PLAINTIFF'S EXHIBIT
MET-206

M E M O R A N D U M

May 31, 1946

DR. ARMSTRONG

I have read Mr. Kivlin's memorandum on payments to visiting nurse associations and I am very much inclined to agree on the payment based on community rates.

I take it for granted that the VNA will establish its community rate on a cost per visit basis. In any event, analyses of costs must be continued, and I agree with the last sentence in the fourth paragraph of Dr. Wheatley's comments that we should stipulate that we have the right to request a review of costs as may be indicated from time to time. When the community cost rate appears out of line, it would be subject to analysis by MLI.

It may be advisable to add a small fee to the community rate to cover the cost of collection from MLI.

The statement by Mr. Kivlin on page 9 of his report on Community Rate vs. Cost Per Visit, appears to be well thought out and accurate.

Considering all the experience that the VNA's have had in recent years on cost analysis, it would seem that there is sufficient information available both to them and to ourselves so as to prove an effective check against the thought outlined in paragraph four of Mr. Apfel's comments. Certainly we can rely on the good faith of VNA's and if irregularities occur, they can be checked.

If we are to try basing our payments to VNA's on the community rate, I would be inclined to make the change generally applicable rather than to experiment with any selected portion of the whole. If we adopt the community rate payment plan for all the VNA's concerned, we would, at the end of two or three years, know whether or not the change was a wise one and could then, if necessary, revert to the present plan, but I think it would be more advantageous if we are going to try the community rate plan, to put all the VNA's on the same basis, taking it for granted that the VNA's themselves are agreeable. If some of them object, we might then try it on a partial basis.

One other thought occurs to me as a result of reading the various memoranda on this general subject and that is, do any of the VNA's render service to the community other than visiting nursing. If so, should the costs of such other services be kept apart from the cost of visiting nursing so that the visiting nurse service does not become burdened by costs for which it is not responsible.

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