

Home Health

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NEWS, TRENDS
& STRATEGIES
FOR THE HOME
HEALTHCARE
EXECUTIVE

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National home care groups to hammer out PPS strategy

By MATTHEW HAY

HHBR Washington Correspondent

WASHINGTON – The five national home care associations will meet Tuesday along with the **American Hospital Association** (AHA; Washington) and the **American Health Care Association** (AHCA; Washington) to coordinate a strategy for bringing about hoped-for changes in the **Health Care Financing Administration's** (HCFA; Baltimore) proposed rule for the home health prospective payment system (PPS).

"There have been some minor discussions with HCFA about the PPS regulation and we have a summit meeting next week of the national associations to talk about the PPS regulations and set up a strategy so we can have a meeting with HCFA," said the **National Association for Home Care's** (NAHC; Washington) Bill Dombi.

"We want to get together on coordinating our message," explained **American Federation of Homecare Providers** (AFHCP) Executive Director Anne Howard. "It is

essential that we all agree on what we are going to be asking for, how we are going to ask for it, and how we are going to coordinate our activities both with HCFA and with Congress, if necessary."

Howard said "numerous issues" have surfaced since the comment period officially ended Dec. 27. "I have a bunch of new issues and I am sure the other associations do too," she added. "We will put those additional issues on the table and focus on items that we all agree on that can be accomplished if we work in a unified fashion."

Howard also expressed concern that Congress' postponement of the additional 15% cut in home health reimbursement will not translate into a 15% increase in reimbursement.

"The issue is how that will affect the rates that were published," she said. "I am not expecting a 15% increase in those rates.

"We don't anticipate that removal of the 15% reduction is going to mean the budget neutrality factor increases 15% and the rates go up 15%," she explained. "We anticipate it is

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AAH names law firm founder Galen Powers interim president

By MATTHEW HAY

HHBR Washington Correspondent

ALEXANDRIA – The recently established **American Association for Homecare** (AAH; Alexandria, VA) has named Galen Powers interim president. Powers is the senior founder and president of the Washington, DC-based law firm Powers, Pyles, Sutter & Verville.

Powers worked as a director and president with the **American Health Lawyers Association** in Washington, DC. He was also instrumental in the development of the **DC Hospital Association** and the **National Association of Medicare-Dependent Hospitals**.

Powers said Cara Bachenheimer, who was heavily involved in government relations at the **Health Industry Distributors Association** (HIDA; Alexandria, VA), will be in charge of the new association's membership. Mara

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Olsten and Caretenders each shift focus with name changes

By MEREDITH BONNER

HHBR Editor

Two major players in the home care arena are hoping a change will do them good. **Olsten Health Services** (Melville, NY), which recently spun off from its parent **Olsten Corp.**, is now operating under the name **Gentiva Health Services**. And **Caretenders** (Louisville, KY), hoping to turn the focus on its more profitable adult day care services, has changed its name to **Almost Family**.

In August, Olsten Corp. announced plans to merge its staffing and technology businesses with temporary staffing firm **Adecco S.A.** (Lausanne, Switzerland) and split off its health services business as an independent, publicly held company, a move that some analysts called a mistake at the time. But Olsten has given itself a new name and is hoping a fresh name will give its problem child a fresh start in the industry.

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Home care still waiting for court action on federal suits

By **MATTHEW HAY**

HHBR Washington Correspondent

WASHINGTON—Home care representatives hoping for relief from federal courts are still waiting for action in several cases.

"The courts are still sitting on everything that we gave to them months ago," said the **National Association for Home Care's** (NAHC; Washington) Bill Dombi.

One case argues that the Health Care Financing Administration (HCFA) violated the Regulatory Flexibility Act by failing to undertake an impact analysis prior to implementing the interim payment system (IPS). NAHC argues that the HCFA was required to consider alternatives to IPS that would have had a less adverse impact.

NAHC is also waiting for a decision for summary judgement and motion for class certification in O'Neil vs. Shalala. That case attempts to expand the Medicare benefit to disabled individuals not considered homebound.

In addition, there is the Healy case in Connecticut that NAHC filed a motion for intervention. That case involves Medicare beneficiaries who were denied services. Dombi said there was an oral argument last month on the cross-motion for summary judgement by government and beneficiary advocates. But he said the court never ruled on the association's motion to intervene in the case.

The one bright spot for home care providers is the Olmstead case, which the Supreme Court issued a decision on last year. In that case, the Supreme Court ruled that unnecessary institutionalization of individuals is discrimination under the Americans with Disabilities Act (ADA). The court explained states may meet their obligation by having comprehensive plans designed to ensure that individuals with disabilities receive services.

The **Department of Health and Human Services** (HHS; Washington) responded by putting out a notice to the state Medicaid programs instructing them to develop a compliance plan for Olmstead. HHS also issued a series of recommendations on how they could analyze whether their programs achieve the level of integration required with an emphasis on looking at home care instead of institutional care. ■

Associations

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going to be somewhat less than that."

Home Care Association of America (HCAA; Jacksonville, FL) Director of Government Affairs Scott Lara expressed hope that the AHA would be able to throw its considerable clout and grassroots capabilities behind any unified position.

But he added that if HCFA does not back off the proposed 50/50 payment split, HCAA is ready to go to Congress to push for at least a 75% up-front payment. "These agencies cannot afford to float the government," he argued. "All the costs we are paying are up-front costs such as nurses and mileage, yet we only get half the payment up-front." ■

AHA

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Benner, former executive director at the **Home Health Staffing and Services Association** (HHSSA; Washington), will handle government relations for home health services, while Asela Cuervo, a former staffer of the **National Association for Medical Equipment Services** (NAMES; Alexandria, VA), will be responsible for government relations for home medical equipment.

The first meeting of the AAH board is set for Feb. 15. That board will be an amalgamation of all members on one of the previous three separate boards. The dues structures of the three organizations have also been merged.

"Those who have not paid, even though they were a member of one of the preceding organizations will have a new dues schedule," Powers added. He said AAH tried to amalgamate the dues structure of the three organizations. "They were not identical," he explained. "But they all graduate on the basis of the revenue of the member companies."

According to Powers, no further consolidation of national trade groups is anticipated in the short-term. "I think it is an association with a great deal of potential," he added. "It can achieve some very important objectives for patients and our members, and I am very enthusiastic about it." ■

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COMPANIES IN THE NEWS

Apria to record 4Q99 \$131M tax benefit

Apria Healthcare Group (Costa Mesa, CA) said it will record a 4Q99 tax benefit of \$131 million, which is expected to boost its earnings by about \$2.44 per share. The increase, Apria said, will be recorded as an asset.

The tax benefit represents the tax effect of Apria's \$350 million of net operating loss carry-forwards and other net deductible items that are expected to be realized in future periods, reported the *Orange County Register*. Apria said it does not expect to be required to pay regular federal income taxes until at least 2001.

Beverly reaches settlement with government

Beverly Enterprises (Fort Smith, AR) agreed to pay \$175 million to settle charges that it defrauded Medicare, and one of its subsidiaries last week pleaded guilty to criminal fraud. The federal government alleges that in a nationwide scheme, Beverly cheated Medicare out of \$460 million from 1992 to 1998, reported the *Washington Post*. It is also alleged that employees of the company fabricated records to make it appear that nurses were devoting much more time to Medicare patients than they actually were.

IHHI sees increase in 1Q00 earnings

In Home Health (IHHI; Minnetonka, MN) reported a 1Q00 ended Dec. 31 net income of \$910,000, 5 cents per share, an increase of 76% over 1Q99 net income of \$517,000. The company's net income available to common shareholders in 1Q00 was \$260,000, 5 cents per share, compared to a net loss available to common shareholders in 1Q99 of \$132,000, 2 cents per share.

IHHI saw revenues in 1Q00 totaling \$22.8 million, up from 1Q99 total revenues of \$18.6 million.

The improvements in net income and earnings per share, IHHI said, were the result of increases in both revenues and profit margins. Revenue increases of 23% were achieved through increased service volume in the company's existing branches, as well as new clients served in six recently acquired home health agencies, IHHI said.

IHS files for Chapter 11

Integrated Health Services (IHS; Sparks, MD) filed for Chapter 11 bankruptcy protection to reorganize the company's debt obligations. To ensure that IHS has the working capital necessary to operate its business, it has obtained a commitment for up to \$300 million in debtor-in-possession (DIP) financing with **Citibank**. The company has received the court's permission, on an interim basis, to access the DIP financing to fund normal business operations and other cash needs during the bankruptcy pro-

ceeding, IHS said. The final hearing on the DIP financing is scheduled for Feb. 25.

Montefiore chooses new automation system

Montefiore Medical Center (New York) selected **Triple G Systems Group's** (Markham, Ontario) Ultra Laboratory Information System for use in its health system, which includes two hospitals, 35 ambulatory centers, a network of neighborhood health centers, home healthcare, rehabilitation, and nursing home care to residents of the Bronx and southern Westchester, NY. Montefiore Chief Information Officer Jack Wolf said the company selected Triple G's Ultra Laboratory system "for its rich functionality that addresses the needs of a complex medical center's hybrid laboratory and for its state-of-the-art technology."

Option Care, SmithKline fight Lyme disease

Option Care (Bannockburn, IL) will work with **SmithKline Beecham** to implement a Lyme disease prevention program in Pennsylvania, the company said last week. For the agreement, Option Care will provide its LYMERix vaccination through clinics at corporate and satellite offices of employer groups and managed care participants.

Option Care President/CEO Mike Rusnak said the program is "the first in several immunization programs that Option Care plans to implement throughout the country." ■

REGIONAL DIGEST

• **Stat Home Care** (Addison, IL) received a warning letter from the Food and Drug Administration (Washington) that cited the oxygen repacker for failing to review and approve production records; calibrate instruments, apparatus, gauges, and recording devices in accordance with manufacturer's recommendations; establish procedures covering the examination of home cryogenic units repaired by contractors; and label cryogenic vessels in use. The date of the investigator's inspection was not available.

• **Sunbelt Home Health Care** is consolidating its Sarasota County offices into one site in Venice, FL. The change was effective last week, reported the *Sarasota Herald-Tribune*. Sunbelt is owned by the **Adventist Health System**.

• In the Twin Cities, healthcare firms account for 10% of all job vacancies, more than any other industry, according to a soon-to-be-released survey of more than 2,000 metro-area businesses conducted by the **Minnesota Department of Economic Security**. Although complete statistics are not yet available, the study showed that nursing aides and licensed practical nurses are among the occupations with the most job openings in the Twin Cities, reported the *Star-Tribune* of Minneapolis-St. Paul, MN. ■

Name change

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Olsten's CEO, Edward Blechschmidt, will lead Gentiva Health Services as chairman, CEO, and president once the deal is completed, Olsten said. Blechschmidt said the new organization is built around key business segments as opposed to geography, which will best leverage Gentiva's strategic direction.

"From the start, we want to be viewed as a company that cares about its patients, customers, and shareholders with the highest level of integrity and trust," said Blechschmidt.

Chris Anderson will serve as chief compliance officer, Richard Christmas as senior vice president, chief information officer, and John Collura as executive vice president, CFO, and treasurer.

Caretenders focuses on adult day care

Caretenders shareholders have approved changing the company's name to Almost Family, a name that Chairman/CEO William Yarmuth said will be recognized. Twelve of the company's 23 adult day care centers have always operated under the name Almost Family, said Yarmuth. The others, he added, have operated under the Caretenders name – a name that he said has been long associated with home care.

The company's visiting nurse operations will retain the Caretenders trade name, the company said.

"(The name change) underscores our focus on adult day health services, which provide alternatives for seniors and other special needs adults who wish to avoid nursing home placement," Yarmuth said. "It will enable us to build a single brand name with which our customers can identify."

Effective Feb. 1, the company's stock began trading under the symbol AFAM, still on the Nasdaq.

Almost Family opened its newest center last week in Frankfort, KY, and said it plans to open its next center later this month in Owensboro, KY.

Almost Family reported a 3Q99 ended Dec. 31 net income of \$234,437, 8 cents per share, down from a 3Q98 net income of \$1.1 million, 34 cents per share. The company saw total revenues of \$11.9 million in 3Q99, compared to 3Q98 revenues of \$10.2 million. ■

CLARIFICATION

• **Rex Home Services** (Raleigh, NC), which provides home care services for citizens of Wake, Johnston, and Franklin counties, has merged with **UNC Healthcare Home Health**, as reported in the Jan. 10 issue of *HHBR*. Rex will now be managed by UNC Home Health's management team. No services to Rex patients were ceased in the merger process, said Rex officials. ■

CALENDAR

• **Medtrade's Medtrade West** is May 3-6 in Las Vegas. At the meeting, new products in the home medical equipment arena will be introduced. For more information, call (800) 241-9034, or visit the Web site at www.medtrade.com.

• The 15th annual **Northeast Healthcare Conference and Exposition** is May 10-11 in Mashantucket, CT. The conference is sponsored by *Healthcare Review* and brings together the entire healthcare delivery system. Admission to the expo and conference programs is free. For more information, call (800) 243-9774.

• The home care associations in Louisiana, New Mexico, Oklahoma, and Texas are offering the **Southwest Regional Home Care Conference and Exhibition 2000** May 10-May 12 in Dallas. For more information, call (800) 880-8893.

• The **National Association for Home Care** (Washington) announces four conferences in one, which will be May 7-10 in Arlington, VA, including the **New Home Care Business Development Conference**, the **15th National Home Care Aide Service Conference**, the **National Adult Day Services Conference**, and the **Home Healthcare Nurses Association Annual Gathering**. For more information, call (202) 547-7424. ■

MANAGED CARE REPORT

• **Lifemark Corp.** (Phoenix) has signed an agreement with **Blue Cross and Blue Shield of Texas** (BCBSTX), a division of **Health Care Service Corp.**, to share financial risk in the Star+Plus Program contract, effective Dec. 1. Health Care Service Corp. is an independent licensee of the **Blue Cross and Blue Shield Association**. The Star+Plus Program is Texas' managed long term care demonstration project designed to provide integrated acute and long term care services to individuals. Lifemark and BCBSTX first discussed using their combined expertise in 1997 to develop a health plan model in order to participate in the Star+Plus Program, Lifemark said. The annualized revenue of the combined product line is \$90 million and covers roughly 20,000 aged, blind, disabled, and other at-risk individuals, Lifemark said.

• **Concentra Managed Care's Concentra Health Services** division and **NHD** (Beachwood, OH) have signed a two-year agreement, effective Jan. 3, to provide medical imaging supply distribution, accessory products, and equipment service to Concentra Health Services facilities nationwide. The contract covers film, film filing supplies, film processor and X-ray equipment service, and related accessories for medical imaging. ■