Home Health

BUSINESS REPORT

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A WEEKLY REPORT ON NEWS, TRENDS & STRATEGIES FOR THE HOME HEALTHCARE EXECUTIVE

HCFA scales back collection requirements in OASIS program

By MATTHEW HAY
***HHBR* Washington Correspondent**

WASHINGTON – The **Health Care Financing Administration** (HCFA; Baltimore) last week backed off a major requirement included in its Outcome and Assessment Information Set (OASIS) program after coming under the combined pressure of Congress and the White House. HCFA confirmed that it will not require home health agencies to collect this data for non-Medicare and non-Medicaid patients. OASIS, which is designed to create a standardized assessment for home health agencies, is scheduled to be implemented April 26.

"At the request of the vice president, HCFA has agreed to do a comprehensive review of the privacy issues related to the new proposal to collect data on home health patients," stated HCFA Deputy Administrator Mike Hash in a statement dated March 26. Hash added that HCFA agreed with OASIS-critic Rep. Edward Markey (D-MA) that the agency must "explore new ways to protect patient privacy, such as speeding up the encryption of data and eliminating the use of identifiable data for non-Medicare and non-Medicaid patients."

The requirement to collect this information on non-Medicare patients had so alarmed the home care industry that **National Association for Home Care** (NAHC; Washington) attorney Bill Dombi recently noted the association was considering whether to mount a legal challenge. However, HCFA abandoned its long-standing arguments about the need to collect data on non-Medicare patients after Vice President Al Gore directly intervened along with several members of Congress.

The sensitive nature of the questions included in OASIS – including not only a patient's medical history, but questions about psychological and financial status, family arrangements, and living conditions – has recently led to a rash of media attention and Congressional inquiries. Concern over these privacy issues has united groups as disparate as the **American Civil Liberties Union** and the conservative Washington-based **Heritage Foundation** against OASIS.

See HCFA, Page 8

Home care industry says HCFA's OASIS change just small step

By MATTHEW HAY
***HHBR* Washington Correspondent**

WASHINGTON – Just as the **Health Care Financing Administration** (HCFA; Baltimore) was forced to scale back its Outcome and Assessment Information Set (OASIS) program (*see related story above*), home care groups across the country filed their comments, which were due last month, on the program's reporting requirements. These comments show that the home care industry considers HCFA's recent decision to exclude non-Medicare and non-Medicaid patients from this program only one step in the right direction.

"In the short term, this policy modification resolves some of the more esoteric privacy and agency liability issues associated with data submission," the **National Association for Home Care** (NAHC; Washington) stated on Friday. "However, the bulk of OASIS data collection and submission burdens remain."

In its comments to HCFA, the **American Federation of Home Health Agencies** (AFHHA; Silver Spring, MD) summed it up this way: "As currently conceived, the timing of OASIS is wrong, the burden on home health providers is unsustainable, and the consequences are as predictable as they are disturbing."

AFFHA contended that implementing OASIS at a time when home health agencies are already under "severe financial hardship" as a result of changes mandated by the Balanced Budget Act of 1997 (BBA) "will further destabilize the home health industry infrastructure." However, given its intention to proceed with the program, AFHHA urged the agency to consider ways to make the OASIS burden "more rational and sustainable."

Home Health Service and Staffing Association (HHSSA; Washington) attorney Jim Pyles agreed with this assessment. "They were just premature with this," said Pyles. "What we have pointed out to HCFA is that it is very simple for them to take an approach that will work for them

See Groups, Page 2

INSIDE:

Groups

Continued from Page 1

and yet not eliminate access to care.

"All I know so far is that they have decided to not require information about non-Medicare patients to be reported in identifiable form," added Pyles. "That is totally inadequate." He said Medicare-certified home health agencies are still faced between now and April 26 with the elimination of all home health services to patients who refuse to give permission for the collection of the voluminous personal information included in OASIS.

"It is approximately a 30-foot document end-to-end, and it is 450 data elements, and patients don't want to provide the information," added Pyles, a partner with the Washington, DC, law firm of **Powers Pyles Sutter and Verville**. In its comments, HHSSA also noted the findings of a study completed by the HCFA OASIS contractor, which found that many patients refused to answer some or all of the OASIS questions. HHSSA said this refusal would result in the elimination of services on a broad scale.

HHSSA called on HCFA to narrow the OASIS data set down to "just the core data that are essential for the establishment of a case mix adjuster for prospective payment" and to collect this information in "a non-identifiable form or in some other manner that does not force patients to choose between healthcare and medical privacy."

HHSA added that HCFA is already laboring under an "ambitious" schedule for the implementation of a prospective payment system (PPS) for Medicare home health services just 18 months from now while at the same time faced with Y2K computer modifications. To top it all off, Congress plans to adopt privacy standards this summer as required by the Health Insurance Portability and Accountability Act of 1996.

AFHHA argued that there are currently "far fewer" agencies participating in the Medicare program than HCFA suggested in its notice in the *Federal Register*. "Our

See Groups, Page 6

Olsten settles suit for $70M

By KAREN PIHL-CAREY
***HHBR* Staff Writer**

Olsten Corp. (Melville, NY) expects to pay more than $70 million to settle two federal investigations into its home health division's practice of Medicare billing.

Investigators charged that the company sold several Florida home health agencies to **Columbia/HCA Healthcare Corp**. (Nashville, TN) for an amount far below their worth, then charged Columbia "inflated fees" to manage the agencies. The fees were billed to Medicare.

As part of the settlement agreement, the details of which are being negotiated, Olsten will pay $61 million to the **Department of Justice**, plus another $10 million in fines and penalties. Its **Kimberly Home Health Care** unit will plead guilty to violating certain federal criminal statutes.

Olsten spokesman John Fidler stressed that it is a proposed settlement, and that it could change. Beyond a press release, the company would make no further comments, he said.

"We really can't at this point," he told *HHBR*.

In a statement, President/CEO Edward Blechschmidt said: "After almost two years of investigations, we are pleased to have positioned ourselves to put these government inquiries behind us. In a company that has had an exemplary record of both ethical conduct and service excellence spanning nearly 50 years, we remain committed to the highest ethical and medical standards in the conduct of our business."

He also noted that neither the investigations nor the settlement negatively affected the quality of patient care or the company's future ability to care for its home health patients.

"There are no plans whatsoever of getting out of that particular business," Fidler said of the home health unit.

As a result of the settlement, Olsten expects to post a $70 million, 86 cents per share, charge in 1Q99, to cover the costs and to realign its businesses. The company may report earnings per share of 10 cents, 50% below Wall Street

See Olsten, Page 5

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COMPANIES IN THE NEWS

Amedisys reports FY98 results; CFO resigns

Amedisys' (Baton Rouge, LA) CFO, Mitch Morel, resigned March 31 to pursue other interests. The company has not yet named a replacement. Amedisys saw total revenues of $38.1 million in FY98 ended Dec. 31, up from FY97 restated revenues of $37.2 million. The company recorded a net loss in FY98 of $24.9 million, $8.12 per share, compared to a FY97 net loss of $1.2 million, 43 cents per share. Amedisys officials attribute the company's flat revenue growth to the Interim Payment System (IPS) and the per-beneficiary limit. Amedisys' FY97 earnings were restated for comparative purposes due to the discontinued operations of its staffing division, which the company sold in 1998. The loss, officials said, was a result of a $10 million write off of acquisition-related goodwill from the consolidation and strategic alignment of certain offices, the start up of its infusion therapy division, operating loss from acquisitions, and the effects of IPS and the per-beneficiary limit.

AHOM to file 10-K late

American HomePatient (AHOM; Brentwood, TN) will not file its annual report on time this year. The company has filed a notification of late filing with the **Securities and Exchange Commission** (SEC; Washington) under rule 12b-25. AHOM said it will file its annual report with the SEC no later than April 15. The company said it is unable to file on time because it is negotiating with its lenders to potentially amend the bank credit facility to remedy its covenant default status and modify certain financial and other covenants going forward. The company is currently in default of several financial covenants under its bank credit facility. Because these negotiations are not completed, the company is unable to finalize the classification of its debt and complete other portions of the company's financial statements.

AHOM also said it intends to record an accrued severance expense charge and a non-recurring pre-tax accounting charge for goodwill during 4Q98.

Apria announces first profit in year

Apria Healthcare Group (Costa Mesa, CA) last week announced a net profit for the quarter ended Dec. 31 of $2.3 million, 4 cents per share, compared to a net loss in 4Q97 of $238.2 million, $4.62 per share. The profit is the first the company has reported in more than a year.

Net revenues for 4Q98 were $223.3 million, compared to $266.7 million in 4Q97. The decline in 4Q98 revenues reflects Apria's continued exit of unprofitable elements of its business, officials said.

For the year ended Dec. 31 Apria reported a net loss of $207.9 million, $4.02 per share, compared to a net loss of $272.6 million, $5.30 per share, in FY97. FY98 revenues totaled $933.8 million, compared to FY97 revenues of $1.2 billion. In FY98, Apria generated positive operating cash flow of $133.9 million, compared to $104.1 million in FY97.

In October 1998, Apria announced plans to proceed with a $50 million rights offering of convertible subordinated debentures to stockholders and to use the net proceeds of the offering to reduce bank indebtedness. This offering, which would be underwritten by **Relational Investors**, Apria's largest shareholder, is still available to the company.

Since October, Apria believes there has been an improvement in the capital markets and an improvement in the company's results of operations and financial position. As a result, the company now intends to pursue an alternative $50 million financing with unrelated third parties on terms more favorable to the company than the previously announced rights offering. In the event that such a financing can be completed with pricing acceptable to the company, Apria will not proceed with the contemplated rights offering.

Apria said it expects its 1Q99 revenues will be higher than 4Q98 revenues. In addition, the company said it expects to see a profit in 1Q99 of 25 cents per share. The current **First Call** consensus of analysts' expectations for 1Q99, however, is a profit of 4 cents per share.

In other news, **Respironics** (Pittsburgh) has signed a contract extension to supply Apria with respiratory products through the end of February 2002. Under the terms of the renewed contract, Respironics is the primary supplier for all sleep therapy units and accessories. It also will be the single source provider for sleep study equipment and accessories and infant apnea monitors and accessories. In addition, Respironics has been named a shared primary supplier for volume ventilators.

In other news, An investment group, including investor Peter Cooper, reported a 5.5% investment stake in Apria last week. In a filing with the **Securities and Exchange Commission** (Washington), the group said it bought 263,600 common shares between March 17 and March 26 at prices ranging from $7.34 to $7.95 a share and currently holds 2.84 million shares of Apria. According to the filing, the group's holdings of the shares are for investment purposes, and the group has no extraordinary plans regarding the company.

Bindley 29th best company for investors

Bindley Western (Indianapolis) was ranked 29th out of 500 companies that were highlighted as America's Best Companies for Investors in a recent issue of *Barron's* magazine. To complete the list, Barron's reviewed the top 500 U.S. public companies, comparing annual revenues, and then ranked the companies based on stock-market returns and profitability.

OIG subpoenas Centennial's Medicare records

Centennial Healthcare Corp. (Atlanta), which owns subsidiaries that provide home health services, received a subpoena for Medicare records from four of its nursing homes. The subpoena was issued in connection with a civil investigation of possible improper Medicare claims, reported *The Wall Street Journal*. The industry believes that the **Office of Inspector General** (OIG) is looking at all long term care companies, Centennial CFO Alan Dahl told the *Journal*. "It may be that we were the next name drawn out of the hat," he said.

Patient Care acquires GA company

Chemed's (Cincinnati) **Patient Care** (West Orange, NJ) subsidiary has acquired the assets of **Georgia Nursing Services**, a home care company operating in the central Georgia market that generated revenues exceeding $3.1 million in FY98. The purchase price for the company was not disclosed.

CCSE to trade on Nasdaq Bulletin Board

Community Care Services' (CCSE; Mount Vernon, NY) common stock has been delisted from the Nasdaq Small Cap as of the close of business on March 30 and will now trade on the Nasdaq Bulletin Board. The decision to delist the stock was based upon the failure of the stock to maintain a minimum bid price of $1 pursuant to Nasdaq marketplace rules. The company has proposed a 1-for-3 reverse split to be considered at the April 8 annual shareholders meeting. CCSE said it believes this would cause the bid price of the stock to be in compliance with the Nasdaq Marketplace rules.

Coram to sell products on Internet

Coram Healthcare (Denver) announced last week its Internet strategy, which includes plans to sell prescription medication, over-the-counter products, vitamins, and supplements, as well as other healthcare-related products, on line through its **Coram Prescription Services** (CPS) subsidiary. In addition to selling products, the on-line pharmacy will allow CPS to expand its disease state management programs.

In other news, shareholders who sued Coram over alleged false statements that artificially inflated the price of the company's stock have petitioned the U.S. Supreme Court to review the dismissal of the suit. The suit, originally filed in 1995, was dismissed by the U.S. District Court for the Northern District of Georgia in 1997. That decision was upheld by the Eleventh Circuit Court of Appeals in October 1998. The plaintiffs filed the petition for review with the High Court on March 15, according to the company's annual report filed with the **Securities and Exchange Commission** (Washington).

In other news, Coram may have to repay a $12.7 million tax refund it received from 1995 if the IRS prevails in its proposed adjustments, notice of which the company received in January. Coram said it intends to contest the notice. For FY95, Coram posted a loss of $334.2 million, $8.39 per share, on revenues of $602.6 million. The refund covered deductions for warrants, the write-off of goodwill and the specified liability portion of the FY95 loss that affected the prior year's tax liability. The company agreed to an adjustment of $24.4 million that only affects net operating loss carryforwards available, but doesn't agree with the other proposed adjustment.

GF misses date to file 10-K

Graham-Field Health Products (GF; Hauppauge, NY) said it missed its March 31 due date to file its annual report because of accounting irregularities and errors the board's audit committee identified recently. The investigation by the audit committee required GF to restate its FY96 and FY97 earnings. The company said in a filing with the **Securities and Exchange Commission** (Washington) that it is in the process of determining the amount of adjustments needed to be made to the financials, which will then be subject to audit by GF's independent auditors, **Ernst & Young** (New York).

HealthCor to delay 10-k filing

HealthCor Holdings (Dallas) filed a not timely form last week with the **Securities and Exchange Commission** (Washington), saying it has seen a delay in the completion of its annual 10-K filing due to changes in Medicare reimbursement and a "material reduction in staff." The company said in the filing that it has experienced a "significant change in its operating environment" due to substantial changes and reductions made in reimbursement for Medicare part A nursing and therapy services. As a result of these changes and the subsequent restructuring undertaken since the beginning of 4Q98, HealthCor has sold certain of its assets and operations, which has required substantial alteration of its accounting processes and procedures.

HealthCor, according to the filing, expects the FY98 results to represent a loss for the company, stemming from the reimbursement reductions and the subsequent asset sales.

Invacare introduces new seating system

Invacare Corp. (Elyria, OH) has introduced a new seating system called Invacare Infinity Seating Technology. The seating offers support, positioning, and pressure reduction for home care clients with simple to moderately complex seating needs. It includes three layers of cushioning: the postural support layer, the pelvic support layer, and the ischial relief insert. Several options are available to meet a variety of needs.

Mid-South employees fight for back wages

About 30 employees of **Mid-South Home Health** (Memphis, TN) went to court last week to fight for back wages earned just prior to the company's abrupt closing on

Feb. 17. The closing left most of the 300 Mid-South employees unpaid for four weeks work, and the parent company, **Hospital Staffing Services** (HSS; Fort Lauderdale, FL) filed Chapter 7 bankruptcy two days later. Last month, U.S. Dist. Judge Bernice Donald ordered that HSS not move company documents, including time sheets and invoices, out of its Memphis office. She also ordered money collected from the invoices issued since Jan. 23, the last time employees were paid, be kept in a separate account, reported *The Commercial Appeal*. That amount totals $800,000.

Respironics and Tri-anim partner to sell BiPAP

Respironics (Pittsburgh) will partner with **Tri-anim Health Services** (Sylmar, CA) for sales and distribution of the company's BiPAP Vision Ventilatory Support System. The system, which received clearance from the **Food and Drug Administration** (Washington) in November 1998, will be used for noninvasive and invasive ventilation applications.

Sunrise's stock receives below-average rating

Sunrise Medical (Carlsbad, CA) stock received a below-average rating for its timeliness and an average rating for safety by Phillip Seligman of **Value Line**. Investors had expected a recent restructuring of the company would result in a profit improvement and a strong 1Q. The company has noticed a sales decline in its home healthcare group. All it can do is focus on sales, reported the *San Diego Union-Tribune*. "There's little left for Sunrise to do in the cost-control arena," Seligman said. ■

Olsten

Continued from Page 2

expectations.

Following news of the settlement, **Standard & Poor's** revised its outlook of Olsten and subsidiary, **Quantum Health Resources**, from stable to negative. "The company will be challenged to improve its currently sub-par financial profile," S&P's said. "Additional borrowing for settlement of federal government investigations and a payment for an acquisition in France will test Olsten's financial capacity if operations do not improve."

With the realignment, the company will exit the hospice business and several home medical markets, Fidler said. It will rely on outsourcing those services to qualified vendors.

The company will also "be closing or consolidating 15 additional nursing services branches around the country," Fidler told *HHBR*. And the company will continue "streamlining operations in billing and collection which we started last year."

The company's **North American Staffing Services** division will also see a realignment, with an 8% reduction of its 400-branch network.

Despite the proposed settlement, the company still expects double-digit revenue growth for each of its businesses in 1Q99. ■

MANAGED CARE REPORT

• **Blue Cross and Blue Shield of Florida** (BCBSFL; Jacksonville, FL) is introducing a new program to help seniors save up to 30% on prescription drugs. The new Blue Saver prescription drug program will give more than 17,000 Florida members of BCBSFL's Medicare supplemental plans a new way to save money using a discount card being mailed to their homes. To use the program, when members need to fill a prescription, they present their discount card to participating pharmacies.

• **Cigna Corp**. (Philadelphia) said it expects to recognize an after-tax gain of $40 million on the sale of an additional interest in its Japan life operations to **Yasuda Fire & Marine Insurance Company**. Cigna reported earlier this month that the sale is expected to occur in April and will reduce Cigna's ownership interest in the unit, **INA Himawari Life Insurance**, to 61%. Yasuda, which acquired a 10% stake in INA Himawari in 1993, announced in 1996 it would boost its stake to 60%. The Japan operations offer indemnity insurance coverages, with some products containing managed care or administrative service aspects.

• **WellPoint Health Networks** (Woodland Hills, CA), the owner of **Blue Cross of California**, has offered to buy the parent of **Blue Cross and Blue Shield of Colorado** (BCBSCO; Denver), **Rocky Mountain Hospital and Medical Service** (Denver), for more than $200 million, reported *The Wall Street Journal*. But two weeks ago, BCBSCO agreed to a transaction with **Anthem** (Indianapolis) for $165 million, the *Journal* reported. WellPoint officials said they hope to revive negotiations with the company.

• **Humana** (Louisville, KY) has begun using **IMA**'s (Washington) Edge software to automate customer relationship management activities on an enterprise-wide basis. Five call centers in four states – Kentucky, Florida, Texas, and Wisconsin – are linked to a single logical customer contact center supporting Humana's outbound and inbound telesales efforts for MediGap insurance.

• **Pennsylvania Physician Healthcare Plan** (Harrisburg, PA) has received permission from state regulators to operate as an HMO in Pennsylvania, reported *Best's Insurance News*. The HMO, which will be called Physicians Care HMO, will operate in Cumberland, Dauphin, and Berks counties. Richard Felice, president/CEO, said doctors formed the company in 1995 to create a physician-controlled managed care organization. About 4,000 doctors are shareholders in the company.

• **PacifiCare Health Systems** (Santa Ana, CA) said last week that **PacifiCare Benefit Administrators** (Mercer Island, WA), one of PacifiCare's third party administrator subsidiaries, is pursuing a sale of its assets to focus PacifiCare's long-term strategy in Washington on growth of the commercial and Medicare managed care product lines. ■

Groups

Continued from Page 2

research indicates that approximately 25% of the 10,492 figure indicated by HCFA are now gone or are no longer accepting Medicare patients," asserted AFHHA. "In addition, the OASIS burden on the remaining HHAs in terms of cost and administrative change will be far greater than HCFA acknowledges. Only 30% of providers, as indicated in the notice, stand to benefit from what is in any case an inadequate add-on to the per-beneficiary limits. For the majority of agencies – those who exceed their per-beneficiary limits – there will be no financial compensation for a significant new cost."

The **Home Care Association of America** (HCAA; Jacksonville, FL) echoed this theme. With the possible exception of the interim payment system (IPS), HCAA termed OASIS "one of the most visible examples of an unfunded mandate" on home health agencies. HCAA argued that although HCFA has maintained that funding is included to help agencies cover the cost of implementing OASIS, the "meager" funding provided does not take into account the time it takes to educate staff, survey patients and record and transmit the data. The association also pointed out that HCFA's own final rule noted concern on the part of the agency that it "may not have captured all relevant costs, particularly ongoing and automation costs."

After learning about HCFA's decision to eliminate non-Medicare and non-Medicaid patients from OASIS last week, NAHC outlined its remaining priorities concerning OASIS. In addition to its failure to fully reimburse agencies for the costs associated with OASIS, NAHC said HCFA has thus far failed to correct problems with the free HAVEN software that agencies must use to submit OASIS data.

In addition, it charged that HCFA has not provided agencies protection against liability for breach of confidentiality once patient-specific data have been transmitted over public telephone lines. "This concern applies to tansmission of data for all patients [including] Medicare, Medicaid, and private pay," NAHC added.

NAHC also announced that it is currently in discussion with several Congressional offices regarding introduction of a resolution that disapproves of the OASIS collection and reporting requirements.

"If approved in the Senate and House, a resolution of disapproval would force HCFA to withdraw the pending requirements and issue new regulations that both fully consider the burdens OASIS places on small businesses and provide justification for imposition of that burden," NAHC stated.

The association was quick to point out that it was a similar resolution introduced in the Senate last year by Sen. Kit Bond (R-MO) that prompted HCFA to withdraw its contentious home health surety bond regulations. ■

TECH UPDATE

• **Simione Central Holdings** (Atlanta) has acquired **Tropical Software Services**, a home medical equipment management system, for $1.8 million in cash and 100,000 shares of Simione Central stock. The product will provide all functions for managing a home medical business, including retail and rental sales, scheduling, accounts receivable, accounts payable, claims processing, and inventory control. Simione reported $41.6 million in revenues in FY98 ended Dec. 31, an 11.3% decrease from FY97 revenues of $46.9 million. The company saw a net loss for the year of $12.2 million, $1.42 per share, compared with a net loss in the previous year of $4.5 million, 63 cents per share. The FY98 results include one-time restructuring costs due to the termination of the **Columbia/HCA** (Nashville, TN) contracts and the elimination of certain legacy development projects. In 4Q98, the company saw a net loss of $2 million, 23 cents per share, compared with a net loss in 4Q97 of $7 million, 83 cents per share. Revenues for the 4Q were $5.2 million, a 57.4% decrease from the previous year's 4Q revenues of $12.2 million.

• **CareFacts Information Systems** (St. Paul, MN) has signed contracts with **Chippewa County Health Department** (Sault St. Marie, MI), and **LMAS District Health Department** (Newberry, MI) to provide its software solutions for home care and public health. Chippewa will implement the companies clinical software at their public health agency, and LMAS will implement it for the home health services.

• **MedicaLogic** (Hillsboro, OR) has signed a strategic marketing agreement with **3M Health Information Systems** (Salt Lake City) to integrate Logician, MedicaLogic's ambulatory electronic medical record solution, with 3M Care Innovation software, a suite of care management products that forms a comprehensive computer-based patient record system. Under the agreement, MedicaLogic and 3M will coordinate delivery of an integrated clinical information system to healthcare enterprises seeking best of class solutions to meet their clinicians' needs. ■

CORPORATE LADDER

• Craig Newbold has returned from retirement to serve as president of **Personnel Group of America**'s (PGA; Charlotte, NC) BEST Consulting unit. Newbold was a founder of the unit and served as its president following PGA's acquisition of it in 1996. Best brought in about 15% of PGA's 1998 revenues. ■

REGIONAL DIGEST

• The Indiana House Judiciary Committee has endorsed a bill that gives families the ability to turn down life-saving devices if a dying patient in home care does not want them. Under Senate Bill 262, a patient with a terminal condition receiving home or hospice care would have to sign a legal document outlining the do-not-resuscitate order. The patient would wear a necklace or bracelet to alert emergency medical personnel of the wish. Before this bill, do-not-resuscitate orders were available only in hospitals and nursing homes.

• Four Cincinnati hospitals will participate in **Momentum Health Solutions**' provider network. Momentum formed an agreement with the **Mercy Physician Hospital Organization** (Cincinnati), transferring medical management responsibilities of 3,000 patients at Mercy's four hospitals. To become part of Momentum, a person must be eligible for Medicare and enroll in **PacifiCare Health Systems**' (Santa Ana, CA) Secure Horizons plan. Mercy also offers home healthcare.

• A Palmyra, PA, woman will spend 2.5 to 5 years in prison for defrauding people through businesses purported to place nannies, cleaners, and home care providers. The woman pleaded guilty to 118 charges: 43 counts of bad checks, 39 counts of forgery, 21 counts of theft by deception, eight counts of theft of services, five counts of theft of leased property, and one count each of unlawful use of computers and dealing in proceeds of unlawful activities, reported *The Harrisburg Patriot*. She was fined $5,900 and ordered to pay $46,026 in restitution. Court records say that Spengler did not pay employees, accepted application fees from clients without providing services, and created phony checks on her computer.

• **UNC Hospitals** (Pittsboro, NC) has purchased **Hospice of Chatham County**, allowing it to offer its own hospice services for the first time. In the past, UNC has had to contract with hospice agencies. Hospice of Chatham will become UNC Hospice, and will serve patients in Chatham and Orange counties.

• **Solution Point** (Dallas) and **Catholic Healthcare West** (CHW; San Francisco) have formed a partnership that allows Solution Point to more effectively manage its business, and to expand its services in California. CHW is a system of hospitals, ancillary facilities, home care, and physician organizations in California, Arizona, and Nevada. Solution Point was selected by CHW for its ViewPoint Interactive software and quick response survey methodology, the company said.

• Employees of a 72-bed hospital in Etowah, TN, are outraged at federal and state agents for tactics used in a Feb. 24 surprise search for evidence of Medicare fraud. The agents entered Woods Memorial Hospital's dialysis center and home health office strapped with guns because, a special agent told *The Wall Street Journal*, "in remote areas, you never know how people are going to react." The agents herded about a dozen people into a small office and transferred all calls to the home health agency to a single phone line, employees said. After 14 hours of seizing records and conducting interviews, the agents left with a truckload of documents at 10:30 p.m. The **Office of Inspector General** (OIG) has not told the hospital what allegations it is investigating. "We're hoping the OIG will come to us if they find something that's wrong and say, 'You shouldn't have done this,'" said Chris Trew, the hospital's attorney. "We don't believe it was an intentional attempt to defraud somebody."

• U.S. Rep. Judy Biggert (R-IL) toured a Winfield, IL, hospital and made home visits last week to check on home healthcare in her district, reported the *Chicago Tribune*. "Some of these hospitals and health systems that offer home healthcare can't afford to have any further spending reductions and stay in business," she told the *Tribune*. A spokesman for **Central DuPage Health** (Winfield, IL), owner of the hospital and home health agency Biggert visited, said the visit provided the opportunity to show her how Washington policies affect her constituents.

• A leaked government report suggests that Ontario might be preparing to ration home care, making beneficiaries pay for previously free services, the *Toronto Star* reported an advocacy group as saying. "The contents are basically designed to plan the long-range underfunding of home care in this province," said **Ontario Health Coalition** co-Chairman Dan Benedict. A 149-page draft of proposed regulation changes leaked to the coalition includes proposals such as the introduction of "policies to specify co-payment charges," the *Star* reported.

• Researchers at the **Home Care Evaluation and Research Center** (HCERC), a newly developed center dedicated to Canada's home care industry, will study the viability and effectiveness of home care services in Canada, an area growing rapidly due to technological advances and reductions in hospital funding. Figures from experts in Canada show that government spending on home care has increased from $62.3 million in 1975 to more than $2.1 billion this year. The center, developed at the University of Toronto, is a joint initiative of the Faculty of Nursing and the Faculty of Medicine's health administration department. It will examine utilization, funding, human resources, technology diffusion, home environment, cost, quality of care, and policy design of the home care industry.

• **Home Aides of Central New York** has been awarded accreditation from the **Joint Commission on Accreditation of Healthcare Organizations**. Home Aides provides nursing, home health aide, and Lifeline personal emergency response systems, as well as other supportive services. ■

HCFA

Continued from Page 1

Meanwhile, implementation of OASIS is running headlong into efforts by Congress and the Clinton administration to develop legislation that protects the confidentiality of patient medical records. It is widely expected that some form of privacy bill will be passed by Congress this summer, and many observers believe OASIS will be cited as a prime example of the need for these new laws.

"The bottom-line problem here is that HCFA failed to understand that privacy is one of the most essential elements of quality," said **Home Health Service and Staffing Association** (HHSSA; Washington) attorney Jim Pyles, who was instrumental in engineering HCFA's most recent concession. "Instead, they were taking the approach many insurance companies take that the only thing that is important for quality is the disclosure of voluminous information."

Congress targets OASIS, signaling further changes

On March 23, Markey met with HCFA Administrator Nancy-Ann Min DeParle and conveyed his serious concerns about many of the current requirements of OASIS. Markey's letter to DeParle the next day shows that his concerns extend well beyond the non-Medicare population the agency had planned to survey.

The day after his meeting with DeParle, Markey told the HCFA administrator he was "encouraged" to learn the agency had reconsidered its policy on collecting information in "identifiable form" from non-Medicare patients. But he immediately added that he hoped HCFA would now consider how to accomplish its goals by collecting information on Medicare patients "in de-identified" form as well. Markey enumerated a list of "additional and continued concerns" that were focused largely around patient privacy issues.

"One of my primary concerns," Markey told DeParle, "is that through OASIS, data of a very sensitive and personal nature will be collected from every home health patient served by a Medicare certified home health agency and reported in a fully identifiable form to the state and federal government, where it will be kept in a national data bank." For example, Markey queried DeParle whether patients will be informed explicitly what information is to be assessed, by whom this assessment will be made, and for what purpose. Markey also posed these questions:

• Will patients be given an opportunity to refuse to consent to the collection and reporting of information that is unrelated to their treatment without losing their home health services?

• Will patients have an opportunity (and be made aware of this opportunity) to view their assessments before they are sent to the state and federal government? And in the event they disagree with an assessment will they have the opportunity to correct their information?

• This information is to be collected for both quality assurance and payment purposes. HCFA maintains that it is necessary to be collected in identified form for payment purposes. Would it be possible to separate the data items needed for quality assurance purposes only and submit those items in de-identified form?

• How long will this information be maintained in a data base, and is there a long-term objective for its maintenance? Once all objectives for the collection of this information have been achieved, will it be destroyed?

Finally, Markey noted that many patients seek home heath services "to preserve their independence and their sense of dignity" and "maintain a sense of control and privacy." He questioned whether an assessment conducted every 60 days that funneled personally identifiable information into a national database would deny these patients the privacy they have come to expect. Markey urged DeParle to make privacy "a top priority" as final revisions to OASIS are made prior to its implementation later this month.

Concern about OASIS is also being voiced in the Senate. At a recent hearing on the financial status of the Medicare program, Senate Finance Committee Chairman Sen. William Roth (R-DE) and other members of the committee raised questions with DeParle about some of the personal questions included in the OASIS data set. ■

WHAT THEY'RE SAYING

• An editorial in the Raleigh, NC, *News & Observer*, criticized the 19-page survey which the **Health Care Financing Administration** (Baltimore) plans to give ill elderly people. While the intentions are good, the plan goes too far, asking questions about sexual, mental, and financial matters that do not directly relate with the patients' medical problems, the editorial stated. "The government cannot require sensitive private information about people who simply are receiving services to which they are entitled," the editorial stated. "...Government needs some information to carry out its essential functions. What it doesn't need, it has no business collecting."

• Rhode Island home health agencies have a shortage of home health aides because of low wages and high employment, making it difficult to recruit and retain workers, stated an editorial in *The Providence Journal*. The editorial supported a $5.06-an-hour wage increase proposed by the **Rhode Island Long Term Care Coordinating Council**.

• In a recent letter to the editor of *The Toronto Star*, a home care nurse wrote that government policies are making it impossible to attract and keep nurses working in the community. New government policies, she wrote, mean that home care nurses have to compete directly with low-wage companies, which are making a profit from treating the sick. The competition is forcing wages and working conditions down further as nurses must now bid against the companies to keep their jobs, she wrote. ■