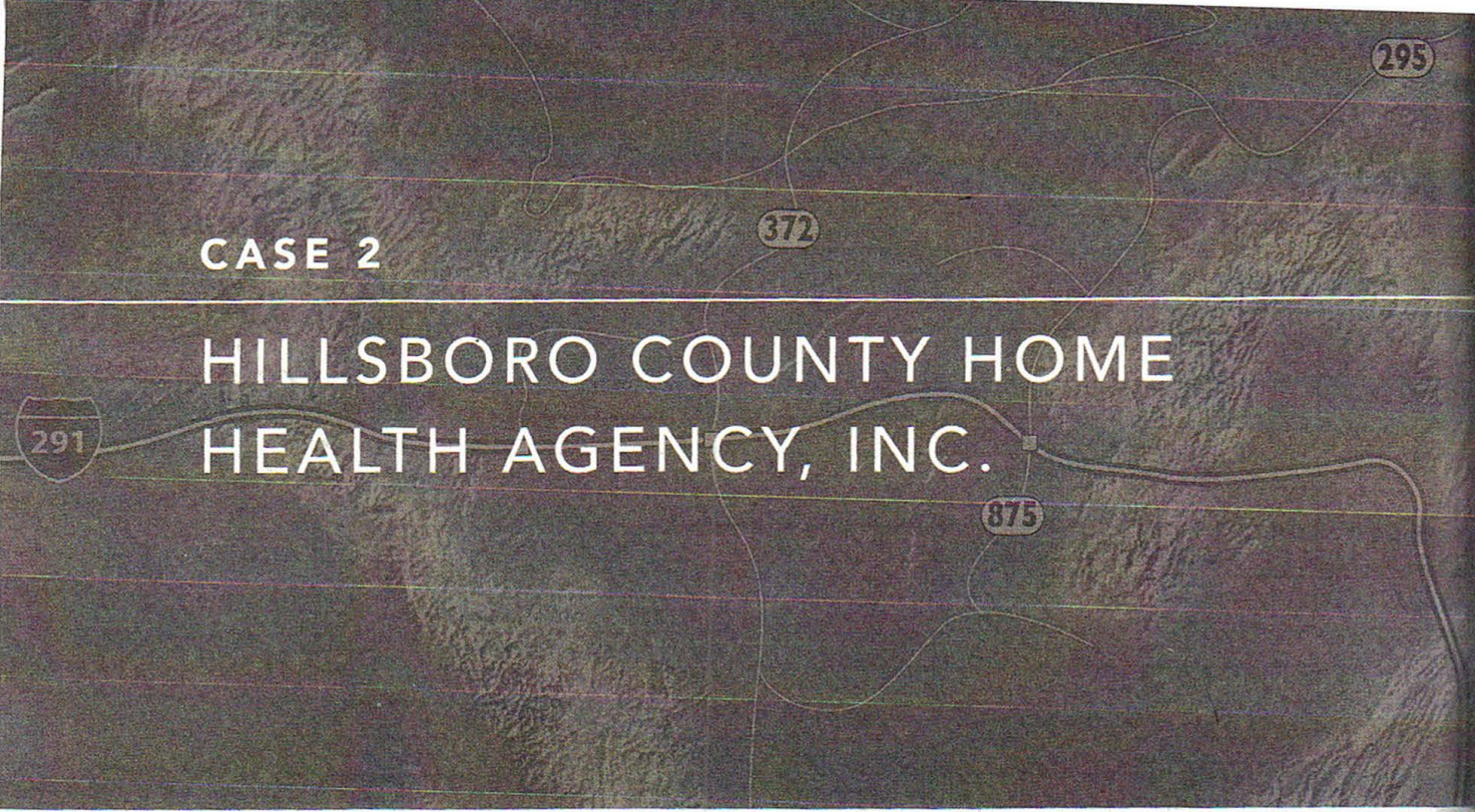




CASE 2

HILLSBORO COUNTY HOME HEALTH AGENCY, INC.

The Hillsboro County Home Health Agency (HCHHA), originally named the Middleboro Home Health Agency, was founded in 1946 as a nonprofit home health agency to provide healthcare services to the area's population. Three years ago, in conjunction with establishing an office in Jasper, the organization changed its name to reflect better its countywide orientation. Today, it is the only Medicare-certified home health agency in Hillsboro County. The Joint Commission also accredits it.

MISSION

"The mission of HCHHA is to serve individuals in their usual environments and is concerned with well people as well as people with illness or disabilities. We strive to prevent disease or to retard its progress and to reduce the ill effects of unavoidable disease. We provide quality nursing and therapeutic care to the noninstitutionalized sick and disabled. We also provide information and encouragement to individuals and families, special groups, and the community as a whole for the promotion of health." (Approved by the board of directors, December 31, 2010.)

GOVERNANCE

Overall responsibility for HCHHA rests with the board of directors. The 21-person board meets monthly to review the status of the corporation. Except as noted the board acts as a committee of the whole. All directors serve for a three-year term and may be reelected by the board. The executive committee nominates individuals for membership on the board. The new board then elects its officers. The election of directors is done by the full board at the June meeting. New directors and officers take their positions beginning July 1. Last year a consultant recommended that the board cease being self-perpetuating and establish mandatory term limits. The board is still considering this concept.

The executive committee (president, vice president, secretary, and treasurer) meets, as needed, with the executive director to resolve special issues and plan board meetings. In April of each year, the executive committee prepares a slate of nominees for new board members. The finance committee meets monthly with the executive director to review the financial status of the corporation. It also reviews and recommends the new annual budget to the full board for approval. The professional advisory committee meets monthly to review issues related to clinical care and quality standards.

Membership on the current board includes Janet Myer, senior vice president at the Middleboro Trust Company. She is currently president of the board of directors and has one year remaining on her third three-year term. She lives in Middleboro. This is her fourth consecutive year as board president. It should be noted that Myer was instrumental in the reorganization of the agency three years ago. David Ruseski, owner of Ruseski Auto Sales in Middleboro and Jasper, is in his second year as vice president of the board. His first three-year term on the board will expire next June, but he has agreed to serve for another three-year term if he is nominated. During 2012 he chaired the finance committee. Ruseski lives in Mifflenville. Mary Steel, JD, is the elected secretary. She maintains her solo law practice in Mifflenville and lives in Middleboro. Steel has been on the board for nine years. Steve Meadows is the elected treasurer. He is the senior partner in the accounting firm of Meadows and Associates in Middleboro. He has served on the board for 14 years. As treasurer, he is a member of the finance committee. He lives in Statesville.

William Bond, vice president of finance at Master Tractor, was elected to his first term on the board two years ago. He chairs the finance committee and has indicated that he will be unable to serve beyond this coming June. He lives in Mifflenville. Martha Logic, JD, is an attorney in the law offices of the Jasper Legal Assistance Clinic and has served on the board for five years. She lives in Jasper. Carl Fisher was elected to the board for his first term three years ago. He is a retired major general from the US Army and is active in the local chapter of the AARP. He maintains farming interests at his family's farm in Boalsburg. Nancy Blau was elected to the board for her first term two years ago. She is

a former county commissioner, a member of the regional school board, and a trustee at Webster Hospital. She lives in Middleboro. She serves on the finance committee. Helen Vosper, RN, was reelected to the board four years ago. She was the director of nursing at Middleboro Community Hospital until 2010 and recently retired as director of nursing at Webster Hospital. She lives in Middleboro. Lois Metz, MSW, was elected to the board last July and is serving her first term. She maintains her independent practice as a social worker in Middleboro, where she specializes in marriage and family counseling. She lives in Middleboro. Janet Doe was reelected to the board two years ago. She is a retired registered nurse and the former director of school nursing for public schools in Middleboro. She resides in Middleboro and has been a member of the board for 16 years. Melissa Giles, a recent law school graduate and alumna of the Middleboro school system, was elected to the board last year. She is currently a legislative aide to US Representative James Giles, and she specializes in elder issues. She resides in Jasper. Mary Care, RN, was reelected to the board three years ago. She is the executive director of Valley Hospice and has served nine years on the board. Cindy Donnelly has been a member of the board for 19 years. She is a former reporter with the *Middleboro Sentinel* and lives in Mifflenville. Walter Graham was recently elected to fill a board vacancy created by a resignation. His first term has two years remaining. He is the senior administrator at Medical Associates, a multispecialty group practice located in Jasper and Middleboro. Matty O'Brien, OT, has been a member of the board for seven years. She is professor emeritus of occupational therapy at State University and has lived in Middleboro for the past ten years.

Board Committees, 2014	Chair	Members
Executive	Myer	Ruseski, Steel, Meadows
Finance	Bond	Blau, Logic, Giles, Martin
Professional Advisory	Vosper	Metz, Doe, Care, O'Brien, Ellis
Publicity and Public Relations	Fisher	Donnelly, Black
Building and Grounds	Shields	Graham, George

Mark Shields has been a member of the board for 17 years and is the chair of the building and grounds committee. He resides in Statesville, where he operates a large feed and grain business and serves as an elected town official. Conner George has been a member of the board for 13 years, lives in Mifflenville, and has a professional background in

landscaping. Dennis Martin lives in Jasper and is a retired superintendent of schools in Jasper. He has been on the board for four years. Frances Black lives in Middleboro, where she is active in civic affairs. She has been on the board for seven years. Jennifer Ellis lives in Jasper, where she maintains a private practice in speech pathology. She has been on the board for two years.

In 2001, the board created a community advisory council to provide advisory services to each of the programs provided by the agency and to increase community participation without expanding the formal board of directors. Because of the increased possibility of conflict of interest in a competitive healthcare market, as well as declining attendance at quarterly meetings, the board abandoned this council in 2011. It should be noted that in 2010, the board passed a resolution that stated, "Board members represent themselves, not their employers."

Physician interest in serving on the board has been nonexistent since Maynard Cushing, MD, completed his service in 2010. Dr. Rita Hottle of Middleboro serves as the agency's medical director. For the past three years, the agency has experienced a decline in operating margin. In 2013 and 2014, the agency experienced its first losses from operations. The losses were funded out of net assets.

The finance committee is concerned by the downward trend in financial performance from operations as well as the impending significant change in reimbursement for the agency, mandated by the changes in Medicare and Medicaid.

MANAGEMENT TEAM

Hired at the time of corporate expansion in 2010, Martha Washington, RN, MHA, is HCHHA's executive director. Prior to serving in this position, Washington was the regional director for a large for-profit chain of home health agencies, and she managed the affairs of 13 separate agencies. Before that, she was director of marketing for a large medical products firm headquartered in Capital City. She also has approximately ten years of experience as a visiting nurse with a large visiting nurses association located in a major midwestern city. Today, she is vice president of the State Home Health Association and maintains an active presence in the state legislature, lobbying for home care issues. After formal review, the board recently extended her four-year contract for another four years with an increase in salary.

Since her arrival, Washington has reorganized the agency into three divisions: Home Care, Private Duty, and Community Health. As approved by the board prior to her appointment, she opened an additional office located in Jasper to support all programs. Under her leadership, existing services were expanded and new services were added. Above all else, she has worked to ensure that the agency continues to fulfill its mission.

Her management style emphasizes the delegation of clearly expressed responsibilities. She has delegated responsibility for operations to each full-time division manager, added a special assistant to the executive director to assist with projects related to human resources administration and marketing, and upgraded the bookkeeper position to a professional position as controller.

In her first year at the agency, Washington—with the able assistance of select board members and consultants—selected and installed an electronic medical record and patient care planning system specifically designed for home health care. The system has been operational for 18 months in the Home Care Division and 12 months in the Private Duty division. The system required a significant financial commitment.

Ruth Martin, RN, is the manager of the Community Health Division. Four years ago she asked the board to relieve her as executive director, a position she had held for three years. She asked to be retained by the agency as the program manager for the Community Health Program, which upon reorganization became the Community Health Division. The board, after much discussion, agreed and then recruited Washington as executive director with the understanding that Martin would be retained for at least three years. Prior to being appointed executive director, Martin had been the assistant director for 12 years. During this tenure she was responsible for beginning the high blood pressure and maternal and child health program initiatives. Prior to relocating to Middleboro, she was employed by the Capital City Home Health Agency as a home care coordinator. She is a graduate of a southern university and has completed her graduate education in community health nursing.

Catherine Newfields, RN, is the manager of the Home Care Division. Washington hired her in 2011. She is a former assistant professor of community health nursing at State University. Prior to her faculty appointment, Ms. Newfields completed her graduate studies in community health nursing at a major southern university and has 17 years of experience in all aspects of home care, including a brief tenure as the executive director of a small visiting nurses association in another part of the state.

Michael Carlstead, LPN, manages the Private Duty Division. He has more than 30 years of experience as a home health aide (HHA) and licensed practical nurse (LPN). He completed his nursing training 18 years ago and recently earned his bachelor's degree in business administration from a small college that offers distance education opportunities for working professionals. Carlstead has been affiliated with the agency for 24 years and plans to retire in six months.

Steve Callahan is the controller. Washington promoted him upon completion of his bachelor's degree in accounting two years ago. He has worked for the agency for ten years. He was originally hired as assistant bookkeeper and then promoted to bookkeeper. He is currently matriculating part-time for his graduate degree in business administration

at State University. Since his promotion, he has become very active in the State Home Care Association.

Judy Herman, RN, is the quality improvement and utilization review manager. Herman devotes most of her time to the Home Care Program and regulatory compliance with Medicare and Medicaid. She is also responsible for the electronic medical record system. She is a graduate of State University and holds an MS in nursing quality improvement from a private university. She has approximately 15 years' experience in quality improvement in home care and worked with Ms. Washington prior to coming to this agency.

Washington has indicated that she is not yet satisfied with the agency's ability to qualify for Medicare reimbursement under the Home Health Prospective Payment System. "The coordination between our clinical personnel and our business office needs to be improved. For example, last year we had more than 20 cases where we failed to adhere to the 60-day physician review requirements. Also, too often we need to begin providing home care services before we actually have the signed physician's certificate, thereby jeopardizing and delaying our qualification under Medicare. These remain some of the issues that Steve Callahan and Catherine Newfields need to address. I am, however, delighted that Steve has taken on an active role with our state association. We need someone who is on top of Medicare's Outcome and Assessment Information Set and in a position to represent our interests."

When interviewed, Steve Callahan indicated that the agency is attempting to address some major problems including "our operating margin and days in accounts receivable. We have some specific challenges that are taking a great deal of attention."

Mary Bird is responsible to Martha Washington for special projects involving human resources administration and marketing, and she staffs the Jasper office when needed. She completed her baccalaureate-level studies in health services administration at State University two years ago, then returned to Middleboro, where she was born. During her academic career, she had interned under Washington when Washington was the regional director for the for-profit chain of home care agencies. She has told Washington that unless her position is made full time in 2015, she will be forced to look elsewhere for employment.

Every two weeks the management team meets formally to review operations and to solve problems. The entire management team attends all monthly board meetings. Washington used the opportunity created by her recent performance review to share certain confidences with the board. She indicated that the Jasper plan needed a complete reevaluation and that she was unsure exactly what an office location in Jasper was really gaining for the agency. She also noted that she had learned that Unicare Homeco, a national for-profit home care corporation, had recently completed a feasibility study to enter the Jasper market.

She indicated that more time was needed to meet personally with major referral sources and that additional funds were needed for advertising. She also said that she was not pleased with the overall decline in financial performance of the agency, particularly in the Community Health Division, and that she foresaw a steadily declining revenue picture in that area. She mentioned to the board that her relationship with Martin, while professional, seemed to highlight the difference in their perspectives and the old versus the new approaches she was attempting to implement. She also stated that to continue expanding services, she would need more help and that she felt that the long-term care program offered by the Home Care Division faced an expanding market.

Washington also said that she faced some "productivity problems" with some of the older employees and alerted the board that some changes may need to be made. Repeatedly, the board emphasized to her that it wants the HCHHA to remain the sole provider of Medicare-certified home care services in the county and that it expected the public to so value the agency that they would continue to support the agency with their contributions. William Bond, chair of the finance committee also indicated to her that he and the rest of the board felt comfortable with her at the helm. The board felt that she understood the finances as well as the dynamics of the home care market. Bond was cautiously optimistic about the financial future as long as the long-term care program matured countywide and as long as the agency could operate effectively under the prospective fixed-price reimbursement environment imposed by Medicare. Myer assured her of board support if the Community Health Division had to be resized and refocused to correspond better with its financial support.

Washington expressed her concern over the increased competition in the home care field as well as the changing reimbursement system. In addition to the interest expressed in the Jasper market by a national home care company, she noted that insurance companies and managed care organizations were expressing increasing interest in using home care services. She pointed out the agency's relatively high dependency on government programs, particularly Medicare, in spite of reasonably successful efforts to establish contracts with managed care organizations. A recent article published in the *State Home Care Association Newsletter* reported that the number of agencies consolidating or going out of business altogether had been increasing dramatically within the past six months, primarily as a result of the impact of reimbursement changes.

HOME CARE DIVISION

This program provides nursing (RN and LPN) and other services (e.g., occupational therapy, physical therapy, speech therapy) to patients in their homes. Medicare, Medicaid, and self-pay and private insurance carriers provide funding for this program. Within the past

five years, the agency has pursued contracts with local managed care organizations. As a result of these efforts, contracts are in place with Central States Good Health Network and one other commercial HMO. Medicare finances four categories of service: intermittent nursing care; physical, occupational, or speech therapy; medical social services; and intermittent care provided by a home health aide.

RNs assess and monitor all patients. They are responsible for treatment planning, administering medications, and other nursing services. LPNs work as team members in implementing treatment plans and providing assistance with self-care activities within the context of Medicare and Medicaid regulations. Therapists and other contract professionals (e.g., physical therapists, occupational therapists, speech therapists, social workers, nutritionists) are available as consultants and to implement treatment plans.

The division manager is responsible for the development of the treatment plan when a patient enters the active caseload. Case management is then delegated to the appropriate staff member(s). The responsibility for timely patient discharge and case finding rests with the division manager. The division manager is also responsible for the design and implementation of an appropriate quality assurance system. For the past three years, the staff has reported that patients served by this program immediately following a hospital discharge required more intensive services than they had in the past.

This division also provides pediatric services to children who are born prematurely, who are recovering from surgery, or who are experiencing a chronic disease. Special therapy services are also available. Typically, these types of services are covered by medical insurance plans, Medicare, and Medicaid.

When interviewed, Catherine Newfields, division manager, said "staff turnover was a real and—sometimes—a critical issue." Specifically, she indicated that a primary difficulty with this program was her staff's reluctance to provide IV therapy to cancer patients who routinely require 24-hour, seven-day-a-week coverage. She also stated that she was somewhat concerned that hospitals in Capital City were referring their patients living in Jasper to the Capital City Visiting Nurse Association (VNA), not HCHHA, which had been the practice until 2012. She mentioned being annoyed that almost every time she drove into Jasper, she heard a radio commercial extolling the services of the Capital City VNA. She felt an office location in Jasper was needed more for the Community Health Division than for this division since most of "her staff" lived in the Middleboro area and traveled from the Middleboro office of the agency. She also indicated that getting the required physician recertification every 60 days for Medicare patients was a frequent challenge. Medicare's changing definitions and rules (e.g., definition of *homebound*) were also mentioned as a source of stress and frustration.

Newfields has recently obtained the following national data and is considering whether it might be appropriate in special benchmarking studies.

National Utilization Statistics—Home Health

Patients currently being served by home health agency	Rate per 10,000 population
Patients under 65 years of age	16.4
Patients 65 years or older	277.0
Home health care patients discharged past 12 months	
Under 65 years of age	91.0
65 years or older	1,439.3
At time of discharge, patient...	Percent
Remained in community	71.5
Transferred to another setting	20.5
Is deceased	2.3
Unknown	5.7

NOTE: *Discharge* means when a case is closed by the home health agency.

Newfields indicated that her division's experience closely parallels the national Medicare percentages by International Classification of Disease Codes (ICDA) and that—similar to the national data—few cases extend over a long time, making the division's mean service time significantly higher than the median values. Current efforts are under way to compare this division's service times with these national statistics.

A recent study done by a student at the state university indicated that on average every Medicare home visit involved an average (round trip) of 11.2 miles. Over the past five years the study showed that one of the hidden costs of services was the price of gasoline.

When asked about her assessment of the agency, Newfields indicated that she had questions about the impact of the three-division model. She indicated that "her Medicare patients" needed stronger nutritional counseling, flu and pneumonia prevention programs, and that formal programs in pain management, fall prevention, and diabetes education needed to be considered but that "these type of programs typically end up in the Community Health Division." As she said, sometimes "our silos get in our way." She stated that her division needed the opportunity to expand its emergency preparedness. She also

indicated that Medicare's rule that client eligibility requires a patient to be "homebound" continues to prevent meeting the needs of a number of individuals. "Too often we have to explain to senior citizens that they do not qualify for Medicare Home Care because they are not homebound as defined by Medicare," she said.

PRIVATE DUTY DIVISION

This program began in 2012. Its primary intent is to assist patients with activities of daily living and to provide other services as needed. Medicare does not provide payment for these services. All funds come from Medicaid, self-pay, and private insurance. The division and its programs began for both service and financial reasons. A formal marketing study completed in 2011 indicated a strong demand for these types of services. To date, demand has surpassed expectations. All services are purchased based on an hourly, daily, or weekly charge. Medicaid sets its own hourly rates by service.

PRIVATE DUTY SERVICES

Under this program professional LPNs can be hired to provide assistance with nursing care including medication assistance and blood pressure screenings. RNs provide skilled nursing care under a physician's order, administer medications, and provide other specialized services. As needed physical, occupational, and speech therapy, and social work services are also available.

COMPANION AND HOUSEMAKING SERVICES

This service provides trained staff for light housekeeping, grocery shopping, meal preparation, laundry, and similar duties. Homemaker/housekeeper aides provide in-home services.

PERSONAL CARE SERVICES

Clients are provided assistance with bathing and other activities of daily living as well as respite care. Services are provided by personal care attendants.

Overall this program provides a menu of services (and prices) clients can select to meet their needs. No medical authorization is needed. When interviewed, Carlstead stated, "We never seem to have enough staff to meet our clients' needs." He attributes this to the low pay and benefits and says that "not everyone is really suited to provide these types of services." He also stated that the paperwork really "gets me down. Over the past 20 years the paperwork has just increased and increased—it never seems to end." He did

say that his loyal staff is great and that he really enjoys working with them and will miss them when he retires.

Clients contract for a specific number of hours per week and are billed at the end of the week. Most clients pay by credit card, although some pay with cash or check. Any client with an outstanding balance for more than two weeks is reviewed and potentially dropped from the programs. For Medicaid to pay, the client must be Medicaid-eligible and the service plan must be approved by Medicaid before services are provided.

Carlstead stated concerns about the human resources dimension of the agency: "It is essential that we have current information of the professional status of all of our employees, but sometimes we don't. Credentialing and background checks are an issue that could get us into trouble." He also indicated that "work rules" need to be the same within each of the divisions and that the current employee handbook was old and out of date, having been published in 2006. "Other issues we face include the poor and potentially unhealthy condition of the client's home sometimes created by a client's inability to care for (too many) family pets," he said.

COMMUNITY HEALTH DIVISION

Unlike in the other divisions of HCHHA, the manager of this division must apply for grants for private, state, and local funds and attend town meetings to secure funding for services.

TELEHEALTH PROGRAM

This program provides home monitoring for individuals with a chronic illness who present a high risk of rehospitalization. It is a cooperative program between the home health agency and both hospitals. Hospitals and attending physicians identify potential patients who are then offered this service free of charge. An HCHHA nurse works with each patient to help him develop self-care skills.

MATERNAL AND CHILD HEALTH PROGRAM

The Maternal and Child Health Program provides educational, direct services, and health screening programs to expectant mothers and their children who are less than one year of age as well as child home care visits for qualifying children up to one year after birth. As-needed bilirubin photo light therapy services are also available. Funding is provided by the state through an annual grant and from Medicaid. All recipients of state public assistance are eligible (without charge) for this service. Others may receive service for a modest contribution. Classes and clinics are also held in Middleboro and Jasper based on funding

received from state, county, and town grants. The agency's prenatal program includes a home visit from a maternity nurse to evaluate the health of both the mother and the child, and to provide counseling on breast-feeding, diet, and infant care. This program has been very well received in the community.

HIGH BLOOD PRESSURE SCREENING PROGRAM

This program provides screening for high blood pressure and makes referrals to physicians as required. Screenings are done in public locations, such as shopping centers, churches, and schools throughout the area. Funding for this program is from the United Appeal and is based on an annual application for continued funding. Recently, the United Appeal has requested a comprehensive assessment of the cost effectiveness of this program as a condition of continued funding.

COMMUNITY HEALTH ACTIVITIES PROGRAM

The Community Health Activities Program provides physicals, immunizations, drug and alcohol testing, smoking cessation programs, and health education services, as needed, to high-risk individuals. All services provided under this program are done at the agency's offices in Middleboro and Jasper. Physicals and immunizations required for public elementary and secondary schools are provided free of charge to any resident of the area. Special classes are held in several areas, including nutrition, foot care, and for stroke patients and their families. Financial support for this program comes from annual appropriations from each town. These appropriations are voted on annually in each town.

SENIOR HEALTH CLINICS

These clinics provide services that include foot care, blood pressure monitoring, earwax removal, injections, medication management support, immunization, and other basic preventive services. Senior health clinics are offered free to all seniors over age 65; younger seniors can pay a modest fee. Clinics are held monthly in Jasper and Middleboro and approximately once every two months in other towns in the county. Support for this program is provided by a grant from the state.

HEAD LICE PROGRAM

Services are provided based on referrals from school nurses. Services include education, prevention, and treatment. Services are available at both offices by appointment. The program is totally financed by an annual grant from the Retail Pharmacy Association of Hillsboro County.

OTHER PROGRAMS

This division also manages the agency's speakers bureau and provides formal classes in first aid and CPR.

When interviewed, Martin stated that she was concerned that more needs were being left unfulfilled because of the lack of funds. She indicated that state and town funding appeared adequate but that she might have a problem in the future "making ends meet." She did say, however, that the United Appeal has expressed concern that the agency had been "so active and successful in its own fund raising, that future allocation decisions [funding to the agency from the United Appeal] would be weighed carefully against the more substantial needs of other worthy organizations."

Issues related to the agency's need for continued outside or community funding were highlighted in a recent letter to the editor of the local paper, in which a family member of an agency client expressed her anger at having to pay for services delivered "by an agency that is supposed to be there for the community, which turns a large profit every year, and which we support through the United Appeal."

Martin expressed concern that the agency was attempting to meet the "needs" of the middle class and becoming less oriented to the "real health needs in the area." She did indicate that a need for adult day care and respite care existed in the community. When asked about the operation of her division, she indicated that she has a positive relationship with her staff, people she has worked with for many years, but that she was concerned that the board and management "seemed to favor the other divisions." She also stated that her division's relationship with the Hillsboro County Health Department was mixed. "We probably need to meet more often, and they typically want us to take on contracts for less than our costs. We have issues with them."

FINANCIAL ISSUES

Medicare and Medicaid cover the services provided by the Home Care Division. Both pay the agency on a prospective basis, with no retrospective settlement. For Medicare, the prospective payment is based on the scoring attributed to the acuity level of the patient at a rate determined by federal guidelines. In 2011 the national standardized payment rate from Medicare was \$2,192.71 per 60-day service period. This rate was 18 percent higher than the rate received by the HCHHA. The most recent national data for home health services indicates that the average payment (all sources) per visit was \$145.99. On average a home care agency receives approximately \$5,216 per patient served. For Medicaid, the prospective payment is based on a statewide rate per service. When services are rendered to individuals not covered by Medicare or Medicaid, bills are issued either directly to the patient or to the patient's insurance carrier.

The Private Duty Division issues a bill for all services rendered. Every service has a specific hourly charge. Expenses associated with travel to and from the client's home are

built into these rates. Medicare does not cover any service provided by this division. Medicaid covers select services that must be preapproved and has a fee schedule for specific services. Most of the revenue earned in this division is from self-pay and commercial insurance.

The Community Health Division finances its services through grants from the state or local agencies. Some towns also provide support as a line item in their budgets. Modest user fees are solicited when appropriate.

Each division is managed as a distinct financial entity and is allocated a portion of the overall agency's general and administrative costs. Managers prepare budgets approximately six months prior to implementation. The board's finance committee reviews Washington's recommended budget; the entire board approves it. The finance committee also oversees budget implementation and examines all significant budget variances.

OTHER INFORMATION

The overall reputation of HCHHA is positive. The agency is known for its prudent administration of funds, high quality of care, and can-do attitude. It is considered by area health professionals to be a highly professional place to work.

The Middleboro office is located in the Hartsdale House, a spacious home on the border of Middleboro's central business district. This house is noted for its antiques. Ample parking is available as this historic home is located on approximately 11 acres. Hartsdale House is a community landmark and is featured in area travel brochures. The Hartsdale family donated this location to the agency in 1979 with a restricted endowment to ensure its physical upkeep and maintenance in perpetuity. The current market value of the property is approximately \$1,200,000. The agency is slowly retiring a multiyear loan to modernize the building and install fire warning and sprinkler systems. A motion at a recent board meeting to consider selling this house and use the proceeds for the endowment was defeated. The Jasper office is located in rented space in a professional office building in downtown Jasper.

Twelve years ago the agency received a restricted \$960,000 bequest from a former patient "to ensure that quality home care services can be provided to all residents of the area regardless of their ability to pay." The annual fundraising Holiday Ball at the Middleboro Country Club remains a highlight on the local social calendar; additional fund raising events each year include an antique auction, a spring fashion show, a walkathon, and a holiday ornament sale. All philanthropic events are arranged by a local volunteer, Nora Fisher (whose husband serves on HCHHA's board), and her many friends.

On the negative side, a letter recently appeared in the local newspaper asking why a Medicare-certified hospice was not available within the county. The letter suggested that Medicare patients were being denied a valuable benefit because the local health agencies could not "get their acts together." Four years ago this agency decided not to merge with the local hospice, in order to provide these services. When recently asked by a news

reporter for a response, both Myer and Washington indicated that the board would reconsider the idea of a Medicare-certified hospice during the next few months.

Last year, news articles in the *Middleboro Sentinel* and on TV Channel 32 on care for the terminally ill highlighted a study released by the state medical society. The medical society's study indicated "approximately 61 percent of all hospice patients have primary diagnoses of neoplasms, with cancer of the lungs, colon, and prostate accounting for 50 percent of all neoplasms." The report continued, "The second-largest group was congestive heart failure, accounting for 45 percent of the admitting diagnosis for this group." On the interview conducted on TV Channel 32, city council members Jennifer Kip and Alan Simpson referred to the lack of a Medicare-certified hospice as "still another indicator as to why new blood is needed in Middleboro—the residents of Middleboro should not be denied this service merely because its home health agency is too busy serving clients from other towns." As a result of this report and the board's concern, the HCHHA engaged consultants to estimate the need for a Medicare-certified hospice in Hillsboro County. The following was extracted from the consultant's reports:

Medicare-Certified Hospice Planning Parameters

National studies indicate that approximately 55 percent of all individuals who die from cancer enroll in hospice services prior to their death. Noncancer enrollees include individuals who died from heart disease (12 percent); dementia, including Alzheimer's disease (11 percent); lung disease (8 percent); stroke (4 percent); kidney disease (3 percent); liver disease (2 percent); HIV/AIDS (0.6 percent); and all other causes (11 percent).

On average enrollees in a Medicare-certified hospice are enrolled for approximately 68.5 days prior to death. Note that 31 percent of enrollees died or were discharged from hospice in seven days or less. Studies also indicate that most hospice care is regular care provided in a patient's home based on periodic visits and home visits as needed.

Nationally, Medicare-certified patient care days are classified as routine care (96 percent), continuous (24-hour) home care (1 percent), inpatient respite care (1 percent), and hospital general inpatient care (2 percent). These same studies indicate that approximately 85 percent of all patients of a Medicare-certified hospice are covered by Medicare, 4 percent are covered by private insurance, and 6 percent are covered by Medicaid. Currently the maximum rate paid by Medicare is \$150 per day of routine care, \$850 per day for continuous home care, \$160 per day for inpatient respite care and \$650 per day for general inpatient care. Also, the total annual cost per case cannot exceed \$23,000 per hospice enrollee.

Recently, Myer received a letter from a former patient. The letter indicated that the patient had been a long-term contributor to the agency and was very displeased to learn

that she would have to pay so much to secure the services of a nurse after her Medicare eligibility ran out. Myer promised to bring this concern to the board.

Both hospitals continue to contract with a private duty nurse, Amy Edwards, RN, and her associates for in-home IV therapy. Edwards also accepts referrals from out-of-area hospitals. It should be noted that on three occasions she has rejected an offer of employment from the HCHHA. She prefers to work independently and bill her services privately or through the hospital. Washington recently learned from a former colleague that Edwards has been in contact with a regional chain of for-profit home health agencies and requested information about establishing a franchise in Middleboro. Edwards has also been contacted by the administrator of Rock Creek, a private, long-term care facility in Mifflenville, and asked to provide them a feasibility study for establishing a private home care agency to serve the greater Middleboro area. Edwards's husband, Keith, is mayor of Middleboro.

Board member David Ruseski recently returned from a statewide conference on home health and has asked for a management assessment of the staff's productivity. At this meeting he learned that national standards exist that could be applied to the agency's acute care program and home health program. For example, Ruseski indicated that a recent national study presented at this meeting used 1.35 hours of nurse time as the average time for an initial home visit and 1.1 hours as the standard time for a continuing care visit done by either an RN or LPN. Note that Washington has recently reported to the board that approximately 20 percent of all home visits done by the Home Care Division are initial visits and that (on average) travel time to and from a home from the Middleboro office is 20 minutes, with a standard deviation of 18 minutes. Currently, all staff assigned to the Home Care Division work out of the Middleboro office.

Last month Washington sent to the executive committee, including Mr. Ruseski, the following national productivity standards she plans to use to assess staff productivity.

Home Health Visit Staff Productivity Profiles (National Standards, 2013)

Staff	Visits per 8-hour shift
RN	4.90
LPN	5.90
HC aide	5.17
Physical therapist	5.39
Occupational therapist	5.25
Social worker	3.20

NOTE: Does not include travel time.

William Bond, chairman of the board's finance committee, has expressed considerable interest in evaluating the likely impact of continuing changes in the Medicare reimbursement system. At a recent board meeting he expressed concern as to whether the agency could continue to stay unaffiliated with at least one of the area hospitals.

When the staff nurses were interviewed most indicated that "doing the required paperwork from home after work was a burden and responsibility that should be recognized and compensated." Some remember the "good old days" when they began and ended their workday at the office. "Today, we rarely go to the office in the morning, we go directly to the client's home and sometimes—but not always—stop at the office in the middle or end of the day. We do the progress notes and other required paperwork from our laptops."

Additional information regarding HCHHA staffing, utilization, fee structure, referral sources, financial status, patient demographics, and quality measures may be found in the following tables.

TABLE 2.1

Agency Staffing in
FTE and FT Salary:
December 31,
2012–2014

Position	2014		2013		2012	
	Salary	FTE	Salary	FTE	Salary	FTE
Homemaker/ housekeeper aide	22,900	10.0	21,500	8.0	20,433	6.0
Other	71,700	0.1	71,000	0.1	70,500	0.1
Secretary	24,200	1.0	20,440	1.0	19,000	0.5
Community Health Division						
Manager	63,500	1.0	63,500	1.0	63,500	1.0
RN	53,330	3.0	52,000	3.0	43,500	4.0
Secretary	21,670	1.0	21,000	1.0	19,500	1.0
Total FTE		98.2		94.2		84.7

NOTE: Full-time equivalent (FTE) positions are paid for 2,080 hours per year. All full-time employees receive two weeks paid vacation and 13 paid holidays and work 1,896 hours per year. All salaries are expressed as the average salary for that position. Benefit costs are in addition to salary costs.

TABLE 2.2
Service Area
Utilization by Town
for Calendar Year
Ending December
31, 2014

		Boalsburg	Cartersville	Harris City	Jasper	Middleboro	Mifflenville	Minortown	Stateville	Total
Division	Service									
Home Care										
	RN visits	1,702	2,004	3,404	3,220	16,071	3,794	3,020	820	34,035
	LPN visits	330	356	676	666	3,264	725	445	200	6,662
	HHA visits	422	82	823	863	4,904	967	106	263	8,430
	PT visits	150	26	301	605	1,547	335	18	92	3,074
	OT visits	56	59	107	101	490	100	71	30	1,014
	ST visits	10	13	18	20	91	21	11	5	189
	Social worker visits	26	24	47	51	230	53	38	18	487
Private Duty										
	RN in-home hours	73	54	154	194	798	150	61	50	1,534
	LPN in-home hours	794	290	1,241	1,448	7,109	1,571	293	419	13,165
	PCA in-home hours	957	1,487	1,835	1,741	9,479	2,155	1,315	376	19,345
	HHA in-home hours	844	1,513	1,517	1,291	7,658	2,040	1,729	426	17,018
	Other in-home hours	10	43	21	6	64	0	39	8	191
Community Health										
	Ante/postpartum visits	18	38	56	34	190	101	16	23	476
	Child health visits	7	23	11	44	198	131	12	30	456
Senior Health Clinic Attendees by HCHHA Office Location										
	Seen at Middleboro office	15	12	72	0	653	114	12	45	923
	Seen at Jasper office	0	0	0	246	0	0	0	8	254

(This table can also be found online at ache.org/books/Middleboro.)

TABLE 2.3
Services to
Patients:
2010–2014

Division/Program	2014	2013	2012	2011	2010
Home Care					
Unduplicated client census	1,596	1,582	1,578	1,498	1,499
RN home visits	34,035	35,463	35,867	36,304	37,192
LPN home visits	6,662	5,678	5,980	4,823	4,725
HHA visits	8,430	8,230	8,356	8,856	8,923
PT visits	3,074	2,647	2,630	2,240	2,430
OT visits	1,014	993	897	899	903
ST visits	189	165	174	178	156
SW visits	487	472	434	445	342
Total visits	53,891	53,648	54,338	53,745	54,671
Private Duty					
Unduplicated client census	260	225	145		
RN in-home hours	1,534	1,267	1,050		
LPN in-home hours	13,165	12,564	9,160		
Personal care attendant in-home hours	19,345	16,745	14,290		
HHA in-home hours	17,018	11,788	8,304		
Other in-home hours	212	180	210		
Total hours	51,274	42,544	33,014		
Community Health					
Ante/postpartum visits	476	512	500	499	412
Child health visits	456	502	656	450	496
Prenatal class enrollees	139	140	123	130	112
Children seen, Middleboro	901	740	634	812	845
Children seen, Jasper	301	222	305	317	328

(continued)

Division/Program	2014	2013	2012	2011	2010
High Blood Pressure Program					
People screened	7,456	6,867	7,234	7,124	6,838
MD referrals	398	423	307	456	512
Senior Health Clinics					
Clients seen, Middleboro	923	902	920	934	978
Clients seen, Jasper	254	243	289	389	412

(This table can also be found online at ache.org/books/Middleboro.)

TABLE 2.3

Services to Patients:
2010–2014
(continued)

Home Care Division per visit exclusive of discounts and contractual allowances¹		
RN		95.78
LPN		55.50
HHA		50.00
Physical therapist		80.40
Occupational therapist		74.23
Speech therapist		70.60
Social worker		70.89
Private Duty Division per hour exclusive of discounts²		
RN		75.00
LPN		51.00
HHA		33.00
Personal care attendant		35.00
Physical therapist		71.00
Occupational therapist		71.00
Speech therapist		71.00
Social worker		71.00
Other		
Immunizations, each		10.00
Physical examinations		50.00

TABLE 2.4

Fee Structure as
of December 31,
2014 (\$)

NOTES: 1. Excludes the cost of travel. Client is billed \$0.55 per mile to and from Middleboro office. Medical supplies are billed at cost plus 10%. Medicare Home Care prospective rate is determined by fiscal intermediary based on patient information and diagnosis.

2. Includes the cost of travel to and from Middleboro office. Medical supplies and equipment are billed at cost plus 10%. Medicaid has specific fee schedule. Some managed care and commercial insurance plans must not exceed reimbursement rates.

TABLE 2.5
Referral Sources
for New Cases by
Division for
2012–2014

	2014	2013	2012
Home Care Division			
Self-referral	4.0	2.0	2.0
Family or friend	2.0	3.0	2.0
Physician	34.0	32.0	39.0
Hospital—Webster	13.0	15.0	14.0
Hospital—Middleboro	42.0	40.0	39.0
Hospital—Other	1.0	2.0	0.0
Nursing home	2.0	4.0	2.0
Other	2.0	2.0	2.0
Private Duty Division			
Self-referral	42.0	40.0	42.0
Family or friend	21.0	21.0	20.0
Physician	12.0	15.0	12.0
Hospital—Webster	4.0	3.0	2.0
Hospital—Middleboro	9.0	9.0	12.0
Hospital—Other	0.0	2.0	2.0
Nursing home	7.0	6.0	8.0
Other	5.0	4.0	2.0
	100.0	100.0	100.0

NOTE: Numbers are percentages of all new cases.

	2014	2013	2012
Home Care Division	6,736,375	6,322,329	5,936,445
Less allowances for bad debt	(85,240)	(88,340)	(72,450)
Less contractual allowances	(2,049,283)	(1,737,912)	(1,365,999)
Net revenue	4,601,852	4,496,077	4,497,996
Private Duty Division	3,165,221	2,843,959	1,893,345
Less allowances for bad debt	(65,340)	(45,230)	(24,550)
Less contractual allowances	(18,469)	(12,669)	(8,738)
Net revenue	3,081,412	2,786,060	1,860,057
Community Health Division			
Support from state and towns	208,750	240,000	240,000
United Appeal	20,000	20,000	60,000
Other	1,935	1,257	1,458
Net revenue	230,685	261,257	301,458
Total net operational revenue	7,913,949	7,543,394	6,659,511
Expenses			
Divisional			
Salaries and wages	4,186,227	4,086,160	3,604,595
Fringe benefits	1,255,868	1,022,548	1,021,445
Travel	725,388	701,383	604,387
Supplies	453,778	398,202	258,304
Equipment	152,430	122,494	82,394
Total divisional	6,773,691	6,330,787	5,571,125
Administrative			
Salaries and wages	360,233	340,229	335,110
Fringe benefits	102,339	98,334	96,990
Supplies	157,910	158,705	140,680
Equipment	45,929	42,393	34,220

TABLE 2.6

Statement of
Revenue and
Expenses for
Calendar
Year Ending
December 31 (\$)

(continued)

TABLE 2.6
Statement of
Revenue and
Expenses for
Calendar
Year Ending
December 31.
(continued)

	2014	2013	2012
Insurance	56,729	54,202	45,043
Interest	54,894	53,890	53,004
Maintenance— Middleboro	138,595	79,303	78,380
Rent —Jasper office	40,500	40,500	40,500
Computer services	84,253	80,150	73,229
Travel	18,356	18,430	13,450
Heat/light— Middleboro	11,488	10,004	7,545
Legal/audit	55,088	44,411	28,340
Printing and postage	15,540	13,450	12,000
Telecommunications	21,364	19,560	18,334
Staff development	10,060	7,010	7,500
Board expenses	10,150	10,445	6,342
Publications and memberships	10,700	10,500	8,550
Depreciation expense	38,240	39,440	44,350
Total administrative	1,232,368	1,120,956	1,043,567
Total expenses	8,006,059	7,451,743	6,614,692
Gain (or loss) from operations	92,110	91,651	44,819
Other Income	202,445	245,300	295,606
Gain (or loss)	110,335	336,951	340,425

(This table can also be found online at ache.org/books/Middleboro.)

TABLE 2.8

Revenue and
Accounts
Receivable (AR)
Analysis as of
December 31, 2014

Percent of AR by Average Days as Receivables, Three-Year Average					Percent of 2014 Total Net Revenue (%)
Average Days in AR by Payer	30 or Fewer Days	31–60 Days	61–120 days	More Than 120 Days	
Home Care Division					
Medicare	25	28	38	9	72.5
Medicaid	10	45	40	5	13.5
Commercial insurance	60	25	10	5	10.7
Managed care	45	45	9	1	1.4
Self-pay	78	15	5	2	1.9
Private Duty Division					
Medicare	0	0	0	0	0
Medicaid	5	45	45	5	12
Commercial insurance	35	55	5	5	21
Managed care	25	30	40	5	4
Self-pay	30	60	5	5	63
Community Health Division					
The agency bills each grant source, including divisions of government, 1/12 of the total grant amount on the first of a month. On average, 30% is received within 30 days of billing, and 70% is received within 31–60 days of billing. The only exception is the United Appeal grant that is received in total on July 1.					

TABLE 2.10
HCHHA Quality
Scorecard: Most
Recent Data

	HCHHA	State Average	National Average
Managing daily activities			
How often patients got better at walking or moving around	58%	54%	58%
How often patients got better at getting in and out of bed	54%	48%	54%
How often patients got better at bathing	62%	68%	66%
Managing pain and treating symptoms			
How often the home health team checked patient for pain	96%	96%	98%
How often the home health team treated patient's pain	94%	98%	98%
How often patient has less pain when moving around	62%	62%	67%
How often the home health team treated heart failure (weakening of the heart) patient's symptoms.	92%	99%	98%
How often patient's breathing improved	54%	60%	63%
Treating wounds and preventing pressure sores (bed sores)			
How often patient's wounds improved or healed after an operation	91%	86%	89%
How often the home health team checked patient for the risk of developing pressure sores	100%	96%	98%
How often the home health team included treatments to prevent pressure sores in the plan of care	100%	88%	96%
How often home health team took doctor-ordered action to prevent sores	92%	93%	95%
Preventing harm			
How often the home health team began its patient's care in a timely manner	92%	92%	91%
How often the home health team taught patients (or their family caregivers) about their drugs	87%	86%	91%

(continued)

TABLE 2.11

Medicare Home
Health Utilization
by Most Common
Diagnoses: 2014
Data

	ICD Code	Percent of All Patients (National Data)	National Mean Length of Service (Days)	National Median Length of Service (Days)	Percent of HCHHA Patients
Diseases of the circulatory system	390-459	12.6	412	93	15.3
Endocrine, nutri- tional, and met- abolic diseases and immunity disorders	240-279	11.7	410	89	11.2
Diseases of the musculoskel- etal system and tissue	710-739	12.6	365	79	14.4
Diseases of the respiratory system	460-519	8.6	308	73	7.3
Diseases of the skin and SC tissue	680-709	6.2	189	73	6.2
Diseases of the nervous system	320-389	4.8	612	327	4.9
Neoplasms	140-239	3.5	138	48	4.3
Diseases of the genitourinary system	580-629	2.6	232	79	3.0
Diseases of the digestive system	520-579	2.3	261	44	2.1
Cumulative total		64.9			68.7