's success: One communication slip can make an indelible impression on unforgiving referral sources.

With so much at stake, having the right intake staff is critical. But the certified and private duty sides of the business each require different skills. Certified operations demand intimate familiarity with regulations and given fairly clear-cut Medicare coverage, less focus on benefit calculations and payment arrangements, while private duty requires great flexibility and an inexhaustible attention to verification and payment. "Medicare and managed care referrals are business-to-business exchanges, whereas private pay is usually a customer service transaction," according to **Stephen Tweed**, CSP, principal with Tweed Jeffries, a health care strategy firm based in Louisville, KY.

"There is a dynamic tension between the rules and regulations for both Medicare and insurance and the need for customer service," says **JoAnne Ruden**, MPA, RN, president and chief executive officer of the Visiting Nurse Association of the Delaware Valley in Trenton, NJ.

Such different requirements may lead providers to believe that it is best to separate certified and private duty intake functions, but that is not necessarily the case, according to sources. "A central intake, done properly, is a big benefit. But it's hard to help people see both sides," says **Nancy Woods**, RN, specialty services director for Chattanooga, TN-based Contin-U-Care Home Health.

"There's not an easy answer [to the best intake configuration]," says Ruden. "A lot depends on the manager [and whether] she is extremely market-oriented. A separate department for private duty may be ideal, but do you have the business for that and a seamless system to transfer between different functions? There is no magic bullet, no model for everyone. You have to consider your organizational culture and service delivery," she continues.

Some points to consider to ensure good intake operations include:

• **Decide which services you will offer.**

Providers just now moving into or with a small existing private duty business should first carefully evaluate the services they expect to provide, according to **Linda Nelson**, president of Help Source, a home care business consulting firm located in Wichita Falls, TX. Necessary clinical, intake, and other support functions flow from that analysis. For example, a pediatric managed care niche and hospital sitter services, with late night referrals and quick turnaround time, each demand different service structures and intake requirements, she explains. **(See related article on private duty expansion strategies, p. 163.)**

After identifying program expansion targets, determine anticipated operating expenses and develop a budget. Nelson recommends a minimum 10% net income target. Use the budget and profit goal to back into private duty rate sheets, she advises.

• **Chose the right staff.**

The program manager and a scheduler may be the only private duty administrative staff initially. So choosing the right manager is key, sources advise. "Look for an RN with a background [in the planned service] who understands that market — not Medicare! And she must have a sales heart," Nelson recommends. Like her private duty counterpart, the intake manager should also be sales- and customer service-oriented, sources advise.

Depending on the size of your operations and the services you offer, you may elect to have a separate private duty intake function. Particularly for personal care services, "the RN or director needs to be involved, but a clerical person can do it at the beginning," Britt says. The key is knowing what to ask, learning as much as possible, and bringing the nurse into the equation at the right time, she adds.

Whether or not you separate certified and

(Continued on page 162)

Reimbursement Information

Completed By_____

Date: _____

☐ Private Insurance
☐ Private Pay
☐ Medicaid
☐ Other

PATIENT NAME:

AUTHORIZED SERVICES

Private Duty Nursing in Hospital? Yes No

For an RN? LV/PN? CNA/HHA?

Hours Per Day Allowed?

Benefit for Home Health Care?

For an RN? LV/PN? CNA/HHA?

Per Hour Basis? Or Visit Basis?

Visit Length?

Visits Allowed Per Day:

Per Year

Visits Used This Year?

Infusion Therapy:

DME Benefit:

Disposable Supplies Yes No Benefit %

Physical Therapy OT? ST? MSW?

Benefit %

Maximum Amount?

Psych Benefit?

Hospice Benefit?

Mileage Benefit?

POLICY INFORMATION

Insurance Company:

Policy or HIC #:

Phone #: FAX #:

Address:

Attention:

Spoke With:

Title: Dept.:

Is This Policy a Medicare Supplement? Yes No

If yes, are Benefits for:

a) Medicare Approved Services Only.

b) Medicare Denied Services:

c) Medicare Notice of Denial Required? Yes No

Is Pre-certification Necessary? Yes No

Phone # to Pre-certify.

Any Other Coverage in Effect? Yes No

If Yes, Which is Primary?

Effective Date of Policy: Renewal Date:

Case Management Available?

Case Manager/Supervisor Name:

Address:

Phone #: FAX #:

DOCUMENTATION NEEDED FOR REIMBURSEMENT

Claim Form? 1500 UB92 Provider Invoice

Length of Time Treatment Will Last

Letter of Medical Necessity?

Physicians Plan of Treatment?

Update Every 30 60 90 Days

Include Nurses Notes? Yes No

Financial Authorization?

Injury?

Date of Injury:

BENEFITS

Deductible Amount? $ Has it Been Met? Yes No

Calendar Year for Deductible?

If no, Balance Due: $ Benefit Paid @ %

Stop Loss/Out-of-Pocket Amount: $

Maximum Limit Amount: a) Yearly? $

b) Lifetime? $

c) Unlimited?

Hospitalization Required? Yes No

Care Must Begin Within_____Days of D/C From Hospital.

TO INSURANCE REPRESENTATIVE or CASE MANAGER

Please acknowledge the above information is correct and make changes if necessary. Thank You

Comments: _____

_____

Case Manager/Supervisor Acknowledgment_____Date _____

Courtesy of HelpSource, Wichita Falls, TX.

Service Request and New Case Set Up

Office: _____ Week ending: _____

Referral Taken By: _____ Date: _____ Time: _____

Person Calling: _____ Relationship to Patient: _____ ☐ New Case ☐ Change

Telephone #: _____ Referred By: _____

☐ Private Pay ☐ Group Health ☐ Other Insurance ☐ Medicaid W/C State (_____) Client No. _____

PATIENT INFORMATION

Patient Name | Sex: M F | Marital Status M S D Sep

Address: | Apt. #:

City: | State: | Zip:

S.S.#: | Group ID #: | Policy # or M/C #:

Telephone #: | D.O.B./Age:

Primary DX: (ICD-9)

Other Pertinent DX:/ | Surgery: | Date:

Hospital: | Adm. Date: | Disch. Date:

Patient Lives:
☐ Alone ☐ With Others: _____
☐ With Relatives/Spouse ☐ Pets in Home

Emergency Contact: | Telephone #:

Needs Assistant With:
☐ Bathing ☐ Feeding ☐ Dressing _____
☐ Transfers ☐ Ambulation ☐ ADLs _____

Bowel Continence ☐ Yes ☐ No Catheter ☐ Foley ☐ Suprapubic
Bladder Continence ☐ Yes ☐ No ☐ External

☐ Colostomy ☐ Reg. ☐ G-Tube ☐ Special
☐ Ileostomy ☐ N/G Tube _____

Allergies:

INFUSION ACCESS:
☐ Peripheret ☐ PICC ☐ Trach
☐ Median ☐ Central ☐ Vent Dep

LEVEL OF CARE:
☐ RN ☐ LV/PN ☐ HHA ☐ OT
☐ COMP ☐ PT ☐ ST

Frequency: | Bill Rate:

BILLING INFORMATION

Claim Form: *(circle one)* UB-92 1500 None | Race: | Table #:

Physician: | UPIN #: | Physician Telephone #: ( )

Patients Relationship to Insured: *(circle one)* SELF SPOUSE CHILD OTHER

Insured Name: | Sex: ☐ M ☐ F

Address:

City: | State: | Zip:

Insureds Social Security #: | Insureds D.O.B.:

Employer Name:

City: | State: | Zip:

Phone #:

Billing Name:

Address:

City: | State: | Zip:

Attention: | Phone #:

1500 & U892 Form Employment Status *(circle one)*
RETIRED EMPLOYED STUDENT UNKNOWN

Condition Related to Accident: ☐ Yes ☐ No

If Yes *(circle one)* JOB AUTO OTHER

Patient Type: (CPT) *(circle one)* LOW MODERATE HIGH

UB92 Form: Provider Number:

Start of Care: _____/_____/_____

Notes: _____

Courtesy of HelpSource, Wichita Falls, TX.

(Continued from page 159)

private duty functions, training is essential, sources report.

Certified intake staff can learn private duty, according to Nelson. "You [just] have to make them believe [they] can do it. With Medicare more utilization-oriented, a Medicare-managed care crossover is probably OK now," she says. Still, some individuals may not have the right combination of sales savvy, detail orientation, people skills, and regulatory know-how to succeed. Personality profile tests may help identify those with the right stuff, she suggests.

• **Explain expansion, costs.**

Start training by having staff understand both the importance of expanding into private duty and your rate structure. "They have to understand why it costs so much when you pay [paraprofessional] staff so little: the workers' compensation, malpractice, on-call expenses, etc. You have to go through it or else they'll sabotage it because they think you're overcharging," Nelson explains.

• **Develop a service philosophy.**

"You have to develop a service philosophy," Ruden advises. "It's a continuous education with staff that [even] Medicare clients have choices and people are shopping." Customer service, phone courtesy, and sales training are the cornerstones of intake training, sources advise. If either sending staff to sales seminars or hiring a sales consultant are too costly, consider using training tapes to impart critical sales techniques, Nelson advises.

• **Learn to ask the right questions.**

Learning the nuances of private duty verification and negotiation come next. "The No. 1 mistake a lot of people make is they don't call the insurance company at the beginning and find out [exactly] what the coverage is," **Alisha Britt**, training specialist at HelpSource explains. Staff tend not to ask the probing questions needed to get clients all the services they are entitled to and the company promptly paid, she explains.

For example, upon learning that a potential client is allowed 24 visits per year, some intake staff "will say 'OK. Thank you,' and hang up, but they fail to get the insurance company's definition of a visit. I've seen it range from one to eight hours," Britt notes.

Other common oversights include not determining whether a Medicare denial is necessary before private billing, and what billing forms are required. "You have to ask [the payer]; they won't tell you," she adds.

(See sample reimbursement information form, p. 160.)

Intake personnel must also learn to work the insurance company's system. For example, "with limited home health benefits, you can ask for the case management RN. [Then] it's a whole new world. They care about the patient, [but] many people don't know that you can do it," Britt explains.

• **Provide negotiation training.**

While it is important that intake staff understand the payer's organizational and procedure maze, they must also know what to place on and remove from the negotiation table. "Private duty costs [can be] prohibitive, and [you have to be able to ask] 'What can we do [to work with the client]?' You can put an option plan on the table and combine home health, DME, infusion, and a little private duty and help come up with something that meets client needs and preserves the referral," Wood explains.

"Unfortunately, people get intractable with their experience and background and for example, they may turn down a losing home health referral when you could do the patient's associated DME. You have to look at the overall organization. If one program gets $10 and the other loses $5, you're still better off," she continues.

Be prepared to bargain

If a client says 'I can't afford that,' staff should be prepared to bargain, according to Britt. "Just say 'We can always negotiate. Can I call you back in 15 minutes after I check with my administrator?' You

SOURCES

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- **Stephen Tweed**, CSP, Principal, Tweed Jeffries, P.O. Box 24475, Louisville, KY 40224. Telephone: (502) 339-1600.
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may not be able to give them [exactly] what they want, but even a 75 cents per hour reduction sounds better," she explains.

As very knowledgeable generalists, intake staff should be trained to think on their feet and know when to call in reinforcements. Scripts that outline responses to common private duty-related service calls help, but "some of it is trial by fire," Nelson says. Staff should learn to "never say never. If they can't think of anything else, they should say 'I need to check with the nurse in charge of that area and call you back,'" she continues.

• **Learn good listening skills.**

Part of the art of private duty intake is learning as much about the potential client's needs as possible while talking on the phone. Using one intake form for all patients, regardless of payer or requested services, may help intake staff walk through a series of discovery questions, Britt says. **(See sample service request form, p. 161.)**

Imagine you're talking to your grandmother

During role-playing exercises, "I tell people 'Assume it's your grandmother you're setting up services for. She's not eligible for Medicare but needs help.' Your voice softens, and it leads you to understand what they're in need of and to ask questions to determine needs," she adds. "You also need to make your language simple and easy to understand; remember, they're not clinicians."

While it's important to set up an intake system that doesn't rely on the private duty expert, even the most knowledgeable person may not be able to see a potential client's needs during a phone call. Train staff to explain that a referral phone call does not necessarily equal an admission. Consider offering free-of-charge assessment visits for potential self-pay clients, Britt suggests.

Woods agrees. "Even if you don't get paid for that visit, its better than taking on a case and having problems later on," she says.

• **Assess performance.**

Training intake staff "can't be a one-shot deal," adds Ruden. "You have to develop a feedback loop" to measure their effectiveness. Use a log to track inquiries that become new business, she says.

"You have to drive customer service both motivationally and through performance," Nelson agrees. She recommends testing your staff's customer orientation and grace under fire by arranging a mystery shopper to call every quarter with a complicated service request. Offer a bonus to the person who best meets the customer's needs.

No matter which intake configuration you choose and how much training you provide, staff should, above all, expect the unexpected. "It's never the same. It's different with every [referral], and [you just have] to ask a lot of questions and get to know the person as much as possible on the phone," Britt notes. ■

Private duty share of home care grows

Time is right for planned expansion

Private duty is a large and ever increasing slice of the home care pie. Its exact size is unknown, but the National Association for Home Care estimates that private pay accounts for about a quarter of the $40 billion annual home care market.[1] With Medicare payments now in a Balanced Budget Act of 1997-driven tail spin, experts agree that private duty is the growth segment of home care.

The term "private duty" means different things to different people, and there is an almost dizzying array of expansion possibilities, from live-ins to wake-up and bed-down services and everything in between. While such options create great opportunities, successfully developing private duty services that meet market needs and fit with your current product lines and organizational competencies is a delicate balancing act.

Program marketing, hiring, and service demands must grow together; if one outweighs the other, your expansion effort may fall flat on its face, warn experts. So carefully selecting and planning services is critical.

"You have to pick the niche that can happen in your market," says **Linda Nelson**, president of Wichita Falls, TX-based Help Source, a home care business consulting firm.

Finding your niche starts with a market analysis that determines the total size of the market and demographics such as age and income distributions, says **Stephen Tweed**, CSP, principal with Tweed Jeffries, a health care strategy firm in Louisville, KY. Such information is available at local libraries and over the Internet. "There's no pat number [to indicate a demographic and income]

critical mass, but most communities have a population that will sustain private duty," he notes.

Your research should not only identify potential rivals, but also assess their (as well as your own) competitive advantage, Tweed advises. This is especially important for organizations making first-time forays into private duty. For example, "a hospital-based agency may have done a demographic, economic, and consumer choices evaluation, [but it also needs to ask itself] 'can we compete with a mom and pop private duty agency that only does self-pay private duty? What's the source of our competitive advantage?'" he explains.

Even with your market analysis game plan, deciding just where to step onto the private duty playing field is not necessarily clear-cut. One approach is to segment the market and develop services based upon clients' resources, Tweed adds.

❒ Clients who can and will pay.

Serving high-end customers who pay out of pocket or have long-term care insurance can be very lucrative, Tweed says. "Some people will pay nursing rates to [have nurses] do paraprofessional services. [These cases] drop huge amounts to the bottom line, which offsets some of the negatives and difficulties of serving that population," he adds.

Such programs are not for everyone. "People try to get into this and fail because they're not prepared with staffing, recruiting, or marketing," Tweed warns. "You have to have good people who want to be there, who have a good use of language, and are comfortable dealing with high-income people," he continues.

Similarly, intake staff should be extremely flexible. "They should be prepared for almost any request, and accustomed to jockeying all kinds of requests, rather than just traditional private duty," Tweed advises.

Marketing such services involves building relationships with accountants, attorneys, bank estate officers, and others who may assist wealthy clients with financial and health care decision making.

❒ Clients who can but won't pay unless convinced.

The vast middle market of private duty has resources, but these people are reluctant to spend money unless they're convinced it will help themselves or their loved ones, Tweed says.

Packaged programs that combine several services may appeal to those seeking value. While probably less demanding than high-end boutique care, "this is not a high-volume, low-margin line extension of Medicaid waiver business," so close customer attention is important, Tweed notes.

Both potential clients and their distant-living children are marketing targets for packaged "rise and shine," "fluff and tuck," and care manager programs, he says.

❒ Clients who can't pay.

Medicaid waivers and other government-funded programs that serve a largely elderly population offer many private duty service opportunities. While providers are naturally interested in meeting client needs and providing good customer service, such programs are more a contractual relationship with intake a business-to-business transaction rather than customer-focused, Tweed notes. Efficient management and good staffing are essential for these high-volume, low-margin programs.

While it may be tempting to dabble in all three private duty segments, the different marketing and operational issues of each may confound such efforts, at least initially. Those with truly nascent private duty services may do well to stick close to home by first moving into Medicaid waivers and Area Agency on Aging programs, Tweed advises. The referral process and operational and customer service issues are not that far removed from Medicare, he explains.

Focus on a few services

Organizations expanding existing private duty operations should focus on no more than four middle-of-the-road services, according to Tweed. A good product mix might combine basic companion services and personal care attendants for the disabled with more specialized and packaged programs like bathing or rise and shine services.

In the early stages of private duty development, it may be tempting to take all comers. However, sources advise against saying yes to every service request, especially if it isn't consistent with your expansion target or current expertise.

"You have to balance your zest for entrepreneurship with good business practice. One [expansion] approach is to say 'I'll grow the business as requests come in.' But the downside is that you may not be able to meet [customer] needs, especially if the service is untested. If a request comes in for something you don't perform often, you have to ask 'Can I put it together easily?' If you're truly not performing it, it's better to say so

and refer [the client] elsewhere," says **JoAnne Ruden**, MPA, RN, president and chief executive officer of the Visiting Nurse Association of the Delaware Valley in Trenton, NJ.

"It's better to be as focused as possible getting started but with a willingness to work with people as requests come in," Tweed agrees.

Regardless of the services you choose, finding the right manager is the key to success, sources add. "You need to find an individual who has competency running a small business, who understands the elderly market, and who is motivated to grow the business. [She] should not be a nurse coming out of Medicare home care. [She'll] tend to run it that way, and this is not a medical model; it's a social model," Tweed notes.

"You must have someone entrepreneurial," Nelson agrees.

With a strategic direction and business-minded manager on board, develop clear goals and a realistic budget, and exercise some patience, Nelson advises.

"Front-end planning is critical. You can count on six months of a private duty director's salary to get a program up and running, [and] don't think [your manager] can do two things. You can't do it half way," she adds.

While the private duty director needs latitude to expand services, she also needs your support. "The biggest strategic mistakes people make [are] trying to run self-pay [operations] out of the same entity as their other business and not giving [the director] the resources needed to market and staff the program," Tweed notes.

The program director's entrepreneurial bent and organizational support, notwithstanding, staffing can be the Achilles' heel of success. "It's never easy. You have to make sure you have staff who are willing to work hourly shifts and are available to work anytime when getting started. You don't know when the business will come in," says **Alisha Britt**, training specialist at Help Source.

Reference

1. National Association for Home Care. *Basic Statistics About Home Care.* Washington, DC; 1997. ■

Need support for new programs?

How to find funding opportunities

Want to start a school nurse assistant program, but neither your company nor the local school district has the funds to do it? How about an elderly diabetic education and care service? A telemedicine pilot project? Money for all these services and many others is available for the asking, according to **H.C. Sonny Covington**, consultant with I Can! America, a nonprofit grant, resource and management consulting firm based in Lafayette, LA.

"There is an abundance of funds," says Covington. "People look at me strangely when I say that, but funding is only limited by your imagination."

"Health funding is a generally stable area of support," says **Steven Lawrence**, director of research at The Foundation Center, based in New York City. "It normally accounts for about 16% to 17% of total private and community grant funds and is about 12% to 13% of the number of grants," he adds. A quick review of The Foundation Center's database, sampling grants over $10,000 in a three-year period, revealed 518 home care-related awards.

Providers seeking grant funding should first conduct an organizational assessment and mission review, identifying your interests and strengths, Covington advises. Then closely evaluate community needs. "You need to look at what it would take to make your community healthy," he says.

Matching fundable organizational interests and community needs requires "being outside the box, looking at things nontraditionally and not getting caught up in 'We've never done this before,'" Covington says. You also may need to consider new and unique collaborations — with competitors, hospitals, and community organizations. Projects that combine multiple providers and services are especially fundable, he notes.

Monies for programs and services that focus on the elderly are also increasing, according to **Edward Miles**, editor at Manasquan, NJ-based Health Resources Publishing, which produces Grant Funding for Elderly Health Services, an index of funding sources and popularly supported programs. "As the population ages, there will be even more foundations recognizing the need to increase funding for senior services. Adult day care, hospital-based senior services, and research into aging are all big right now," he says. ■

SOURCES

- **H.C. Sonny Covington**, Consultant, I Can! America, 427 St. John St., Lafayette, LA 70501. Telephone: (318) 235-7005.
- **Steven Lawrence**, Director of Research, The Foundation Center, 79 Fifth Ave., New York, NY 10003-3076. Telephone: (212) 807-2410.
- **Edward Miles**, Editor, Health Resources Publishing, 1913 Atlantic Ave., Suite F4, Manasquan, NJ. Telephone: (732) 292-1100.

The Internet to the rescue

Providers in search of grant funding may find a wealth of information on the Internet. A list of grant-related Web sites follows.

✔ The Catalog of Federal Domestic Assistance at www.aspe.os.dhhs.gov/cfda/index.htm is a governmentwide compendium of 1,381 federal programs, projects, services, and activities that provide assistance or benefits to the American public. (This includes grants, loans, services, scholarships, training, and insurance.)

✔ Several federal agencies maintain grant information on their Web sites, including:

The Department of Health and Human Services at www.hrsa.dhhs.gov/grant.htm.

The Department of Commerce at www.fedworld.gov.

The Department of Education at www.ed.gov.

The Department of Agriculture (distance learning and telemedicine) at www.usda.gov/ruf/dlt/dlml.html.

✔ Grantwriters.com offers grant writing seminars and resources. Its Web site provides links to major governmental, foundation, and corporate Web sites.

✔ The Community Resource Institute at www.granted.org provides links to the Web sites of foundations with health funding, along with information about the grants awarded by nationwide, local and corporate funding sources.

✔ The Foundation Center at www.fdncenter.org provides information on foundation and corporate giving, proposal writing, and grant research workshops, as well as links to private and community foundation, corporate, and public charity Web sites. The Foundation Center also publishes printed directories and a CD-ROM database of over 40,000 grant-making foundations. This information is free at the Foundation Center's five regional centers in Washington, DC, New York City, Atlanta, Cleveland, and San Francisco, as well at more than 200 cooperating collection libraries.

✔ Guidestar: The Donor's Guide to the Nonprofit Universe at www.guidestar.org provides information about 40,000 nonprofit organizations and another 500,000 groups loosely classified as charities.

✔ Health Resources Publishing at (732) 292-1100 produces Grant Funding for Elderly Health Services, an index of funding sources and popularly supported programs. ■

Join the AHC listserv

Connect with providers across the country

Want to stay in touch with other private duty providers? Become a subscriber to American Health Consultant's Web-based listserv. To subscribe to this free service, send an e-mail to listserv@medec.com. In the body of the e-mail, type SUBSCRIBE HCARENURS, press return, and then type your first name and last name, hit return again, and send the e-mail. ■

Are you at legal risk due to the Millennium Bug?

While most businesses have to worry about management and technical issues surrounding the Millennium Bug, health care organizations have to worry about liability issues, too.

According to **John Gilliland**, JD, of the law firm Gilliland & Associates in the Cincinnati suburb of Crestview Hills, KY, you face liability issues if a system failure causes harm to a patient. For example, a nurse may miss a crucial visit to a patient because scheduling software was not year 2000 (Y2K) compliant.

In such cases, you first need to determine if the software manufacturer is liable for that mistake, rather than you, says Gilliland. "The problem is that while the Universal Commercial Code states that someone who makes a product gives an implied warranty, software companies typically have language with their product stating that you waive that warranty," he explains. "If you are

buying a turnkey computer system, as many home health organizations do, you have to look in the contract to see what promises have been made."

If you haven't waived the warranty, then you have to worry about which state law will apply — the law where the program was made, where it was sold, or where it was run. If you have a contract with a software company, such contracts usually will contain language that addresses the problem. Even if you have waived your warranty, you still may have recourse, says Gilliland. If you have written information from the company stating that their product is Y2K compliant, and if a failure of that program or system causes injury to a patient, you probably have a good case to claim damages.

Another potential legal problem could arise if you can't make payroll because you have a cash flow problem. "Most states have laws requiring that payroll be made regularly, and if you fail to make payroll, you can be subject to penalties and fines," Gilliland says. "Make sure you have a way to deal with the situation if there are three or four months where money isn't coming in. You can hope enforcement agents will be a little understanding of the problem, but you can't count on that."

Law firms already are gearing up for what they expect to be a passel of Millennium Bug claims, says Gilliland. The best way to protect yourself is to start a Y2K compliance program and be able to document that you have taken reasonable care to prevent a problem. ■

MenuDirect offers special meals

MenuDirect Corp. in Piscataway, NJ, recently introduced a line of entrees designed for people living at home on medically restricted diets due to dysphagia or other chewing and swallowing malfunctions. The consistency-modified, flavor-enhanced meals are prepared in the company's distribution center and shipped overnight to customers within the continental United States. Clients reheat the meals, which cost less than $3 per serving, using microwave or steam heat.

MenuDirect entrees provide a cohesive bolus, making them easy to chew and swallow, according to **Veronica Alicea**, RD, MBA, manager of health care promotion. The products also limit the meal fatigue of those living with dysphagia, and give caregivers a break from the challenges of special diet preparation, she adds.

Menu offerings range from cheese pizza and roast beef and cheddar sandwiches to Alaskan seafood casserole and Key lime mousse. In October, the company launched a line of gluten-free products for individuals with gluten allergies

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Subscription rates: One year (12 issues), $279. Approximately 18 nursing contact hours annually, $289; Outside U.S., add $30 per year, total prepaid in U.S. funds.One to nine additional copies, $140 per year; 10 or more additional copies, $84 per year. Call for more details. Missing issues will be fulfilled by customer service free of charge when contacted within 1 month of the missing issue date. **Back issues**, when available, are $24 each. (GST registration number R128870672.)

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and wheat intolerance. It plans a diabetic menu offering in Spring, 1999, according to Alicea.

Customers may directly order meals by calling MenuDirect's toll-free number (888) 636-8123 (MENU123). There, trained customer service representatives screen callers to ensure that MenuDirect products meet their needs. Professional dietitians are also available to assist clients. "This is a valuable resource for those with dysphagia," she says. ▼

Olsten and Prudential sign exclusive contract

Olsten Health Services, Melville, NY, and Prudential HealthCare Midwest Plan, Roseland, NJ, recently entered an exclusive contract enabling Olsten, through its Network Services program, to provide home nursing and infusion therapy services to Prudential's over 200,000 HMO and point of service members in Cincinnati and Columbus, OH, as well as Indianapolis and northern Kentucky.

Olsten's Regional Network Center in Houston will coordinate referrals under the agreement, which is effective Aug. 1, 1998. Both Olsten and its Network Services-contracted providers will provide services. "Olsten was chosen because of its ability to provide the services we feel are most important to our members, who require either long- or short-term home care," according to **Mike Graham**, vice president of operations, Prudential HealthCare Midwest Plan. ▼

Call for conference papers

The Canada West Foundation recently announced a call for papers for its conference "Healthy People and Healthy Communities: A Canada-United States Dialogue on Best Practices in Public Health." The conference will be held May 8-9, 1999, at the Royal York Hotel in Toronto, and is intended for health administrators, practitioners and policy-makers who deliver health care services and/or develop health policies.

The Conference's purpose is to promote a sharing of successful Canadian and American public health policies and practices. Its four themes cover integrating preventive and conventional medicine, pushing the boundaries of conventional medicine through complementary and alternative therapies, outcome measurements, and the ethics of health care.

The deadline for presentation abstracts is Dec. 1, 1998; however conference organizers may consider additional submissions. Contact Carey Hill at (403) 264-9535 or via e-mail at hillca@ucalgary.ca for further information.

The Calgary, Canada-based Canada West Foundation is a nonpartisan, nonprofit research organization. Its mission is to serve as a catalyst for informed public policy debate. ■

CE objectives:

After reading this issue of *Private Duty Homecare,* CE participants will be able to:

1. Identify three actions employers can take to minimize their exposure to embezzlement.
2. List four components of intake staff training.
3. Name the key to private duty expansion success.
4. Identify challenges in operating a school nurse program. ■