

Home Health

BUSINESS REPORT

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

MONDAY, JAN. 10, 2000

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HCFA sets Jan. 1, 2001, date for next competitive bidding site

By MATTHEW HAY

HHBR Washington Correspondent

BALTIMORE – The **Health Care Financing Administration** (HCFA; Baltimore) announced last week that the second competitive bidding demonstration for Medicare Part B services and supplies will commence Jan. 1, 2001. But the agency did not announce the location of the next demonstration.

According to an announcement in the *Federal Register* Jan. 7, the second demonstration will include oxygen equipment and supplies, hospital beds, standardized orthotic products, manual wheelchairs, and nebulizer drugs. The agency requested emergency clearance from the **Office of Management and Budget** under the Paperwork Reduction Act.

According to the **National Association of Medical Equipment Services** (NAMES; Alexandria, VA), the second
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MedPAC backs off previous call for a PPS transition from HCFA

By MATTHEW HAY

HHBR Washington Correspondent

WASHINGTON – The Medicare Payment Advisory Commission (MedPAC) has backed off its earlier concerns about the **Health Care Financing Administration's** (HCFA; Baltimore) decision to move to a prospective payment system (PPS) without a transition period. In a Dec. 27 letter to HCFA Administrator Nancy Ann DeParle, MedPAC Chair Gail Wilensky said MedPAC supports the PPS and opted not to recommend a transition period as it had discussed at its last regular meeting.

MedPAC said the home health PPS is a crucial step in carrying out the post acute care payment reforms mandated by the Balanced Budget Act of 1997 (BBA). The commission said the PPS described in the proposed rule appears to be consistent with requirements established by the BBA, but expressed concerns that the PPS HCFA proposed will give
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Home healthcare providers dodge threatening OSHA bullet

By MATTHEW HAY

HHBR Washington Correspondent

WASHINGTON – Home care providers dodged a bullet last week when the **Department of Labor** withdrew its opinion extending all **Occupational Safety and Health Administration** (OSHA) record keeping and standard requirements to any workers furnishing services in a private home.

"While the letter opinion has been withdrawn, the notice of the withdrawal notes that the policy will be considered further and may be reissued in the future," warns Jim Pyles, counsel for the **Home Health Services and Staffing Association** (HHSSA; Washington).

HHSSA worked with the administration, Rep. Frank Wolf (R-VA), and the **Chamber of Commerce** to argue that the opinion would have imposed OSHA requirements on home
See OSHA, Page 4

HHSSA urges HCFA to impose regulatory moratorium until PPS

By MATTHEW HAY

HHBR Washington Correspondent

WASHINGTON – The **Home Health Services and Staffing Association** (HHSSA; Washington) is urging the **Health Care Financing Administration** (HCFA; Baltimore) to impose a one-year moratorium on all regulations that may apply to Medicare participating home health providers until the prospective payment system (PPS) has been implemented, unless the regulations are necessary for PPS.

Similar to the other national trade groups, HHSSA urged HCFA to increase the initial payment included in the proposed rule from 50% to 75% and to eliminate the low utilization payment adjustment (LUPA) pending further analysis in its comments on the agency's proposed rule.

HHSSA commended HCFA for moving forward to
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HHSSA

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meet the Oct 1, 2000, statutory deadline for prospective payment for home health agencies. But the association added that the conversion of home health services covered by Medicare from cost reimbursement to prospective payment represents "the most significant change in the benefit in the nearly 40-year history of the program.

"The conversion of all patients, all services, and all providers to the new system simultaneously overnight on Sept. 30, 2000, is unprecedented and will require a massive and focused commitment of resources by HCFA, the intermediaries, and providers if interruptions of medically necessary services to beneficiaries are to be avoided," HHSSA said.

The association added that because Congress delayed the effective date of the 15% additional reduction in reimbursement after the proposed rule was published, its comments must be considered tentative.

"The postponement of the effective date of that additional cut and additional adjustments in the prospective payment rates that HCFA is contemplating will likely result in significant changes in the payment rates under the new prospective payment system," argued HHSSA.

HHSSA is urging the agency to publish a notice in the *Federal Register* with an opportunity for public comment that includes the best estimate of the prospective payment rates, absent the 15% reduction. "It is difficult, if not impossible, to provide educated comments on the effect of the new reimbursement rates on the home health benefit when the rates that have been proposed may be significantly different from the ones that are used," said HHSSA.

The association also argued that a mechanism should be installed to prevent interruptions in payments during the transition to PPS and that medical review should be suspended for at least the first 90 days of PPS. In addition, HHSSA said the collection of OASIS data should be restricted to Medicare patients and the 19 questions

needed for implementing PPS.

"We now know that only 19 of the approximately 80 questions on the OASIS form are necessary for implementation of PPS," said HHSSA. "While we recognize and support outcomes research, the highest priority should be given to the transition to PPS." ■

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 include dozens of forms, checklists, staff education documentation, and management tools.

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.

If you have a home care survey coming, don't wait to order this guide. Call (800) 688-2421 for more information, or send an e-mail to American Health Consultants at customerservice@ahcpub.com.

HCFA

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demonstration could take place in any medium metropolitan area within durable medical equipment regional carrier Region C. NAMES speculated that Texas or Florida, both in Region C, are likely sites for the next demonstration. ■

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COMPANIES IN THE NEWS

Caretenders considers name change

Caretenders (Louisville, KY) said last week that it will possibly change its name to Almost Family. Shareholders will be asked to vote on the name change at Caretenders' annual meeting later this month, the company said.

Chairman/CEO William Yarmuth said the proposed name change reflects the company's recently announced decision to move away from its home healthcare business to concentrate on its adult day care operations, reported the *Courier-Journal* of Louisville.

Caretenders said in November that it had sold its medical products division and that it would get out of the home care business by possibly selling the division or shutting down the operations.

Coram no longer meets NYSE requirements

Coram Healthcare (Denver) was notified by the New York Stock Exchange that it may be delisted from the exchange. Coram, NYSE said, no longer meets its listing requirement of, at minimum, a stock price of \$1 per share, market capitalization of \$50 million, and stockholders' equity of \$50 million.

GF files for Chapter 11 protection

Graham-Field Health Products (GF; Bay Shore, NY) has filed for Chapter 11 bankruptcy protection. The company listed more than \$201 million in debts and \$182 million in assets in its petition, filed in United States Bankruptcy Court in Wilmington, DE. GF Chairman Thomas Opladen said that the filing "will have no effect on our ability to manufacture or distribute our products." GF has arranged more than \$38 million in financing to bankroll its Chapter 11 reorganization, the company said.

In addition, GF appointed David Hilton president/CEO. Hilton replaces John McGregor, who resigned along with CFO Robert Gluck.

GF settled a securities class-action lawsuit earlier this year for \$20 million. Under the settlement, \$10 million will be paid by an insurance carrier, while GF will pay the rest. Effective Jan. 4, GF began trading under the symbol GFIHQ instead of its former symbol, GFIH.

Infu-Tech sees possibilities for its new Web site

Infu-Tech (Carlstadt, NJ) Chairman/CEO Jack Rosen said last week that innovations like the company's new Web site, www.Smartmeds.com, will reduce the possibility of medical errors like those cited in recent government reports. Infu-Tech is in the process of incorporating programs on its new site that will feature interactive, on-line disease management programs, password-protected patient records, medical news, and expert advice from medical professionals. ■

MedPAC

Continued from Page 1

home health agencies incentives to increase their revenues by manipulating the payment system.

Specifically, MedPAC said the low utilization episode threshold creates an incentive for home health agencies to provide a small number of visits above the threshold to generate a payment for the entire episode. At the other end of the episode, MedPAC said, agencies will have an incentive to "stint on services" to reduce their costs while maintaining their revenues.

To remedy that, the commission suggested establishing a PPS that blends fixed-episode payments with per-visit payments using a standardized rate per visit by discipline. MedPAC said it recognizes that doing so might require a statutory change, but added that revising the PPS will take time and encouraged HCFA to implement the proposed 60-day episode payment system while pursuing revisions as quickly as possible.

The commission also expressed its concern about issues that will arise in operating and maintaining PPS as proposed, as well as the long-term direction of post acute payment policies. MedPAC cited three issues that are likely to become important immediately. First, the commission said limitations in the available data raise concerns about the accuracy of the initial payment rates for the home health resource groups, the case-mix weights, and the wage index, all of which it said will strongly influence the distribution of payments among agencies.

The commission noted that home health agencies have been submitting OASIS data since August 1999 and strongly encouraged the agency to use these data to refine the case-mix adjustment as soon as possible, preferably before the final rule is established.

In addition, MedPAC said that to ensure that relative payments are correct, case-mix weights should change over time in response to changes in practice patterns and technology that affect the efficient level of resources required to furnish home health services to different types of payments. According to the commission, one option would entail routine data collection to update the case-mix weights, while another might be similar to that used in the hospital inpatient PPS in which diagnosis related group weights are recalibrated annually based on the average charges per discharge.

Finally, the commission said that periodically updating the wage index to reflect changes in home health agency wage rates "may or may not be easily accomplished." MedPAC said much of that depends on the quality of the wage and hour data agencies submit on their annual cost reports. "If home health agencies could supply accurate data, the wage index could be updated for fiscal year 2002," said MedPAC. "If not, it will be important for HCFA to focus on resolving reporting problems as quickly as possible to eliminate this source of inaccuracy in the payment rates." ■

REGIONAL DIGEST

• The **Washington State Department of Health** has revoked the license of **Breathing Easy** (Canby, OR). An investigation by the Department of Health said Breathing Easy failed to correct several previous violations, failed to assure an alternate administrator was available in the administrator's absence, failed to establish five required policies dealing with personnel and patient care, and did not have verification of background checks for two staff or proof of tuberculosis testing for another employee.

• **Rex Home Services** (Raleigh, NC), which provides home care services for citizens of Wake, Johnston, and Franklin counties, closed Dec. 31. Starting Jan. 1, the company's operations were taken over by **UNC Healthcare Home Health**.

• Needy residents of Fairfax County, VA, say a pilot program that reduced the hours some home care aides spend with patients is a way for the affluent community to cut costs at the expense of its needy residents. But Fairfax officials said the county remains committed to helping those in need and is simply trying to deliver services more efficiently, reported the *Washington Post*. In August, the *Post* reported, the county contracted with a private company, **Capital Home Health Care**, to be the sole provider of home care aides in a new cluster-care project at six sites in the Falls Church, VA, area. The pilot program, serving about 80 people, is aimed at using the aides more effectively by assigning them to perform certain tasks for elderly and disabled people who live close to each other, rather than stay with individual clients for set periods of time, the *Post* reported. Capital's contract runs through June, with two one-year renewal options.

• **Riverside Internal Medicine** (Jacksonville, FL) has a new home care program it started in November. The program allows patients of Riverside, who are either too sick or too old to come to the office regularly, to receive monthly checkups at home. ■

CORPORATE LADDER

• The **American Academy of Home Care Physicians** and the University of Minnesota designated Michael Rutkowski as a certified home health medical director. Rutkowski is the medical director of **St. Joseph's Certified Home Health Care Agency**.

• **Matria Healthcare** (Marietta, GA) appointed Amelia Wright vice president/chief information officer. Wright will be responsible for the information technology functions across all Matria business units. ■

BRIEFLY NOTED

• Home Care PPS Compute is a new, Excel-based spreadsheet software designed to teach proposed prospective payment system regulations. Cost is \$125. For more information, contact **W.D. Cabin & Associates** at (973) 263-2017.

• Physical therapists who work in home health continue to face job loss, salary cuts, and reductions in practice hours, according to a new survey by the **American Physical Therapy Association**. About 3.2% of the respondents said they were unemployed and looking for work, a slight rise from last year's 3%. Nearly half the respondents in home health (48.8%) said their salaries had dropped.

• A new study reported in the *Journal of the American Medical Association* shows physical and emotional problems are prevalent among family members who care for sick family at home. The elderly caring for a sick spouse increase their risk of dying by 63%.

• **Computers Unlimited** has developed a PC-based data analysis and reporting software that enables users to bypass unwanted data and get to specific business information. TIMS Diver allows healthcare providers to filter data by patient, insurance company, primary or secondary payor, and other categories. For more information, call (406) 255-9500. ■

OSHA

Continued from Page 1

work sites that are outside of the employer's control. "The policy seems to be in conflict with the ruling we obtained on behalf of HHSSA in a 1993 Seventh Circuit decision, which held that OSHA work site related requirements cannot be imposed on work sites that are not under the employer's control," said Pyles.

According to Pyles, the OSHA advisory would have had a devastating impact on home care if it had been allowed to stand. "It could have required home health companies to assume responsibility for all potential safety hazards in the homes of any employees who take work home and in the homes of any patients receiving services in the home," he said. "That policy would have exposed home health companies to liability for sanctions under OSHA standards and Medicare conditions of participation, but also would have created liability for those companies for personal injury claims."

Pyles added that it would have compelled home health employers to prohibit employees from completing work at home and would have made home care even less accessible. He said he expects this to be the type of issue HHSSA pursues as part of the newly created **American Association for Home Care**. ■

MANAGED CARE REPORT

C A L E N D A R

• **Anthem Blue Cross and Blue Shield of Connecticut** was charged a \$74 million fine for fraudulent conduct over its predecessor's role as a fee-for-service fiscal intermediary (FI). The settlement, covering **Blue Cross and Blue Shield of Connecticut's** FI business before its 1997 merger with **Anthem Health Plans**, is part of the second largest civil settlement in a healthcare fraud case involving a Medicare contract.

• **WellPoint Health Networks'** acquisition of **Blue Cross and Blue Shield of Georgia** (BCBSGA) and its parent company has been further delayed by a dispute over who the company's shareholders are, reported *Managed Care Week*. The Georgia Court of Appeals must determine who should receive shares of **Cerulean Companies**, BCBSGA's parent company. ■

• The **National Association for Home Care** (Washington) is offering a series of one-day workshops on how to successfully implement the prospective payment system (PPS). Locations will be announced. For more information, call (202) 547-7424.

• The **American Federation of Home Care Providers** will be conducting several one-day workshops on *Understanding and Managing Under PPS*. The first workshop will be Feb. 1 in St. Petersburg, FL. Other programs are in planning. For more information, call (800) 525-5577

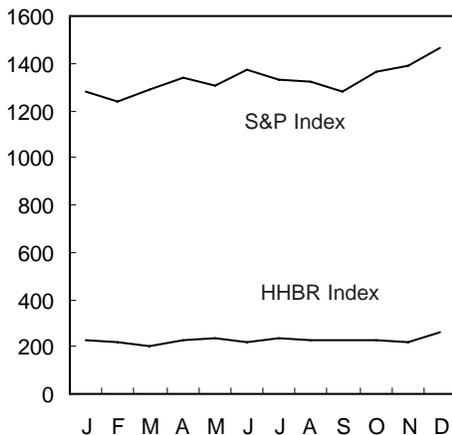
• **Medtrade Europe**, the trade event in Europe that focuses exclusively on the home care market, has been postponed to 2001. The conference was scheduled for April 12-14, 2000. For more information on Medtrade Europe, call (800) 241-9034. ■

MONTHLY STOCK INDEX COMPARISON

	<i>Close</i> <i>11/30/99</i>	<i>Close</i> <i>12/31/99</i>	<i>Net</i> <i>Change</i>	<i>Percent</i> <i>Change</i>
Home Health Industry Stock Index	219.75	263.52	43.77	19.92
Dow Jones Industrial Average	10877.81	11497.12	619.31	5.69
N.Y.S.E. Composite	631.18	650.30	19.12	3.03
S&P 500 Composite	1388.91	1469.25	80.34	5.78
Nasdaq OTC Composite	3336.16	4069.31	733.15	21.98
Dow Jones Health Care Index	525.74	554.96	29.22	5.56

HHBR'S HOME HEALTH COMPOSITE STOCK INDEX

The Home Health Business Report Composite Stock Index represents the collective performance of nine 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 6. 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 DECEMBER 1999

TOP FIVE PERCENTAGE GAINERS

New York Health Care Inc.	180.00
Infu-Tech Inc.	82.35
Coram Healthcare Corp. ▽	45.45
Apria Healthcare Group Inc, ▽	28.70
Staff Builders Inc. ▽	24.00

TOP FIVE DOLLAR GAINERS

Lincare Holdings Inc. ▽ (s)	6.31
Apria Healthcare Group Inc, ▽	4.00
Chemed Corp.	2.75
Columbia HCA Healthcare	2.06
Olsten Corp. (The) ▽	1.19

TOP FIVE PERCENTAGE LOSERS

Integrated Health Services Inc.	-66.67
NuMed Home Health Care Inc.	-46.15
Star Multi Care Services Inc.	-43.06
American HomePatient Inc. ▽	-24.79
In Home Health Inc ▽ (s)	-22.73

TOP FIVE DOLLAR LOSERS

Mallinckrodt	-1.44
Kelly Services Inc.	-1.09
Invacare Corp.	-1.00
Star Multi Care Services Inc.	-0.97
In Home Health Inc. ▽ (s)	-0.63

Market Diary:	Advances This Month.....16	Declines This Month.....15	Unchanged This Month.....1	New Highs This Month.....3	New Lows This Month....7
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Public Company Financial Statistics (Dec. 31, 1999, close)

EXCH	COMPANY	TICKER SYMBOL	CLOSING	% CHANGE		52 WEEK		EPS	PRICE/ EARN	MARKET
			PRICE 12/31/99 \$	THIS MONTH	THIS YEAR \$	HIGH	LOW	LAST 12 MOS. \$	RATIO \$	CAPITAL (1000S)- \$
NAS	Amedisys Inc.	AMED	1.38	4.8	-52.17	4	0.75	0	-	4329
NAS	American HomePatient Inc. ▽	(L) AHOM	0.54	-24.79	-70.21	4.13	0.38	-3.43	-	8186
NYS	Apria Healthcare Group Inc, ▽	AHG	17.94	28.7	100.7	22.06	7.13	1.03	17	933503
NAS	Caretenders HealthCorp.	CTND	2.25	-5.26	-18.18	4.13	1.5	-1.49	-	7020
NYS	Chemed Corp.	CHE	28.63	10.63	-14.55	34.06	24.63	1.74	16	299074
NYS	Columbia HCA Healthcare	(H) COL	29.31	7.57	18.43	29.44	16.38	0.89	33	16511057
NAS	Community Care Services	CCSE	0.97	0	287.2	1.13	0.03	0	-	6987
NYS	Coram Healthcare Corp. ▽	CRH	1	45.45	-46.67	2.88	0.38	-1.06	-	49597
NYS	Fresenius Medical Care	(H) FMS	28.38	1.11	20.74	30.38	15.69	0	-	1986250
NAS	In Home Health Inc. ▽ (s)	IHHI	2.13	-22.73	17.24	4.25	1.06	0.3	7	11732
NAS	Infu-Tech Inc.	INFU	1.94	82.35	-3.13	4.88	0.44	-0.57	-	6322
NYS	Integrated Health Services Inc.	(L) IHS	0.13	-66.67	-99.12	14.69	0.06	0	-	6646
NAS	Interwest	IWHM	3	2.13	-11.11	5	2.5	0.45	7	12267
NAS	Invacare Corp.	(L) IVC	20.06	-4.75	-16.41	26.94	17.44	1.6	13	601414
NAS	Kelly Services Inc.	(L) KELYA	25.13	-4.17	-20.87	35.13	22.88	2.34	11	901787
NAS	Lincare Holdings Inc. ▽ (s)	LNCR	34.69	22.25	-14.48	40.63	17.25	1.66	21	1874547
NYS	Mallinckrodt	MKG	31.81	-4.32	3.25	37.56	25.56	2.51	13	2213482
NAS	Matria Healthcare	MATR	4.13	5.6	43.48	7.5	2.38	0.09	46	151680
NYS	Mid Atlantic Medical Services	MME	8.31	3.91	-15.29	13.13	5.13	0.54	15	414677
ASE	National HealthCare	NHC	5.25	-4.55	-66.13	17.25	3.38	-0.77	-	60008
NAS	National Home Health Care Corp.	NHHC	3.81	-10.29	-19.74	5	2.25	0.39	10	19249
NAS	New York Health Care Inc.	NYHC	1.75	180	75	5	0.38	-0.06	-	6421
NAS	NuMed Home Health Care Inc.	(L) NUMD	0.07	-46.15	-76.67	0.53	0.07	-0.43	-	411
NYS	Olsten Corp. (The) ▽	(H) OLS	11.31	11.73	53.39	11.44	5.19	0.21	54	919797
NAS	Option Care Inc. ▽	OPTN	3.06	-10.91	81.48	5.88	1	0.22	14	34729
NAS	Pediatric Services of America	(L) PSAI	0.94	-6.25	-73.21	3.69	0.72	-5.68	-	6236
NAS	Respironics Inc.	RESP	7.97	0.39	-60.22	21.38	7.5	0.38	21	238027
NAS	ServiceMaster L.P.	(L) SVM	12.31	-3.9	-44.19	22.19	10.13	0.54	23	3823007
NAS	Staff Builders Inc. ▽	SBLI	0.31	24	-44.89	0.69	0.09	-3.19	-	7322
NYS	Star Multi Care Services Inc.	SMCS	1.28	-43.06	-10.87	2.25	0.63	-0.31	-	6921
NAS	Sunrise Medical Inc.	SMD	6.19	3.13	-50.25	12.5	4.44	0.11	56	137573
NAS	Transworld Home HealthCare Inc.	TWH	1.88	-14.29	-60	5	1.5	-0.24	-	32908

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.

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