Home Health

BUSINESS REPORT

MONDAY, APRIL 12, 1999 VOL. 6, NO. 15 PAGE 1 OF 8

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

Home oxygen providers fearless of GAO's call for standards

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

WASHINGTON – Home oxygen providers believe they have little to fear from the **General Accounting Office**'s (GAO; Washington) recent findings that development of service standards for home oxygen suppliers should be a priority of the **Health Care Financing Administration** (HCFA; Baltimore). "It is about time that HCFA got around to issuing standards for home oxygen equipment suppliers," said Erin Bush, the associate director of government relations for the **Health Industry Distributors Association** (HIDA; Alexandria, VA). "We have been working toward more realistic standards ever since we held a consensus conference on this issue in 1996."

The GAO study, "Access to Home Oxygen Largely Unchanged, Closer HCFA Monitoring Needed," concluded that HCFA has failed to take the steps it should to assess and ensure access to home oxygen. The GAO noted that in November 1997 it recommended that HCFA monitor trends in beneficiary access to various types of home oxygen equipment, restructure the modality-neutral payment, if necessary, and educate prescribing physicians about their right to specify the home oxygen systems. But the GAO said HCFA has made only "modest beginnings" in meeting these recommendations, even though most of them are mandated by the Balanced Budget Act of 1997 (BBA).

As the GAO also noted, in addition to slashing Medicare rates for home oxygen by a stiff 25% in January 1998, followed by another 5% in January 1999, the BBA called on HCFA to establish service standards for Medicare's home oxygen benefit. But HCFA has yet to meet that requirement.

The reason for HCFA's delay, said HCFA watchers, is that the agency's resources have been sapped by other priorities, notably Y2K computer modifications. "This has just not been a priority, even though Congress and (the) GAO

See GAO, Page 2

LTTR signs letter of intent to buy Community Care Services

An *HHBR* Staff Report

If **Community Care Services** (CCSE; Mount Vernon, NY) shareholders approve, the company will merge with **LTTR Home Care** (New York), a privately held home care provider.

CCSE has executed a non-binding letter of intent with LTTR under which LTTR, or one of its affiliates, will acquire the company by way of merger. Under the terms of the letter of intent, each CCSE shareholder will receive $1.20 per share in cash from LTTR.

CCSE officials said the completion of the transaction is subject to the negotiation of definitive agreements, as well as the approval of its shareholders. CCSE intends to solicit shareholder approval for the acquisition as soon as is practicable and said it expects to close the transaction by the end of 2Q99.

See Merger, Page 6

Home care industry pushes for further changes in OASIS

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

WASHINGTON – The **Health Care Financing Administration** (HCFA; Baltimore) is reportedly working on further changes in its Outcome and Assessment Information Set (OASIS), but an agency spokesman told *HHBR* at presstime that no immediate changes are expected.

Last week, the agency announced that the effective date for home health agencies to begin transmitting OASIS data will be later than the April 26 date currently specified in the OASIS reporting regulation. The new "go-live" date will be 30 days after HCFA publishes "a system of records" in the *Federal Register*, which is expected to take place later this month.

Many observers believe HCFA will be forced to make further concessions, including modification of the collection process to ensure that patient-specific, identifiable informa-

See OASIS, Page 6

INSIDE:

GAO

Continued from Page 1

have repeatedly asked them to do it," said one observer. "They are caught up with Y2K computer updates, as well as blunders they made with other parts of the BBA, including the Medicare Plus Choice program."

The agency told the GAO it plans to publish new service standards that will apply to all durable medical equipment providers in the next few months, followed by specific service standards for home oxygen.

Even if this comes about, health care attorney Michael DeCarlo, of the Washington-based firm **Dickstein, Shapiro, Morin & Oshinsky**, suggested service standards might have only marginal impact. "Service standards might be a 'red herring' as far as what is really needed in the industry," said DeCarlo, who pointed to significant changes in home oxygen technology that are reducing the number of visits required. "The industry is already making fewer visits, and manufacturer recommendations are stretching those visits out as well."

The GAO's findings appear to confirm that assessment. "As the technology of concentrators continues to improve," the GAO reported, "oxygen concentrators have been slowly replacing stationary liquid systems." The GAO noted that Medicare claims for the first half of 1998 showed a decrease in the proportion of Medicare patients using the more costly stationary liquid oxygen systems, and it said this decline has been a consistent pattern since 1995.

The GAO also looked at beneficiary access to home oxygen in light of the reimbursement cuts imposed by the BBA and concluded that the reduction in Medicare payment rates have not had a major impact on access. "Preliminary indications are that access to home oxygen equipment remain substantially unchanged, despite the 25% reduction in Medicare payment rates that took effect in January 1998," said the GAO. As evidence, the agency pointed out that the number of Medicare beneficiaries using home oxygen, which has been on the rise since 1996, appeared to increase in 1998.

The GAO's contention appears to be bolstered by the recent performance of several major respiratory companies. "Obviously, there was enough profit margin for companies to make their deliveries more lean and still post a significant profit," said one industry observer, who pointed to large quarterly profits recently posted by some of the country's largest respiratory therapy companies.

The GAO said its findings were also bolstered by hospital discharge planners who told the agency that access has not been a problem, even for Medicare beneficiaries that require more expensive equipment. In addition, the GAO reported that suppliers accepted the Medicare allowance as full payment for over 99% of the Medicare home oxygen claims filed for the first half of 1998.

HIDA's Bush did take issue with some of the GAO's findings, however. For example, she noted that the agency only examined the first two quarters of 1998, immediately after the 25% reduction took effect, and before the additional 5% reduction kicked in earlier this year. "The pinch had not really yet been felt," she argued. Moreover, Bush said that delivery technicians may increasingly be assuming a role previously performed by more experienced respiratory therapists. ■

WASHINGTON UPDATE

• Congress is talking about creating a federal family long term care insurance plan that would cover about 12 million people, including civilian employees, spouses, parents, and parents-in-law. The Clinton administration estimates that 300,000 people would sign up initially, and the government could negotiate premiums that would be 15% to 20% lower than most people would pay, from between a few hundred to a few thousand dollars a year. "It would mean relatively low cost protection that many will need eventually," reported *The Washington Post*. It would shift the cost of home healthcare to individuals and insurance companies, rather than government assistance programs such as Medicaid. ■

Home Health Business Report® (ISSN 1073-9572) is published every Monday by American Health Consultants®, 3525 Piedmont Road, Building Six, Suite 400, Atlanta, GA 30305. Opinions expressed are not necessarily those of this publication. Mention of products or services does not constitute endorsement. Home Health Business Report® is a trademark of American Health Consultants®, a Medical Economics Company.

ATLANTA NEWSROOM: Executive Editor: **Jim Stommen**. Managing Editor: **Lee Landenberger**. Editor: **Meredith Bonner**. Staff Writer: **Karen Pihl-Carey**. Washington Correspondent: **Matthew Hay**. Senior Production Editor: **Amy Wesolowski**.

BUSINESS OFFICE: Vice President/Group Publisher: **Donald R. Johnston**. Marketing Manager: **Amber Godfrey**. Operations Coordinator: **Debbie Strickland**. Account Representative: **Bob Sobel**. Reprints: **Karen Wehye**.

SUBSCRIBER INFORMATION
Please call **(800) 688-2421** to subscribe or if you have fax transmission problems. Outside U.S. and Canada, call **(404) 262-5476**. Our customer service hours are 8:30 a.m. to 6:00 p.m. EST.

EDITORIAL
Meredith Bonner **(404) 262-5478**
Karen Pihl-Carey **(404) 262-5514**

VICE PRESIDENT/GROUP PUBLISHER
Donald R. Johnston **(404) 262-5439**

INTERNET
http://www.ahcpub.com

COMPANIES IN THE NEWS

Amedisys may not continue as a going concern

Amedisys (Baton Rouge, LA) said in its recent 10-K filing with the **Securities and Exchange Commission** (Washington) that its debt repayment obligations and other matters raise substantial doubt regarding the company's ability to continue as a going concern. As of Dec. 31, Amedisys had a working capital deficit of about $31.3 million and a stockholders' equity deficit of $11.7 million. In addition, Amedisys has $22.1 million in debt repayment obligations, which will be due within a year. Amedisys said in the filing that current projections indicate operations will not produce sufficient cash flow to fund those operations.

Amedisys has undertaken a significant restructuring effort to reduce operating costs by closing unprofitable locations and reducing components of overhead expenses to minimize the deficit.

Amedisys said it is negotiating the restructuring of certain of its debt obligations and is considering the possible sale of certain operating assets to generate cash to fund its obligations. Amedisys had, as of Dec. 31, a one-year, $14 million note payable to **Columbia/HCA Healthcare** (Nashville, TN). The loan agreement with Columbia restricts Amedisys' ability to incur additional indebtedness or sell or transfer any of its property unless the cash proceeds from such sale are applied to reduce the balance due on the note payable. Amedisys also has borrowings under bank lines of credit of about $3.5 million and $750,000.

In other news, Amedisys said that on Jan. 1, it sold all of the issued and outstanding stock of **Amedisys Durable Medical Equipment**, doing business as **Care Medical and Mobility**, to **Ace Drug Medical Equipment** for $672,385. The purchase price of $100,000 was paid at closing. Another $418,318 was payable pursuant to a two-year note, payable in eight equal quarterly payments of principal and interest at prime, plus 2% adjusted annually.

Apria expects $11M drop in FY99 revenues

Apria Healthcare Group (Costa Mesa, CA) estimated in its 10-K filing with the **Securities and Exchange Commission** (Washington) that the 5% Medicare reimbursement cut for home oxygen therapy that took effect Jan. 1 will reduce its FY99 revenues and operating income by $11 million. In November, Apria had estimated a drop in FY99 revenues of $9 million.

The Medicare rate cut, imposed by the Balanced Budget Act of 1997, also mandated a 25% reduction in reimbursement rates for oxygen therapy services, effective Jan. 1, 1998, which decreased Apria's FY98 revenues and operating income by $57 million. Apria still recorded an FY98 profit, however, for the first time in more than a year.

Apria expects 1Q99 earnings of 25 cents per share, and the company said in the filing that it expects to meet those estimates if current gross profit margin trends continue, despite its continued exit from unprofitable business units and the absorption of the 5% cut in reimbursement for oxygen therapy.

In other news, a group including **Relational Investors**, Apria's largest shareholder, reported a 15% investment stake in Apria. The group holds 7.8 million common shares of Apria.

Proposed acquisition of Centennial canceled

Welsh, Carson, Anderson & Stowe (New York) canceled its proposed acquisition of **Centennial Healthcare Corp**. (Atlanta), reported *Dow Jones News Service*. Centennial has declined Welsh Carson's request to a mutual termination of the deal, and said the merger isn't necessary for its success. Welsh Carson cited a federal investigation of Centennial as the reason for the cancellation. Centennial has been served with a subpoena for Medicare records from four of its nursing homes. Welsh Carson agreed in October to acquire Centennial for $190 million, and a shareholder vote had been scheduled for April 15. Centennial has announced its 4Q98 and FY98 results. In 4Q, revenues were $93.1 million – an 8% increase over $86.2 million in 4Q97. The company posted a net loss of $612,000, 5 cents per share, compared to the previous year's net income of $3.9 million, 32 cents per share. In FY98, the company saw revenues of $357.6 million, compared to FY97 revenues of $304.3 million. It posted a net loss for the year of $315,000, 3 cents per share, compared to a net income in FY97 of $9.8 million, 48 cents per share.

Continucare sells rehab assets

Continucare Corp. (CNU; Miami) sold its assets of its rehabilitation subsidiaries to **Kessler Rehabilitation** of Florida for about $5.5 million cash. Continucare expects to recognize a loss of about $5.5 million to $6.5 million on the transaction. About $4 million of the net proceeds will reduce the outstanding balance of the company's $5 million acquisition facility with **First Union National Bank of Florida**, reported *Dow Jones News Service*.

Invacare announces investment plan

Invacare Corp. (Elyria, OH) reported that capital investments for FY99 will be about $32 million, according to its 10-K filing with the **Securities and Exchange Commission** (Washington). The company expects to invest in capital projects "at a rate that equals or slightly exceeds depreciation and amortization in order to maintain and improve the company's competitive position." In FY98, the company spent $29.3 million on capital expenditures. In other news, the company has upgraded its Action

Arrow Storm Series power wheelchairs to include the Gearless Brushless GB Motor as the standard package. The motor offers efficiency and a quiet operation that features a 7.25 mph speed with a 300-pound capacity and a two-year warranty.

Olsten settlement "good news," says analyst

The $70 million charge that **Olsten Corp**. (Melville, NY) expects to take in 1Q99 is actually good news, Matthew Roswell, an analyst for **Legg Mason Wood Walker**, told *Dow Jones Business News*. The charge will cover a $61 million settlement of two Medicare fraud investigations, and it puts them to an end much sooner and much more cheaply than expected, Roswell said. Some of the $70 million charge will go toward a reorganization allowing Olsten's new management to decide about the future of its home healthcare operations, he said.

Priority authorizes stock split

Priority Healthcare's (Altamonte Springs, FL) board has authorized a three-for-two stock split of the company's common stock to be effected as a stock dividend to all shareholders of record at the close of business on April 20. Holders of class A common stock will receive class A shares in the split, and holders of class B common stock will receive class B common shares. Shareholders as of April 20 will receive a stock dividend of one share for each two shares held. Cash will be paid in lieu of fractional shares on May 4. ■

CORPORATE LADDER

• James Stodd has been named vice president of human resources for **SCAN** (Long Beach, CA), a California health plan under contract with Medicare. Before joining SCAN, Stodd held senior level consulting positions with **Hay Management Consultants**, **Ernst & Young**, and **Furst Transitions**. The company has also named Susan Cameron as COO. Cameron previously served as the company's senior vice president of healthcare services. She joined the company in 1997. Other promotions include that of Sherry Stanislaw, who will be senior director of customer services, and that of Beth Richardson, who will be senior director of claims.

• **Interim HealthCare** (Annapolis, MD) has named Marion Bingham as a client service representative, who will match staff to clients and schedule appointments. Karen Martin will be the company's new clinical data clerk, and Rosemarie Moore is a new receptionist.

• **Horizon Pharmacies** (Denison, TX) has named Robert Wallis vice president of purchasing. Wallis will be responsible for expanding the purchasing department. Prior to joining Horizon, Wallis was president of **Hyde Drug**. ■

CLARIFICATION

Olsten Corp. will pay $61 million, including about $10 million in fines and penalties, to settle two federal investigations into its practice of Medicare billing. The company expects to post a $70 million charge in 1Q99 to cover the settlement and costs to realign its businesses. A report on page 2 in last week's issue of *HHBR* gave contrary information ■

WHAT THEY'RE SAYING

• Although the **Health Care Financing Administration** (HCFA; Baltimore) has temporarily decided to not transmit data collected from non-Medicare home health patients through the Outcome and Assessment Information Set (OASIS), there is still much more the agency must do, stated an editorial in the *New Orleans Times-Picayune*. "The 19-page survey is still too intrusive. And it isn't clear yet whether a patient who refuses to answer the questions will be allowed to receive care," it stated. "Homebound patients already have enough to worry about, and they surely don't need to be unwilling subjects in someone else's research."

• "Home care is one of the most important and most poorly paid of the health professions," stated an editorial in *The Star-Ledger* of Newark, NJ. But with **Cooperative Home Care Associates** (New York), founder Rick Surpin built a for-profit company owned by its employees, allowing it to afford better wages and benefits. And employees have been willing to forgo pay increases since they share in the profits. They make about $8 an hour and are only guaranteed 30 hours of work a week, but many were once on welfare. Payments for their services come from Medicaid and Medicare. "Cooperative Home Care Associates shows that innovation is not confined to high-tech companies," the editorial stated, "entrepreneurship is by no means beyond the reach of the poor, and public money, if used right, can create paths toward independence."

• In a letter to the editor published in *USA Today*, the **Home Care Association of America** (HCAA; Jacksonville, FL) criticized **Health and Human Service Department** (Washington) Secretary Donna Shalala's reasoning for why the projected insolvency date of Medicare has been extended to 2015. She said it was due to better management that holds people accountable. "Baloney," wrote Scott Lara, director of government affairs with HCAA. The **Health Care Financing Administration** (HCFA; Baltimore), has cut so much from the Medicare home health benefit that many homebound patients are being forced into nursing homes or are left at home without any care at all, he wrote. ■

PPM/MSO NEWS

• **Sheridan Healthcare** (Hollywood, FL) plans to sell itself for $155 million to private investors. The investment group includes **Vestar Capital Partners of New York**, Sheridan CEO Dr. Mitchell Eisenberg, and Executive Vice President Dr. Lewis Gold. The group will offer stockholders $9.25 a share in cash for all outstanding shares, reported the *Sun-Sentinel* in Fort Lauderdale, FL. **NationsBank** has committed $75 million to finance the acquisition. Vestar will provide the rest.

• **PhyMatrix** (West Palm Beach, FL) and its subsidiary, **Clinical Studies**, has named Michael Heffernan to the role of co-CEO, in addition to his duties as president. Abraham Gosman will remain chairman of the board and will also serve as co-CEO with Heffernan, who joined the company in October 1997. And John Wardle has been named COO for the company's Provider Network Management business. Wardle most recently served as a senior vice president with **United HealthCare of New England**. PhyMatrix has also announced that once asset sales are completed, it will change its name to **Innovative Clinical Solutions**.

• The office of California Gov. Gray Davis is looking into proposals to free bankrupt **MedPartners Provider Network** (Long Beach, CA) from state control. The proposals would allow the parent company, **MedPartners** (Birmingham, AL), to pay off about $100 million in debts to doctors and hospitals, and it would require providers to continue caring for the company's patients and managed care companies to continue sending members to its clinics.

• **Vestar Capital Partners** (New York) has agreed to lead a $155 million investment in **Sheridan Healthcare** (Hollywood, FL) that will make the company a private entity. The equity portion of the transaction is $80 million, of which the management group has committed to take as much as an 18% stake, reported *Buyouts*. **NationsBank**, the company's lender, has agreed to provide $75 million in bank debt and a $50 million working capital loan to fund growth plans. The offer should close by the end of 2Q99.

• Florida regulators have joined Colorado and Arizona in investigating **Pediatrix Medical Group** (Fort Lauderdale, FL) for Medicaid fraud. Pediatrix's shares fell 15%, and volume was 14 times the three-month daily average, reported the *Sun-Sentinel* in Fort Lauderdale. Brooks O'Neil, a **U.S. Bancorp Piper Jaffray** analyst, said he has seen no evidence that Pediatrix did anything illegal. The company announced that earnings would be reduced by about 3 cents per share due to accounting and legal expenses and a change in accounting.

• **FPA Medical Management** won an increase in debtor-in-possession financing to $55 million from $50 million through a bankruptcy court ruling. The extra money will be used to fund working capital in 2Q99. FPA expects to emerge from Chapter 11 proceedings by the end of May, reported *Dow Jones Business News*. A hearing to confirm the company's second amended joint plan of reorganization has been continued to April 21. ■

MANAGED CARE REPORT

• **HIP Health Plan of New York** has been awarded three-year, full accreditation by the **National Committee for Quality Assurance**.

• **Aetna U.S. Healthcare of Philadelphia** has earned the 1999 Sachs Seal of Excellence. The award, given by **Sachs Group** (Evanston, IL), identifies the plan as one of the nation's leading health plans for members satisfaction with health and wellness information.

• **Horizon Blue Cross Blue Shield of New Jersey**'s (Newark, NJ) Horizon HMO commercial managed care plan has received full, three-year accreditation from the **National Committee for Quality Assurance**.

• **A.M. Best** (Oldwick, NJ) last week affirmed its A rating on **Blue Cross & Blue Shield of Florida** (Jacksonville, FL). The rating reflects the company's strong position in the Florida healthcare market, established managed care capabilities, and consistently good earnings, A.M. Best said. Offsetting these strengths, A.M. Best added, are the challenges facing the company in maintaining both market share and historical levels of profitability in light of Florida's increasingly competitive healthcare environment.

• **Humana** (Louisville, KY) and **Columbia/HCA Health Care** (Nashville, TN) have reached a deal in which Humana will continue to give care to thousands of plan members in Florida. The terms of the two-year contract were not disclosed. More than 1.3 million Humana members in Florida were in danger of losing coverage for using the 56 Columbia hospitals in the state, reported the *Wall Street Journal*.

• Four preferred provider organizations have joined to form a PPO network that covers six states, including Colorado, Iowa, Kansas, Missouri, Nebraska, and South Dakota. The network of provider-sponsored PPOs provides employers with access to more than 19,000 healthcare professionals and 400 hospitals. The network will provide coverage through the following health plans: HealthCare Colorado, HealthNet in Kansas and Missouri, Midlands Health Partners in Iowa, Nebraska, and South Dakota, and Preferred Health Systems in Kansas.

• **RightChoiceManaged Care** (St. Louis), in its first review, was granted a one-year accreditation from the **National Committee for Quality Assurance** for its HMO Missouri, doing business as BlueChoice HMO, subsidiary. ■

REGIONAL DIGEST

• Ontario will receive a funding increase of $18.1 million for long term care community service agencies, including home care agencies. The money will allow agencies to expand programs such as Meals on Wheels, home visits, transportation, adult day programs, and attendant services, reported the *Canada NewsWire*.

• Three Florida men were found guilty for submitting $10 million in fraudulent Medicare bills through **Amitan**, a Miami home healthcare agency. Rene Corvo was one of Amitan's two owners who allegedly orchestrated the fraud. His financial advisor, Jorge Salas, and Antonio Abigantus, were among 34 defendants charged in the case. They all face three to six years in prison and will be sentenced in June. Corvo's partner, Ramon Dominguez, pleaded guilty in a related case and was sentenced in January to six years in prison. Amitan is no longer in business. The company created false medical records that were signed by nurses and doctors making them look legitimate, reported the *Associated Press*.

• A Hartford, CT, woman faces losing her home health services because she earns $2.18 over the $1,500 monthly limit. A small windfall from a class action pension settlement increased her income. Without home healthcare a couple hours each day, the 90-year-old woman would be forced to enter a nursing home. The woman urged state lawmakers to pass a law to remedy the situation, reported the *Associated Press*. The bill would allow people to reject additional income that puts them over the monthly limit so they can remain eligible for the federally funded home healthcare.

• Utah has lost about half of its home healthcare agencies because of the changes in Medicare reimbursements, reported the *Salt Lake Tribune*. The state once had 112 agencies, and now has about 55. A spokesman with the **Utah Department of Health** said the drop "is amazing to us. We're hoping there's adequate agencies left out there to meet the consumers' needs."

• Twenty-four home health nurses of **Doctor's Choice Home Care** (Indianapolis) – a company bought out by **Winona** (IN) **Health Care Services** – are suing the agency's previous owner for wages totaling more than $21,000. The employees have not been paid for two weeks in January even though Medicare was billed for their services, the *Indianapolis Star* reported. The employees are seeking back wages, penalties, attorneys' fees and an injunction preventing anymore Medicare payments to go to the former owner. If they win, they would be entitled to three times the actual damages – about $64,791.

• **The Visiting Nurse Association of Harrisburg** in Pennsylvania has moved from its Washington Street address to 3315 Derry St. in Harrisburg. The phone numbers and fax numbers will remain the same.

• Hospital and home health nurses in Anchorage, AL, are threatening to strike if **Providence Alaska Medical Center** does not boost wages by 25% over the next three-year contract. Providence is offering to give a 10% raise over the contract. The hospital said the nurses' average hourly wage of about $24 is already among the highest in the nation, reported the *Anchorage Daily News*. The nurses unionized five years ago, but have never worked under contract.

• Pennsylvania Gov. Tom Ridge has proposed changes to the state's Children's Health Insurance Program (CHIP) that would give insurance coverage for services not currently covered, such as home healthcare. The proposal hinges on approval of $20 million in additional funds in the 1999 budget. The change could take affect in July. More than 74,000 children are enrolled in CHIP, reported the *Associated Press*.

• **Friends Life Care at Home** (Blue Bell, PA) is expanding into the Lehigh Valley this Spring, Friends Life President Carol Barbour said last week. The program, launched in 1990, has now enrolled nearly 1,200 members, mostly in the greater Philadelphia area, she said. Last year, it expanded into Delaware and this year, into central New Jersey. ■

Merger

Continued from Page 1

CCSE said it has formed a committee of independent directors to consider the company's proposed merger. The new committee is comprised of Dean Sloane, former chairman of CCSE, who remains a member of the board, and Gary Spirgel and Louis Rocco, both newly appointed directors. CCSE said late last week that it elected Alan Landauer to succeed Sloane as chairman. The company's shareholders also elected a third director, Thomas Blum.

In connection with the letter of intent, CCSE has granted LTTR the right to negotiate for the acquisition of the company through at least May 13. In addition, CCSE will be required to pay a break-up fee if it fails to complete the transaction for any reason other than failure to obtain shareholder approval, officials said. **Pinnacle Partners** (Miami) is acting as financial advisor to CCSE.

CCSE also announced its proposed one-for-three reverse stock split has been rejected by its shareholders. ■

OASIS

Continued from Page 1

tion is not included. In the meantime, however, home health agencies must comply with all of the requirements of the OASIS program. In its communication last week, HCFA reiterated that agencies are expected to conduct comprehensive assessments, including the OASIS data, as currently required under the new conditions of participation.

The delay in the effective date did little to ease the con-

cerns of the home care industry. "There is no real relief here at all," said Gene Tischer, executive director of **Associated Home Health Industries of Florida** (AHHIF). Tischer argued that instead of making the OASIS requirement "agency-wide," HCFA should make it "patient-wide" by eliminating non-Medicare patient populations, such as private-pay and commercial insurance.

The **National Association for Home Care**'s (NAHC; Washington) Bill Dombi takes a similar view. According to Dombi, the only data that has immediate value to HCFA is Medicare patient information for purposes of constructing the prospective payment system (PPS). "HCFA, itself, intended to have this data collected for a significant period of time before they intended to make any use of it," Dombi noted. Only after HCFA has OASIS up and running should it collect this data on non-Medicare patients, argued Dombi. "At that point we think it would be appropriate to collect it on all patients."

NAHC also continues to argue that home health agencies should not be forced to bear the expense of collecting this data. "That puts home care in a very difficult position and sets a very bad precedent for any other administrative changes directed by HCFA," Dombi asserted. "Nobody else in health care is facing this kind of requirement."

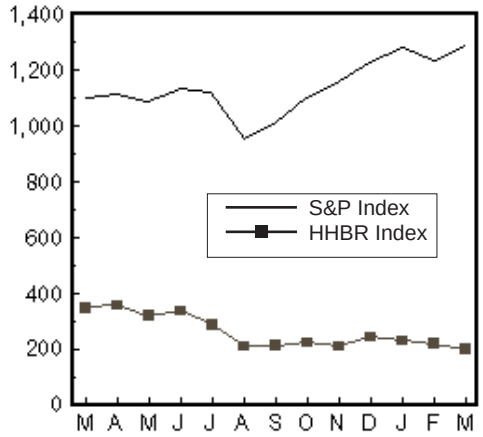
In addition to excluding non-Medicare patients and securing adequate reimbursement, NAHC recently submitted the following recommendations in response to HCFA's regulation on OASIS: provide a minimum of 72 hours or more for HHAs to complete the discharge or to transfer the OASIS data after the agency has knowledge of its occurrence for a given patient; modify the requirements to encode and finalize data to 14 working days after completing OASIS data; clarify the language to require transmission of OASIS data, at least monthly, only for patients for whom data was collected in the previous month; make technical corrections to the HAVEN software; incorporate policy language in the final rule that will enable data to be transmitted from branch office sites using the agency's assigned log on identification and password; provide immunity and/or indemnification to HHAs that transmit confidential, patient-identifiable information by electronic means; and withhold any dissemination of OASIS-related data until the new privacy regulations are released. ■

MONTHLY STOCK INDEX COMPARISON

	Close 2/26/99	Close 3/31/99	Net Change	Percent Change
Home Health Industry Stock Index	222.34	201.69	-20.65	-9.29
Dow Jones Industrial Average	9306.58	9786.16	479.58	5.15
N.Y.S.E. Composite	586.46	603.59	17.13	2.92
S&P 500 Composite	1238.33	1286.42	48.09	3.88
Nasdaq OTC Composite	2288.03	2461.4	173.37	7.58
Dow Jones Health Care Index	568.93	581.09	12.16	2.14

HHBR'S HOME HEALTH COMPOSITE STOCK INDEX

The Home Health Business Report Composite Stock Index represents the collective performance of 9 publicly traded companies with primary businesses in the home healthcare industry. Companies included in the Composite Index are denoted with an inverted triangle (▽) in the "company name" column of our monthly stock tables appearing on page 8. The HHBR Composite Stock Index was compiled by Nordby International, and has been constructed to show comparative performance of a selected group of home healthcare stocks with the S&P 500-Stock Index. The Index was calibrated to match the 435.71 closing of the S&P 500 on Dec. 31, 1992.



MAJOR MOVERS IN HOME CARE IN MARCH 1999

TOP FIVE PERCENTAGE GAINERS

Staff Builders Inc.▽ 111.11
New York Health Care Inc. 33.33
Apria Healthcare Group Inc.▽ 31.03
Mid Atlantic Medical Services 28.80
Amedisys Inc. 25.00

TOP FIVE DOLLAR GAINERS

Apria Healthcare Group Inc.▽ 2.81
Kelly Services Inc. 2.25
Mid Atlantic Medical Services 2.25
ServiceMaster L.P. 1.63
Columbia HCA Healthcare 1.06

TOP FIVE PERCENTAGE LOSERS

Pediatric Services of America ....-50.00
American HomePatient Inc.▽ ....-46.15
Infu-Tech Inc. ....-41.67
Community Care Services ....-33.33
Graham-Field Health Products Inc. ....-30.95

TOP FIVE DOLLAR LOSERS

Lincare Holdings Inc.▽ (s) ....-7.50
Mallinckrodt ....-4.31
Sabratek ....-3.88
Chemed Corp. ....-3.81
National HealthCare ....-2.25

Market Diary:	Advances	Declines	Unchanged	New Highs	New Lows
	This Month.....14	This Month.....19	This Month.....4	This Month.....0	This Month....10

Public Company Financial Statistics (March 31, 1999, close)

EXCH	COMPANY		TICKER SYMBOL	CLOSING PRICE 3/31/99 $	% CHANGE THIS MONTH	% CHANGE THIS YEAR $	52 WEEK HIGH	52 WEEK LOW	EPS LAST 12 MOS. $	PRICE/ EARN RATIO $	MARKET CAPITAL (1000S)~ $
NAS	Amedisys Inc.		AMED	2.5	25	-13.04	4.88	1.5	-2.42	–	7663
NAS	American HomePatient Inc.▽	(L)	AHOM	1.31	-46.15	-27.59	21.13	1	0.12	11	19669
NYS	Apria Healthcare Group Inc.▽		AHG	11.88	31.03	32.87	12	2.56	-4.02	–	614876
NAS	Caretenders HealthCorp.		CTND	2	-17.95	-27.27	7.94	1.75	-1.34	–	6260
NYS	Chemed Corp.		CHE	25.75	-12.9	-23.13	41.44	25.13	1.98	13	243363
NYS	Columbia HCA Healthcare		COL	18.94	5.94	-23.48	34.63	17	0.59	32	12224270
NAS	Community Care Services		CCSE	0.5	-33.33	100	6	0.13	-0.81		3573
NYS	Coram Healthcare Corp.▽		CRH	1.94	10.71	3.33	3	1.06	-0.44	–	95232
NYS	Graham-Field Health Products Inc.	(L)	GFI	1.81	-30.95	-46.3	8.06	1.19	-1.76	–	56751
NAS	Healthcor Holdings Inc.		HCOR	0.16	6.67	70.67	3.63	0.06	-4.92	–	1615
NAS	Help at Home Inc.		HAHI	1.19	-5	-29.63	2.13	0.53	-1.58	–	2219
NAS	Home Health Corp.		HHCAC	0.44	0	40	4.44	0.19	-7.15	–	4320
NAS	In Home Health Inc.▽ (s)	(L)	IHHI	1.31	5	-27.59	4.5	1.06	0.1	13	7193
NAS	Infu-Tech Inc.	(L)	INFU	1.31	-41.67	-34.38	7.5	1.31	-0.03	–	4283
NYS	Integrated Health Services Inc.	(L)	IHS	5.5	-7.37	-61.06	39.94	5.5	-1.08	–	290494
NAS	Interwest		IWHM	2.5	-20.79	-25.93	5	2.44	0.37	7	10223
NAS	Invacare Corp.		IVCR	24.31	2.37	1.3	28.75	19.88	1.5	16	726555
NAS	Kelly Services Inc.		KELYA	27.75	8.82	-12.6	38.5	23.75	2.23	12	1021228
NAS	Lincare Holdings Inc.▽ (s)	(L)	LNCR	28.13	-21.05	-30.66	44.38	17.25	1.44	20	1637044
MKG	Mallinckrodt		MKG	26.63	-13.94	-13.59	39.75	19.75	1.41	19	1897963
NAS	Matria Healthcare		MATR	2.69	-14	-6.52	6.5	1.4	-2.78	–	97852
NYS	Mid Atlantic Medical Services		MME	10.06	28.8	2.55	14	4.44	0.2	50	499442
ASE	National HealthCare	(L)	NHC	8.13	-21.69	-47.58	38.5	7.63	-0.58	–	91951
NAS	National Home Health Care Corp.		NHHC	4.38	0	-7.89	5	3.88	0.18	24	22544
NAS	New York Health Care Inc.		NYHC	1.38	33.33	37.5	2.25	0.63	0.09	15	5170
NAS	NuMed Home Health Care Inc.		NUMD	0.22	0	-26.67	1.81	0.13	-0.43	–	1093
NYS	Olsten Corp. (The)▽		OLS	6.19	0	-16.1	16.13	4.5	0.05	124	502920
NAS	Option Care Inc.▽		OPTN	1.88	-6.25	11.11	5.88	0.75	-0.06	–	20636
NAS	Pediatric Services of America	(L)	PSAI	1.25	-50	-64.29	21.75	1.13	-1.21	–	8315
NAS	Respironics Inc.	(L)	RESP	13.19	2.93	-34.17	29.25	9.63	-0.15	–	418426
NYS	Sabratek		SBTK	15	-20.53	-8.4	36.13	13	0.44	34	147210
NAS	ServiceMaster L.P.		SVM	20.31	8.7	-7.93	25.5	16	0.64	32	6231448
NAS	Staff Builders Inc.▽		SBLI	0.38	111.11	-32.44	2.47	0.09	-2.99	–	8935
NYS	Star MultiCare Services Inc.		SMCS	1.38	-15.38	-4.35	2.88	1.13	-1.02	–	7215
NAS	Sunrise Medical Inc.	(L)	SMD	6.25	-13.79	-49.75	16.19	6.13	-0.39	–	138738
NAS	Transworld Home HealthCare Inc.		TWHH	2.94	-29.85	-37.33	7.13	2.13	0.05	59	51556

KEY: (H)=NEW HIGH • (L)=NEW LOW • NYS=NEW YORK • ASE=AMERICAN
NAS=NASDAQ • (s)=STOCK SPLIT • ▽ in HHBR Composite Index • NA=not available

MARKET CAPITAL figure reflects total for this class of stock only. Stock listed is the most actively traded of the company's classes of stock.

Source: Nordby International, Boulder, CO.