

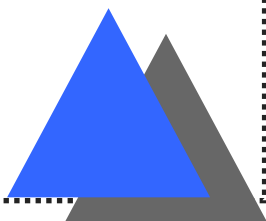


# 2005 NAHC Annual Meeting

## The Future of Hospital-Based Home Care: Is In A Free-Standing Structure!

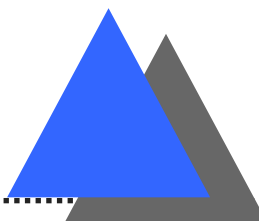
Pat Laff  
Principal  
Laff Associates  
Hilton Head Island, SC

Pamela Steding  
President / CEO  
CHRISTUS HomeCare  
San Antonio, TX





# What Has Happened to Hospital Based Home Care

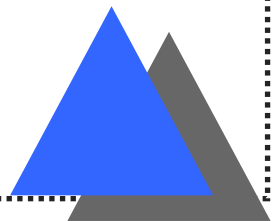
- x DRG's Precipitated Hospital Ventures into Home Care
    - Take Advantage of Home Care's Cost Reimbursement Status
    - Additional Revenue Stream
    - Competition With Other Hospitals
    - Take Better Control of the Care Continuum
  - x Vast Majority Setup as Hospital Departments
  - x Compliance With Hospital Policies Mandated
- 



# What Has Happened to Hospital Based Home Care

- x Greatest Growth Factor was  
in the 1980's
- x Grew to Become 40% of  
NAHC's Membership
- x Peaked at 2,698 in 1997  
Before Implementation of IPS\*
- x Latest Data Indicates Only 1,695  
(or 53%) Still in Operation\*
  - Many Hospitals Have Either Sold or  
Closed Their Home Care Agencies

\*NAHC Report March 2, 2005





# What Has Happened to Hospital Based Home Care

Why Were the Agencies Closed or Sold?

x Poor Financial Performance

– Lack of Investment in Agency  
Infrastructure

– Loss of Hospital Executive  
“Champion”

– Hospital Policies Inconsistent With  
Efficient & Cost Effective Home Care  
Operations

w HR, IT, Finance, Discharge Planning

x No Longer Considered a Core Service

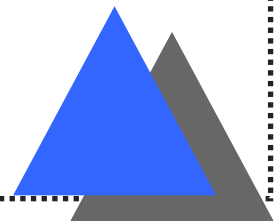
x Capital Gain for Needed Cash





# What Has Happened to Hospital Based Home Care

- x Still Considered Desired, But Lack Interest in Managing Agency
- x Offer of Joint Venture Corp. by Proprietary Home Care Company
  - Hospital is 1/3 Owner
  - 2/3 Owner Provides all Management for a Fee
  - Personnel are either Transferred to New Entity, Absorbed by the Hospital, or are Terminated

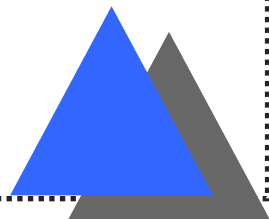




# What Has Happened to Hospital Based Home Care

Enlightened Hospitals Have  
Recognized That Home Care is  
a Core Service

- x Investment in Infrastructure
  - Telemedicine
  - IT
  - Incentive Compensation Structure
  - Added Internal Support
- x Free-Standing Operational Structure
  - Home Care Specific Financial Statement
  - Internal IT, HR, Treasury & Accounts Payable, Contracting Powers, etc.





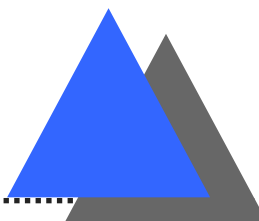
# What Are The Drawbacks To The Typical Hospital-Based Agency?

- x Reporting Ladder
  - x Step-Down Costs
  - x Quality, Quantity, & Accuracy of Financial Information
  - x Budget & Planning Process
  - x Competition for Capital Dollars
  - x The Hospital CIO & MIS Staff
  - x Layers of Bureaucracy in the Decision Making Process
  - x Human Resources Requirements, i.e.:
    - Policies Transcend All Hospital Employees
      - w Regardless of Appropriateness in Home Care
  - x “Treated Like A Step-Child”
- 



# Agency Reporting Ladder

The Typical Hospital-Based Agency  
Reports to the Vice President of the:

- x Nursing Department
  - x Ancillary & Outpatient Services
  - x Finance Department
  - x Information Services
  - x Other
- 





# Hospital Costs Stepped Down To The HHA

## x Real Expenses

- Payroll Taxes
- Accounting
- Human Resources
- Supplies/Office
- Office Rent
- Repairs & Maintenance
- Postage
- Inservice
- Insurance/Workers' Compensation

## x Same For Free- Standing Agency

- Fringe Benefits
- Payroll Department
- Equipment Cost
- Supplies/Office
- Utilities
- Telephone
- Printing
- Insurance/General
- Insurance/  
Professional Liability

**“BUT”**

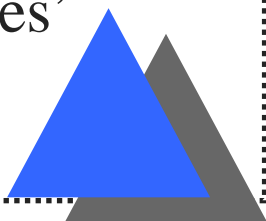
**Are The Allocation Methods Accurate?**

**NO!**





# Hospital Costs Stepped Down To The HHA

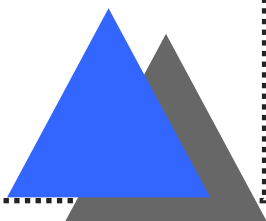
- x Payroll Taxes & Fringe Benefits
    - Percentage of Agency Payroll to TOTAL Payroll. Regardless if Some Benefits do not Apply & Cost Factors Vary.
      - w Actual Is More Accurate!
  - x Payroll Department
    - Based Upon FTE's
      - w The Number of Pay Checks is More Accurate!
  - x Human Resources
    - Based Upon FTE's
      - w The Total Number of Employees' (W-2's) is More Accurate!
- 



# Hospital Costs Stepped Down To The HHA

Non-Agency Related Expenses - Would Not Be Incurred if Agency was Free-Standing

Examples:

- Cafeteria
  - Admitting
  - Non-Related -- Building/Space Costs, Equipment Costs
  - Security on Premises
  - Central Supply -- Supplies in Excess of Actual
  - Medical Records
  - Medical Social Service
  - Nursing Administration
  - Fringe Benefits Costs for Programs not Available to Home Care Staff
- 




# E.U.N. Medical Center

## Home Health Care Analysis

### Hospital Costs Stepped Down

Discipline	Direct Step Down	HHA A&G Step Down	Total Step Down	Total Visits	Step Down Cost/ Visit
SN	\$369,600 +	\$127,800 =	\$380,800 /	17,500 =	\$21.76
PT	153,800 +	53,200 =	207,000 /	6,500 =	\$31.85
ST	11,200 +	3,800 =	15,000 /	500 =	\$30.00
OT	41,800 +	14,400 =	56,200 /	2,000 =	\$28.10
MSW	8,600 +	3,000 =	11,600 /	300 =	\$38.67
HHA	73,800 +	25,400 =	99,200 /	3,200 =	\$31.00
Total	\$658,800 +	\$227,600 =	\$680,300 /	<u>30,000</u>	<u>\$22.68</u>
Medical Supplies	<u>21,500 +</u>	<u>6,000 =</u>	<u>27,500</u>		
Total Skilled Program	\$680,300 +	\$233,600 =	\$979,700		
Hospice	299,400 +	103,400 =	402,800		
Private Duty	<u>332,600 +</u>	<u>115,000 =</u>	<u>447,600</u>		
Total	<u>\$1,312,300 +</u>	<u>\$452,000 =</u>	<u>\$1,764,300</u>		

*The step-down costs reflected are non-agency related expenses that would not have been incurred had the agency been free-standing.*



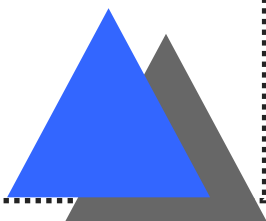


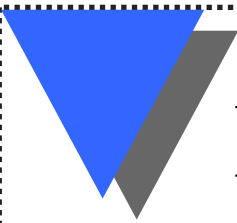
# E.U.N. Medical Center Home Health Care

## Free-Standing Cost/Visit Analysis

Discipline	Total Cost	Step Down	Net Cost	Visits	Cost/Visit
SN	\$2,197,700	- \$380,800	= \$1,816,900	/ 17,500	= \$103.82
PT	916,000	- 207,000	= 709,000	/ 6,500	= \$109.08
ST	77,000	- 15,000	= 62,000	/ 500	= \$124.00
OT	274,600	- 56,200	= 218,400	/ 2,000	= \$109.20
MSW	50,300	- 11,600	= 38,700	/ 300	= \$129.00
HHA	324,800	- 99,200	= 225,600	/ 3,200	= \$70.50
<b>Total</b>	<b>\$3,840,400</b>	<b>- \$769,800</b>	<b>= \$3,070,600</b>	<b>/ 30,000</b>	<b>= \$102.35</b>
Cost/Visit	\$128.01	- \$25.66	= \$102.35		
Medical Supplies	\$99,200	- \$27,500	= \$71,700		

*The effect of eliminating the non-agency related costs stepped down is a reduction of 20.05% in visit costs & 27.72% in Medical Supplies.*





# E.U.N. Medical Center

## Home Health Care Analysis

### Medicare Reimbursement -

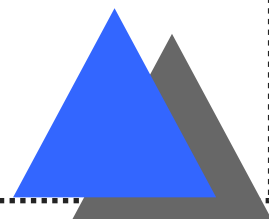
# Hospital Costs Stepped Down

SN	75.00 %	13,125	\$21.76	\$285,600
PT	80.00 %	5,200	31.85	165,620
ST	100.00 %	500	30.00	15,000
OT	85.00 %	1,700	28.10	47,770
MSW	100.00 %	300	38.67	11,601
HHA	94.40 %	3,020	31.00	93,614
<b>Total</b>	<b>81.14 %</b>	<b>23,845</b>	<b>\$25.97</b>	<b>\$619,205</b>

### Medical Supplies

Raw cost of	\$49,000	
Mark up 250%	\$122,500	
Total Cost Ratio	93.3434 %	
Medicare Charges	\$104,125	
Medicare % 85.0% of	27,500	23,375
		<u>\$642,580</u>

*The non-agency related step-down costs charged to the Medicare programs.*



# What a Home Health Agency Statement of Operations Should Look Like

## OJF HOME HEALTH CARE SERVICE STATEMENT OF INCOME AND OPERATIONS FROM 07-01-2003 THRU 06-30-2004

		<u>PERIOD</u> <u>TOTAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
<b><u>REVENUE</u></b>	<b><u>VISITS</u></b>			
SKILLED NURSING	29,200	\$3,942,000	\$3,688,000	\$254,000
PHYSICAL THERAPY	18,900	2,551,500	2,492,400	59,100
SPEECH THERAPY	800	108,000	100,300	7,700
OCCUPATIONAL THERAPY	4,000	540,000	507,600	32,400
MEDICAL SOCIAL SERVICE	600	81,000	76,500	4,500
HOME HEALTH AIDES	6,500	487,500	456,200	31,300
	<b>60,000</b>			
TOTAL VISIT REVENUE		\$7,710,000	\$7,321,000	\$389,000
MEDICAL SUPPLY REVENUE		295,000	267,000	28,000
MEDICARE HHRG VARIANCE		24,500	20,000	(4,500)
CONTRACTUAL ADJUSTMENTS		(767,400)	(775,000)	(7,600)
<b>TOTAL NET REVENUE</b>		<b>\$7,262,100</b>	<b>\$6,833,000</b>	<b>\$404,900</b>
<b><u>DIRECT COSTS</u></b>				
<b><u>DIRECT PERSONNEL</u></b>				
SKILLED NURSING		\$2,141,800	\$2,164,600	\$22,800
PHYSICAL THERAPY		1,483,800	1,303,300	(180,500)
SPEECH THERAPY		66,000	53,600	(12,400)
OCCUPATIONAL THERAPY		281,200	218,400	(62,801)
MEDICAL SOCIAL SERVICE		47,700	37,600	(10,099)
HOME HEALTH AIDE		314,700	229,400	(85,300)
TOTAL DIRECT PERSONNEL		\$4,335,200	\$4,006,900	(\$328,300)
BILLABLE MEDICAL SUPPLY COST		213,900	198,200	(15,700)
TELEMEDICINE EQUIPMENT		157,500	148,500	(9,000)
<b>TOTAL DIRECT COST</b>		<b>\$4,706,600</b>	<b>\$4,353,600</b>	<b>(\$353,000)</b>
<b><u>INDIRECT COSTS</u></b>				
INDIRECT PERSONNEL		\$1,260,400	\$1,204,700	(\$55,700)
OCCUPANCY COST		203,000	193,300	(9,700)
OFFICE EXPENSES		159,300	156,200	(3,099)
OTHER COSTS		204,900	248,700	43,800
TOTAL INDIRECT COSTS		<b>\$1,827,600</b>	<b>\$1,802,900</b>	<b>(\$24,700)</b>
<b>TOTAL COSTS</b>		<b>\$6,534,200</b>	<b>\$6,156,500</b>	<b>(\$377,700)</b>
<b>NET INCOME</b>		<b>\$727,900</b>	<b>\$676,500</b>	<b>\$27,200</b>

# What a Home Health Agency Statement of Operations Should Look Like

## DIRECT OPERATING COSTS

<u>DIRECT COSTS</u>	<u>PERIOD</u> <u>TOTAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
<b>SKILLED NURSING</b>			
SALARIES - SUPERVISORS	\$300,000	\$250,000	(\$50,000)
SALARIES - STAFF	1,374,000	1,473,500	99,500
PAYROLL TAXES	140,600	144,800	4,200
EMPLOYEE BENEFITS	120,900	128,700	7,800
WORKER'S COMPENSATION	89,500	75,400	(14,100)
AUTO ALLOWANCE	116,800	92,200	(24,600)
<b>TOTAL SKILLED NURSING</b>	<b>\$2,141,800</b>	<b>\$2,164,600</b>	<b>\$22,800</b>
<b>PHYSICAL THERAPY</b>			
SALARIES - STAFF	\$614,300	\$540,000	(\$74,300)
PAYROLL TAXES	59,300	52,100	(7,200)
WORKER'S COMPENSATION	63,600	56,900	(6,700)
AUTO ALLOWANCE	37,800	31,200	(6,600)
CONTRACT AGENCY PERSONNEL	708,800	623,100	(85,700)
<b>TOTAL PHYSICAL THERAPY</b>	<b>\$1,483,800</b>	<b>\$1,303,300</b>	<b>(\$180,500)</b>
<b>SPEECH THERAPY</b>			
SALARIES - STAFF	\$52,000	\$43,500	(\$8,500)
PAYROLL TAXES	5,000	4,200	(800)
WORKER'S COMPENSATION	5,800	3,400	(2,400)
AUTO ALLOWANCE	3,200	2,500	(700)
<b>TOTAL SPEECH THERAPY</b>	<b>\$66,000</b>	<b>\$53,600</b>	<b>(\$12,400)</b>
<b>OCCUPATIONAL THERAPY</b>			
SALARIES - STAFF	\$130,000	\$93,100	(\$36,900)
PAYROLL TAXES	12,000	9,000	(3,000)
WORKER'S COMPENSATION	11,200	8,400	(2,800)
AUTO ALLOWANCE	8,000	6,400	(1,600)
CONTRACT AGENCY PERSONNEL	120,000	101,500	(18,500)
<b>TOTAL OCCUPATIONAL THERAPY</b>	<b>\$281,200</b>	<b>\$218,400</b>	<b>(\$62,800)</b>
<b>MEDICAL SOCIAL SERVICE</b>			
SALARIES - STAFF	\$39,000	\$30,600	(\$8,400)
PAYROLL TAXES	3,800	3,000	(800)
WORKER'S COMPENSATION	2,500	2,100	(400)
AUTO ALLOWANCE	2,400	1,900	(500)
<b>TOTAL MEDICAL SOCIAL SERVICE</b>	<b>\$47,700</b>	<b>\$37,600</b>	<b>(\$10,100)</b>
<b>HOME HEALTH AIDES</b>			
SALARIES - SUPERVISORS	\$50,000	\$50,000	
SALARIES - STAFF	162,500	95,300	(\$67,200)
PAYROLL TAXES	20,500	14,000	(6,501)
EMPLOYEE BENEFITS	21,300	14,500	(6,800)
WORKER'S COMPENSATION	34,400	32,800	(1,600)
AUTO ALLOWANCE	26,000	22,800	(3,200)
<b>TOTAL HOME HEALTH AIDES</b>	<b>\$314,700</b>	<b>\$229,400</b>	<b>(\$85,300)</b>
<b>TOTAL DIRECT PERSONNEL</b>	<b>\$4,335,200</b>	<b>\$4,006,900</b>	<b>(\$328,300)</b>



# What a Home Health Agency Statement of Operations Should Look Like

## DIRECT OPERATING COST CONTINUED

### BILLABLE MEDICAL SUPPLIES

MEDICAL SUPPLIES	\$180,000	\$170,000	(\$10,000)
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### ALLOCATED PERSONNEL COST

SALARIES - STAFF	\$30,000	\$25,000	(\$5,000)
------------------	----------	----------	-----------

PAYROLL TAXES	2,900	2,400	(500)
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WORKER'S COMPENSATION	1,000	800	(200)
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TOTAL ALLOCATED PERSONNEL	<u>\$33,900</u>	<u>\$28,200</u>	<u>(\$5,700)</u>
---------------------------	-----------------	-----------------	------------------

TOTAL BILLABLE MED. SUPPLIES	<u>\$213,900</u>	<u>\$198,200</u>	<u>(\$15,700)</u>
------------------------------	------------------	------------------	-------------------

TELEMEDICINE EQUIPMENT	<u>\$157,500</u>	<u>\$148,500</u>	<u>(\$9,000)</u>
------------------------	------------------	------------------	------------------

TOTAL DIRECT COSTS	<u>\$4,706,600</u>	<u>\$4,353,600</u>	<u>(\$353,000)</u>
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# What a Home Health Agency Statement of Operations Should Look Like

## INDIRECT OPERATING COSTS

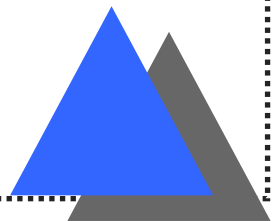
<u>INDIRECT COSTS</u>	<u>PERIOD</u> <u>TOTAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
<b>INDIRECT PERSONNEL</b>			
SALARIES - ADMINISTRATOR	\$120,000	\$120,000	\$0
<b>SALARIES - MEDICAL ADMINISTRATIVE</b>			
CLINICAL MANAGER & QUALITY MANAGERS	\$230,000	\$230,000	
HOME CARE COORDINATORS	105,000	100,000	(\$5,000)
INTAKE STAFF	80,000	75,000	(5,000)
MEDICAL SOCIAL WORKER	30,000	27,000	(3,000)
MEDICAL DIRECTOR(S)	30,000	22,000	(8,000)
	<u>\$475,000</u>	<u>\$454,000</u>	<u>(\$21,000)</u>
SALARIES - CLERICAL STAFF	425,000	403,000	(22,000)
PAYROLL TAXES	70,500	67,600	(2,900)
EMPLOYEE BENEFITS	139,900	131,900	(8,000)
WORKER'S COMPENSATION	20,000	19,200	(800)
AUTO ALLOWANCE	10,000	9,000	(1,000)
<b>TOTAL INDIRECT PERSONNEL</b>	<u>\$1,260,400</u>	<u>\$1,204,700</u>	<u>(\$55,700)</u>
<b>OCCUPANCY COSTS</b>			
RENT	\$185,000	\$177,500	(\$7,500)
UTILITIES	12,000	10,800	(1,200)
REPAIRS & MAINTENANCE	6,000	5,000	(1,000)
<b>TOTAL OCCUPANCY</b>	<u>\$203,000</u>	<u>\$193,300</u>	<u>(\$9,700)</u>
<b>OFFICE EXPENSES</b>			
STATIONARY & PRINTING	\$10,500	\$10,300	(\$200)
OFFICE SUPPLIES & EXPENSE	40,700	60,400	19,700
TELEPHONE, BEEPERS & ANSWERING	36,800	25,100	(11,700)
POSTAGE	10,500	15,400	4,900
OFFICE EQUIPMENT RENTAL	36,700	25,000	(11,700)
DEPRECIATION-EQUIPMENT	24,100	20,000	(4,100)
<b>TOTAL OFFICE EXPENSES</b>	<u>\$159,300</u>	<u>\$156,200</u>	<u>(\$3,100)</u>
<b>OTHER GENERAL COSTS</b>			
DATA PROCESSING	\$40,000	\$43,500	\$3,500
RECRUITMENT	27,300	43,800	16,500
INSERVICE & STAFF EDUCATION	15,600	24,900	9,300
TRAVEL & CONFERENCE	19,500	18,700	(800)
DUES & SUBSCRIPTIONS	11,600	15,900	4,300
INSURANCE - GENERAL	17,500	13,700	(3,800)
INSURANCE - PROFESSIONAL LIABILITY	37,500	22,700	(14,800)
LEGAL & ACCOUNTING	15,000	30,000	15,000
INTEREST	15,600	23,700	8,100
AMORTIZATION - START-UP EXPENSE	0	0	0
ORGANIZATION EXPENSE	0	0	0
BAD DEBTS	3,700	9,500	5,800
MISCELLANEOUS	1,600	2,300	700
<b>TOTAL OTHER GENERAL COSTS</b>	<u>\$204,900</u>	<u>\$248,700</u>	<u>\$43,800</u>
<b>TOTAL INDIRECT COST</b>	<u>\$1,827,600</u>	<u>\$1,802,900</u>	<u>(\$24,700)</u>



# Can Your Agency Compete for Capital Dollars

Capital Dollars are Limited

- x Competition Between:
  - Physicians
  - IT
  - Facility Development
  - Home Health
  
- x Home Care is Last on the List,  
Despite Operational Efficiencies,  
Information & Profit Potential





# Hospital Based Home Care Information Technology

Who Controls the IT Decision  
Making Process?

x Generally, the CIO

Who Controls the Access to  
IT Support?

x The CIO

Does the CIO Understand  
Home Care Needs?

Is The Acquisition Decision Based  
Upon the Hospital's Vendor?





# Hospital Bureaucracy & Home Care Operations

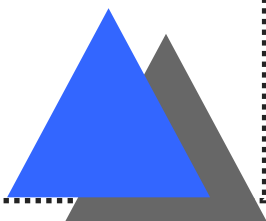
Does Hospital Bureaucracy Impede  
Resource Acquisition Necessary for  
Operations?

- x Clinical Staff
  - x Support Staff
  - x Office Space
    - Quantity, Quality & Location
  - x Financial Information
  - x IT & Support
  - x HR Procedures & Policies
    - Does HR Understand Home Care
  - x Discharge Planning
- 



# Hospital Human Resource Procedures & Policies

Regardless of Appropriateness for Home Care, there is:

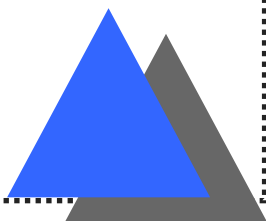
- x Rigidity That Policies & Procedures Must Apply to all Employees
    - Compensation Methodology
    - Application of Fringe Benefits
    - Inflexibility of Payroll Department or IT System
    - Recruitment Policies & Methods
      - w Hiring of Inappropriate Candidates
  - x Who Controls the Therapists?
- 



# Major Issues for Success of Hospital Home Care

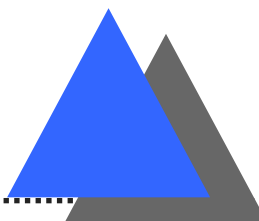
Recognition That:

- x Home Care is Integrated with the Core Services
- x Home Care Reduces Vacated Days
- x Home Care Can Be a Profit Center
- x Home Care is a Different Business
  - Has Its Own Needs for:
    - w Financial & Cost Information
    - w Compensation & Human Resources
    - w Information Technology
    - w Patient Care Technology
    - w Timely Decision Making Process by Knowledgeable Executives & Staff
      - Be Ahead of the Market

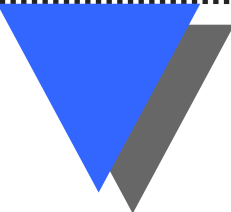




# Successful Hospital Home Care

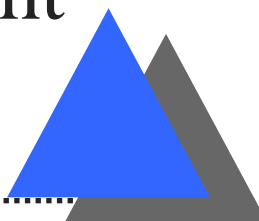
- x Hospital Home Care Doesn't Have to be Hospital Based!
  - x The Most Successful Models of Hospital Home Care are Free - Standing:
    - Financial Performance
    - Information & Clinical Technology Including a Financial System
    - Infra-Structure
    - Clinical Compensation Models
    - Ease of Staffing - No FTE Restrictions
    - Bureaucracy Reduced or Eliminated
- 





# The Best Operational Model For Hospital Home Care Is Freestanding

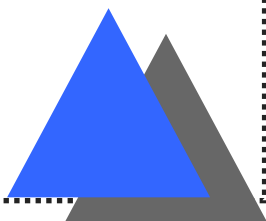
A Freestanding Structure Allows  
for a Home Care Specific:

- x Financial Information System  
Prepared From Its Own General  
Ledger by Its Own Finance Staff
  - x Budget Process Driven by Unit  
Costs, Not FTEs & Fixed Dollars
  - x Incentive Compensation to  
Enhance Productivity & Retention
  - x Human Resource Department
- 



# The Best Operational Model For Hospital Home Care Is Freestanding

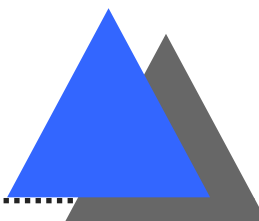
A Freestanding Structure Allows  
Technology & Its Own IT Staff

- x Separate Capital Budget That  
Redefines Operating Costs vs.  
Capital (Hospital Definition)
  - x Timely Decision Process That  
Considers Market Issues
  - x Services Purchased Based Upon  
Most Advantageous Arrangements
  - x Responsive Board of Directors
- 



# The Best Operational Model For Hospital Home Care Is Freestanding

Examples of Success:

- x BJC Home Care Services (St. Louis)
    - Has Grown from Five Small to Medium Sized Hospital Based Agencies with Diverse Product-Lines to a Large Multi Product-Line Agency
      - w Offices in Several Cities in IL & MO
      - w Significant \$ Million Profits on \$58 Million in Revenue Representing a Significant Contribution to BJC Health Care
- 



The Best  
Operational Model For  
Hospital Home Care  
Is Freestanding

The Transition  
from Hospital-based  
to Free-standing

CHRISTUS HomeCare  
A Case Study

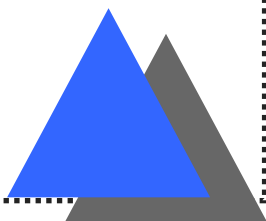




# CHRISTUS HomeCare

## A Case Study

### Agency Snapshot in 1999

- x Department of the Hospital
  - x Home Health - Certified 1985
  - x Hospice - Certified 1986
  
  - x 85% Medicare (IPS)
  - x 6% Medicaid
  - x 5% 3rd Party Insurance
  - x 4% Charity Care
- 



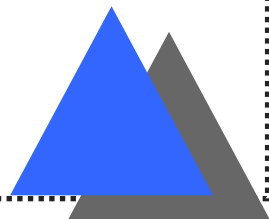
# CHRISTUS HomeCare

## A Case Study

Agency Snapshot in 1999

x Office Facility

- Previous Psych Hospital
- Old Furniture, etc.
- Poor Image





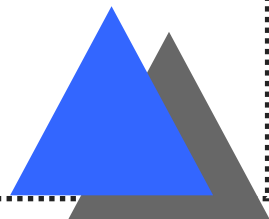
# CHRISTUS HomeCare

## A Case Study

Agency Snapshot in 1999

### x Financials

- Buried in the Hospital's Report
- Contractuals at Hospital Rate
- Overhead Allocation for Benefits
- Total Overhead \$2 million





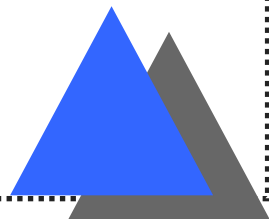
# CHRISTUS HomeCare

## A Case Study

Agency Snapshot in 1999

### x Compensation Structure

- Hourly and Per Visit Field Staff
- Using Kronos System
- Excessive Overtime
- Very High and Very Low Productivity







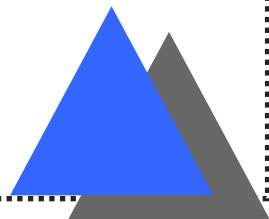
# CHRISTUS HomeCare

## A Case Study

### Agency Snapshot in 1999

#### x Human Resource Support

- Complicated Hiring Approval
- Ads Buried in Hospital Information
- Missing Applications
- Lengthy Hiring Time
- Rigid Pay Structure





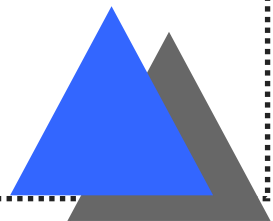
# CHRISTUS HomeCare

## A Case Study

Agency Snapshot in 1999

### x Information Management

- Outdated System
- No Updates for at Least One Year
- Few Workstations





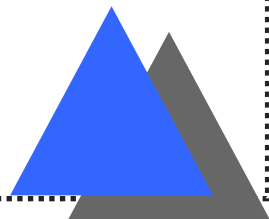
# CHRISTUS HomeCare

## A Case Study

Agency Snapshot in 1999

### x Business Development

- No Marketing Staff
- All Referrals from Health System
- Contracts Through Hospital
- Confusion Regarding Payments



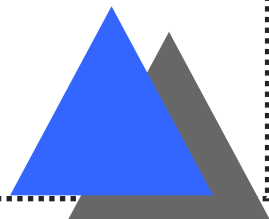


# CHRISTUS HomeCare

## A Case Study

Agency Snapshot in 2000

- x 501 (c) (3) Corporation
  - Hospital System is Sole Member
  - Free-standing Agency





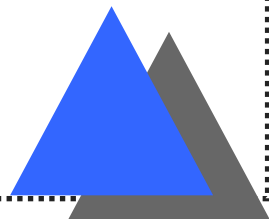
# CHRISTUS HomeCare

## A Case Study

Agency Snapshot in 2000

### x Office Facility

- Leased New Office Space
  - w 13,500 Sq. Ft.
- Total Build out to Agency Specs.
- New Furniture, etc.





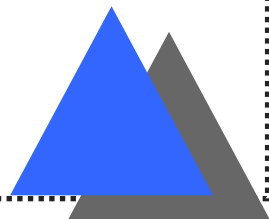
# CHRISTUS HomeCare

## A Case Study

Agency Snapshot in 2000

x Information Management

- New System in Place
- New Workstations for all Key Staff





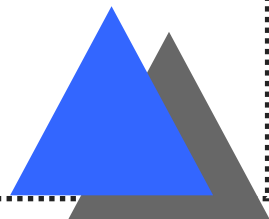
# CHRISTUS HomeCare

## A Case Study

Agency Snapshot in 2000

### x Financials

- Home Care Finance Director
- Home Care Specific Reports
- A/P, Billing, Accounting within Agency





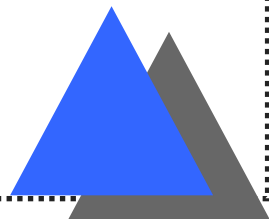
# CHRISTUS HomeCare

## A Case Study

Agency Snapshot in 2000

### x Human Resources

- Agency HR Director
- New Pay Structure
- Control Over Hiring
- New Policies







# CHRISTUS HomeCare

## A Case Study

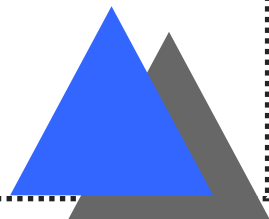
### Agency Snapshot in 2000

#### x Keys to Success

- Executive (VP) Champion
- High Level Task Force
- Experienced Home Care Team

x Net Revenue      \$ 6,306,000

x Net Income      \$ ( 27,000)





# CHRISTUS HomeCare

## Agency Snapshot in 2005

- Has Grown From Small Hospital Based Department to a Large, Multi Product-Line Agency.
    - w Offices in Four Cities in TX & LA After Absorbing all CHRISTUS Health Hospital Based Home Care Agencies & Hospices
    - w Acquired the VNA of Houston from Methodist Hospital
    - w Significant \$1.4 Million Profit on \$32 Million in Revenue Representing a Significant Contribution to CHRISTUS Health
- 