HOME CARE
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Home Care Telephony Likely to Undergo Major Change

Sandata's purchase of MCI patent surprises industry

For a moment, let's say you are one of five home health agencies in your community. Let's also say one of your competitors also has a medical supply business, from which, for some reason not critical to the success of this allegory, you are required to purchase your supplies. Every month, you have to send a payment to this competitor, along with a detailed report of all the supplies you have provided to your patients to justify the check amount, which incidentally allows your competitor to easily estimate your business volume.

Uncomfortable? Unreasonable? Awkward? All of the above?

This is exactly the situation in which a number of software vendors, quite possibly even your own, are suddenly finding themselves after receiving a July letter from Sandata Technologies, Inc. The letter relayed the news that the Port Washington, New York telephony services vendor has purchased three business process patents from MCI Communications, Inc. It also informed these telephony

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Senate to Consider $10 Million Telehealth Amendment

New York to Spend $4 Million On Its Own Demo Project

When the Senate gets around to finalizing next year's Federal budget, which is likely to be anytime between Labor Day and Christmas, it may be considering an amendment to add $10 million for telehealth grants, incentives and resource centers, to be introduced by freshman Senator John Thune, R-SD.

In response to a plea from an ad hoc coalition of 230 interested organizations, including IT companies, academic institutions, rural health providers, home care agencies and two NAHC sub-groups, the Home Care Technology Association of America and the Center for Telehealth Law,

Thune agreed to submit an amendment to the Senate's Labor, Health and Human Services, and Education appropriations bill when it comes up for a floor vote. The bill was voted out of committee before the Senate's summer recess.

According to Thune's office, if the amendment is successfully added to the appropriations bill, $10 million will be allocated to the Office for Advancement of Telehealth, which falls within DHHS's Health Resources and Services Administration. Half will be earmarked for network grants

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for telehealth demonstration projects. $2.5 million each will go to establish 10 telehealth resource centers and to help states provide incentives to their health licensing boards to find ways to reduce regulatory barriers such as interstate licensing restrictions for clinicians serving patients near state lines. Two of the 10 resource centers must be located in rural states (the seven states with less than one million total population).

New York funds its own

Also last month, New York Governor George E. Pataki announced that nearly $4 million will be provided to 30 home care agencies under the state's own Telemedicine Demonstration Project. Pataki said expanding access to home care is part of New York's effort to restructure its healthcare system.

The project will be administered by the State Department of Health (DOH). Its goals will be to identify new technologies to improve care quality and disease management for home care patients. "It will be a component in New York's efforts to further increase access to quality health care for residents living in rural areas of the state," Pataki said, "as well as to those who are primarily home-bound due to chronic health conditions and/or disabilities."

State Health Commissioner Antonia C. Novello said individual grants will range from $58,000 to $150,000 and will be distributed to agencies in six statewide regions. "The initiative will bolster our technological capabilities and bring quality health care into the homes of patients across the State," Novello added.

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vendors that Sandata would now be collecting the patent royalty payments that previously were submitted to the embattled long distance giant.

Telephony pre-history

MCI's three patents are not for a software product or any tangible device but for a business process. Sandata and other companies using Automatic Number Identification (ANI, a sophisticated form of Caller ID, used mostly by 911 systems, to override ordinary Caller ID blocking) and a computer to track time and attendance of mobile employees had been obligated to pay per-call license fees to MCI since 1998. Telephony technology was introduced to home care in the mid-1990's. But in 1998 MCI sued Sandata over rights to the process that had been assigned to MCI a year earlier (U.S. patent number *5,646,839*).

The suit was eventually settled out of court and established an obligation not only for Sandata's customers but all telephony users to pay per-call royalty fees to MCI. The settlement also awarded Sandata exclusive use of the patent for home care providers within New York City's five boroughs. Other telephony companies not party to the lawsuit were also forced to begin to make royalty payments to MCI but received non-exclusive territories. Each vendor negotiated a contract with MCI and increased its rates to cover the new licensing fee. Since all competitors were affected equally, the playing field remained level.

Affected companies include CareCentric, CareKeeper and McKesson, each of which offers a proprietary telephony system integrated with its own back office clinical and billing application, and telephony-only vendors CareWatch and Dial-N-Document. A new company offering a home care data capture application on GPS-equipped cell phones appears at first glance to be exempt since it does not rely on ANI (see related story).

What telephony users might expect

No one is quite sure at this point how the patent transfer will impact the home care industry. For a technology that can increase efficiency and reduce costs and fraud, telephony has found surprisingly limited acceptance in home care to date. Two reasons posited are the patent royalties themselves, which increased per-call costs after 1998, and state regulators who have been slow to abandon past visit verification practices requiring patient signatures. According to Sandata's Sales VP Mark Baff, only 14 states currently accept electronic verification via ANI, even though fraud, which seems to be on every

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regulator's radar screen, is far easier to perpetrate with paper than with telephony.

Only fees to remain unchanged
Telephony companies with pre-existing MCI contracts have been assured by Sandata, and by their own respective attorneys, that contract arrangements, specifically the per call royalty amount, cannot change over the course of the patent's remaining five years. Consequently, telephony-only companies as well as home care billing application vendors such as ScanHealth, HealthWare, Stratis, Homecare Homebase and others – which offer interfaces to telephony companies that have valid MCI contracts in place – and their customers, are not likely to be affected.

Sandata president Stephen Silverstein told HCAR that his overriding concern as he navigates his company through this somewhat awkward situation will be to continue "positive licensing relationships" with other telephony vendors. "We have inherited licensing relationships," he said. "We expect they will remain positive and plan to do all we can to make certain they will." Former MCI contract holders have the same expectation so far, though a few expressed concern over their obligation to deliver what they consider sensitive information, such as call volume reports, along with payments to a competitor.

Relationships may ebb and flow but one certainty emerging from Sandata's patent purchase is that its cash flow will remain positive. Silverstein added, "As the owner of these patents, we intend to enforce all our rights under the patent laws. If there were companies using the process and not

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Patent-Free Alternative Found

The patent that Sandata purchased from MCI Communications in June is precisely worded. U.S. Patent #5,646,839, dated July 8, 1997 is officially summarized as follows:

> A computer system includes hardware for interfacing with the public telephone network and for accepting incoming telephone calls. The computer system detects from the incoming telephone calls automatic number identification data (ANI data), such as Caller-ID data, which identifies the calling telephone and further accepts personal identification codes from the caller. The system generates reports of the incoming telephone calls in which reports the location of the calling telephone is correlated with the person who is making the telephone call. Preferably, the system is applied for recording remotely, through the telephone network, the arrival and departure times of field based employees at various work sites.

Any computerized, mobile employee tracking system that accomplishes the same end but does not use ANI, it appears, would not be covered by this business process patent. Its users, therefore, would presumably not be required to pay royalties to the patent holder. This is the opinion of a patent attorney contacted by Trak Technologies Corporation of Chicago.

Trak Technologies, as it happens, recently released just such a system. *CellTrak* is a software application that runs on data-enabled, GPS-ready cellular phones from any cell carrier. A caregiver uses the phone to indicate a visit has started or finished. The application captures GPS location, stamps time and date and transmits it as data through the cell tower network to Trak Technologies' web servers.

Using GPS and cell tower triangulation, the phone also records exact mileage traveled from one visit to the next. Agency personnel follow field staff in real time with a browser application and secure Internet connection. Missed visits can be noted immediately and payroll can be processed without the need for time cards.

What frees the system from the patent is that it does all this without relying on Caller ID or ANI, in fact without actually placing a phone call. The phone must be subscribed to a cell carrier's data service – typically about $10 per month – but does not necessarily have to have an activated phone number. The cell phone basically acts as a wireless PDA.

According to Trak Technologies' Andy Kaboff, the web-based application can also return updated visit instructions or other messages to a nurse or aide upon receipt of a visit start signal. It can also store time/date stamps and visit information for later uploading if the patient's home is not within range of a cell tower. "GPS is actually harder to fool than ANI," Kaboff said. "Caregivers have been known to talk patients into calling the telephony 800 number for them if they are running late. With GPS and triangulation, the system knows where that cell phone is within a few feet."

CellTrak is currently in use by Amedisys in Baton Rouge, Louisiana. Kaboff said it went into general release in early July. See this issue's Vendor Watch for contact information.

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paying MCI in the past, we intend to exercise the rights that the patent gives us."

Silverstein did not name any vendors previously attempting to evade MCI, but he did acknowledge that there is another category of competitor-turned-revenue-source that Sandata will now have to decide how to address. These are home care software vendors that have been developing integrated telephony applications but had not yet contracted with MCI.

"Sandata can offer a broader range of opportunities beyond what MCI could," he continued. "For example our three data centers, where we house our web servers, offer redundancy, backup and protection from power outages. They have plenty of excess capacity right now and it is easy to add more. We are going to offer it to home care software vendors who might not want to incur the expense of building their own when they get into offering telephony."

Reading between the lines

Indeed. So convinced is Silverstein that it is better for new entries into the telephony space to use Sandata's data centers instead of building their own, he apparently plans to use the patent to make them an offer they may not be able to refuse. Sandata's official press release about the patent transfer speaks of "offering" web hosting and outsourced data processing services to new licensing partners, apparently referring to competitors McKesson, CareKeeper and CareWatch, which already have their own data centers.

The company's release further quotes Silverstein, "These added services will help our partners reduce their overall expenditures versus operating their own data center." It follows immediately with his warning to those unnamed companies who may have been avoiding MCI licensing fees. "We have also identified companies that are currently infringing upon our patents. Now that Sandata owns these patents, we plan to immediately and aggressively pursue our intellectual property rights."

Sandata may be only offering to established telephony providers that they switch from their own data centers to the three Sandata operates in the New York, New Jersey area, but the new patent-holder may be applying a bit more muscle to future telephony hopefuls. Victoria, BC-based Procura has developed telephony software and was days from completing a license agreement with MCI when it received a letter from the long distance company explaining why it would not be signing the contract. Neither Procura nor Sandata would comment on ongoing negotiations over whether Procura will implement its own software with its own host servers or resell Santrax.

Procura is not the only home care software vendor with telephony software under development but without a pre-existing MCI contract. It may, however, be the only one with paperwork in MCI's hands at the time of the patent sale. Other vendors that may as yet be less visible to the new patent holder were unwilling to be named in this story while they explore their options.

One company more than willing to offer an opinion is Atlanta's CareWatch. Sales and Marketing Director Rick Drummond said his concerns center around the pricing advantage Sandata has purchased for itself. "They no longer have to pay the royalties but the rest of us do," Drummond observed. "And we have to pay it to them. So take the amount of the royalty and multiply it by two to get at their price advantage." Drummond also suspects that the patent purchase price was significant, which may offset Sandata's ability to undercut the market, at least in the near term.

Predictably, the marketing director added that he is not concerned since his product is "so much better" than the rest. In fact, Drummond chooses to see a silver lining around the dark cloud his competitor has cast over the telephony segment of the market. "If other vendors are looking for a telephony system to write an interface to and incorporate into their billing system," his grin evident through the phone connection, "maybe Sandata won't be the only one seeing an increase in business."

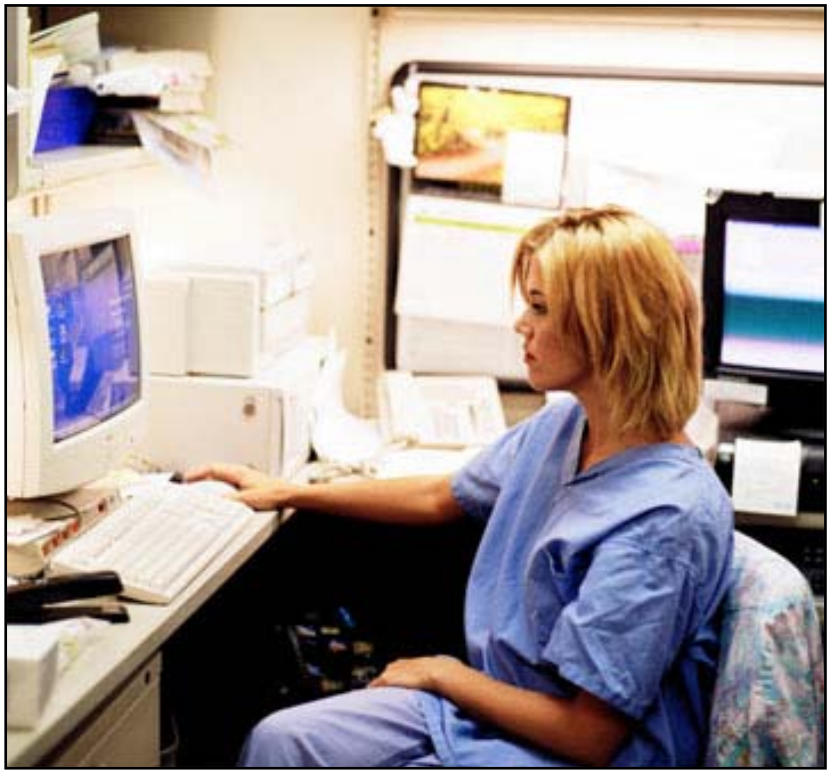
Certainly, Sandata's purchase of MCI's business process patent will bring significant changes to this corner of the home care industry. There does not appear to be consensus, however, as to whether the change will be for better or worse. Almost all of the vendor executives interviewed for this story, however, agreed on one point, though none would go on record with it. Their lives just got a little more difficult and, if they were in Sandata's position, they would probably have done exactly the same thing.

Telemedicine Leaders Recognize Home Telehealth

July conference emphasizes critical role home care may play…if it chooses to.

"People don't want higher-quality Long Term Care, they want to stay home." –Tom Nelson, COO, AARP.

Indications that traditionally acute-care-oriented healthcare professionals, especially hospital administrators and large-clinic physicians, are beginning to accept the critical role technology-based home health care will play in the coming era were strengthened last month at a privately-sponsored conference in Boston. The second annual "Healthcare Unbound" gathering brought together pragmatists and futurists to discuss strategies and solutions and nearly every proposed vision of the future involved pushing patients out of expensive hospital beds and electronically monitoring them remotely in their homes.



The message from experts at MIT, Partners, Harvard, Intel and Qualcomm was clear. Clinical and information technologies are the only dams against a river of Baby Boomers that will soon flood the healthcare system, not with acute diseases as their parents did but with chronic conditions that require a different care model. The U.S. healthcare system is largely focused on saving or prolonging the lives of individuals undergoing acute, temporary crises but it is increasingly being presented with otherwise healthy patients in need of slower-paced, persistent care – and education – over a normal, and lengthening, lifespan.

Time for systemic change

Neither payers nor providers have a model to accommodate a population that is, as one expert put it, sick but not dying. Instead, the current model does little for people with chronic conditions until their condition inevitably deteriorates and becomes a crisis. At that point, the system knows exactly what to do…and how to get paid for doing it. Demonstration projects deploying new, non-institution-based healthcare technologies, however, are becoming more numerous and are showing the way to a distinctly different future.

Employing a format that featured back-to-back, 30-minute bullet-point-only presentations, Healthcare Unbound ran more than a dozen keynote speakers past an audience of about 300 in a day and a half. Nearly every speaker opened with the now-familiar warning about 76 million Baby Boomers beginning to turn 65 in 2011 and the simultaneous nursing shortage. By lunch of the first day, with participants' eyes glazing over, keynoters began to skip the Baby Boomer introduction – and they all had one – moving directly to their unique perspective on how technology will get the U.S. healthcare system through the looming demographic cataclysm.

The collected expertise, however, did not conclude that "electronically monitored at home" necessarily implies "by a traditional home health care provider." Top futurists from intertwined technology segments such as Darrin Jones of Intel's Proactive Health Research lab, Stephen Intille, an MIT architect designing smart homes, and Partners' Healthcare Telehealth Director Dr. Joseph Kvedar outlined a world where people with chronic conditions may well be monitored in high-tech homes but referred to physicians, disease management companies or to as-yet unimagined provider types offering remote electronic monitoring services.

Home health care providers, if they continue to be slow to adopt monitoring technologies, may or may not have a place at the table under the Healthcare Unbound model being

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imagined for the Baby Boomer era. If they do not take the lead well before 2011, someone else will, experts implied.

An outsider's perspective
Elizabeth Boehm, an analyst with Forrester Research, the Cambridge, Massachusetts-based technology and market research company, recommended that healthcare and technology providers look to consumer electronics – specifically TiVo and the PDA – for clues to what might convince consumers to accept high-tech care methods.

"There are three precepts for predicting technology market penetration," she explained. "First, benefit must be commensurate with cost. Second, benefit must be an obvious extension of existing behavior. And, third, the benefit must be more visible than the technology itself." (See interview with Elizabeth Boehm, page 7)

The COO of AARP, Tom Nelson, described his members as basically fearful of anything new and unfamiliar, especially the closer it gets to their body. "One (healthcare technology) road leads to dehumanization," he cautioned, "but the other leads to human contact, empathy and dignity." Nelson calls the successful route "intimacy at a distance." He says healthcare has a lot to learn from the distance learning industry, where the learner is an active participant and there is two-way communication between teacher and learner. "Success comes to distance learning when the learner is treated as an individual," he said.

New care for new conditions …and attitudes
Attorney and consultant Michael Barrett, author of the original 2002 *Healthcare Unbound* concept report and a former home care CEO, asked those who develop healthcare technologies to remember that patients intersect with home telehealth tools in four specific ways:

1. subordinated
2. structured
3. collaborative
4. autonomous

Barrett believes home telehealth today is firmly entrenched in category two but moving toward the collaborative phase. "Information technology, medical technology and assistive technology are merging," he explained. "The overlap among the rise of chronic conditions, tightening economics and the new critique of healthcare from the political right are driving a need to develop and deploy technologies to manage health problems *outside* formal institutions."

Noting that development is in progress today on products that fall into all four categories, Barrett concluded that the future does not belong to any one product type but will require multiple technology solutions to accommodate multiple chronic conditions and lifestyle settings. The role of clinicians will be to look beyond any one product tool and focus on keeping a variety of self-management tools, and patients who use them, on task. Aging Baby Boomers will expect technology to control costs, improve quality outcomes and provide them convenient ways to manage their own care.

Related Stories:

"Forrester Explains How People Interact with Gadgets" p. 7

"Boomers Willing to Pay for Technology for Selves, Parents" p. 9

HIPAA Security Tool Available

Stony Hill Management, publishers of HCAR, has reported that its GetHIP software is already in use at more than 1,000 locations throughout the U.S., making it home care's most widely used HIPAA compliance tool. *GetHIP-Security* is designed to help home healthcare providers comply with the HIPAA Security Rule, which went into effect in April. The software is highly scalable, with users ranging in size from more than 200 sites to single-site providers with as few as three computers. A version of *GetHIP-Security* is also available for long-term care and assisted living facilities.

GetHIP-Security is the third in a series of HIPAA compliance tools developed by Stony Hill Management. In 2003, more than 500 organizations utilized *GetHIP-Privacy* to achieve compliance with federal privacy requirements, and thousands of staff were trained using the company's HIPAA educational videos.

GetHIP-Security users give the product consistently high marks for comprehensiveness and ease-of-use. The software employs a TurboTax™-like interface, with users responding to a series of questions about their organization's operations and security measures. They are guided through a thorough assessment by the software's unique "HIP Advisor" feature, an in-house consultant that provides implementation advice and step-by-step explanations of regulatory requirements and key security concepts. As users respond to questions, the software automatically builds a work plan, presents sample documents and provides a variety of tools to document and manage compliance efforts.

GetHIP-Security can be installed on a single PC or deployed over a network, and an enterprise version is available for larger providers. A single-site, perpetual software license is $750, with significant discounts available for multi-site organizations. Six months of support and maintenance are included in the initial purchase price. Ordering information is available at www.hipaahomecare.com or by calling 866-436-7047. An evaluation copy of the software can be downloaded from www.gethipsoftware.com/evaldownload.

Research Explains Interaction of People and Gadgets

Wondering whether your telehealth program will sell? Ask TiVo, Palm, Motorola

Are you among the 3% who have adopted TiVo, or the 10% using a digital recording system from a cable company? Are you sticking with VCR tapes for now, or perhaps among the remaining Luddites with a rooftop antenna who find nothing on their four local channels worth recording? Advanced TV technology adoption rates and the reasons behind them follow the same consumer psychology rules that will determine the success of healthcare technologies in the home, says a senior analyst with Forrester Research.

According to consumer electronics researcher Elizabeth Boehm, average TiVo set-top boxes run between $150 and $300. Users purchase and install them on their own and pay another $12.95 per month on top of what they were already paying for cable or satellite service. TiVo's minimal consumer penetration rate, 3%, is directly attributable to system cost and complexity.

Cable, however, boasts more than three times the penetration for its version of digital program recording. Comcast and Time Warner offer the service for about $10 per month, maintain ownership of the set-top box and send someone out to install it. Boehm attributes the greater acceptance to the fact that consumers have high entry threshold requirements for new technologies, whether they are aware of it or not.

Forrester Estimates

Company	2003 revenues	2004 revenues	Units in market
Lifeline	$116 million	$130 million	423,000
Honeywell HomMed	$21 million	$31 million	18,000
Cybernet Medical	$4.5 million	$5.4 million	2,000
Body Media	$2.2 million	$3.1 million	2,230

"To start with a platitude, change is hard," she informed an audience of healthcare providers and technology developers at last month's *Healthcare Unbound* conference in Boston. "To be accepted by consumers, new technologies must conform to a few unconscious but strictly enforced rules. They must piggyback on existing technology rather than represent substantive leaps forward. They must allow users to build on existing habits. And they must be as transparent as possible, so that their benefits, rather than the technology as an end in itself, are the rationale for undergoing the pain of change."

To better understand how consumer psychology interacts with healthcare technology adoption, Boehm offers a second example, the Personal Digital Assistant. "Users have to store personal information on a PC, synchronize it regularly and carry the device everywhere in order to gain full benefit," she offered. "A cell phone, on the other hand, stores names and phone numbers – the primary function used on PDAs – quite easily. And people are carrying them around already anyway."

Latest figures put PDA penetration at 14% while cell phones are in use by over 70% of the population. Boehm believes that ratio will not change any time soon, unless someone develops a PDA that somehow offers an incremental technology jump rather than a quantum leap.

Bringing the lesson back to healthcare, Boehm applied her principles of consumer psychology to automatic insulin pumps. The advanced device found its usage zenith at no more than about 20-25% among Type I diabetics, one-third of whom eventually revert to syringes. In Boehm's opinion, the advanced technology's difficulties outweigh its conveniences. "Patients have to program their insulin needs into the device," she begins, "and that requires a certain technology comfort level.

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Forrester Consumer Research continued from page 7

The main problem, however, is that users struggle with a device that is always on, always in place. "That may be fine for an elderly, homebound person but many Type I diabetics are playing contact sports, swimming and having sex." Boehm did not imply that they engage in all three activities simultaneously, but they struggle with the ever-present insulin pump nevertheless.

Identifying the digital-ready healthcare consumer

Once one grasps consumer psychology and the role it plays in the acceptance of new technologies, Boehm recommends looking more closely at sub-groups within your target market. "Digital-ready" consumers, for example, are much more likely to adopt unfamiliar technologies. Consequently, the task becomes identifying them.

"More than 60% of U.S. households will have broadband Internet connections by 2009," the Forrester researcher predicts. "That is up from 40% today and less than 20% only three years ago. What's more, those connections will not be just to a PC but will be in every room of the house, bringing entertainment as well as off-site control over kitchen and utility appliances." In fact, Boehm's definition of a "digital-ready" consumer is a person or household with either a broadband connection or a home network and any two-way, wireless communication device such as a mobile phone, Smartphone, two-way pager or web-enabled PDA.

Today, Boehm reports, approximately 15% of newly Medicare-eligible seniors (65-69) are digital-ready and the "boomer vanguard," currently 50-59, is at 29%. "This is also a demographically appealing group," she adds. "Digital-ready 50-somethings are more likely to be in higher income sub-groups, be better educated, live in a house, be married and define themselves as 'technology optimists.' They are also less brand loyal, less price sensitive and more open to new experiences."

Drilling down further, Boehm explained, the digital-ready "boomer vanguard" is slightly less likely than digital-ready seniors to say they consider themselves to be in good physical condition, less comfortable dealing with people, considerably more concerned they will not have enough money for retirement and more pressed for time.

Digital-ready consumers

	Age	Digital-ready
Young 'uns	Under 50	33%
Boomer vanguard	50 - 59	29%
	60 - 64	21%
	65 - 69	15%
Today's seniors	70 - 74	8%
	75 - 79	6%
	80+	2%

Source: Forrester's Consumer Technographics® 2005 North American Benchmark Study

From stats to meaningful information

Drawing meaning from a gigabyte of statistics is how analysts demonstrate their worth. Asked what home telehealth vendors and their home care provider customers should learn from TiVo's and cell phones and digital-ready households, Boehm had two responses prepared.

"For seniors, the group already in the Medicare-eligible age range," she began, "position your products and services as 'health maintenance technologies' rather than as solutions for correcting bad behaviors or righting health problems. Partner with organizations offering personal health records, preferably online. And seek out distribution partners that already balance high-touch with high-tech.

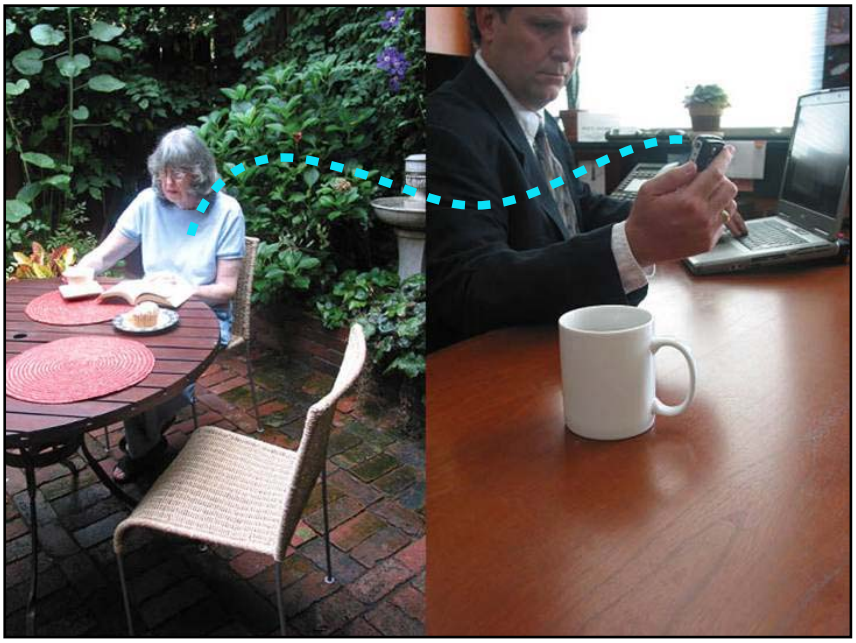
"For Baby Boomers, whether those in the vanguard or 'young-uns,' Baby Boomers in their 40's, take advantage of their existing mobile devices. Position your products as 'retirement protection;' also effective is the label 'inheritance protection.'"

With elder monitoring spending expected to triple by 2010, from about $370 million today to $1.2 billion, Boehm concluded, there is plenty of reason for optimism and plenty of room for more healthcare providers to invest in remote monitoring. "Think like consumer electronics leaders," she repeated. "Target early adopters, digital-ready elders, to get the ball rolling and maximize acceptance. Test ownership versus subscription models with your patient population. Lastly, keep an eye toward product usability as well as its health benefits.

Boomers Willing to Pay for Technology That Allows Parents, Selves More Independent Living

According to the Center for Aging Services Technologies (CAST), Baby Boomers are willing to spend up to $100 each month on technology to ensure healthier living and independence as they age.

In a series of focus groups with people age 50-65, CAST found that most participants would be willing to pay $50 each month for electronic monitoring technologies such as medication reminders to enable their aging parents or themselves to live independently. About half of the participants said they would pay $100 per month. In addition, participants were extremely interested in owning a device that maintained their medical records and provided them with control over this information.



The focus group results were presented at the Healthcare Unbound conference by Kari Miner-Olson, chief information officer of Burbank, California's Front Porch Assisted Living Facility and leader of the CAST research team that conducted the focus groups.

"These findings should be a wake up call for technology corporations, who are missing a tremendous potential market for services," Miner said. "Every seven seconds a Baby Boomer turns 50. The need for technologies to help these individuals age in place, on their terms, is tremendous."

Other key study findings include:

- Boomers believe it is important to maintain personal and financial independence, remain healthy and not become a burden to their children.
- Technologies that are easy to use, integrate monitoring and sensing solutions and include visual and audio capabilities impressed participants.
- Boomers are impressed by the possibilities that technology could enrich communication, alleviate the challenges of daily life and preserve social connectedness.
- Participants are eager to have access to reliable information and choices about care options.

"Improvements in technology for the aging could not only improve their quality of care and life, but also reduce our nation's ever-growing healthcare costs," said Helen Higgins, Business Development Manager of Hewlett-Packard and co-chair of the research group. "In particular, electronic medical records can provide a foundation for transforming how health care and aging services are delivered."

CAST held 10 focus groups in five states during March 2005. Each focus group was led by the same moderator and videotaped for later analysis. After completing the study, researchers recommended that companies, federal researchers, policy makers and consumers investigate the role technology can play in improving health care efficiency and effectiveness.

Established in 2003, CAST (www.agingtech.org) brings together university researchers, technology companies, aging services organizations and government representatives to study the application of technologies that will help identify potential solutions to the growing aging services challenge. CAST is a program of the American Association of Homes and Services for the Aging (AAHSA), whose members include not-for-profit providers of adult day services, home health, community services, senior housing, assisted living residences, continuing care retirement communities, and nursing homes.

Lawmakers, Bureaucrats Inch Steadily Toward Interconnectivity

Regional CMS Administrator calls current healthcare system 'crazy'

Jeff Flick
CMS Region IX Administrator

If you ever get an opportunity to hear CMS Region IX Administrator Jeff Flick in person, jump at the chance. Bold, frank, entertaining and refreshingly honest were descriptions on the lips of everyone who attended his presentation, "Using Information Technology to Drive Quality Improvement," during a meeting of the Home Care Information Technology Council (HITC) last month in San Diego. HITC organizers have already taken several calls asking how to book Mr. Flick for their own meetings.

The enthusiastic response did not arise from Flick's declaration that IT will be an integral component of the Bush Administration's healthcare goals, though he did hammer that point home. It did not stem from his call to fix healthcare's fragmented silo system and unite segments into a patient-centered effort, though he emphasized that need strongly as well. Nor can it be attributed solely to his clear definition of Electronic Health Records (EHR) or his call for health IT to help change the current health practice paradigm from reactive to proactive care.

What cemented his presentation permanently in the memories of the 50 or so HITC members and their guests last July 21 was the story of his own father's weekend hospitalization and a staff that could not determine what medications he had been taking. After finding no records available from his father's primary care physician or pharmacist, Flick offered to drive two and a half hours to his father's house and personally read the prescription bottle labels to the nurse. "Then she actually said to me," Flick concluded his story, verbally underscoring every word, "'No, don't go to all that trouble, Mr. Flick; we'll just guess, like we usually do.'"

The audience quickly lost track of the number of times Flick repeated the word 'crazy' to describe the current U.S. healthcare system's state. "We have all these computers," he said, waving his arms in emphasis. "We have the Internet. You can find out in seconds every movie you have rented in the past three years. But a hospital can't phone up a doctor's office and find out what drugs that doctor has prescribed for one of his own patients!"

Hope for progress

Change has to be coming pretty soon, the CMS official believes, because people in Washington who seldom agree on anything else are working together on this. "It doesn't matter that apparently about half of the country does not like the President." he said, "When he called for a National Health Information Infrastructure (NHII), everyone from Newt Gingrich and Bill Frist to Hillary Clinton and Ted Kennedy joined him."

The NHII will be built upon, and fully dependent upon for its success, EHRs in every physician office, hospital, home care agency, hospice and nursing home, Flick explained. Eventually, Personal Health Records will join the network. His description of an EHR, which he acknowledged are deployed in only about 10-20% of physician offices, was detailed and specific.

- Provides secure, real-time, point-of-care, patient-centric information
- Provides access to patient health record information when needed (decision support at the point of care).
- Incorporates evidence-based decision support to bolster human memories.
- Processes protocol improvements and practice changes efficiently.
- Streamlines clinician workflow to ensure communication of all clinical information and ameliorates response delays that result in delays or gaps in care.
- Supports data collection for other uses, such as billing, quality management, outcomes and performance measurement and public health / disease surveillance and reporting.

Flick is focused largely on physicians because he believes everything must start there. In response to questioning, however, he added that home care providers will not be able to take full advantage of their own EHRs until physicians deploy them and

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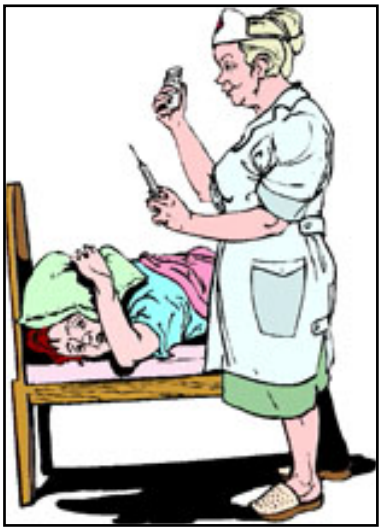
that they will benefit greatly once the ball gets rolling. He cited CMS-funded demonstration projects that are currently pushing physicians in the EHR direction. One of his favorites, "Doctor's Office Quality – Information Technology" (DOQ-IT), provides IT system selection assistance, makes high quality systems more affordable, and provides additional payments to physicians who fully implement such systems.



It would behoove home care providers to be aware of physicians in their service areas who are participating in the demonstration project, Flick added. It financially rewards physician offices that adopt specified IT systems to improve safety and quality and to manage patients with chronic conditions. With support from state Quality Improvement Organizations (QIOs), they demonstrate the use of such systems by submitting electronic patient data to a data warehouse.

That data, once it is ready to be shared with other healthcare segments, will be invaluable. The data can be used for multiple purposes, including public reporting, P4P determinations and data exchange with other providers. The system is already in existence and is being populated now with hospital data. Physician office data will begin to be added later this year.

Demonstration projects underway

Other initiatives Flick referenced that will eventually impact home care and hospice included both private and government-funded projects.

- Integrated Healthcare Association (IHA) is a California group of health plans, physician groups and health systems that is working together to design a Pay for Performance (P4P) model. It is using a uniform data set to measure physician performance and tie plan payment to quality indicators and patient experience. It paid out nearly $50 million in performance bonuses last year. 20% of the bonus formula is tied to use of IT.
- Medicare Health Support (formerly known as the Chronic Care Improvement Program) is a program created by the Medicare Modernization Act of 2003 (MMA) to improve quality of care for people living with multiple chronic illnesses. Nine organizations have been selected based on ability to offer self-care guidance and support to chronically ill beneficiaries who choose to participate to manage their own health, adhere to their physicians' plans of care and make sure they seek and obtain needed medical care to reduce their health risks. In order to receive payments under this demonstration, participating organizations must show that they improve care quality, enhance patient satisfaction and save Medicare at least 5%.
- High-Cost Beneficiaries. The same requirements for payment apply to six participants in a demonstration to use IT to reduce the cost of caring for Medicare's costliest beneficiaries, typically the oldest and those with the highest number of co-morbidities. This group, 25% of beneficiaries, accounts for 85% of expenditures. Medicare spent an average of $63,000 on the most expensive 5% in 2001. Proposals selected for participating were from organizations that included EHR, in-home electronic monitoring and inter-disciplinary care coordination.
- Additional initiatives include the Medicare Health Care Quality Demonstration (MMA Section 646), quality initiatives from the Ambulatory Quality Alliance and as-yet unnamed P4P demonstrations.

The best news for home care was Flick's assurance that CMS understands the value and necessity of using home telehealth to reach certain populations. His region has a "TeleMedicine Taskforce" already at work in California. He believes there continues to be hope that one day CMS's home telehealth reimbursement policies will change for the better. In fact, he offered two resources for providers to stay abreast of developments in that area. He conducts a one-hour monthly stakeholder conference call every 3rd Thursday at 2:00 pm Pacific Time.* Region IX providers can also join a ListServ** and all regions should monitor the telehealth page on Medicare's web site.***

A PDF version of Jeff Flick's PowerPoint presentation is available by contacting HITC at info@homecaretechnology.com.

*888-452-0273. Next call, August 18. Pass Code: Stakeholder Call

**http://www.cms.hhs.gov/mailinglists.gov

***http://www.cms.hhs.gov/physicians/telehealth

Vendor Watch

Nominations Open for Misys Nursing Informatics Scholarship. Online nominations are now being accepted for the second annual 2006 **Misys Nursing Informatics Scholarship**, co-sponsored by **Misys Healthcare Systems** and the **HIMSS Foundation**, the philanthropic arm of the Healthcare Information and Management Systems Society. Nomination forms and details about the nominating process are available at the HIMSS web site (see below).

The collaborative scholarship acknowledges the value of nursing and the important benefits that information technology brings to the profession. The scholarship awards a nursing professional demonstrating a primary occupational focus in IT a complimentary four-night hotel stay, airfare and conference registration to the **2006 HIMSS Nursing Informatics Symposium** and **2006 Annual HIMSS Conference & Exhibition,** scheduled for February 12-16, 2006, in San Diego, California. The HIMSS Nursing Informatics Symposium offers educational sessions conducted by nurses involved in clinical systems design and implementation to improve patient care.

http://www.himss.org/ASP/ScholarshipsHome.asp
http://www.misyshealthcare.com

McKesson Signs PeaceHealth Homecare and Hospice. Headquartered in Bellevue, Washington, **PeaceHealth** is a 6-hospital IDN founded by the Sisters of St. Joseph of Peace and serving small communities in Washington, Oregon and Alaska since 1891. The IDN's home care and hospice operations will replace their paper-based system with **McKesson's** *Horizon Homecare*™. PeaceHealth will implement the system in its five sites for 45 office and 180 clinical staff.

McKesson also announced that its Springfield, Missouri-based homecare, hospice and home telehealth division has been recognized with the "Capability Maturity Model" (CMM) level 3 rating for best practices in software development. According to Stan Bell, the division's VP of Development, CMM is managed by Carnegie Mellon University's Software Engineering Institute (SEI) in Pittsburgh, a federally funded research center sponsored by the U.S. Department of Defense. CMM is a 5-level standard to provide best practice guidance for development teams. Fewer than 1% of organizations reporting results to SEI are in the healthcare sector and fewer than 25% of all participants receive a level 3 rating.

http://www.mckesson.com

3M Introduces Care Paths Technology. Salt Lake City-based **3M Health Information Systems** has released *3M Care Paths*, software to measure outcomes and help agencies and clinicians incorporate disease management components. According to a company statement, the application builds on industry care standards to automatically monitor and measure patient care outcomes, while supporting consistency between clinicians and across patient populations by identifying care variances and recommending proactive changes to care delivery. *3M Care Paths* is an additional module within the company's *Home Care Management System*.

http://www.3Mhis.com

FDA Expands Uses of Cybernet Medical Monitor. The FDA has approved use of temperature and INR peripherals with **Cybernet Medical's** *MedStar System*. A handheld home telehealth system, *MedStar* was previously approved for weight, blood pressure, pulse oximetry, spirometry and blood glucose. The Ann Arbor, Michigan subsidiary of **Cybernet Systems Corporation**, has also announced a six-month free trial for home care providers that may find cost to be a barrier to implementing a home telehealth program. After the trial period, *MedStar* units are leased for a monthly fee determined by the number of peripheral devices provided to each patient.

http://www.cybernetmedical.com

CareAnyware Builds Momentum with Four New Contracts. Four home care agencies in four states will be implementing the *eHomecare* application from **CareAnyware** this summer and fall. The North Carolina vendor offers a web-based clinical and back office system with a notebook-based point-of-care module.

Progressive Homecare, Inc., located in Northeast Ohio, has provided home care services in Cuyahoga, Summit, and Medina counties since 1996.

Albemarle Home Care will implement *eHomecare* at its six locations in Northeastern North Carolina. Director Ginger Parrish, stated, "We have six home health offices and several other programs including hospice, adult day health care, HIV and CAP case management." We need a software system to streamline our processes and improve communication and coordination of patient care. It is time for us to embrace technology in order to optimize productivity and promote positive patient outcomes."

Apple Home Healthcare is an independently owned and

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operated Medicare-certified home health agency, incorporated in 1993 and serving Chicago's Cook and its five "collar" counties. It is now CareAnyware's fourth Chicago-area client. Apple owner Steve Frank indicated that implementation would begin in the third quarter of this year and be completed by the end of the year.

Southview Homecare is a Medicare-certified home health agency, providing services to 30 counties in the greater Kansas City area for over 20 years from two Kansas and two Missouri offices. CEO Ed Lewis, RN, said his search team was active for a year before selecting CareAnyware. Implementation is set to begin this month.

http://www.careanyware.com

NY VNA to Offer AMD Home Telehealth.
The Visiting Nurse Association of Western New York has selected **AMD Telemedicine** of Lowell, Massachusetts to bring home telehealth to its patients. AMD's *CareCompanion* home monitoring is a touch-screen system that provides reminders and collects data from its attached peripherals. The system sends collected data to a web-based server through the patient's home telephone line.

The VNA of Western New York is the largest home care agency in the western part of the state, serving over 24,000 patients annually. According to the VNA's Diane Gambacorta, RN, the agency will initially install monitors in cardiac and respiratory patient homes, as well as patients experiencing frequent visits to their doctor or hospital. She expects the program to expand and be opened to additional patients in the future.

AMD also announced last month that its home telemonitoring system will soon be used by **Newham University Hospital NHS Trust** in the Borough of Newham, England. The deal was arranged by AMD's United Kingdom agent, **Home Telehealth Ltd.**

http://www.vna-wny.org
http://www.amdtelemedicine.com

CareFacts to be Implemented in Illinois and New Mexico.
St. Paul-based **CareFacts™ Information Systems, Inc.** has announced the signing of contracts with **Hamilton Memorial Home Health Agency** in McLeansboro, Illinois and **Los Alamos Visiting Nurse Service** in New Mexico.

Hamilton Memorial is a hospital-based, local government, not-for-profit agency, established in 1978. Agency Director Brenda Roberts said the JCAHO-accredited and Medicare-certified agency will be converting from a paper-based recordkeeping system to CareFacts' clinical and billing modules.

The Los Alamos VNS is a 30+ year-old, not-for-profit home care agency and hospice that serves three Northern New Mexico counties from offices in Los Alamos and Española. According to Executive Director Sarah Rochester, LAVNS offers Pastoral Counseling, Grief Support & Volunteer Services in addition to traditional home nursing services. It will be implementing CareFacts' clinical, scheduling and billing modules.

http://www.carefacts.com

CareMinders Selects CareKeeper.
Companion/personal in-home care franchisor **CareMinders Home Care, Inc.** has selected **CareKeeper's** *VividNet*™ and *VividCall*™ applications for its entire franchisee base. The two Atlanta-based companies announced the deal in mid-July. Gary Kneller, CEO of CareMinders, explained that it was CareKeeper's web-based technology that influenced the selection. CareMinders assists its franchisees with territory selection, state regulation compliance, training and marketing support and now software.

http://www.carekeeper.com
http://www.careminders.com

Ohio Agency Selects Procura.
Infinity Health Services has chosen to replace its legacy software system, and some manual processes, with clinical and administrative applications from Victoria, BC-based **Procura**. Infinity provides home care services in Cleveland and the surrounding Cuyahoga, Lorain and Medina Counties, offering both medical and non-medical homecare services. Infinity will be using Procura's point-of-care product and implementing VNA Pathways electronically. Infinity Health Services was established in 1997 and is privately owned and operated.

http://www.goprocura.com

Wireless Telephony Introduced.
As we detailed earlier, Trak Technologies Corporation has released a wireless point-of-care system that uses the data capabilities of cell phones to record and transmit nurse and aide visit information. (See full story on page 3.) Spokesperson Andrew Kaboff said that the product, known as *CellTrak*, has been selected by **Amedisys Home Care**, of Baton Rouge, Louisiana.
http://www.traktechnologiescorp.com

CMS to End HIPAA Grace Period

Effective 10/1/05, CMS will terminate the HIPAA contingency plan for incoming claims. Medicare claims processing contractors will return incoming claims submitted in a non-HIPAA compliant format. Provider instructions will be included in a future Medlearn Matters article. A press release has been posted at http://www.cms.hhs.gov/media/press/release.asp?Counter=3D1528.

Free Security Rule Seminar Available

Stony Hill Management, publishers of HCAR, has made its popular HIPAA Security Rule seminar available on the Web at no cost to home care, hospice, home infusion and HME providers. This seminar series is accessible from Stony Hill's website and includes four separate modules ranging in length from 30 to 40 minutes. A handout including slides accompanies each module.

Content, which includes audio, video and slides, is streamed over the Web. No special software is required to access and view the sessions but a high speed internet connection is recommended.

Over the last year, more than 4,000 executives have participated in Stony Hill's live Security Rule seminars and workshops. These sessions have been very well received across the country and attendees have consistently given them high marks. This four-part series is based on material used in these seminars and workshops. Topics covered include:

Part 1: Understanding Security Principles and HIPAA
Part 2: Risk Assessment and Initial Compliance Project Phases
Part 3: Administrative Safeguard Requirements
Part 4: Physical and Technical Safeguard Requirements

According to Stony Hill CEO Tom Williams, he is pleased with initial response to his seminar offer and is seeing traffic continue to build daily. "We began widely publicizing the seminar series in late March," Williams said, "and in a little more than a week more than 400 organizations registered. More than 50 different trade associations and vendors are working with us to let their members and customers know about our offer, so I expect this will continue for some time."

Williams recently announced that the seminar series would be available through August and noted that industry foot dragging on compliance will likely have him extending that time frame. "This feels much like the industry's reaction to OASIS several years ago," he said, explaining that many agencies took their time complying with that CMS initiative. "Home care providers will eventually get around to complying with this regulation. The increasing visibility of security incidents will ultimately bring them to the realization that this is a serious issue."

The free seminar series can be accessed by registering at Stony Hill's website, www.hipaahomecare.com.

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