

Caregiver Management Systems, Inc.

WHERE OUTCOME MEANS INCOME



Patient-Centered Model Offers Hope for Improved Nursing Home Care and Cost Savings to Medicaid

Consulting Firm Solution Reduces Medicaid Billings, Increases Profits and Improves Patients' Quality of Life

March 9, 2006, Schaumburg, IL -- Caregiver Management Systems (CMS), a Schaumburg, Illinois based management consulting firm specializing in long-term care, has developed a nursing home care system that has reduced Medicaid billings by over \$14 million in 15 years. If the Caregiver Management approach was utilized throughout the nursing home industry, annual savings to Medicaid could be in the billions.

This case management system, using W. Edward Deming's principles, Six Sigma tools and ISO 9000 standards, has increased the number of patients returned to health and sent to their own home or an assisted living center per year by over 40%. Using this system in over 100 skilled nursing facilities in the last 15 years, 15,000 patients were discharged and not placed on Medicaid. This compares to an average of just 200 patients per year before CMS implemented its system.

The CMS approach, by paying for outcomes rather than treatment savings, might equate to \$10 billion per year in Medicaid savings for skilled nursing care; \$40 billion in Medicaid savings in hospitals; \$50 billion in Federal and State Medicare and Medicaid administrative costs; \$200 billion per year for wasteful business practices of health care providers and vendors; and another \$100 billion for wasteful prescriptions, treatments and testing.

The epiphany to change occurred in November 1987. The Chicago area had a snowfall of 16 inches in 24 hours and only half the staff attempted to get to the facility. Jerry Rhoads, CEO of Caregiver Management Systems, overseeing operations of an Illinois nursing home, instructed the Assistant Director of Nursing to organize teams to meet patient needs and forgo the departmental structure. When Mr. Rhoads arrived, there was a different feel and atmosphere at the facility. The staff was on a mission and was not to be deterred. They were focused on the residents, not on busywork. The patients received excellent treatment and the attitude of the staff and patients had never been better. The facility ran better with half the staff and more was accomplished in that three-day period than ever before.

The short and long term benefits were that staff turnover was reduced from 200% to 20% and patients released to their personal homes increased dramatically by over 40%. The intended use of the Medicare law was implemented, reducing Medicaid billings. The change in operational structure converted the nursing home from a warehouse to a carehouse.

Jerry Rhoads stated, "We have complete study summaries available documenting that the current Medicaid billing procedures are often counter productive to the patient's welfare and do not use Medicare as it was created in 1965 – to help return our senior citizens to productive lives. Changes in current Medicare and Medicaid laws and policies can make a difference. A paradigm shift in the care and management of nursing homes can make an even greater difference in the lives of our senior citizens, their families and the cost to the State and Federal governments.

"The budgets for fiscal year 2006 and 2007 propose to reduce federal funding for Medicaid by \$41.6 billion, by annually cutting Medicare by \$6.4 billion and cut Medicaid by \$4.8 billion, impacting the poorest Americans. States are facing major budget pressures and may be forced to reduce health coverage to the neediest patients. Total health care expenditures are to reach \$4 trillion dollars by 2015 and the Federal program is expected to be bankrupt by the year 2018. The CMS management system reduces expenses and Medicaid billings, increases profits and improves patient outcomes."

Caregiver Management Systems, Inc . is acknowledged as the only Prospective Payment System (PPS) Resource Utilization Expert in the country. Caregiver's copyrighted Care Plan Library has over *3,000 Blueprints of Care* for PPS Reimbursement. The Caregiver business solution provides an accurate and cost effective way to insure *proper documentation and staff accountability*, leading to efficient patient centric care.

Caregiver Management Systems, Inc . is a management consulting firm specializing in long-term care. The CMS paradigm shift in facility management increases profitability, improves patient outcomes and decreases Medicaid billings. CMS has been entirely self-funded out of profits since 1984. Caregiver Management Systems has implemented the Caregiver model in 117 nursing homes since 1991, and increased their Medicare resources by \$110 million, of which \$40 million went to the bottom line. The system is currently operating in over 50 nursing facilities in 9 states. Jerry Rhoads, CPA, FACHCA, has over 40 years experience in hospital, nursing home, home health and physician reimbursement. The company has formed All-American Care Centers for the purpose of acquiring facilities in Illinois, Arkansas and Missouri.

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