Home Health

BUSINESS REPORT

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

HCFA clarifies 15-minute rule as industry presses for repeal

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

BALTIMORE – The **Health Care Financing Administration** (HCFA; Baltimore) recently handed home care representatives a 16-item, frequently asked questions guide that addresses various areas of the 15-minute reporting requirement home health agencies will have to begin using Oct. 1. For example, medical documentation that takes place in the home can be included, and minor interruptions (roughly three minutes) should not be excluded from the reporting requirement. HCFA also emphasized that the new rule is "a reporting requirement and not a payment requirement" and that covered administrative costs performed outside the home should continue to be included in annual cost reports.

But home care representatives maintain the new rule is non-sensical and that the congressional intent behind it is still

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OIG releases DME compliance plan with list of dos-and-don'ts

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

The **Department of Health and Human Services Office of Inspector General** (OIG) released an 80-page compliance plan for durable medical equipment (DME) suppliers last week that carries warnings about myriad potential billing violations and sets up several potential roadblocks for arrangements between suppliers, physicians, and hospitals.

While OIG compliance programs are strictly voluntary, the OIG uses these programs to put DME suppliers and others on notice about potential trouble spots.

Like previous compliance programs the OIG has already issued for clinical laboratories, hospitals, home health agencies, and third-party medical billing companies, this plan is based on seven key elements, such as the designation of a compliance officer and the creation of a hot-

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Industry has high hopes for two new major home care bills

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

WASHINGTON – Signs are improving that some of the funding that the Balanced Budget Act of 1997 (BBA) stripped from the Medicare home health benefit will be restored this year. But with Congress about to adjourn for its Fourth of July recess, there is still no clear indication how this process will unfold.

"There is a growing recognition that the BBA went too far," said Eric Sokol of the **National Association for Home Care** (Washington). Two bills expected to be introduced shortly in the Senate reflect that view. Both bills – one being drafted by Sen. Jim Jeffords (R-VT) and the other expected to be co-sponsored by Sens. Susan Collins (R-VT) and Kit Bond (R-MO) – would repeal the additional 15% cut scheduled for Oct. 1, 2000, and increase payments under the interim payment system

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McKesson CEO and CFO resign as board fires ITB executives

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

McKesson HBOC's (San Francisco) two top men resigned last week as the board dismissed several executives in an effort to gain stronger leadership and eliminate those involved in accounting improprieties.

The company issued a statement June 21 that said the following people have left or will be leaving their positions: President/CEO Mark Pulido; Executive Vice President/CFO Richard Hawkins; and four executives heading the **Information Technology Business** (ITB) unit, ITB

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Holiday schedule

Because *HHBR*'s offices will be closed next Monday, July 5, in observance of the July 4 holiday, next week's issue will be delivered to fax subscribers Tuesday, July 6.

INSIDE:

HIDA spearheading efforts to kill consolidated billing provision

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

BALTIMORE – The **Health Industry Distributors Association** (HIDA; Alexandria, VA) is spearheading an effort to repeal the home health consolidated billing provision that was included in the Balanced Budget Act of 1997 (BBA). Erin Bush, HIDA's associate director for government relations, said this is HIDA's "top legislative issue" because it stands to wreak havoc on billing for durable medical equipment (DME) suppliers, as well as home health agencies.

According to the consolidated billing provision included in the BBA, items or services furnished to an individual who is under the plan of care of a home health agency will have to be made to the agency regardless of whether the item or service was furnished by the agency. The provision will go into effect Oct. 1, 2000, along with the prospective payment system for home health unless Congress or the **Health Care Financing Administration** (Baltimore) delay its implementation or repeal it.

In testimony submitted to the Senate Permanent Subcommittee on Investigations on behalf of the **Home Care Coalition** earlier this month, HIDA argued that the rationale for the provision is unclear and pointed out that there have been no public hearings or industry consultations on the issue. According to HIDA, "This provision ignores the inherent complexities of the home health market and separate reimbursement systems established by Medicare" for home health agencies and DME suppliers.

Because HIDA is not certain there will be any legislation to attach an amendment eliminating the provision, it is taking its case to Congress and asking members to urge HCFA to delay implementation of the provision. On June 10, Rep. Charles Canady (R-FL) urged **Department of Health and Human Services** Secretary Donna Shalala to do just that. "These new duties will be costly, particularly since home health agencies are not always prepared to handle Part B DME reimbursement," said Canady.

Sen. Bill Frist (R-TN) made a similar request to Shalala on May 26. "There is fear that this measure would negatively impact those small businesses that concentrate on home medical equipment," said Frist, while home health agencies would be forced to assume "new costs and obligations."

HIDA argues that consolidated billing will likely create an unnatural break in the delivery of services by shifting Medicare payments back and forth between DME companies and home health agencies. ■

McKesson

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President/CEO Albert Bergonzi, Controller/CFO David Held, Senior Vice President/General Counsel Jay Lapine, and Senior Vice President Michael Smeraski.

Company spokesman Larry Kurtz said Pulido and Hawkins were not forced out by the board because of the accounting improprieties. "I think they resigned because the entire situation occurred while they held their offices," he told *HHBR*. "So the merger and what happened after the merger, it occurred on what we're calling under their watch, and therefore, they chose to resign, given their roles." Kurtz said neither Pulido nor Hawkins have another job lined up.

Director Alan Seelenfreund, a McKesson CEO from 1989 to 1997, said the changes were needed to move the company forward. At the same time as the dismissals, Seelenfreund was appointed non-executive chairman of the board, replacing Charles McCall, who also was fired.

The company has appointed John Hammergren and David Mahoney as co-CEOs and directors of the company. Hammergren was previously the executive vice president of the company and president/CEO of the **Supply Management Business**. Mahoney was formerly executive vice president of the company and president/CEO of the **Pharmaceutical Services Business**. In their new positions, Hammergren will focus on the company's core supply management and ITB, while Mahoney focuses on financial, strategic, and other functions. Heidi Yodowitz, senior vice president and controller, has been named acting CFO of the company.

Pulido and Hawkins will leave their positions, including Pulido's position as a director, on July 15. They both agreed to

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COMPANIES IN THE NEWS

Patient Care buys Caring Companions

Chemed's (Cincinnati) **Patient Care** (West Orange, NJ) subsidiary acquired the assets of **Caring Companions of the North Shore** (Chicago). The purchase price for the business was not disclosed, but officials said Caring Companions saw revenues of $2.1 million in FY98. The company employs roughly 100 caregivers.

Last defendants in Columbia case take stand

The final two defendants in the fraud case against **Columbia/HCA Healthcare** (Nashville, TN) took the stand last week. Robert Whiteside, the reimbursements director for Columbia and one of the three Columbia executives accused of defrauding federal healthcare programs, exchanged sharp remarks with Assistant U.S. Attorney Kathleen Haley in his second day of testimony, reported the *Associated Press*. He said he trusted his co-workers and accounting experts to properly file reimbursement requests with the government. Carl Lynn Dick testified later in the afternoon – the last defendant to take the stand.

Continental sees record FY98 revenues

Continental Home Healthcare (Vancouver, British Columbia) reported last week FY98 ended Dec. 31 revenues of $13.7 million, more than a 400% increase over FY97 revenues of $2.7 million. As the company changed its fiscal year end from April 30 to Dec. 31, effective 1997, the comparative audited values are for the abbreviated period ending Dec. 31, 1997. The full year annual revenues for 1997 reached $3.3 million.

Continental recorded a net income in FY98 for the first time in the company's history. Net income in FY98 was $270,000, compared to a net loss in FY97 of $450,000.

The successful performance, the company said, was the result of two overriding factors: The company implemented an acquisition program in October 1997, which resulted in three successful purchases over the ensuing 12 months, and management has overseen significant internal growth from each of these acquired entities. Of the total revenues in FY98, $11 million was generated from these new acquisitions.

GF hires new CFO, looks for new exchange

Graham-Field Healthcare Products (Bayshore, NY) has appointed Robert Gluck senior vice president/CFO. Gluck is a senior associate with **Jay Alix & Associates** (JA&A), a company known for corporate turnarounds and financial restructurings. Gluck replaces President/CEO Jack McGregor who was serving as interim CFO pending the appointment of a successor to Soren Reynertson, who left the company two weeks ago to pursue a career in investment banking. Reynertson also had been a senior associate with JA&A.

GF's board also has appointed Kenneth Jennings as a member of the board with a term expiring in 2001. Jennings is a noted management consultant in the healthcare field, GF officials said. He recently joined JA&A as a vice chairman. On the GF board, Jennings replaces David Delaney, who resigned early last week.

In other news, the company is searching for exchanges and markets on which to trade its common stock. It will leave the New York Stock Exchange at the close of trading on July 12 because it no longer meets listing critera. In the meantime, the company is meeting with representatives from different exchanges and markets. It expects to have an announcement soon. "We are taking steps to return the company to profitability and simultaneously exploring the sale of all or parts of the company," said McGregor.

Priority Healthcare launches new Web site

Priority Healthcare (Altamonte Springs, FL) has launched a hepatitis-specific Web site, *www.hepatitisneighborhood.com*, for the support of individuals with hepatitis, their families, and their physicians. The site, which became operational May 7, includes comprehensive information on the hepatitis virus, treatment options, reimbursement issues, and nutrition.

Bon Secours to expand home care agency

The **Florida Agency for Health Care Administration** has decided that **Bon Secours** (Marriottsville, MD) can expand its home healthcare agency into Manatee County, FL. The company already offers home healthcare in Sarasota, Charlotte, and Lee counties. It bought the offices of **Independent Home Health Services** in those areas last year. Despite the problems of Medicare reimbursement facing the home health industry, Bon Secours is prepared for the expansion, said a company spokeswoman.

MJ Home Care buys Homechoice

MJ Home Care (Memphis, TN) purchased **Homechoice Health Services** from **Homecare** (McKenzie, TN) for an undisclosed price. MJ is a new company that is licensed for home healthcare services in six Tennessee counties. Michael Glenn, who owns the firm, said he set up the company to acquire Homechoice and may make other acquisitions, reported the *Commercial Appeal* in Memphis.

HCFA awards 3M with contract

The **Health Care Financing Administration** (HCFA; Baltimore) has awarded **3M Health Information Systems** (St. Paul, MN) a contract to provide analytical and

clinical services associated with the development and implementation of a Medicare prospective payment system (PPS). Under the contract, 3M will help HCFA evaluate comments on the proposed use of ambulatory payment classifications as the basis for prospective payment for Medicare hospital outpatient and ambulatory surgical center services. It will also recommend to HCFA modifications to the classifications and assist HCFA in preparing written responses to the comments.

NewCare files for bankruptcy

NewCare Health Corp. (Atlanta) filed for Chapter 11 bankruptcy protection last week, reported the *Sarasota Herald-Tribune*. The filing did not surprise the **Florida Agency for Health Care Administration** (AHCA), which had been keeping an eye on the company to make sure the quality of patient care does not deteriorate. The company's problems stem from reduced Medicare payments, said Ruben King-Shaw, director of AHCA.

Nyer to offer online home health products

Nyer Medical Group (Bangor, ME) will begin selling home healthcare products online at *medicalmailorder.com*. The company is establishing a subsidiary where people can buy incontinence products, as well as bathroom safety equipment, wheelchairs, and lift recliners. The online site will take the orders and ship them for free directly to the buyer's home. Chairman Sam Nyer expects the site will generate $10 million in sales within the first year, reported the *Bangor Daily News*. He also said he doesn't yet know whether to offer shares in *medicalmailorder.com* through an initial public offering.

Sunrise wheelchair receives awards

Sunrise Medical's (Carlsbad, CA) Quickie XTR manual wheelchair was named a bronze winner in the 1999 Industrial Design Excellence Awards program sponsored by *BusinessWeek* magazine. It is the second award in a month that the chair won. It received the gold Medical Design Excellence Award presented during the Medical Design & Manufacturing Conference in May.

Tenet merges home care programs

Tenet Healthcare Corp. (Santa Barbara, CA) is closing down its hospice program at Medical College of Philadelphia Hospital and merging the Graduate Home Care program with one at Elkins Park Hospital in order to become more efficient, reported the *Philadelphia Inquirer*. The home health agency employs 15 registered nurses who each visit six people daily. The company is also having trouble selling three hospitals in Florida because they lost a total of $8 million last year and the area has a lot more hospital beds than patients. All three hospitals, Memorial Hospital, Town & Country Hospital, and Palms of Pasadena Hospital, have home health services. ■

PPM/MSO NEWS

• **Phymatrix Corp**. (Providence, RI) and its subsidiary, **Clinical Studies** (CSL), have formed an agreement with **North Shore Hematology Oncology Associates** and **Hematology Oncology Associates** of Long Island, NY. Both group practices will belong to CSL's Oncology Research Network, expanding the company's geographical reach and enhancing the research base at the practices. The Oncology Research Network links oncology physician practices with CSL's clinical research processes. The company has also announced that it is changing its name to **Innovative Clinical Solutions**, effective today. The stock symbol for the company will also change from PHMX to ICSL on Nasdaq.

• **Talbert Medical Group** (Fountain Valley, CA) has agreed to acquire certain assets of **MedPartners** (Birmingham, AL) and its affiliates, which make up the medical practices and management of Talbert Medical Group. The group's 120 physicians will manage all business activities, making Talbert one of the largest independent groups in the state. The transaction is subject to bankruptcy court approval.

• **MedPartners** (Birmingham, AL) plans to sell its California physician practice management assets relating to **Mullikin Medical Group** and **Southern California Medical Corp**. (SCMC) to **KPC Acquisition Corp**. (Riverside, CA). Financial terms were not disclosed, but the transaction should close by July 31 and is subject to bankruptcy court approval. The Mullikin and SCMC agreement is the largest of MedPartners' California PPM operations, including 65 clinics, 500 physicians, and 511,000 enrollees in Los Angeles and Orange counties. All clinic and many administrative employees are included in the transaction. **MedManagement Acquisitions Corp**. (MAC) has sought a temporary restraining order to disrupt the sale of the assets of Mullikin and SCMC, but MedPartners said the lawsuit is without merit because its letter of intent with MAC expired on May 14.

• **Tessa Complete Health Care** (Oakbrook Terrace, IL) is preparing an application for listing on the American Stock Exchange in an effort to give the company more visibility and the shareholders more efficient trading. The company previously announced preliminary results for FY98 ended Dec. 31 with expected revenues of $16.5 million due to the acquisition of 37 clinics. Tessa expects to report audited financial results sometime this month.

• **Physicans' Specialty Corp**. (Atlanta) signed a definitive merger agreement with a new company formed by **TA Associates** (Boston). Under the terms, each outstanding share of Physicians' common stock, other than shares held by management and certain physicians, will be converted into the right to receive $10.50 per share. Certain indebtedness of the company will be refinanced. Shares held by senior management members and affiliated physicians will be converted into shares of the surviving corporation. ■

REGIONAL DIGEST

• The Wisconsin Legislature's Joint Finance Committee unanimously approved a long term care measure last week that will establish "one-stop centers that will determine what kind of care a person needs" by pooling the $2 billion currently devoted to the more than 40 long term care programs, the *Milwaukee Journal Sentinel* reported. Committee co-chair state Sen. Brian Burke said that the measure is trying to eliminate the waiting lists and confusion that plagues the current system, which is known as the Community Options Program. It was the subject of a critical state audit and a federal lawsuit in the last month. The Family Care pilot programs are slated to run in nine counties.

• The **Visiting Nurse Association** in Nebraska will merge its home care programs with two Midlands health systems, reported the *Omaha World-Herald*. The partnership will link the association with the **Nebraska Health System**, made up of University Hospital and Clarkson Hospital, and **InTrust Home Health and Community Services** in Iowa. The merger was necessary, said an InTrust spokesperson, because of the changes in Medicare reimbursement. The merged organizations, which will take the name InTrust, will be more efficient, said officials.

• **LifeStyle Options** (Schaumburg, IL), a provider of assisted living services for older adults in their homes, has expanded its local service area with the purchase of **Apple at Your Service** (Downers Grove, IL), reported the *Chicago Tribune*.

• Virginia Humphrey of the **Connecticut Association for Home Care** (CAHC) recently testified at a regulatory reform hearing in Hartford, CT. The meeting was held at the legislative office building last week to hear small businesses testify about what's right and wrong with federal regulatory agencies. Humphrey voiced concerns over the home healthcare industry and the **Health Care Financing Administration**'s (HCFA; Baltimore) regulatory burdens placed on home care providers in Connecticut. She testified that 24% of licensed home health agencies had to give up their licenses this year. "These closures have been a direct result of one or more of the regulation mandates set forth by HCFA." Humphrey's testimony stated that Connecticut has a shortage of registered nurses and even the ones who are in the state are finding jobs in different arenas than home care due to the paperwork requirements and the pay scale of home care professionals.

• A 19-year-old New York woman has been forced to stay in the hospital because her home care agency cannot provide the 24-hour care she needs. While Medicaid has agreed to pay for the care, the agency, **Caring Hands** (Franklin Square, NY), gave the woman's family two weeks notice that it would stop serving them. The reason: The agency's staff has decreased. Home health providers say that staff shortages are common among New York's 962 home healthcare agencies. Kelly Dolan was in a car accident in 1995 that put her in a coma. She also suffered severe head trauma, broken bones, and a collapsed lung. Following a minor operation earlier this month to help her move her muscles, she stayed in a children's hospital because without home nursing care, doctors worried for her safety. If her parents can't find another agency to provide the 24-hour care, they may have to put her in a nursing home. But for now, the parents aren't even considering it. "We don't see it as a choice," her father, Thomas Dolan, told *Newsday*. "Kelly's still there. If Kelly were nonresponsive, eyes closed ... if there was nothing we could do for her, a nursing home would be good for her. But Kelly's there."

• Parents of disabled children in Iowa are suddenly finding themselves faced with an unexpected dilemma on how to care for their children during working hours. The state **Department of Human Services**, which gives federal Medicaid money to provide home nursing services to children with special medical needs, recently told families that it would cut the number of hours a nurse could work at their homes. A spokeswoman for **Consultec** (West Des Moines, IA), which administers the state's Medicaid money and makes financial decisions for the home nursing program, said nothing has changed in the program. The cuts may be coming from the way Consultec defines which services are "medically necessary," reported the *Des Moines Register*. A child's daily routine of sleeping or playing requires a babysitter, not a home healthcare worker. "I understand the state of Iowa is not going to pay for babysitters," said Judy Malmberg, vice president of nursing for **Ultimate Nursing Services** of Iowa. "But the normal activity of an infant is to nap. The medical needs of a child continue through a nap."

• About 150 people attended a meeting in Grand Rapids, MI, to address the concerns of home healthcare agencies complaining about reductions in Medicare reimbursements. U.S. Reps. Vernon Ehlers (R-MI) and Bill Thomas (R-CA), chairman of the subcommittee on health, responded to the concerns. "My goal by the time we finish out this year," Thomas said, "is to get the Medicare system back on track and to ease some of the burden to hospitals, nursing homes, and home healthcare agencies." Thomas said that Congress needs to look at the dollar amounts Medicare pays for certain services and adjust them accordingly. Ehlers said Congress is working to restore some funding to Medicare and to add prescription drug coverage, reported the *Grand Rapids Press*.

• **Affiliated Community Visiting Nurse Association** (Rockland, MA) is merging with **MGH/Spaulding Home Health Agency** (Boston) to deal with financial difficulties facing both companies. They each lost about $800,000 last year, reported the *Boston Herald*. The merger takes place July 1 and will save the companies money by consolidating administrative services. No furloughs are expected. ■

15-minute rule

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unclear. Many are hoping that the recent delay in the effective date of that rule is merely the precursor to its elimination.

"I am just thankful that they are injecting some common sense," said one industry representative referring to the delay. "Maybe the surety bond fiasco last year brought home the point that they don't want to be taken to the congressional woodshed every time a regulation comes down for home care . . . Congress knows the squeeze from reimbursement is bad enough without the increased regulatory burdens and regulatory costs on top of that."

"Nevertheless," another aide added, "you are talking about systems here, and I'm sure there were agencies that were already buying software and training their staff to think in 15-minute increments because it is not as though you can flip a switch and just make this happen."

But industry representatives seeking to have the measure repealed say the problem lies not with HCFA, but with Rep. Bill Thomas (R-CA), chairman of the House Ways and Means Health Subcommittee. "If there is a fault to be had, it belongs with Thomas because it is something that he wanted to do," said one representative.

Thomas reportedly believes that if a prospective payment system (PPS) for home health is not in place, a reimbursement method can be developed based on 15-minute increments. "But our thought is, 'Why not just sample agencies so the whole industry doesn't have to subject themselves to this?'" the representative added. "Or conversely, 'Why not wait until HCFA has to report back to Congress in October about their progress on PPS and, if they are behind in their timetable, then think about implementing the 15-minute rule?'"

The aide said there are ongoing discussions with the Ways and Means Health Subcommittee staff to clarify the congressional intent behind the rule and hopefully to find an alternative. But the bottom line, according to the aide, is that there is a big fear factor among Thomas' colleagues.

Legislation is also expected to be introduced in the Senate by Sens. Susan Collins (R-VT) and Kit Bond (R-MO) that would eliminate the 15-minute requirement. ■

CORPORATE LADDER

• **University Hospitals Health System** (Cleveland) has named Susan Juris vice president/administrator for home healthcare. She previously served as area general manager in Philadelphia for **Staff Builders** (Lake Success, NY).

• William Gerber has been promoted to executive vice president/CFO of **Kelly Services** (Troy, MI). Gerber will be responsible for the financial operations of all segments of Kelly. He joined the company in April 1998 as senior vice president/CFO. ■

Bills

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for agencies with high-cost, medically complex patients. The Collins/Bond bill would also increase per-visit and per-beneficiary limits.

But "it is still tough to see how this will come together," warns a senior House Ways and Means Health Subcommittee staffer. "There are all these ideas floating around, but nobody knows what legislation they will be attached to. Nobody has put the Jell-O in the pot this year."

Meanwhile, President Clinton is expected to introduce his Medicare proposal tomorrow. According to administration officials, the proposal will be a soup-to-nuts plan with a number of enticements for seniors, including a prescription drug benefit and added protections for low-income seniors. But it is also expected to include a co-pay for Medicare home health services (possibly capped at a certain income level). Most observers believe a prescription drug benefit will be passed in some form this year and that the co-pay for home health will be offered as an offset. ■

DME plan

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line for receiving complaints. But the guidance for DME, issued June 24, is far more detailed than those earlier plans. It includes no fewer than 47 specific risk areas that range from traditional OIG targets like telemarketing practices and certificates of medical necessity (CMN) to more recent issues, such as the use of supply closets.

When the draft compliance plan for DME was released in January, suppliers complained that the OIG had offered its own interpretations of federal regulations or statutes not yet issued by the **Health Care Financing Administration** (HCFA; Baltimore) on a host of areas, such as supply closets, advanced beneficiary notices, CMNs, and supplier billing agents. The **Health Industry Distributors Association** (HIDA; Alexandria, VA) argued it was premature and presumptuous for the OIG to offer assumptions and interpretations about Medicare rulings, guidance, or regulations not yet issued by HCFA. DME representatives say the final plan is still ripe with interpretations that conflict with prior rulings issued by HCFA and its intermediaries.

One of those areas is a warning about the use of so-called supply closets. Suppliers maintain these closets amount to nothing more than a limited number of items stored with a physician or hospital to expedite the training and discharge of a patient. But the OIG says this practice could spell trouble if a supplier offers a physician or other referral source "more than fair market value" for space rented to store supplies.

"We are not saying they can't be used," said OIG spokesperson Alwyn Cassil. "But we are saying that they may lead to potential violations of the anti-kickback statute if they are not structured properly."

A similar potential trouble spot, according to Kathy Ladipo, manager of regulatory affairs at the **National Association for Medical Equipment Services** (NAMES; Alexandria, VA), is the OIG's reference to the use of cover letters that suppliers send to physicians attached to CMNs.

"It appears to be contrary to the recent program memorandum issued by HCFA, which basically said that it cannot regulate cover letters," said Ladipo. "Yet the compliance plan seems to imply cover letters are something that suppliers can get in trouble for."

But Cassil said that even without a federal regulation, it is within the OIG's bounds to include areas such as this as a potential risk area. "We continue to put suppliers on notice that these are potential risk areas if not done properly," she said.

Among other things the OIG warns suppliers about are the following: making unsolicited telephone contacts to Medicare beneficiaries, continuing to bill for rental items after they are no longer medically necessary, providing and/or billing for "substantially excessive" items or supplies, and improper conduct relating to CMNs.

The plan also includes these warnings about supplier efforts to help physicians complete their paperwork:

- Do not forward blank CMNs to the treating physician for signature.
- Do not complete section B (Medical Necessity) of the CMN.
- Do not alter or add any information on the CMN after receiving the completed and signed CMN from the physician.
- Do not sign the CMN for the treating physician.

The plan also urges suppliers to implement the recommendations "regardless of their size, number of locations, or corporate structure." That was a major sticking point in the OIG's draft plan.

But also unlike the earlier plans, the guidance includes recommendations about how small suppliers with limited resources can implement controls to reduce the risk of unlawful or improper conduct. For example, small suppliers that may not have the resources for a permanent compliance committee are counseled to create a task force to address potential problems. Likewise, small suppliers unable to develop a comprehensive set of written policies and procedures are encouraged to create a manual focusing on the risk areas most potentially problematic to their business.

The final guidance is now available on the Internet at *www.dhhs.gov/progorg/oig*. ■

McKesson

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help with the transition to the new management team. The board has also established a committee of independent directors, including Seelenfreund, to work with the new team.

The McKesson board appointed Graham King as president of the ITB unit. The other three positions will be filled soon, Kurtz told *HHBR*.

"The changes to the board chairmanship and ITB senior management arose out of the audit committee review process and after thorough consideration by the outside directors of the company," Seelenfreund said. "Because of the nature of accounting improprieties that we have found at the old **HBO & Co.**, which is now our ITB unit, and the participation of senior level employees of this business in such improprieties, we felt compelled to take prompt and decisive action."

King, who will report to Hammergren, held the position of group president of the outsourcing services group and connect technology group at the ITB unit.

In late April, the audit review process uncovered problems with financial reporting at the ITB unit. Since announcement of the improprieties, stock has fallen more than 50%, and about 40 lawsuits have been filed against the company. The most recent lawsuit was filed Friday by a New York-based pension fund group, which lost more than $250 million.

McKesson expects to restate its results and file its annual report with the **SEC** (Washington) shortly after June 30. ■