



Bringing Healthcare Home

2008 ANNUAL REPORT

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ADMINISTRATIVE SUMMARY

Panhandle Home Health, Inc. is organized as a private, nonprofit, freestanding home health agency providing skilled, intermittent care. A Medicare-certified agency, founded in 1976 by a group of community-minded and interested citizens, the agency provides care to patients residing in Berkeley, Morgan and Jefferson Counties of West Virginia and celebrates thirty-two years of dedicated service to the community in 2008. The organization is governed by a volunteer Board of Directors. A volunteer Professional Advisory Committee of health and related professionals is available to provide medical oversight.

The United Way of the Eastern Panhandle, WV helps to support the charitable purposes of Panhandle Home Health, Inc. Agency membership in the United Way provides a valuable link between the organization and the community. The annual United Way campaign and Day of Caring provide the Agency with a high level of recognition, accountability, credibility, and support. Many staff personally support the United Way through individual contributions. The Agency's 2008 United Way Employee Campaign exceeded its goal, raising nearly \$5,000! Donations were received from Roc's, Martin's, WalMart and The Daily Grind for staff prize incentives and an executive carwash was provided for all staff making their donation on the day of the Campaign Kick-off! The Staff recognize the importance of giving locally and what a difference this makes in our community!

The Agency continues to provide medically directed home health care services to patients in their homes. Panhandle Home Health, Inc. offers an array of skilled and support services based on the patient's medical need and the physician's written plan of treatment. These services include:

- Skilled Nursing (SN)
- Physical Therapy (PT)
- Speech Therapy (ST)
- Occupational Therapy (OT)
- Medical Social Services (MSS)
- Registered Dietician (RD)
- Certified Home Health Aide (AIDE)

Coverage criteria for home health care services varies by pay source. Most pay sources require that the patient is confined to his or her home, the service(s) is medically necessary, and the service(s) is provided on an intermittent basis. Pay sources of home health services include:

- Medicare
- Medicaid
- Private Insurance
- Private Pay

The Medicare Home Health Prospective Payment System (HHPPS) experienced its first major refinement since the initial implementation in 2000. Effective January 1, 2008 reimbursement codes increased from 80 to 153 with multiple changes in the payment methodology based on OASIS data. Adjustments in reimbursement for significant changes in the patient's condition are no longer provided under the PPS refinement. OASIS items

that describe the patient's condition, the need for therapy services and whether the particular episode of care is considered early or late in the sequence of home health episodes are used to determine the payment rate. Congress approved a Medicare rate payment increase of 2.9% for 2008, however CMS (Center for Medicare and Medicaid Services) determined that a gradual increase in case-mix for patient's receiving home health care, was the result of a change in provider coding behaviors. The final rule established a payment reduction of 2.75% over the next three (3) years and a 2.71% reduction for a fourth year. As part of the Pay for Performance initiative, Agency's that do not report quality data to the state will receive an additional 2% reduction in this rate. Panhandle Home Health did not experience a negative financial impact as a result of the 2008 PPS refinement.

The Outcome and Assessment Information Set (OASIS) data that is collected during patient assessments is also used to measure patient outcomes. These outcomes will eventually be used as a pay for performance incentive.

There are two types of patient outcome reporting available from OASIS data. The first is called Outcome Based Quality Monitoring (OBQM). OBQM identifies any patient that experiences any one (1) or more of thirteen (13) adverse events at the time of discharge. A clinical team performs audits of the medical record for every adverse event that occurs. The audit identifies areas for improvement in care practices. In 2008, the Agency experienced a 6.2% rate in eight (8) of the thirteen (13) possible Adverse Events!

The second type of patient outcome reporting is called Outcome Based Quality Improvement (OBQI). OBQI includes forty-one outcome measures that reveal patient improvement or stabilization at the time of the patient's discharge. From these measures, a statistically significant outcome is targeted for development of actions to improve care. The Agency selected Acute Care Hospitalization and Improvement in Bathing as target outcomes for 2008. With Agency implemented best practices, an improvement of 2% was noted in the Improvement in Bathing outcome. The Acute Care Hospitalization outcome remains below the National Reference at 29.9%. The 2008 PPS refinement was accompanied by a change in the risk adjustment model for determining a home health agency's outcomes. The home health industry nationwide saw an overall decline in outcome scores.

The CMS Home Health Compare website contains twelve (12) publicly reported outcomes. In addition to being the basis for future pay for performance, these published outcomes assist patients and their families in the selection of a home health agency. The Agency has performed the same or better than the national average in 50% of these outcomes with 70% being above our market (Council of State Home Care Associations).

The Agency experienced a monumental change in May of 2008, with the move to a new office facility located on Old Mill Road! The state of the art facility has added improved visibility of the organization, promoted staff safety and improved productivity with it's efficient design. Many donations were received to assist with the cost of the building with several taking advantage of naming opportunities. Plaques have been placed outside of designated office areas to identify those donors and memorials. A Donor Recognition Reception and Open House were held in November to honor those who have supported the organization and to provide tours of the new facility to others in the community.

A Director of Resource Development position was added to the organization, to assist with a campaign to raise funds for the new office facility, organize and plan fundraising events,

and to raise awareness about Panhandle Home Health. The position has proven to be successful with an increase in donations of over 70%! In addition, the Volunteer Program has grown with the increased community awareness of the Agency. A community volunteer group has been organized to plan a future annual fundraising event. The Eastern Panhandle Board of Realtors held their annual holiday gathering and donated proceeds from the event to the Agency! The increase in community involvement with the organization is remarkable!

The annual Panhandle Home Health, Inc. Corporate Compliance Plan was revised. The Corporate Compliance Plan identifies potential areas of fraud and abuse to the Medicare and Medicaid programs. Annual staff training and monthly educational articles are provided with periodic reports presented to the Board of Directors.

The Laureate Zeta Service Chapter of Beta Sigma Phi sorority hosted the ninth annual Basket Bingo as a project to benefit the Agency and raised a record \$5,000! Many staff participate in this fun event! Proceeds were used to purchase additional laptops for clinical documentation.

Recognition events were celebrated throughout the year including Home Care Aide Day, Secretaries Day, Nurses Day, Physical, Occupational and Speech Therapy Months, Volunteer Week, CPA Day, and Social Workers Month. Craig Potter, Director of Finance was recognized for 10 years of service. A luncheon was held to celebrate National Home Care Month. The Employee of the Year was named Donna McDonald, RN Information Technology Clinical Manager. Donna has achieved this honor on three separate occasions!

McKesson Horizon Homecare computer software program implementation continued in 2008. Horizon Homecare is a fully integrated software for both clinical documentation and billing functionality. The software has added efficiencies to existing Agency processes and is now allowing improved monitoring of productivity and outcomes. The staff are to be commended for their dedication and hard work in implementing this new software!

2008 has been another challenging and exciting year for Panhandle Home Health! With the many changes faced throughout the year, the staff are even more committed to the mission and vision of the Agency! Panhandle Home Health has proven to be the means by which this dedicated group of people serve others. It is a great privilege to serve our community with them!

A sincere thanks is extended to the Board of Directors, the Professional Advisory Committee, and the entire staff. Your guidance, expertise and support are valued and deeply appreciated!

Lisa R. Bivens, Executive Director

MISSION AND VISION STATEMENTS

MISSION STATEMENT: To provide the community with high quality home health services and to link individuals with available resources

VISION STATEMENT: The best health care at home

BOARD OF DIRECTORS

Officers

Chairman	James C. Rodgers
Vice Chairman/Treasurer	Vicki R. Jenkins
Secretary	Charlotte Anderson, RN, Ph.D.

Directors

Edward Arnett, M.D.

Glenn P. Hare, Esq.

Carl Howard, M. Div.

Nancy Mason, BS, NHA

PROFESSIONAL ADVISORY COMMITTEE

Sandy LeMaster, RN, Chairman

Frank A. Hamilton, M.D.

Karen Rudolph, M.D.

Jane Downey, P.T.

Kathy Dille, RN

Paul Denchy, LSW

Linda Coffman, RN

STAFF

EMPLOYEES

Executive Director Lisa R. Bivens, RN

Clinical Division

Director of Clinical Services Linda J. Eccard, RN
Assistant Director of Clinical Services Valerie Moreno, RN

Clinical Manager Brenda Kish, RN
Information Technology Clinical Manager M. Donna McDonald, RN

Assistant Clinical Managers Louise Plowman, RN
Miriam Brancato, RN

Information Technology Assistant Clinical Manager
Cathy Reifer, RN

Staff Nurses

Lori Baker, RN	Brittany Byard, RN
Wanda Bowman, RN	Colleen Coleman, RN
Rebecca Collins, RN	Julie Everhart, RN
Karen Glass, RN	Angela Gordon, RN
Crystal Harris, RN	Laura Hunter, RN, BSN
Tammy Lancaster, RN, BSN	Cathy Largent, RN
Michele Maguire, RN	Saundra Markley, RN, BSN
Ed Marple, RN	Christa Negley, RN
Kim Pearson, RN	Michelle Ruffner, RN, BSN
Alice Smith, RN	

Speech Language Pathologist Denise Rejonis, SLP

Physical Therapy Assistant Frances Mason, PTA

Medical Social Worker Glenna Sisk, BSW

Consultant Medical Social Worker Donna Cobean, MSW

Registered Dietician Carolyn Sagle, RD

Certified Home Health Aides

Linda Barney	Melissa Boyer
Sandra Brunner	Cherie DeSpain
Janet Fellers	Patricia Lawrence
Agnes Lutterodt	Amy Watring

Finance and Administrative Services Division

Director of Finance	Craig Potter, CPA
Director of Resource Development	Christina Johnson
Director of Administrative Services	Karen Kisner
Computer Systems Manager	Andrea Scappini
Health Information Services Manager	Vicki Rohrer
Administrative Services Clerks Sara Bivens Melanie Oliver	Deborah Klewe
Medical Records Clerk	Kathy Gochenour
Receptionist	Robin Hicks

Volunteer Division

Volunteers Patricia Clower Eva Marshall Jerry Weakley	Heather Eckenrode Varun Menon
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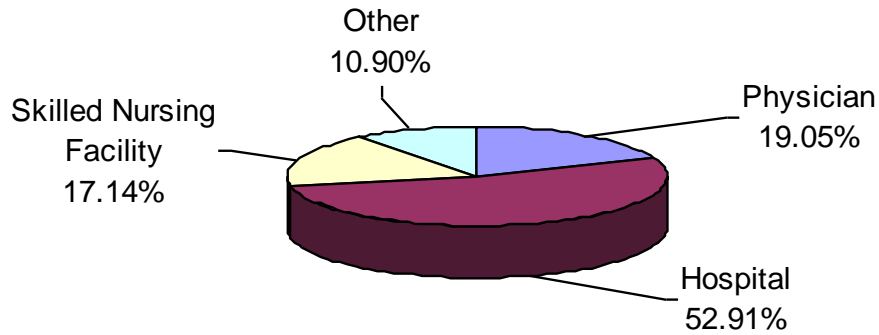
INDEPENDENT CONTRACTORS

Occupational Therapy Katie S. Brinkley, OT Richard J. Rejonis, OT	Rankin Physical Therapy Brent Sergent, OT
Physical Therapy Suzanne Behrmann, PT Michele R. Godfrey, PT Rankin Physical Therapy	Fitness Pathways, LLC Hull Physical Therapy, LLC Jennifer Sampsell, PT
Staff Nurse	Tracy Miller, RN

Schedule of Charges per Visit by Discipline

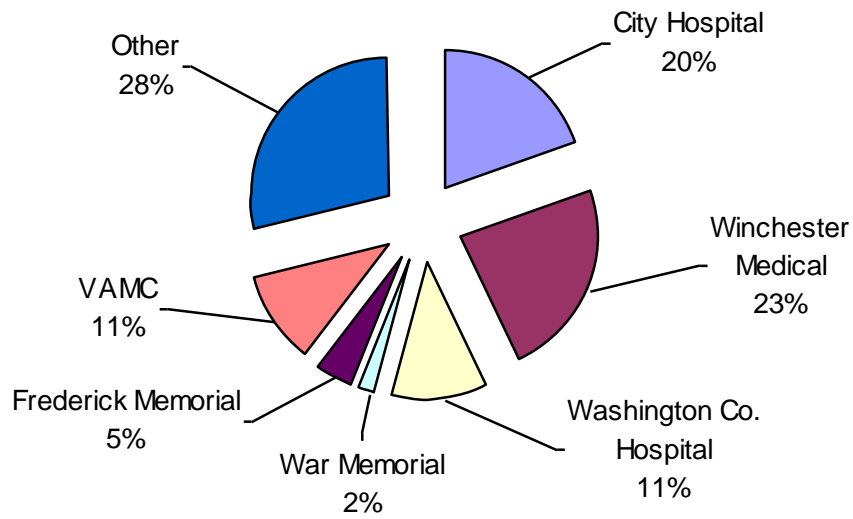
SN	PT	SLP	OT	MSS	AIDE
\$160.00	\$155.00	\$155.00	\$155.00	\$200.00	\$75.00

2008 Source of Referrals

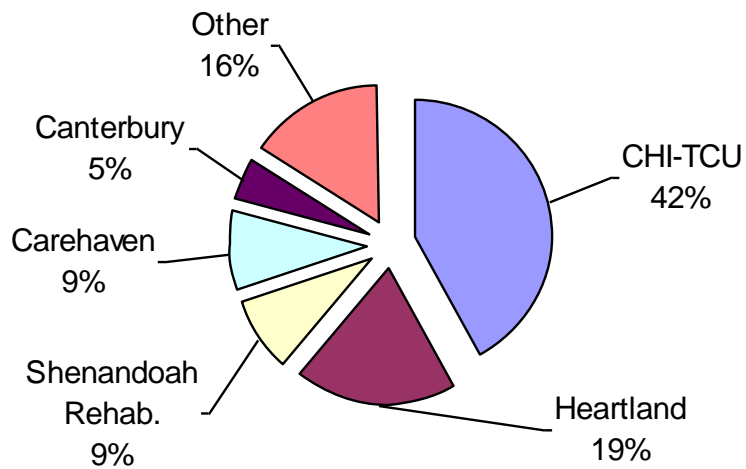


Referral Source	2008	2007	2006	2005
Hospital	772	973	884	849
Physician	278	265	211	254
Community Agency	15	23	32	33
Self/Family/Friend	45	39	38	35
Nursing Home	250	99	106	69
Insurance Case Manager	22	47	31	25
Vendor	41	20	35	38
Discharge/Readmit	14	-	-	-
Other	22	-	-	-
Total	1,459	1,466	1,337	1,303

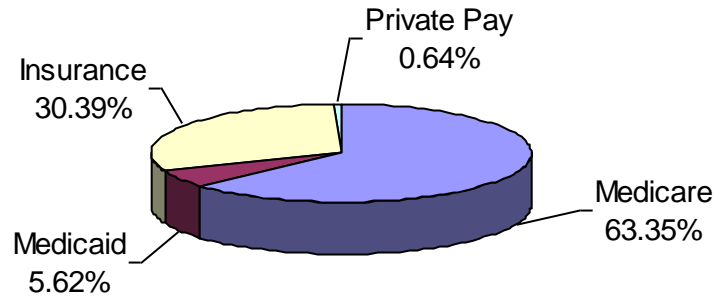
2008 Hospital Referrals



2008 Skilled Nursing Facility Referrals

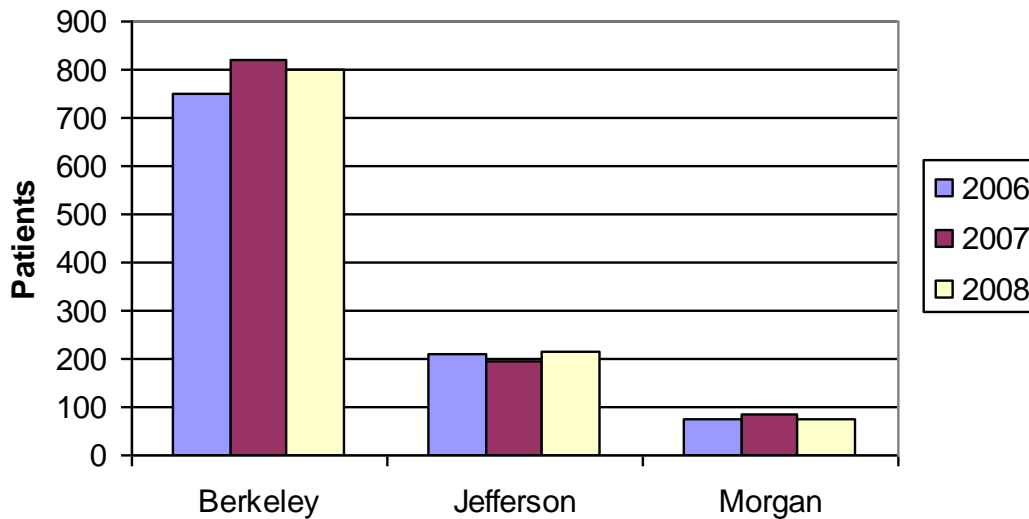


2008 Patients Served by Pay Source



Pay Source	2008	2007	2006
Medicare	688	693	663
Medicaid	61	70	64
Insurance	330	328	298
Private Pay	7	10	9
Total	1,086	1,101	1,034

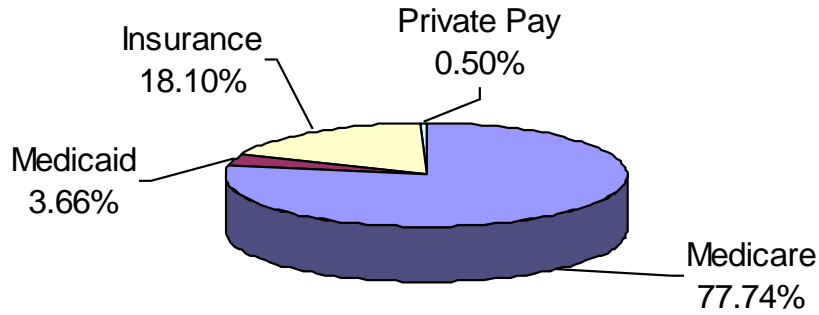
Patients Served by County



Year	Berkeley	Jefferson	Morgan	TOTAL
2005	815	199	56	1,070
2006	748	210	76	1,034
2007	821	193	87	1,101
2008	800	213	73	1,086

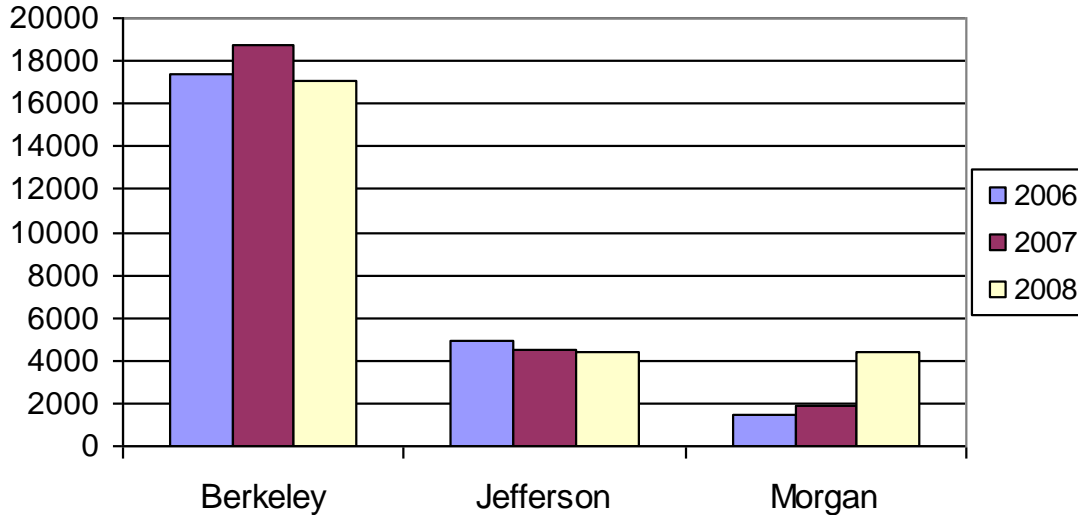
*Number of patients served reflects an unduplicated census

2008 Billable Visits by Pay Source



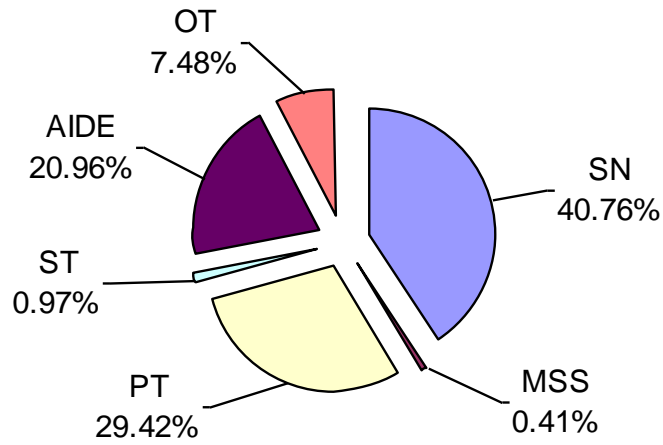
Pay Source	2008	2007	2006
Medicare	18,399	19,501	18,634
Medicaid	866	1,437	1,359
Insurance	4,284	4,051	3,594
Private Pay	119	113	123
Total	23,668	25,102	23,710

Billable Visits by County



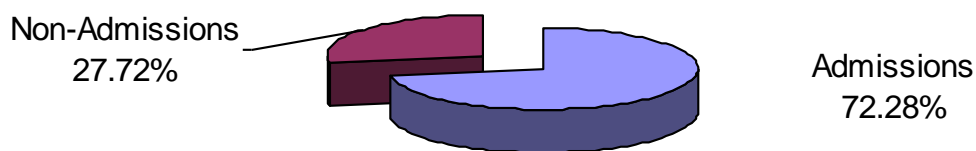
	2008	2007	2006
Berkeley	17,112	18,699	17,419
Jefferson	4,365	4,473	4,873
Morgan	2,191	1,930	1,418

2008 Billable Visits by Discipline



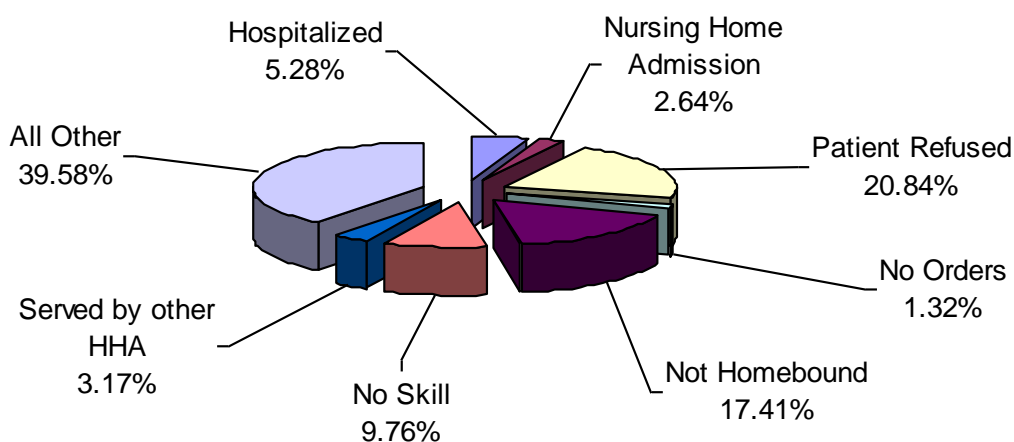
Discipline	Visits		
	2008	2007	2006
Skilled Nurse (SN)	9,647	10,608	9,159
Physical Therapy (PT)	6,962	7,469	7,744
Speech Therapy (ST)	230	176	109
Occupational Therapy (OT)	1,770	1,146	930
Medical Social Services (MSS)	98	295	323
Home Health Aide (AIDE)	4,961	5,408	5,445
Total	23,668	25,102	23,710

2008 Admissions and Non-Admissions



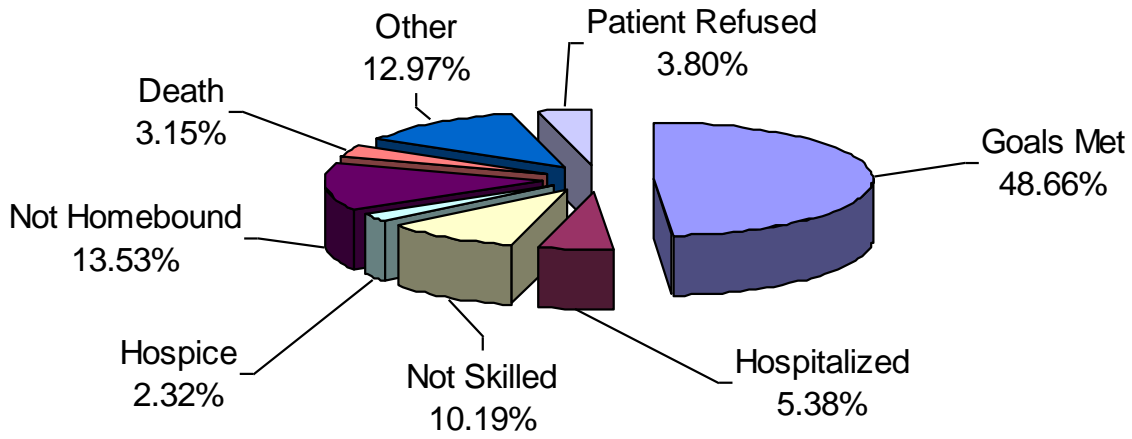
	2008	2007	2006
Number of Admissions	1051	1124	1032
Number of Non-Admissions	403	342	305

2008 Reasons for Non-Admission



	2008	2007	2006
Hospitalized	20	24	34
Patient Refused	79	97	86
Not Homebound	66	64	53
No Skill	37	37	30
Served by Another HHA	12	12	16
No Orders	5	8	9
Nursing Home Admission	10	20	15
Unsafe/Safety Issues	24	-	-
All Other	150	80	62
TOTAL Non-Admissions	403	342	305

2008 Reasons for Discharge



	2008	2007	2006
Goals Met	525	485	290
Not Skilled	110	163	283
Not Homebound	146	159	183
Death	34	26	34
Pt. Refused	41	49	54
Hospice	25	27	38
Hospitalized	58	-	-
Other	140	178	164
TOTAL	1,079	1,087	1,046

Length of Stay	2008	2007	2006
Less than 30 Days	42% (456)	48% (519)	44% (463)
30 – 60 Days	39% (422)	29% (310)	34% (352)
60 – 90 Days	6% (60)	12% (132)	10% (109)
90 – 180 Days	10% (109)	7% (81)	8% (81)
180 Days – 1 Year	2% (23)	2% (27)	3% (29)
Greater than 1 Year	1% (9)	2% (18)	1% (12)

Medicare PPS Data

Number of Episodes			
Episode Type	2008	2007	2006
Full	809	835	785
LUPA	129	144	142
PEP	6	12	13
SCIC	N/A	7	10
Outlier	1	15	9
TOTAL	945	1,013	959

Revenue by Type of Episode			
Episode Type	2008	2007	2006
Full	\$2,685,929.55	\$2,521,839.96	\$2,509,498.45
LUPA	\$40,607.20	\$36,263.05	\$38,589.08
PEP	\$8,032.38	\$9,125.35	\$14,822.30
SCIC	N/A	\$28,093.90	\$29,065.46
Outlier	\$4,445.91	\$49,837.73	\$30,125.81
TOTAL	\$2,739,015.04	\$2,645,159.99	\$2,622,101.10

	2008	2007	2006
Average Cost Per Episode	\$2,740.47	\$2,338.56	\$2,526.68
Average Revenue Per Episode	\$2,898.43	\$2,611.21	\$2,734.20
Average Profit Per Episode	\$157.96	\$272.65	\$207.52
Average Supply Cost Per Episode	\$79.64	\$47.67	\$46.99

Average Number of Visits Per Episode

	SN	PT	OT	ST	MSW	AIDE	Total
2008	7.01	5.91	1.52	0.14	0.08	4.91	19.55
2007	7.38	5.85	0.92	0.11	0.21	5.02	19.50
2006	6.54	6.21	0.74	0.07	0.30	5.48	19.34

PANHANDLE HOME HEALTH, INC.
BALANCE SHEETS
December 31, 2008 and 2007

ASSETS	2008	2007
Current Assets		
Cash and cash equivalents	\$498,800	\$756,240
Patient accounts receivable, net of allowance for doubtful accounts and contractals of \$85,500 in 2008 and \$80,000 in 2007	511,177	697,383
Inventory	19,995	20,399
Prepaid expenses and other assets	14,823	102,771
	<u>1,044,795</u>	<u>1,576,793</u>
Total current assets		
Property and Equipment		
Land	275,408	275,408
Furniture and equipment	1,167,086	91,467
Computer software	133,578	121,103
	<u>1,683,101</u>	<u>487,978</u>
Less accumulated depreciation and amortization	(60,644)	(212,569)
	<u>1,622,457</u>	<u>275,409</u>
Construction in progress	-	711,939
	<u>1,622,457</u>	<u>987,348</u>
Total property and equipment		
Total assets		
	<u>\$2,667,252</u>	<u>\$2,564,141</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts Payable	\$ 14,753	\$ 37,780
Accrued pension	37,286	48,529
Accrued compensated absences	65,606	71,979
Other accrued expenses	19,612 79	79,362
Note Payable (current portion)	15,500	-
	<u>152,757</u>	<u>237,650</u>
Total current liabilities		
Long-term Liabilities		
Note payable (net of current portion)	984,500	592,921
	<u>984,500</u>	<u>592,921</u>
Total long-term liabilities		
	<u>1,137,257</u>	<u>830,571</u>
Total liabilities		
Net Assets – unrestricted		
Designated	-	300,000
Undesignated	1,529,995	1,433,570
	<u>1,529,995</u>	<u>1,733,570</u>
Total unrestricted net assets		
Total liabilities and net assets		
	<u>\$2,667,252</u>	<u>\$2,564,141</u>

PANHANDLE HOME HEALTH, INC.

**STATEMENTS OF OPERATIONS AND
CHANGES IN NET ASSETS**

For the years ended December 31, 2008 and 2007

	2008	2007
Operating revenue:		
Net patient service revenue	\$3,404,787	\$3,282,044
Other operating revenue	3,456	258
Total operating revenue	<u>3,408,243</u>	<u>3,282,302</u>
Operating expenses:		
Salaries and benefits	2,333,931	2,216,185
Contractual services	559,365	565,237
Supplies and other expenses	621,781	562,259
Occupancy	47,532	58,883
Depreciation and amortization	52,886	1,923
Interest	46,372	-
Total operating expenses	<u>3,661,867</u>	<u>3,404,487</u>
Income (loss) from operations	<u>(253,624)</u>	<u>(122,185)</u>
Nonoperating revenue:		
Contributions	29,439	17,527
Fundraising	8,338	4,652
Interest income	12,272	38,947
Total nonoperating revenue	<u>50,049</u>	<u>61,126</u>
Excess (deficiency) of revenues over expenses and changes in unrestricted net assets	<u>(203,575)</u>	<u>(61,059)</u>
Net assets, beginning of year	<u>1,733,570</u>	<u>1,794,629</u>
Net assets, end of year	<u><u>\$1,529,995</u></u>	<u><u>\$1,733,570</u></u>