

# Home Health

## BUSINESS REPORT

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

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### Clinton proposal would extend repayment term, but nothing else

By MATTHEW HAY

HHBR Washington Correspondent

WASHINGTON – The White House released the expanded, 39-page version of its Medicare proposal, and there were few surprises for home health agencies and durable medical equipment (DME) suppliers. President Clinton's plan to modernize and strengthen Medicare for the 21st century would attempt to cut Medicare spending by \$72 billion over 10 years through the use of market-oriented purchasing and quality improvement tools designed to offset the cost of its proposed prescription drug benefit.

Roughly a third of the estimated savings would be recognized by giving the **Health Care Financing Administration** (HCFA; Baltimore) broad authority for competitive bidding, referred to in the plan as competitive pricing, for non-physician, Part B services, including DME.

*See Clinton proposal, Page 6*

### Staff Builders pays \$4.7M in MA settlement; OH judge drops claims

By KAREN PIHL-CAREY

HHBR Staff Writer

**Staff Builders** (Lake Success, NY) knocked out two potential courtroom headaches last week.

Just as the company settled with Massachusetts over payments mistakenly billed to the state, an Ohio judge dismissed allegations that the company was depriving franchisees of their legal rights.

In the first case, the company has agreed to repay Massachusetts \$4.7 million for payments mistakenly billed to the state Medicaid program instead of the federal Medicare program. It originally billed \$8.5 million, state officials told the *Wall Street Journal*. But the state could only recoup the amount that it could have recovered under a Medicare review and appeals process. Still, it is the state's largest recovery since it began auditing healthcare providers for such mistakes in 1989.

*See Staff Builders, Page 7*

### HCFA to repeal consolidated billing provision included in BBA

By MATTHEW HAY

HHBR Washington Correspondent

BALTIMORE – The **Health Care Financing Administration** (HCFA; Baltimore) is reportedly planning to issue a formal opinion asking Congress to repeal the consolidated billing provision for home health services that was included in the Balanced Budget Act of 1997 (BBA). While no official action has yet been taken, sources tell *HHBR* there is a growing likelihood that the change is imminent.

"HCFA keeps telling us they are about to come out with a formal opinion on this," one industry representative reported last week. "That would clear the way for HCFA to make that the official position of the agency, but so far they have not been able to say that publicly."

According to the provision, home health services furnished to an individual who is under the plan of care of a

*See Consolidated billing, Page 2*

### HealthCor sells all of its HME operations to Lincare Holdings

By MEREDITH BONNER

HHBR Editor

Effective June 30, **Lincare Holdings** (Clearwater, FL) took over the home medical equipment (HME) operations of **HealthCor Holdings** (Dallas). With the sale, HealthCor hopes to be able to better cope with the new Medicare reimbursement rules.

HealthCor sold 56 HME locations in all, located in Arkansas, Arizona, Kansas, Oklahoma, New Mexico, Missouri, and Texas. One HME location in Denver remains under the ownership of HealthCor until a buyer is found, but officials said the company is now negotiating with other potential buyers for this location. The 56 locations are all of HealthCor's HME businesses.

Nancy Hetherington, a spokeswoman for HealthCor, told *HHBR* the company is divesting itself of the HME operations not only in response to reimbursement issues, but

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## White House and Congress pushing competitive bidding

By **MATTHEW HAY**

**HHBR Washington Correspondent**

WASHINGTON – The Clinton administration is hoping to offset the price tag associated with its prescription drug benefit by dramatically expanding the use of competitive bidding for Medicare. Details of the Clinton proposal released earlier this month would authorize use of competitive bidding, otherwise known as competitive pricing, and price negotiations to set payment rates for Part B items and services, except for physician services. According to the proposal, Medicare would be granted broad authority to select the items and services, as well as the geographic areas to be included in a bidding or negotiation process “based on the availability of providers and the potential to achieve savings.”

The proposal says protections would be built in for rural areas where this competition may be difficult along with safeguards for providers. For example, the plan specifies “median bid” rather than “best price” or “winner takes all.” Medicare would also be given authority to selectively contract with providers who accept negotiated or bid prices and other contractual terms. The proposal argues that providers would have an incentive to participate to potentially secure a larger market share.

But the Clinton administration is not alone in seeking the expanded use of competitive bidding. Last week, Rep. Pete Stark (D-CA), the ranking Democrat on the House Ways and Means Health Subcommittee, seized on information just released by the **Health Care Financing Administration** (HCFA; Baltimore) that shows significant reductions in HCFA’s fee schedules for durable medical equipment (DME) through its competitive bidding demonstration in Polk County, FL.

The Balanced Budget Act of 1997 gave HCFA authority for several competitive bidding demonstrations for DME, which the agency had been seeking for years. But opposition to competitive bidding has also been the DME industry’s highest priority for years. One of its greatest fears has been that HCFA would use the information gathered from a

limited number of demonstrations around the country to ratchet down Medicare reimbursement nationwide. There is some evidence that this might be happening.

“The results are coming in and show that in Polk County, FL, the test-savings are dramatic,” Stark declared. He said Congress should adopt Clinton’s competitive bidding proposal and move to broad-based competitive bidding as soon as possible.

Earlier this year, Stark introduced legislation that would give HCFA permanent authority to use competitive bidding. It is unclear how much support that bill currently has in Congress, however.

The results Stark was referring to came in a letter HCFA sent to providers in Polk County earlier this month that included the following reductions for Medicare fee schedules effective Oct. 1, 1999: 18% cut for oxygen, 30% cut for hospital beds, 31% cut for enteral nutrition supplies, 20% cut for urological supplies, and 13% cut for surgical dressings.

Roughly one-third of the 161 items included in the demonstration will see an increase in reimbursement. ■

## Consolidated billing

*Continued from Page 1*

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, unless Congress repeals it. HCFA has the authority to delay implementation of the provision, but it cannot rescind it without congressional authority.

The BBA includes a combination of items the HCFA bureaucracy lobbied for, along with a number of items that were handed to it by Congress. By all accounts, the consolidated billing provision falls in the latter category. Currently, the agency is struggling to implement literally dozens of BBA provisions and Y2K modifications. “HCFA is willing to scrap this one,” said the industry representative. DME suppliers argue that the separate reimbursement systems established by Medicare for home health services and DME make the provision unworkable. ■

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## COMPANIES IN THE NEWS

### Apria's criminal probe closes with no charges

**Apria Healthcare Group** (Costa Mesa, CA) said last week the U.S. Attorney's office in Sacramento, CA, has closed its criminal investigation file relating to eight subpoenas Apria has received since July 1998. The office filed no charges from the investigation. The subpoenas, six of which were received in July 1998 and two that were received since then, were in relation to Apria's Medicare billing practices.

Apria officials said the company is now in the process of responding to a subpoena from the **Department of Health and Human Services** (Washington) and has largely completed responding to two subpoenas issued by the U.S. Attorney's office in San Diego.

The subpoenas received in Sacramento in July 1998 requested documents from Apria's offices in San Diego and Sacramento and at its regulatory compliance office in Canonsburg, PA.

### Columbia saga might not be over yet

A federal prosecutor who has led the **Columbia/HCA Healthcare** (Nashville, TN) Medicare fraud trial said last week that more indictments are likely. U.S. Attorney Charles Wilson told the *Tennessean* that the case is being watched closely in other districts, and he expects prosecutors elsewhere to seek indictments from grand juries. Wilson also said his office will continue its investigation of Columbia and that new indictments are possible within the company.

Two weeks ago, two former Columbia executives, Jay Jarrell and Robert Whiteside, were convicted on six of seven fraud and conspiracy counts in connection with allegedly fraudulent cost reports for Fawcett Memorial Hospital (Port Charlotte, FL). The investigation is part of a wide federal probe of the company, started in 1997, that included investigations into the Medicare billing processes of some Columbia home health locations.

The *Tennessean* reported that the government could seek indictments in connection with Columbia's home health business with **Olsten Corp.** (Melville, NY). The government alleges that Olsten sold Columbia some home care units at a bargain, then was paid inflated management fees by Columbia that were reimbursed by Medicare. Olsten agreed to pay a \$61 million fine in March, and its **Olsten Health Services** subsidiary plead guilty to an unspecified charge to settle an investigation in Miami into its business with Columbia.

### HealthSphere works its way out of Chapter 11

**HealthSphere of America** (Memphis, TN) may be returning to profitability now that the company and its seven subsidiaries have had some time to restructure. The eight

companies filed for Chapter 11 protection June 10. "As everybody knows, it has been a rollercoaster ride for anyone involved with home care over the past few years," HealthSphere Chairman Kyle Altman told the *Memphis Business Journal*. "In spite of all that, we are expecting to return to profitable operations over the next month or two. It would be the first time we have achieved profitability in the last two years." The company has cut its staff from 600 employees to 400, and payroll has been reduced in the last year by \$500,000. The company has also moved to compensate patient care staff on a per-visit basis, rather than with salaries, and it has reduced its Medicare exposure from about 80% of the business to about 25%, reported the *Journal*.

### Help at Home receives new financing

**Help at Home** (Chicago) has obtained new accounts receivable financing from **Oxford Commercial Funding** (Chicago). The new credit facility replaces the company's \$3.5 million revolving credit facility with **Harris Bank**, which was in technical default on June 30, 1998, and became due on Dec. 30, 1998. Over the last several months, the company was able to reduce its Harris debt to below \$2 million while considering its various available financing alternatives, officials said.

In other news, the company said that, effective July 1, it received rate increases for several of its key contracts, which could have a significant effect on revenue and income levels throughout the next year.

### Invacare makes offer to buy Scandinavian

**Invacare** (Elyria, OH) has made a cash tender offer to acquire **Scandinavian Mobility International A/S** for DKK 105 per share, or \$14.58 in U.S. currency. The total value of this price is about \$131.3 million. The offer is open until Aug. 11 to shareholders of Scandinavian Mobility. Invacare Chairman/CEO A. Malachi Mixon said Scandinavian's products are complementary to Invacare's and will add to the company's performance in Europe. Scandinavian Mobility reported sales of about \$50.4 million for the six months ended Dec. 31 based on current exchange rates.

### MiniMed nets \$141.2 million from offering

**MiniMed** (Sylmar, CA) said that the underwriters of its public offering exercised their overallotment option to buy an additional 345,000 shares of common stock at \$68.38. The company announced in late June that it had priced a 2.3 million share public offering. The company saw net proceeds of \$141.2 million, which includes the overallotment.

### Olsten franchise sues parent company

A Chicago franchise of **Olsten Corp.** (Melville, NY) has filed a lawsuit against the parent company, saying it has destroyed the value of its trademark and breached the

license agreement. **Olsten's of Chicago** and its president/CEO, Burtis Dolan III, filed the complaint in the United States District Court for the Northern District of Illinois. It alleges that Olsten has failed to comply with provisions for advertising, billing services, and other administrative services. It seeks to rescind the agreement and requests damages of not less than \$2 million as well as punitive damages. Olsten's of Chicago officials said that six of Olsten's other franchises were considering similar litigation. The company complains that Olsten threatened to discontinue its computer system to coerce it into relinquishing control over payroll. That forced the franchise to spend \$2 million implementing an alternate payroll and billing system.

### Priority raises more money from stock offering

**Priority Healthcare** (Altamonte Springs, FL) said last week that the underwriters of its recent secondary offering of 2.6 million shares of class B common stock have exercised in full the overallotment option to purchase an additional 390,000 shares of class B stock at \$34 per share, less underwriting discount. All of the shares were sold by Priority Healthcare.

As a result of the sale, the company has raised an additional \$13.3 million in gross proceeds, bringing the total gross proceeds from the offering to \$101.7 million, before underwriting discounts and expenses.

### Respironics fears lower-than-expected 4Q99 results

**Respironics** (Pittsburgh) has said that results for its 4Q99 will be lower than analysts' expectations and that it will change its operations to improve its focus on core respiratory markets. The company is consolidating its manufacturing operations and reducing its worldwide workforce by about 10%. It will also discontinue or divest certain product lines and streamline operations, said President/CEO Dennis Meteny.

The company expects sales for 4Q99 ending June 30 to be about \$90 million, compared to \$85 million. Earnings for the quarter are anticipated to be about 18 cents per share, compared to 17 cents per share in 4Q98. The figures exclude the impact of restructuring charges and an anticipated addition to the reserve for accounts receivable. The addition to the accounts receivable reserve and a review of the company, expected to be released the end of July, will likely result in a one-time pre-tax charge of about \$30 million, 57 cents per share. A portion of that charge will be recorded in 4Q99 with the remainder to be recorded over the next several quarters. The restructuring should result in an annual savings of about 20 cents per share, the company said.

### Sabratek acquires SRS outstanding stock

**Sabratek Corp.** (Skokie, IL) has acquired all of the outstanding stock of **SRS** in a pooling of interests transaction. SRS provides consulting services to healthcare providers. Sabratek CEO K. Shan Padda said SRS is strong financially. ■

## WASHINGTON UPDATE

- Bill Archer (R-TX), chairman of the House Ways and Means Committee, last week called for the federal government to begin offering tax breaks to make long term care more affordable. Archer's proposal, which will be included in a tax relief bill House Republicans are expected to begin moving this week, eventually would allow people who buy long term care insurance to deduct the entire expense of those premiums from their taxes. It would also give tax breaks for Americans who care for elderly people in their homes.

- Home health advocates told a Senate hearing on home care recently that more patients are losing services and are forced to seek more expensive treatment, while others are falling through the cracks, reported the *Kansas City Star*. "It is safe to assume we really don't know where these patients are or how their health status has been affected," Barbara Markham Smith, a health policy analyst, told the Senate.

- U.S. Sen. Mike Enzi (R-WY) is supporting the Medicare Home Health Equity Act that would restore Medicare spending to home health patients. The act would eliminate a 15% cut in home healthcare reimbursements set to begin Oct. 1, 2000. It would also increase the cost limit per home health patient. The system now "unfairly penalizes historically cost-efficient home health agencies that have been most prudent with their Medicare resources," Enzi said. ■

## WHAT THEY'RE SAYING

- A woman who has received home healthcare for six years is worried she will lose the service, she wrote in a letter to the editor published in *Newsday*. Maria Swiatek Hempstead, who is wheelchair-bound, believes that New York Gov. George Pataki's cuts to home healthcare will only force her into a nursing home. "I've been in four of them for brief stays and nothing could be worse," she wrote. Hempstead receives home healthcare services seven days a week, but believes it is still cheaper for the government to keep her at home.

- A recent column in *Broker World* stated that experts almost always promote selling a long term care contract with a 100% home care option when there is such a choice. "It has become an insurance industry mantra that the home care benefit can actually keep one out of a long term care facility," the column stated. "The problem with this logic is it is often wrong if applied as a general rule. At best, home care is an adjunct to an already existing family caregiving network." The column further stated that the 100% home care option is a plan choice that best meets the needs of working age adults who become disabled, not older, retired individuals or couples. ■

## REGIONAL DIGEST

## PPM/MISO NEWS

- Florida law does not require criminal background checks of home health aides outside of the state boundaries. That is how John Karlavage found a loophole in the system. Karlavage was kicked out of the medical profession when he, a doctor, was found to have allowed a physician's assistant to prescribe medicine, diagnose illnesses, and remove a cyst, then billed Medicaid as if he provided the services. He moved from Pennsylvania to Florida, where he got a job as a home health aide. Three months into the job, reported the *St. Petersburg Times*, he was accused of "making financial demands upon the trust officer" of a 95-year-old man in his care. The officer handled more than \$500,000 worth of accounts. Karlavage also married the man's daughter, who suffers from schizophrenia. A background check of Karlavage showed nothing criminal because it only covered the state of Florida.

- An occupational therapy assistant and her sister opened a used medical equipment store in Pueblo, CO, for people who need items that insurance won't cover. Kathy Aleshire said that **Adapt/Abilities** is devoted to buying, selling, and trading equipment that disabled people need, reported the *Pueblo Chieftain*. "More and more insurance is not covering these things," she said, referring to shower chairs and commodes.

- At a subcommittee hearing in Wichita, KS, legislators talked about the effects of public financing on healthcare. At issue, reported the *Kansas City Star*, was the effects of the 1997 Balanced Budget Act. The regional administrator for the **Health Care Financing Administration** in Kansas City said that the state had been getting too much federal funding for custodial care and other things that Medicare was never intended to pay. But opponents of the act said it is the elderly and poor who will suffer. Kansas hospitals will lose about \$800 million in federal money in the first five years following the act's passage, compared to hospitals nationwide that will lose \$71 billion in payments. Hospitals are postponing capital purchases, reducing staffs, and cutting services to cope, reported the *Star*.

- Public health nurses and the **Anne Arundel County Health Department** in Maryland are squabbling over quotas the department wants to institute to measure the nurses' job performance, reported the *Baltimore Sun*. The health department said the 11 nurses who administer the state's Healthy Start home care program in Anne Arundel county should see at least 80 patients per month, a number most of the nurses already meet or exceed. But the five nurses who are state employees - the others are contract workers - argue that their average is not that high and that meeting quotas will force them to cut corners with their patients, who are pregnant mothers and newborns. If Anne Arundel is successful in forcing the quota, the rest of the state will follow. ■

- **Concentra Health Services** (St. Louis) and **Tenet HealthSystem** (St. Louis) have formed a joint venture to provide expanded occupational health services in the St. Louis area. The venture went into effect on May 31 and was formed when Concentra acquired from Tenet a 51% interest in six former HealthLine occupational health clinics. The two companies have similar working environments in Florida and Louisiana.

- **PhyMatrix Corp.** (Providence, RI) has hired Adrian Otte as COO of its pharmaceutical services business, which includes the wholly owned subsidiary **Clinical Studies** and **Medical Research International**. Otte previously served as vice president of medical research for **Zeneca Pharmaceuticals**. The company has also hired Linda Strause as vice president of corporate accounts. She last worked as senior director of investigative site resources at **Quintiles**. And the company hired Veronica Barrett as general counsel. She most recently worked as an attorney at a healthcare firm in Boston. In addition, PhyMatrix has entered into a service agreement with **Pharmacia & Upjohn**, which will include clinical and outcomes research and disease management projects.

- A class action lawsuit has named **Physicians' Specialty Corp.** (Atlanta), some of its directors, and **TA Associates** as defendants in the Delaware Chancery Court. The suit alleges that the directors breached their fiduciary duties to shareholders by approving the move to go private with the transaction with TA Associates. It requests injunctive relief to enjoin consummation of the merger transaction or compensatory damages and costs and disbursements. The company said the suit has no merit and that it intends to defend itself. The company has also acquired the assets of **Computerized Tomography Center** (Atlanta).

- The **Center for Studying Health System Change** (HSC; Washington) has issued two reports on the state of physician organizations in Orange County, CA, and Miami. *Market in Turmoil as Physician Organizations Stumble* highlights the changes in the Orange County market since 1996. Physician organizations there are having trouble due to long term capitation agreements that were not adjusted for rising costs. The bankruptcies of **MedPartners'** (Birmingham, AL) California operations and **FPA Medical Management** have raised concerns about who is accountable under capitated agreements for paid-for care not yet delivered, HSC reported. The second report, *Market Calm, But Change on the Horizon*, highlights changes in Miami's healthcare market since 1996. The city has generous Medicare and Medicaid rates, but it may face state and federal policy changes that would reduce the rates, said HSC President Paul Ginsburg. ■

## Clinton proposal

*Continued from Page 1*

The administration's plan also includes modest attempts to soften the devastating impact the Balanced Budget Act of 1997 (BBA) had on the home care industry. To help agencies adapt to those changes, the White House plan would increase the repayment term for overpayments related to the interim payment system from one year to three years with interest. Currently, home health agencies are provided with one year of interest-free, extended repayment schedules.

According to Clinton's proposal, the BBA required rapid implementation of many changes "without fully taking into account the need to make Y2K computer changes and other implementation issues." As a result, the proposal would also postpone the requirement for surety bonds until Oct. 1, 2000, when the home health prospective payment system is scheduled to be implemented. "This will help ensure that overpayments related to the interim payment system will not be an obstacle to agencies obtaining surety bonds," according to the plan. Clinton's proposal would also follow the recommendation of the **General Accounting Office** (Washington) by requiring agencies to obtain bonds of only \$50,000 instead of the 15% of annual agency Medicare revenues that was included in HCFA's original surety bond regulation. Unlike some portions of Clinton's proposal, this item is reportedly certain to be implemented by HCFA.

The Clinton plan would also phase-in the requirement that home health agencies report their services in 15-minute increments. "The demands of Y2K compliance were competing with agency efforts to implement this BBA provision," said the plan. "By allowing this degree of flexibility for a temporary period we will prevent any agency cash flow problems or returned claims."

Finally, the plan officially eliminates the sequential billing rule as of July 1. "Many home health agencies had expressed concern about the impact of the implementation of this requirement on their cash flows and this measure should alleviate these problems to a large degree," said the plan.

The BBA also included a freeze on payments for clinical laboratory services, DME, and parenteral and enteral nutrients supplies and equipment for 1998 through 2002. The Clinton plan would soften that blow by increasing payments for these services at the rate of growth in the CPI minus 1 percentage point from 2003 through 2009. This would be an increase over the BBA, and would bring payment growth in line with most other Part B services.

Finally, it would increase payments for prosthetics and orthotics at the rate of growth in the CPI minus 1 percentage point from 2003 through 2009 and increase hospice payments at the rate of growth in the hospital market basket minus 1 percentage point over the same period. ■

## CORPORATE LADDER

- Victoria Mitchell has been named corporate communications director for **Olsten Corp.** (Melville, NY). Mitchell will manage public relations activities for **Olsten Health Services** and **IMI Systems**. Javier Guerrero is the new general director of **Olsten Ready Office** (Buenos Aires, Argentina). He replaces Lidia Hendler who retired after 35 years. Olsten also has appointed Manfred Wick CFO for the company's European staffing operations and Aled Morris managing director and chief executive of **Office Angels**, the company's United Kingdom staffing subsidiary. ■

## BRIEFLY NOTED

- The U.S. Supreme Court ruled that people with mental disabilities have the right to live and receive services, including home healthcare, in their own communities, rather than in institutions. The issue was brought before the court by two former state hospital patients who sued Georgia for denying them access to community-based services even though their treatment providers allowed them to leave the hospital. "The ability to lead more normal lives and achieve greater recovery from serious mental illnesses will now be possible for those who are shut away in state institutions," said Michael Faenza, president/CEO of the **National Mental Health Association** (Alexandria, VA). "Thanks to this landmark decision, states will have fewer excuses for segregating people with mental disabilities in institutions." ■

## CALENDAR

- The **Home Care Association of America's** (Jacksonville, FL) 1999 Annual Convention & Trade Show will be Aug. 1-3 in Las Vegas. The convention will offer an optional HHA Certificate Program for administrators and managers. For more information, call (800) 386-4222.

- The **Maryland-National Capital Homecare Association's** annual conference that was scheduled for Sept. 28-29, will now be held Sept. 22-23 at the same location, Martin's Crosswinds in Maryland. For more information, call (301) 408-4005.

- The **National Association for Home Care's** (Washington) 1999 Annual Meeting & Homecare Expo will be Oct. 9-13 in San Diego. The 1999 conference will feature more than 250 exhibiting companies, a PPS update, and more than 100 educational programs. For more information, call (202) 547-5050. ■

## HealthCor

*Continued from Page 1*

also in an effort to return to its core business, which is its nursing operations.

Hetherington also said the transition to Lincare has been as smooth as possible for all of HealthCor's patients. All of the patients in the areas in which operations have been sold are still receiving services, she said.

"There has been and will be some consolidation of offices that will be purchased," Hetherington added. "There is some duplication of services in some markets, so there will be some consolidation in those markets."

Two weeks ago, HealthCor sold its Texas community care service offices to **Auxi Health** (Nashville, TN). In addition, in late May, the company said it had decided to withdraw from providing services to Medicare Part A beneficiaries, saying it was a direct result of changes in Medicare reimbursement. ■

## Staff Builders

*Continued from Page 1*

Connecticut is also auditing the company for the same reason, and it's possible there are others. Staff Builders' annual report said that in the quarter ended Nov. 30 it had set aside \$11 million for state liability payments, but it did not say for which states. The report also said that the company may owe the federal government \$17 million, and the company's auditors expressed doubt that the company could remain in business.

"The company's losses from operations, working capital deficiency and non-compliance with the terms of its secured credit facility raise substantial doubt about its ability to continue as a going concern," stated **Deloitte & Touche** (New York) in a letter attached to the annual report.

The company's corporate office did not return phonecalls, and its spokeswoman, Anne Gregory, told *HHBR* that Staff Builders officials will not issue any statements or comment on the settlement. But the company's annual report suggests that company officials believe the erroneous billing has to do with different interpretations of confusing reimbursement rules.

"As a home healthcare provider, the company is subject to extensive and changing state and federal regulations relating to the licensing and certification of its offices and the sale and delivery of its products and services," it stated. "The federal government and Medicare fiscal intermediaries have become more vigilant in their review of Medicare reimbursements to home healthcare providers generally, and have become more restrictive in their interpretation of those costs for which reimbursements will be allowed to such providers."

Staff Builders will repay Massachusetts in increments, allowing Medicaid to reduce payments by 25%.

In the Ohio case, a U.S. District Court judge dismissed virtually all claims in a lawsuit brought against the com-

## New JCAHO compliance guidebook is available

Leaping the Joint Commission's hurdles to accreditation for your home care agency can be made easier with the newest edition of *Strategies for Successful JCAHO Homecare Accreditation 1999-2000*.

This newest edition is a step-by-step guide to compliance with the **Joint Commission on the Accreditation of Healthcare Organizations'** 1999-2000 standards. Its 573 pages provide strategies and documentation tools to help you prepare for accreditation, and they include dozens of forms, checklists, staff education documentation, and management tools.

*Strategies for Successful JCAHO Homecare Accreditation 1999-2000* also features more than 150 pages of case studies with tips, suggestions, and advice from your peers who have survived the survey, plus a list of vendors approved by the Joint Commission to measure outcomes for your agency.

With your purchase of the new accreditation guide, you can receive 25 nursing continuing education credits free. You also have the opportunity to buy unlimited additional CE programs for just \$40 each.

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pany by **6100 Cleveland Inc.** The judge dismissed the federal Racketeer Influenced Corrupt Organizations Act claims and all claims against individual corporate officers, eliminating \$75 million in claims for treble damages.

The Ohio federal court previously had dismissed wrongful termination claims by 6100, denying an application for a temporary restraining order to prevent Staff Builders from terminating certain franchise agreements and taking over operations of offices in Cleveland and Columbus, OH.

Other Ohio companies, former franchisees **Orsinger Enterprises** and **First Choice Medical Staffing**, have filed similar lawsuits against the company seeking to recover damages alleging unpaid royalties, wrongful terminations, breach of contract, and other damages.

"Staff Builders has appropriately pursued its contractual rights under the franchise agreements," said Staff Builders Vice President/General Counsel Renee Silver, who added that there is no basis for these claims. In response to the judge dismissing 6100's claims, Silver said: "We expect that the other lawsuits alleging similar claims will have the same result."

Staff Builders now plans to pursue sanctions and counterclaims against the plaintiffs and their attorneys. ■

# TECH UPDATE

• **CareFacts Information Systems** (St. Paul, MN) has signed a contract with **Gunderson Lutheran Home Care** (La Crosse, WI). Gunderson will integrate CareFacts clinical software with scheduling and billing software already in place at the agency. The implementation completes the installation of the full suite of CareFacts home care software modules.

• **SIMS Communications** (Irvine, CA) has secured \$2 million in financing through the sale of the company's common stock in a private placement to a group of investors. The funds will be used for the company's Internet business units under development. SIMS has also engaged **Burlington Securities Corp.** (New York) to act as a financial advisor and placement agent. In other news, SIMS has launched its JustMed.com Internet healthcare Web portal and has opened its Electronic

Commerce Store, located on the Web at [www.justmed.com](http://www.justmed.com). The Web site provides healthcare content and products to both the general public and healthcare industry professionals. The company's goal is to become the recognized healthcare portal leader on the Internet. SIMS officials said that currently, an estimated 22 million U.S. adults use the Internet to access health information. "At JustMed.com, we provide a feature-rich site, enabling visitors to select from a variety of healthcare topics and options. Additionally, they have the ability to purchase online in a secure environment, at our Med Store, an extensive line of home medical equipment products," officials said.

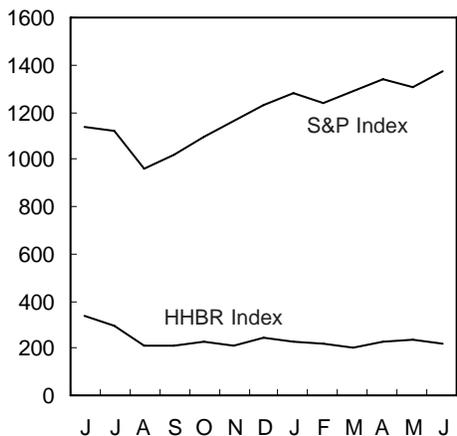
• **Home Medical of America**, a privately held provider of home health services, has selected **e-MedSoft.com** to Web-enable legacy mainframe applications in connection with physicians on the network. The implementation will allow HMA to connect its 125 locations and 14,000 employees in 42 states to the e-MedSoft.com network. ■

## MONTHLY STOCK INDEX COMPARISON

	<i>Close</i> <i>5/28/99</i>	<i>Close</i> <i>6/30/99</i>	<i>Net</i> <i>Change</i>	<i>Percent</i> <i>Change</i>
Home Health Industry Stock Index	237.61	218.64	-18.97	-7.98
Dow Jones Industrial Average	10559.74	10970.8	411.06	3.89
NYSE Composite	622.26	648.13	25.87	4.16
S&P 500 Composite	1301.84	1372.66	70.82	5.44
Nasdaq OTC Composite	2470.52	2686.12	215.6	8.73
Dow Jones Health Care Index	690.1	668	-22.1	-3.20

## 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 9. 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 JUNE 1999

### TOP FIVE PERCENTAGE GAINERS

Option Care Inc. ▽	47.22
Community Care Services	42.86
Integrated Health Services Inc.	36.17
Caretenders HealthCorp.	29.41
Matria Healthcare	20.83

### TOP FIVE DOLLAR GAINERS

Kelly Services Inc.	3.13
Fresenius Medical Care	3.06
Integrated Health Services Inc.	2.13
Invacare Corp.	1.81
Mallinckrodt	1.75

### TOP FIVE PERCENTAGE LOSERS

Graham-Field Health Products Inc.	-33.33
Olsten Corp. (The) ▽	-28.87
Healthcor Holdings Inc.	-28
NuMed Home Health Care Inc.	-25.81
Coram Healthcare Corp. ▽	-24.32

### TOP FIVE DOLLAR LOSERS

Apria Healthcare Group Inc. ▽	-3.63
Olsten Corp. (The) ▽	-2.56
Sunrise Medical Inc.	-1.19
Respironics Inc.	-1
Graham-Field Health Products Inc.	-0.75

Market Diary:	Advances This Month.....15	Declines This Month.....18	Unchanged This Month.....3	New Highs This Month.....3	New Lows This Month....4
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# Public Company Financial Statistics (June 30, 1999, close)

EXCH	COMPANY	TICKER SYMBOL	CLOSING	% CHANGE		52 WEEK		EPS	PRICE/	MARKET
			PRICE 6/30/99	THIS MONTH	THIS YEAR	HIGH	LOW	LAST 12 MOS.	EARN RATIO	CAPITAL (1000S)-
			\$		\$			\$	\$	\$
NAS	Amedisys Inc.	AMED	2	-13.49	-30.43	4.38	0.75	0	-	6144
NAS	American HomePatient Inc. ▽	AHOM	1.56	-20.63	-13.79	19.5	0.94	-3.17	-	23672
NYS	Apria Healthcare Group Inc. ▽	(H) AHG	17	-17.58	90.21	22.06	2.56	-3.59	-	881790
NAS	Caretenders HealthCorp.	CTND	2.75	29.41	0	6	1.5	-1.34	-	8608
NYS	Chemed Corp.	CHE	33.25	2.5	-0.75	35.13	25.13	1.85	18	347596
NYS	Columbia HCA Healthcare	COL	22.81	-3.18	-7.83	30.81	16.13	0.78	29	12959211
NAS	Community Care Services	CCSE	1	42.86	300	3.31	0.03	-0.81	-	7145
NYS	Coram Healthcare Corp. ▽	CRH	1.75	-24.32	-6.67	2.88	1.06	-0.14	-	86625
NYS	Fresenius Medical Care	FMS	20.06	18.01	-14.63	25.63	12.5	0.06	334	1404375
NYS	Graham-Field Health Products Inc.	GFI	1.5	-33.33	-55.56	6.25	1.19	-1.79	-	47253
NAS	Healthcor Holdings Inc.	HCOR	0.18	-28	92	1.94	0.06	-10.34	-	1817
NAS	Help at Home Inc.	HAHI	1.38	-12	-18.52	2.38	0.53	-1.56	-	2570
NAS	In Home Health Inc. ▽ (s)	IHHI	1.69	0	-6.9	3.38	1.06	0.2	8	9248
NAS	Infu-Tech Inc.	(L) INFU	1.25	5.26	-37.5	6.75	0.44	-0.09	-	4079
NYS	Integrated Health Services Inc.	IHS	8	36.17	-43.36	37.75	3.13	-1.94	-	422232
NAS	Interwest	IWHM	2.81	-16.67	-16.67	5	2.44	0.38	7	11500
NAS	Invacare Corp.	(L) IVC	26.75	7.27	11.46	27.37	19.87	1.53	17	803035
NAS	Kelly Services Inc.	KELYA	32.13	10.78	1.18	35.63	23.75	2.26	14	1151232
NAS	Lincare Holdings Inc. ▽ (s)	LNCR	25	1.52	-38.37	44.38	17.25	1.53	16	1459125
NYS	Mallinckrodt	(H) MKG	36.38	5.05	18.05	37.56	19.75	1.78	20	2582552
NAS	Matria Healthcare	(H) MATR	7.25	20.83	152.17	7.25	1.4	-2.6	-	264901
NYS	Mid Atlantic Medical Services	MME	9.88	-4.82	0.64	13.13	4.44	0.2	49	498372
ASE	National HealthCare	(L) NHC	8	14.29	-48.39	33.5	5.25	-0.62	-	91440
NAS	National Home Health Care Corp.	NHHC	4.5	12.5	-5.26	5	2.25	0.21	21	22977
NAS	New York Health Care Inc.	NYHC	1.19	0	18.75	5	0.63	0.03	40	4380
NAS	NuMed Home Health Care Inc.	NUMD	0.23	-25.81	-23.33	1.5	0.13	-0.43	-	1142
NYS	Olsten Corp. (The) ▽	OLS	6.31	-28.87	-14.41	11.75	4.5	-0.88	-	513181
NAS	Option Care Inc. ▽	OPTN	3.31	47.22	96.3	5.88	0.75	-0.07	-	37345
NAS	Pediatric Services of America	PSAI	1.44	-11.54	-58.93	18	1.13	-5.83	-	9562
NAS	Respironics Inc.	RESP	15.13	-6.2	-24.49	21.38	9.63	0.79	19	462583
NYS	Sabratek	SBTK	21.88	-3.31	33.59	34.25	13	0.34	64	216431
NAS	ServiceMaster L.P.	SVM	18.75	4.53	-15.01	25.5	16	0.66	28	5837175
NAS	Staff Builders Inc. ▽	SBLI	0.45	-11.76	-20	1.69	0.09	-3.16	-	10629
NYS	Star MultiCare Services Inc.	(L) SMCS	1.25	0	-13.04	2.75	0.75	-0.27	-	6571
NAS	Sunrise Medical Inc.	SMD	7.13	-14.29	-42.71	15	5.5	-0.31	-	158204
NAS	Transworld Home HealthCare Inc.	TWH	3.38	-14.29	-28	6	2.13	0.03	113	59235

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.

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