



MAY 16, 2001

OIG REPORT 01-16(H)

MEMORANDUM FOR The Federal Co-Chairman
ARC Executive Director
ARC General Counsel

SUBJECT: J-1 Visa Waiver Program—Southern Rural Health Care Consortium, Russellville, Alabama

On Monday, April 23, 2001, a field visit was made to Southern Rural Health Care Consortium (SRHCC), Russellville, Alabama, in connection with our periodic reviews of the J-1 Visa Waiver program and to followup on information related to current and future implementation of this program as respects utilization and need for J-1 Visa Waiver physicians.

SRHCC employs two physicians with J-1 Visa Waivers who were sponsored through the Appalachian Regional Commission, and correspondence indicated that SRHCC was interested in employing two additional physicians under this program. Audit reports prepared by an independent accounting firm contracted for by SRHCC included cautionary language with respect to the financial condition of the entity, and our visit was directed at ascertaining the status and utilization of the on-board J-1 Visa Waiver physicians and the potential for successful utilization of additional J-1 physicians. Although the Appalachian Regional Commission contributes no funds in connection with program implementation and has no direct linkage to a sponsor/employer's financial condition, the resources to implement a successful J-1 Visa Waiver program is an important criteria when making determinations about supporting applications for additional J-1 Visa Waiver requests.

We also made telephone contact with the two physicians employed by SRHCC who were still within the J-1 Visa Waiver period and visited with Alabama Department of Health officials on Tuesday, April 24, 2001.

SRHCC officials noted that health care services had been provided in Northwest Alabama for 25 years and explained the circumstances leading to the cautionary language noted in the prior two audit reports, the last of which covered the period ending June 20, 2000. They also provided documentation with respect to the issues and problems, especially regarding receivables, payables, and cash flow, including dealings with other agencies, that contributed to the adverse conditions noted on some of the financial reports. Since the primary factors noted by SRHCC as contributing to reported conditions have also been provided to state officials, we do not believe it is necessary to detail these circumstances in this summary report.

Information was also provided with respect to actions and plans to resolve concerns and these included improved billing procedures and related software; identification and followup on outstanding billings; agreements with state and Federal agencies, as respects outstanding receivables and payables; and goals for increased revenue, resulting from increased patient visits and services and reduced expenses. Overall, management, while recognizing the economic problems, was confident that reported conditions primarily related to cash flow in the past 2 years would be corrected and that all activities conducted by SRHCC would continue in an effective manner.

Specifically with respect to the J-1 Visa Waiver program, discussion was held about the status of the on-board J-1 physicians and intentions to request additional approvals. SRHCC officials noted that they were very satisfied with the two on-board J-1 physicians and that patient workloads at the physicians' assigned locations was increasing. Currently, both of the physicians are splitting their workweeks between their primary offices in Rogersville and Town Creek, respectively, and an office in Russellville; and this schedule has been approved by state officials.

Our contacts with the two J-1 physicians disclosed some concern with respect to the economic condition of their employer although they both indicated an interest in remaining at their primary practice locations. They noted, in response to our questions, that the payroll system had been revised early in 2001 from a direct deposit system to a check system; and, on three occasions in February and March 2001, paychecks for them and staff had been either delayed for a few days or they had been asked not to deposit the check for a few days. They indicated that this condition had caused some staff turnover and that regular pay schedules were also important to them; they noted that there had not been any delays with recent payments.

The physicians also noted some concerns or problems with respect to receipt and availability of supplies and with office cleaning arrangements.

SRHCC officials acknowledged the issues noted by the physicians; indicated that corrective actions, including staff replacement and new cleaning contracts, were in place or in process; and did not foresee similar-type occurrences in the future. They also pointed out in correspondence that SRHCC pays employees biweekly, does not specify a day of payment, and an employee pay period has never been missed.

SRHCC officials said two additional J-1 Visa Waiver physicians were needed and they had initiated recruitment efforts and met with several candidates. One physician was needed in Decatur to replace a physician who had completed his 3-year J-1 Visa Waiver period and intended to terminate his relationship with SRHCC. A Spanish-speaking physician was preferred at this location to serve an area that includes a substantial Hispanic population according to officials. The second physician is desired at the newest clinic in Russellville, and such a placement would permit the on-board J-1 physicians to return to full-time practice at their primary locations. A well-qualified candidate has indicated interest in this position according to officials.

Although, based on available information, we do not believe it is appropriate or possible to render an opinion or reach a conclusion with respect to future operations of the provider, we believe a primary issue is the availability of quality medical service to underserved areas and lower income persons in Northwest Alabama. Thus, the

viability of the provider would appear to be in the best interest of programs intended to achieve this objective. In this context and recognizing the need for a J-1 Visa Waiver program that maximizes the potential for approved physicians to complete their waiver periods at the approved location, our recommendation is that near-term support for approvals of additional J-1 Visa Waiver physicians for employment by SRHCC be based on the standard criteria and that agreement be reached that program officials will be timely notified if provider operations result in, or are expected to result in, situations that can lead to the early transfer or termination of J-1 physicians or other impacts on the provision of healthcare services.


Hubert N. Sparks
Inspector General

cc: Charles Lail, Alabama Ofc of Rural Health