Home Health

BUSINESS REPORT

MONDAY, APRIL 19, 1999 VOL. 6, NO. 16 PAGE 1 OF 7

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

Questions persist over changes in OASIS

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

WASHINGTON – The home care industry is hoping Congress will force the **Health Care Financing Administration** (HCFA; Baltimore) to make further changes in its Outcome and Assessment Information Set (OASIS). But while some members of the House Ways and Means health subcommittee members reportedly asked the agency to postpone OASIS by a full year, HCFA is not saying much at the moment.

"On the Republican side, I am hearing rumors that there might be a bill or a request that HCFA go back and certify that every question is necessary," a senior House Ways and Means health subcommittee aide told *HHBR*. "There is certainly a lot of agitation out there about OASIS." But the aide said that Subcommittee Chairman Rep. Bill Thomas (R-CA) and ranking member Rep. Pete Stark (D-CA) are not cur-

See OASIS, Page 2

HCFA caves in on sequential billing requirement

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

WASHINGTON – The **Health Care Financing Administration** (HCFA; Baltimore) instructed its fiscal intermediaries (FI) last week to discontinue sequential billing and payment policies for home health claims, effective July 1, 1999. The change followed a recent Senate resolution offered by Sen. Kit Bond (R-MO) and Sen. Jeff Bingaman (D-NM) that urged HCFA to examine the impact of sequential billing on home health agencies.

Congressional resolutions, while not legally binding, have become a favorite tool for the home care industry. The resolution regarding sequential billing offered by Bond, who plays a key role as chairman of the Small Business Committee, was reminiscent of a similar resolution he offered last spring that prompted HCFA to postpone its surety bond regulation. The **National Association for**

See HCFA, Page 7

New company focuses on fee-for-service reimbursement

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

In an industry where Medicare-dependent companies are dying one right after the other, a new home healthcare company in Nashville, TN, may have found the secret to survival.

Auxi Health was created by **Monterey Capital** (Houston) by combining eight independent home healthcare companies into one. The combined businesses, which provide nursing care, infusion therapy, and respiratory therapy out of 32 offices, had about $60 million in total revenues over the past year.

What Auxi is doing that makes it unique and that may set a precedent for other home health companies to follow is this: It is limiting the amount of revenue brought in from Medicare to only 10% of the total. That means 90% of its rev-

See Auxi, Page 4

Unified industry proposal still in search of a sponsor

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

WASHINGTON – The unified industry proposal for immediate home health payment reforms is still in search of a Congressional sponsor. The five national associations joined forces earlier this year to throw their collective weight behind a single proposal and avoid the internal divisions that plagued the industry's legislative efforts last year. But that effort has yet to bear fruit.

That proposal would restore access to home healthcare for patients with medically complex conditions and require that a prospective payment system (PPS) is implemented on Oct. 1, 2000, with incentives for agencies to provide services to these patients. It would also eliminate the mandatory 15% cut scheduled for Oct. 1, 2000.

"We are now talking to several Congressional offices

See Proposal, Page 2

OASIS

Continued from Page 1

rently working together on any specific request. "That doesn't mean that a junior member might not easily get 10 or 15 signatures on something that would delay it for a year or delay it until HCFA really needs the data for a [prospective payment system]," the aide added. "You name it, there are any number of scenarios out there."

In the meantime, home care representatives are pressing HCFA for clarification on whether or not they will require data for both Medicare and non-Medicare patients. "There is still a lot of speculation that HCFA will not require agencies to report data for non-Medicare patients once HCFA starts accepting OASIS data," said one industry representative who has been consulting with HCFA on this issue on a regular basis. But at the moment, the agency appears uncertain about the course it will ultimately chart.

Earlier this month, a senior HCFA official told *HHBR* that the agency does not plan to receive non-Medicare information until it is capable of encrypting it, but that change has not been formally released by the agency. Days later, HCFA was prompted by a growing concern over patient privacy to delay the transmission of all OASIS data beyond the April 26 date specified in its regulation.

Before the agency can accept OASIS data, it must establish "a system of records" that define the "routine uses" for this data. No new transmission date was specified, but the new system must be published in the *Federal Register* at least 30 days before HCFA can require agencies to start doing so.

In a directive earlier this month, HCFA also instructed state and regional offices "not to cite noncompliance with OASIS requirements at this time." The agency added that "during this period of early implementation, it is important that surveyors recognize HHAs' current ability to comply with the OASIS regulations and provide education where needed." Unfortunately, HCFA has yet to offer any instruction to agencies about encoding OASIS data in the interim and that has left agencies in a confusing position.

If agencies continue encoding OASIS data on all patients and HCFA does decide to exclude non-Medicare patient information, agencies will be forced to open each record and remove all non-Medicare data before transmitting, explained one industry representative. ■

Proposal

Continued from Page 1

seeking a sponsor," said one industry representative. "We don't have one yet, but I think we will soon," he predicted. The lobbyist said the industry is currently setting up a series of meetings with Capitol Hill offices and hopes to get a member of the House Ways and Means Committee, the Senate Finance Committe, or somebody in a leadership position to sponsor the bill.

Several other measures are also being considered on Capitol Hill. Rep. Edward Markey (D-MA) introduced a long term care proposal last month, but that amendment was defeated in the House Budget Committee. Markey deemed his proposal "the 2% solution" because it would use 2% of future projected budget surpluses to provide long term, in-home, community-based respite care to the elderly.

Markey is now planning on introducing that amendment as a free-standing bill, which will include home health services, nursing care, and respiratory therapy. He has pegged the cost of his proposal at $3.3 billion per year over the next five years. Last month, Markey said that community hospitals in his district had slashed their home health visits from 470,000 in 1997 to 332,000 in 1998 and said that number is expected to fall to 260,000 this year.

"That proposal was defeated in the Budget Committee so now what we have to do is wait for the appropriations process to proceed," said an aide to Markey. "Its political prospects are not as bright as we would like them to be because of the majority's decision to pass a budget which does not adequately fund home healthcare."

"There are some rumblings about a package of 'fixes' to the BBA that is being considered and certainly a big part of that would be specific to home healthcare," another House aide told *HHBR*. "But I don't have a sense of what the dollar amount would be." ■

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.

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

Counsel withdraws 27% stake in AHOM

American HomePatient's (AHOM; Brentwood, TN) largest shareholder, **Counsel Corp**. (Toronto), says it is cashing out. Counsel, a publicly traded healthcare investment company, said earlier this month that it plans to divest its 27% stake in AHOM by the end of FY99, reported the *Nashville Business Journal*. Counsel has recorded losses of more than $32 million in a single quarter because of its investment in AHOM, Counsel said.

In a quarterly statement filed with the **Securities and Exchange Commission** (SEC; Washington) earlier in April, Counsel recorded its investment in AHOM as a discontinued operation. The filing further reported that the company's 27% investment cost it a little more than $32 million in 4Q98 and a total of $331 million in FY98.

AHOM announced in late March that it is in default on a $360 million credit facility and is in negotiation with its lenders to amend its credit agreement. As a result, AHOM requested an extension for filing its year-end report with the SEC.

AHOM spokeswoman Kathy Palmer told the *Business Journal* that AHOM understands Counsel's motivations.

"It goes back to who is Counsel," she said. "Counsel is an investment company . . . and AHOM is part of their portfolio."

Biomerica reports 3Q99 net loss

Biomerica (Newport Beach, CA) reported $1.8 million in consolidated revenues for 3Q99 ended Feb. 28, compared to $21 million for 3Q98. The company reported a 3Q99 net loss of $170,415, 4 cents per share, compared to a net income in 3Q98 of $25,755, 1 cent per share. The company attributes the sales decrease to lower foreign sales, and the net income is lower because of more money spent on marketing and advertising, as well as increased manufacturing labor costs. The company said it has spent a lot of time and resources establishing its new Web site, *www.TestatHome.Com*, for selling home health diagnostic tests.

Catholic Health to expand home health

Catholic Health Initiatives (CHI; Denver) plans to expand its home health business in Philadelphia. It will offer its services out of three hospitals beginning in May. **Holy Redeemer Health System** (Abington, PA) had served two of the hospitals, but with the CHI announcement the company changed its name to **Holy Redeemer Home Care and Hospice Services**, reported the *Philadelphia Business Journal*.

Ceres Group sees increased sales

New sales at **Ceres Group** (Strongsville, OH) in 1Q99 have increased to $63 million of annualized submitted new premium – a 340% increase over 1Q98. The increase is due partly to a larger agent force as a result of new acquisitions. In 3Q99, the company expects to expand its distribution of senior products and roll out new products for home healthcare.

Coram amends shareholder agreements

Coram (Denver) has entered into an agreement with the holders of its series A senior subordinated and series B senior subordinated convertible notes to amend certain provisions of these instruments. In addition, Coram has agreed to amend certain provisions of its stockholder rights agreement, dated June 25, 1997, with **BankBoston** as rights agent.

Pursuant to an amendment to the Securities Exchange Agreement, under which the series A and series B notes were issued, Coram and its debt holders, **Cerberus Partners**, **Goldman Sachs Credit Partners**, and **Foothill Capital Corporation**, have agreed to increase the annual interest rate applicable to the series A notes from its current rate of 9.9% to 11.5% until maturity. In addition, the parties have fixed the conversion price applicable to the series B notes at $2 per share, subject to customary anti-dilution adjustment. No other provisions of either the series A notes or the series B notes were changed, the company said.

After giving effect to the amendment, the number of shares of Coram common stock that would be issuable upon full conversion of the series B notes would be 44 million shares as of March 31.

Coram also has agreed to amend its stockholder rights agreement to provide that the current holders of the series A and series B notes, Cererbus, Goldman Sachs, and Foothill, will be designated as exempted persons for purposes of the stockholder rights agreement with respect to the shares of Coram that may be issued to them in connection with any conversion by any of them of the series B notes or any exercise by any of them of the stock purchase warrants held by them that were issued by Coram under its current or former credit facilities as long as they do not acquire beneficial ownership of additional shares of the company's common stock. The exempted person designation shall apply only to these debt holders and not to their assignees or transferees.

Continucare director buys shares

Continucare Corp. (Miami) Director Phillip Frost purchased 194,000 shares of the company's common stock in March, according to a Form 4 released by the **Securities and Exchange Commission** (Washington). Frost bought the shares on March 8 for $1 each, bringing direct ownership to 1.3 million shares and indirect ownership to 1,058 shares.

Genesis to expand non-Medicare services

Genesis Health Ventures (Kennett Square, PA) faces a $30 million loss in revenue this year, reported the *Philadelphia Business Journal*. The expected loss is due to the changes in Medicare reimbursement, despite efforts to cut costs by divesting the company's ambulance, Medicare home healthcare, and physician practice management businesses. Genesis expects to save millions by getting out of those businesses. It is planning on expanding services that are not dependent on Medicare reimbursements, the *Journal* reported.

Invacare promotes its HME products

Invacare Corp. (Elyria, OH) is launching the Media Advertising Partners Program (MAPP) to help home medical equipment providers promote Invacare products. MAPP will provide television spots, print advertising, merchandising support materials, and professional consultation on media buying, the company said. The campaign will primarily advertise the company's power chairs, scooters, lift-out chairs, and other products.

Option Care opens three locations

Option Care (Bannockburn, IL) will open three new franchises in Orlando, FL, Saginaw, MI, and Alexandria, MN. The franchises will provide home infusion therapy and other home care services. Option Care has also completed its second triennial corporate survey through the **Joint Commission on Accreditation of Healthcare Organizations**. The survey includes a review of policies and procedures.

Paracelsus sees higher FY98 revenues

Paracelsus Healthcare Corp. (Houston) announced the company brought in $664.1 million in net revenue for FY98 ended Dec. 31, compared to $659.2 million in FY97. It reported a net loss of $6.2 million, 11 cents per share, for the year, compared to a net loss of $6.4 million, 12 cents per share, for the previous year. In 4Q98, the company posted a net loss of $8.2 million, 15 cents per share, on revenues of $143.3 million, compared to a net loss of $8.7 million, 16 cents per share, on revenues of $156.8 million in 4Q97. President/COO Charles Miller estimated that the company's restructuring of its home health operations reduced FY98 net revenue by $39.5 million, compared to the previous year.

Sutter Health recognized by SMG

Sutter Health (Sacramento, CA) was ranked among the nation's top 15 integrated healthcare networks for 1999 in a national survey compiled by **SMG Marketing Group** (Chicago). About 600 healthcare systems were tracked and analyzed for annual performance, outpatient and hospital use, financial stability, services and access, contracting, and relationships with physicians. Sutter owns acute care hospitals, research facilities, home health networks, and long term care centers, among other businesses. ■

Auxi

Continued from Page 1

enues will come from private insurances and people who can afford to pay out of their own pockets.

In comparison, a little more than 73% of all home health revenues come from Medicare, according to *Home Health Data Quarterly*.

In late March, Auxi acquired **PharmaThera**, a home infusion company based in Memphis, TN, making PharmaThera president, Larry Robinson, the COO of Auxi. Terms of the transaction have not been announced. PharmaThera will serve as a platform company for Auxi, providing back office support. The company, which employs about 200 people at its eight locations in Tennessee, Mississippi, Arkansas, Georgia, and Texas, will retain the PharmaThera name.

PharmaThera, which accounts for about $20 million of the $60 million in combined revenues, is the largest of the eight companies that joined together. The others are: **Always-Care** (Olivette, MO); **Missouri Home Health** (Rollas, MO); **First Home Health** (Chapmanville, WV); **Hawkeye Health Services** (Knoxville, IA); **Home Medicare** (Eastman, GA); **Jackson Healthcare** (Temple, TX); and **Procare Home Health Services** (Douglas, GA).

In choosing the companies, which give Auxi a total of 3,000 employees, Monterey weeded through 200 home health agencies looking for firms that focused on profits, but required little from Medicare. Specifically, it wanted sound companies that had been operating for at least 10 years and that derived less than 15% of their total revenues from Medicare.

"In today's market, Medicare reimbursement for home care is a losing proposition," Auxi President/CEO Paul Touchton told *The Commercial Appeal* of Memphis, TN.

Ever since the government changed the way it reimburses home health agencies for Medicare patient services, hundreds of agencies have closed. According to the **National Association for Home Care** (Washington), a total of 1,067 home health agencies have closed since Oct. 1, 1997. Broken down, that is 522 agencies in Texas, 123 in Louisiana, 55 in Missouri, 49 in both Florida and in Indiana, and dozens more in other states. The figures collected came from state agency reports and were not available for Tennessee. The *Journal* reported in September that at least 27 Tennessee agencies have closed.

Touchton told the *Journal* in September that plans to make Auxi a public company are on hold "until we see better multiples" in the market.

In the meantime, Auxi will continue to provide services to Medicare patients, but only until the company reaches that 10% revenue threshold. That threshold could increase if Medicare reimbursements are increased, stated **American Capital Strategies** (Bethesda, MD), the group that purchased $12.1 million of subordinated debt issued by Auxi. **Fleet Capital** has provided additional financing. ■

REGIONAL DIGEST

• Home Health agencies in Minnesota are finding they have to turn some Medicare patients away because their needs require costly services that the government won't pay. **Hennepin Home Health Care** laid off four physical therapists because the agency could no longer pay them. "We will take on Medicare clients," owner Claudette Heywood told the *Associated Press*. "But we will not take on a client that will be a six-month duration because Medicare will not pay for it."

• A new company called **AccentCare** will open in Dana Point, CA. The healthcare staffing company has received more than $5 million in venture capital financing from three firms, reported the *Los Angeles Times*. It will be headed by CEO David Barry and President Joe Davis. AccentCare plans to acquire agencies around the country that provide home health services.

• Most home health agencies in Washington are losing money because of the changes in Medicare reimbursements, reported *The Seattle Times*. In some cases, it is putting additional pressure on families to provide home health services that agencies can no longer afford to provide. It is estimated, the *Times* reported, that more than 2,000 Medicare-certified home healthcare companies have shut down throughout the nation over the past 16 months. A Seattle nursing home administrator said he believes sick people are receiving fewer home visits as a result.

• **Tri-County & Affiliates**, a home nursing service in Wadsworth, OH, laid off more than 130 workers when it suspended its operations in early April. The move affects more than 450 clients in 17 counties, reported the *Akron Beacon Journal*. The company, which was founded 15 years ago, closed because the government had cut its Medicare reimbursement rates from an average of $68 per patient visit to $44. The government also wanted the agency to repay $13 million in alleged overpayments.

• **Blount Memorial Hospital** in Tennessee will now be able to offer home care services in four more counties: Monroe, Loudon, Knox, and Sevier. Before, the company only served the Blount County area. With its new provider license, the hospital can offer home health services, home infusion services, and hospice services.

• **Community Visiting Nurses of Avoca** in Pennsylvania closed March 1, leaving its owner $104,000 in debt. Mary Ann Trinovitch told *The Times Leader* of Wilkes-Barre, PA, that her home healthcare agency failed because the new Medicare accounting system meant she spent more to care for patients than the federal government paid. Physician referrals to her agency dropped 14% in 1998, partly because doctors worried about facing new penalties if Medicare did not approve their referrals. Some months, Trinovitch received only five new patients, she said. In addition to lower reimbursements, the government also required that all home health agencies collect data for the Outcome and Assessment Information Set (OASIS). The collection required new software that would have cost Trinovitch's company $30,000.

• A home health aide in Rochester, NY, faces charges of endangering the welfare of a vulnerable elderly person for allegedly shoving a 76-year-old Alzheimer's patient to the floor, fracturing his pelvis and ribs and puncturing his lung. The prosecution of the aide is the first under the "Kathy's Law" statute, named after a comatose patient who was raped by a nursing home aide in 1995 and later gave birth, reported the *Associated Press*. Bail for the home health aide was set at $2,500.

• Four people were sentenced in Florida last week for their roles in a Medicare fraud scheme at **St. Johns Home Health Agency**, reported the *Sun-Sentinel* in Fort Lauderdale, FL. A high level employee of the agency will serve 63 months in prison on charges of racketeering, money laundering, and fraud for awarding contracts to outside groups and helping to file false claims on behalf of the groups. She took more than $1.2 million in payoffs from the groups. Two additional employees received 37 months in prison, and another received 33 months. The three controlled the outside groups that paid kickbacks and filed about $10 million in false claims.

• A forum on long term care said Indiana should spend more money on home healthcare and assisted living facilities and less on nursing homes, reported the *South Bend* (IN) *Tribune*. **United Senior Action**, a group that lobbies for senior citizens, is calling for a $45 million increase in government spending for the CHOICE home care program. About 90% of long term care dollars in the state go to nursing homes, compared to only about 50% in states such as Oregon, the *Tribune* reported.

• Six members of a Springfield, IL, family were indicted by a federal grand jury on charges of receiving more than $350,000 fraudulently through Medicare and other government programs. The defendants allegedly submitted claims that they received services from a home healthcare provider who was either dead or lived out of state. Two of the accused worked with **Community Care Systems** and said they provided home care services for a woman who died in January 1994, reported the *State Journal-Register* in Springfield.

• Massachusetts legislators have passed a $144 million supplemental budget that includes $2.3 million for home healthcare. The budget was approved by the House, but is still waiting for approval from the Senate before it can go to the governor's desk. Freshman Rep. Michael Festa (D-Melrose) proposed the money to make up for federal cuts that left seniors struggling to pay for home healthcare, reported the *Associated Press*. ■

PPM/MSO NEWS

• **MedPartners** (Birmingham, AL) and the state of California have agreed on a settlement regarding the company's California physician management operations. The settlement provides for a transition plan for the disposition of **MedPartners Provider Network** (MPN) and MedPartners' California physician practices assets, as well as the continued funding of operations with proceeds from the sale of the company's physician practice management assets in California and loans from affiliated healthcare plans. The state will restore MPN's assets, operations, and management responsibilities to MedPartners, which will operate MPN as a debtor in possession, while it continues to monitor the settlement and transition plan. Two MedPartners insiders bought shares of the company's common stock in March, according to a Form 4 filing with the **Securities and Exchange Commission** (Washington). Charles Clark, executive vice president of corporate strategies, bought 50,000 shares on March 5 and 9, paying between $4.81 and $5.13 per share. At the end of the month, he directly owned 50,000 shares through an individual retirement account, another 9,177 shares jointly with his spouse, and held indirect ownership of 7,000 shares. Edward Novinski, executive vice president of managed care, bought 25,000 shares for $4.81 each on March 9. At the end of the month, he had direct ownership of 37,351 common shares.

• **ZA Consulting** (Washington), a healthcare management consulting and financial advisory firm, is warning medical groups affiliated with physician practice management (PPM) companies that they face higher odds of failure than groups affiliated with hospitals. This is because of physicians' higher expectations for financial success and because of costly service fees. Two directors with ZA are urging physicians and executives to keep guarded and to be aware of the state of their PPM.

• **Tessa Complete Health Care** (Oakbrook Terrace, IL), which provides PPM services to multi-specialty clinics focusing on rehabilitative care, signed a letter of intent to acquire the assets of several Chicago occupational medical health clinics. The new clinics service more than 2,400 businesses in the Chicago area. They will expand Tessa's service areas, allowing the company to treat more work-related injuries.

• **Advanced Health Corp**. (New York) watched its shares climb 48% last week after **Gilford Securities** started covering the company with a buy investment rating, reported *Dow Jones Business News*. Analysts stopped covering the company because of its PPM business, and the company announced plans last November to exit the business.

• **Medical Manager Corp**. (Tampa, FL) reported that revenues rose 33% in 1Q99 to $41.3 million, compared to $31 million in 1Q98. Net income was $5.6 million, 24 cents per share, compared to $3.5 million, 16 cents per share, in 1Q98. ■

WHAT THEY'RE SAYING

• The crackdown in Congress that addresses soaring healthcare costs and industry fraud is also making it difficult for people to receive Medicare benefits, reported the *Los Angeles Times*. The new, much-stricter payments system delivers "a powerful incentive to avoid the costly cases, the ones that might run into thousands of dollars a year." A 96-year-old woman who was injured in a car accident and could not lift her arms above her shoulders had her benefits terminated when the agency told her that she was stable and didn't need further care. If the home health agency terminates treatments, patients are entitled to a written notice of non-coverage. Agencies must supply the notices in order to be in compliance with Medicare rules, the *Times* reported.

• Pushing seniors and persons with disabilities into HMOs, part of a plan by Sen. John Breaux (D-LA) and Rep. Bill Thomas (R-CA) to save Medicare, will have a detrimental effect on millions of people, stated an editorial in the *Chicago Sun-Times*. Privatizing Medicare is not quite what President Johnson and Congress envisioned in 1965. "Medicare participants now have the peace of mind of knowing that healthcare decisions are made on the basis of sound medical science and not on the financial needs of stockholders and managers." The plan would only hurt seniors who live on fixed incomes, the editorial said.

• Two proposals approved by the **Connecticut Human Services Committee** would allow older citizens to maintain their independence rather than go into a nursing home. The proposals came as a result of 90-year-old Ida Tonkan's situation. She unexpectedly began earning $2.18 over the $1,500 monthly limit that qualifies her for a few hours of home healthcare each day paid for by the Medicaid program. If she does not receive the care, she will be forced to enter a nursing home, which will cost the state as much as $36,000 a year. At the maximum, home healthcare for her costs about $14,000 a year, the editorial stated. One bill would allow people to refuse income that puts them over the cap if it meant the person had to enter a nursing home when it was medically unnecessary.

• Non-profit home care agencies are being driven to extinction by legislation aimed at stopping economic injustices of the past, wrote Michael Scheinert, executive director of **Circle of Care** (Toronto) in *The Toronto Sun*. Scheinert acknowledged the good things that have come recently: Canada's creation of a separate ministry to care for the aged, ill, and disabled and the government's restoration of billions of dollars in healthcare money to the provinces. But, Scheinert wrote, non-profits are trapped because they must pay employees more than commercial agencies due to the 1987 Pay Equity Act. It is making it difficult for non-profits to compete because wages and benefits account for more than 80% of agency costs. "For my agency, time is running out," Scheinert wrote. ■

HCFA

Continued from Page 1

Home Care (NAHC; Washington) was instrumental in helping to craft both resolutions.

The memorandum released by HCFA last week instructed FIs to remove all edits from their claims processing system by July 1. It added that, "Claims for which the prior claim has not yet been received or the prior claim has been received, but not finalized may now be processed upon receipt."

Bond's resolution also noted the importance of making sure that the shift of certain home health claims from Medicare Part A to Part B is completed without any disruption in payment. That request refers to a requirement in the Balanced Budget Act of 1997 (BBA) that transferred the financial responsibility of Medicare home health visits from Part A to Part B after 100 visits.

The HCFA memorandum noted that this shift remains in effect. The first 100 visits will be counted in the order in which they are processed, according to HCFA. "Providers should also be encouraged to continue submitting current and future claims in sequence if possible," the memorandum added. "Processing of backlogged claims will be subject to current payment floor requirements."

"We are glad the industry was able to make Congress realize sequential billing was putting the squeeze on the industry," said **Home Care Association of America**'s (Jacksonville, FL) Scott Lara.

But Lara quickly pointed out that the change takes place on July 1, which is the same day 15-minute incremental billing begins. The 15-minute incremental billing provision, also required by the BBA, requires that as of July 1, claims for home health services must contain a code that identifies the length of time of each service visit in 15 minute increments.

Lara and other home care representatives said they are already busy educating House Ways and Means health subcommittee staff about the burden this requirement will place on agencies. ■

BRIEFLY NOTED

• The **Alzheimer's Research Foundation** (Virginia Beach, VA), a privately funded study group, on May 1 will introduce an at-home Alzheimer's test. Family members and home care nurses can administer and score the test in the patient's home. The In-Home Alzheimer's Screening Test will be available through bookstores and libraries, unlike current tests that are generally conducted in a physician's office. For more information, or to buy test materials, call (877) 427-0220. ■

TECH UPDATE

• All bills submitted for services to Medicare beneficiaries must now be Year 2000 compliant to help assure that providers are preparing their computers. All healthcare personnel filing claims must now use 8-digit dates in order to be paid. As of the end of March, 78% of Part A electronic billers, which includes home health agencies, were submitting Y2K compliant claims. The **Health Care Financing Administration** (HCFA; Baltimore) has established a telephone line, (800) 958-HCFA, where agencies can find out about software and other materials needed to be Y2K compliant. The same information can be found on the Internet at *www.hcfa.gov/y2k*.

• The **Virginia Association for Home Care** (VAHC; Richmond, VA) and the **Ohio Council for Home Care** (OCHC; Columbus, OH) have each formed an agreement with **Outcome Concept Systems** (OCS) that gives VAHC and OCHC access to the OCS-OASIS software. VAHC's Executive Director Martha Pulley said the software will help its members better meet requirements of the Outcome and Assessment Information Set (OASIS). VAHC represents the majority of home care agencies in Virginia. OCHC represents about 300 home care agencies in Ohio.

• **BayCare Health System** has implemented InterAction, an **Interlynx Technology** (Boston) product designed to automate the human resources, payroll, and benefits processes. Before deciding to purchase InterAction, BayCare performed an analysis of current practices and cost and found that the automation estimates a 12.6% annual return on investment over five years, with the technology paying for itself in about 3.5 years, Interlynx said.

• **qmed** (Laurence Harbor, NJ) has said that its ohms/cad system for the management of heart disease saved 36% of a California managed care organization's annual costs for coronary artery disease. The data came from the Bakersfield California Pilot project. qmed CEO/President Michael Cox said the system is "part of the solution for the spiraling costs of care," as well as the "issues surrounding the solvency of Medicare."

• A technology called **Santrax**, built by a company of the same name in Port Washington, NY, offers the home healthcare industry a third-party verification system to make business more efficient. It can create an audit trail by date and time stamping the arrival and departure times of each worker. It will collect data to be transferred directly into the payroll and billing system and save time on collecting paper timesheets. It can also collect travel time and mileage, allowing a company to monitor employee productivity. For more information on the product, call (800) 544-7263. ■