

NO LONGER BUSINESS AS USUAL

by Vernon Pertelle RRT MBA



Home care providers continue to experience reimbursement declines with no apparent end and the cuts negatively impact both the bottom line and employee morale. The decreases affect employers who are challenged with providing benefits and employees whom are paying increasingly higher premiums and co-pays. Competition between home care providers has also increased and in order to gain a competitive advantage a provider must change beneficiaries of their service from passive users into active consumers, by offering them new choices and incentives when it comes to choosing and using their health care benefits and in doing so can empower consumers with information that will actually assist them to help defend against additional cuts. Consumers assume greater accountability for their health care choices when they have access to information on costs and quality; two variables which have been measured actively for hospitals, medical groups and health plans and scorecards ranking them in order of best to worse have been published in national news magazines. However, home care providers do not have such rankings on quality or cost efficiency and the services they provide do not incorporate measures on outcomes that demonstrate health and economic benefits. Home care providers must make changes in business operations to effectively compete for referrals and attract consumers to use their services.

There are four basic areas of focus when considering change. Improvements in these four areas will improve marketability, operational efficiency and ultimately the bottom-line. The first involves an

investment in information technology (IT). The electronic medical record (EMR) allows home care providers to develop a relational database with triggers that identifies a patient who may have additional needs based on diagnosis (e.g. a patient who is prescribed oxygen for a diagnosis of COPD may have a secondary diagnosis of diabetes thus may also require diabetic supplies). The EMR should incorporate brief evidence-based questionnaires that help to compile data and measure health and economic outcomes as well as patient and physician satisfaction. IT investments range from inexpensive wireless technology [such as laptops and palm devices] with Microsoft programs (e.g. MS Access) to more robust approaches such as purchasing or building proprietary systems unique to the provider or a combination of both. Information obtained through the use of an enhanced IT system can be used to compile marketing materials and evidence-based reports that help to facilitate compelling presentations with potential customers. One of the biggest challenges for small and medium sized providers is their ability to leverage IT to improve data retrieval, business operations and marketing materials. IT can help eliminate or reduce the processes associated with intake and follow-up thereby increasing capacity with existing staff to perform customer improvement initiatives. IT investments are absolutely essential regardless of the size of the provider.

The second, more urgent, need is an increased focus on customer service. There are two types of customers; internal and external. The external customer is someone who signs a check, pays our employer, and the one who ultimately makes our paycheck possible. Examples include the patient, physician or their nurse, medical assistant and the hospital which includes the discharge planner or social worker. External customers have choice, and if they don't like our service they can take their business elsewhere. Other examples of external customers include family and caregivers of patients, and their word of mouth can make or break a company. External customers tend to be faithful to home care providers that are user friendly and make their lives easier. Often, home care providers take external customers for granted, particularly when a contractual agreement dictates the provider be used exclusively; this tends to occur mostly with managed care.

An internal customer or internal service provider can be anyone in the organization. An internal customer can be a co-worker, another department, or include a distributor or manufacturer who depends upon home care providers to provide products or services which in turn are utilized to create a deliverable for the external customer. In general, internal customers don't have a choice. For example, if the sales department doesn't like contracting, they can't fire that department and hire another. Delivering and developing effective internal customer service helps organizations cut costs, increase productivity, improve interdepartmental communication and cooperation, boost employee morale, align goals, harmonize processes and procedures, replace interdepartmental competition with interdepartmental cooperation and deliver better service to the external customer. Many home care providers overlook the importance of a healthy inter-

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nal customer focused organization. Excellent service to the external customer is dependent upon excellent internal customer service practices. The company that excels in extraordinary internal and external customer service will have a distinct advantage in obtaining contracts and referrals.

The third area of focus is effective leadership. This may seem intuitive or simply put a "no brainer" yet is probably the most overlooked area when considering change. Many of the individuals who lead home care organizations have done so for years and in many cases are caught in the old or "past" way of doing business thus prevent organizations from progressing to a new level of effectiveness. The era in which we operate today requires a new type of leader one who has a level of sophistication to proactively meet and overcome the myriad of challenges. As an industry we find ourselves in a perpetual mode of reaction. The "new age" leader must clearly show employees where they are going and how they are going to get there. Leadership is about going somewhere and making those who follow feel safe and assured about the direction. Effective leaders must keep the message simple and consistent to avoid confusion in the ranks. Additionally an effective leader must look for non-traditional markets to grow revenue and mitigate the reductions in reimbursement. Many home care providers who typically deliver home medical equipment (HME) and durable medical equipment (DME) may benefit from obtaining a home health license or enter into joint ventures with home health agencies. The type of leader that is now required is one who will anticipate challenges, take risks and strategically prepare by engaging in activities that clearly establish vision, direction and hope for their employees.

The fourth and most important of all is contracting with managed care organizations (MCOs). Refocusing marketing to MCOs represents an essential change, particularly with reductions in Medicare and Medicaid reimbursement. Medicare is the major funding source for HME/DME providers since managed care has typically been avoided primarily because the [profit] margins were thought to be too small. Now that Medicare reimbursement has been reduced and the payment methodology for certain DME has changed, home care providers must refocus their marketing efforts to include managed care. In order to effectively obtain agreements with MCOs, home care providers must incorporate an outcomes management program that helps demonstrate quality, health and economic outcomes from the services they provide.

Reimbursement continues to decline, healthcare costs and competition for patients requiring home care products and services continues to increase; consequently home care providers can no longer operate doing business as usual. Although the suggested changes do not represent all that can be done, they certainly provide a basic approach for home care providers to survive, and in many instances, grow in a time when providers are challenged with improving their bottom line.

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