

SUPPLEMENT TO:

HME News

THE BUSINESS NEWSPAPER FOR HOME MEDICAL EQUIPMENT PROVIDERS

DECEMBER 2015

State of the Industry 2015



The HME Market By The Numbers

Leaner and meaner

WE HAVE 10 years of these State of the Industry reports under our belts now. I just rifled through my stack of reports from years past and there it is, the inaugural version in 2005, when Jim Sullivan was editor.

That's quite a window from which to view the HME industry.

Since the beginning, we've filed a Freedom of Information Act request with CMS for the number of providers who provide each of six product categories.

While the recent year-to-year decrease in the number of providers for oxygen concentrators doesn't look so bad—6,862 in 2014 vs. 7,491 in 2013 vs. 7,942 in 2012—the decrease over 10 years is another matter.

As I said, there were 6,862 providers in 2014. Compare that to 10,839 in 2004. That's about a 37% decrease. It's much the same story for the other product categories that we have tracked over this 10-year span.

But again, the number of providers in most recent years seems to have stabilized.

Another data point that we've tracked all but one of the past 10 years is the growth in Medicare expenditures for DME. We do this by looking at products grouped into six "buckets."

In 2013, expenditures for every single "bucket" nosedived, led

by wheelchairs, which saw expenditures of \$1.1 billion in 2012 and \$622 million in 2013, nearly a 50% reduction. Overall spending for all categories decreased from \$8.1 billion in 2012 to \$5.3 billion in 2013. To put this in perspective: Overall spending didn't go below \$8.3 billion from 2004 to 2008.

So what happened in 2014?

Well, not much, and in this case, like with the number of providers above, steady as she goes is probably a good thing.

A few "buckets" saw some growth, notably respiratory meds, which rebounded from \$709 million in 2012 to \$605 million in 2013 to \$836 million in 2014. A few saw declines, but none of them were that significant, at least not compared to the drops from 2012 to 2013.

What to make of all of this, and the rest of the data in this report? There's no hiding that, in the past 10 years, the industry has gotten leaner, but I would also argue it has gotten meaner, and I mean that in a good way.

The data shows that providers that are still in this industry mean business, and that's the way it should be.



—Elizabeth Beaulieu, Editor, HME News

A close-up, artistic photograph of a Permobil F5 Corpus wheelchair. The focus is on the front wheel and the orange and black frame. The text "F5" and "Corpus" are visible on the frame. The background is dark with some blue light effects.

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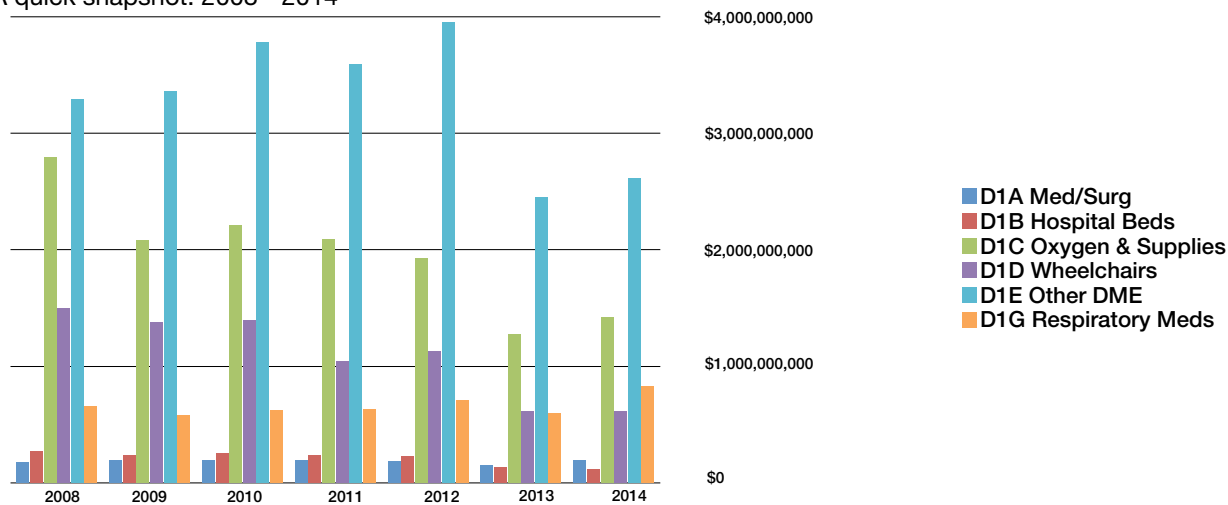
¹ Than their prescribed mask; survey of U.S. patients

² In a retrospective review conducted by Philips Respironics of approximately 15,000 patients using System One, those patients who used DreamMapper demonstrated 22% greater adherence to the therapy than patients who did not use DreamMapper. To see a list of compatible DreamMapper devices, go to www.sleepmapper.com/compatible.

PHILIPS
RESPIRONICS

Medicare: DME growth by category

A quick snapshot: 2008 - 2014



BETOS.. Product	2008	2009	2010	2011	2012	2013	2014
D1A Med/surg supplies	176M	202M	198M	198M	183M	153M	203M
D1B Hospital beds	276M	244M	255M	240M	230M	139M	120M
D1C Oxygen and supplies	2.8B	2.0B	2.2B	2.1B	1.9B	1.3B	1.4B
D1D Wheelchairs	1.5B	1.4B	1.4B	1.05B	1.1B	622M	615M
D1E Other DME	3.3B	3.4B	3.8B	3.6B	3.9B	2.5B	2.6B
D1G Respiratory meds	657M	588M	629M	637M	709M	605M	836M
Total	8.7B	7.9B	8.5B	7.8B	8.1B	5.3B	5.8B

Allowed Charges

What is a BETOS bucket?

BETOS STANDS FOR BERENSON-EGGERS TYPE OF SERVICE, and it's the name of a coding system developed to analyze the growth in Medicare expenditures. The coding system covers all HCPCS codes; assigns a HCPCS code to only one BETOS bucket; consists of readily understood clinical categories that permit objective assignment; is stable over time; and is relatively immune to minor changes in technology or practice patterns.

SOURCE: CMS

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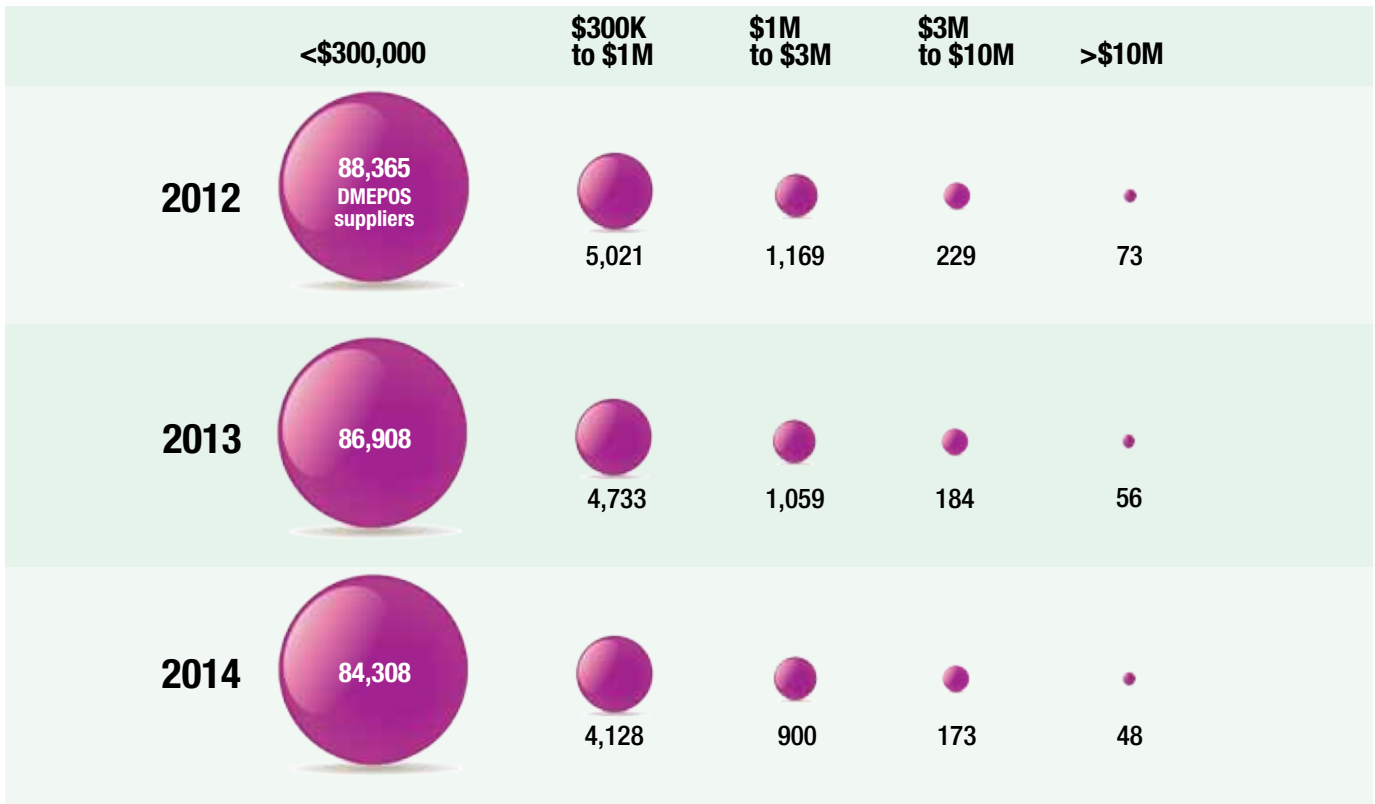
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SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT


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Medicare: Utilization for 2014, top HCPCS

Respiratory

Rank	HCPCS	Product	Allowed Charges	Allowed Services	2014 Growth
5	E1390	Oxygen concentrator	\$1,186,187,432.90	8,352,901	-15.48%
23	J7626	Budesonide non-comp unit	\$227,298,828.06	43,344,685	-2.67%
29	E0601	Cont airway pressure device	\$181,689,398.50	2,863,781	-20.49%
40	J7605	Arformoterol non-comp unit	\$150,731,262.11	24,108,044	23.31%
49	A7030	Cpap full face mask	\$125,109,396.06	874,888	-0.21%
59	A7034	Nasal application device	\$110,437,031.98	1,262,697	-5.35%
64	Q0513	Disp fee inhal drugs/30 days	\$103,654,403.70	3,141,255	-8.48%
74	E0431	Portable gaseous O2	\$87,997,674.13	3,443,340	-15.27%
82	E0470	Rad w/o backup non-inv intrfc	\$79,183,081.31	526,044	-16.77%
92	J7606	Formoterol fumarate, inh	\$69,456,509.14	10,168,254	9.64%
95	E0562	Humidifier heated used w pap	\$66,666,802.86	834,280	-15.65%
99	A7032	Replacement nasal cushion	\$64,065,687.37	2,186,503	8.89%
100	E0463	Press supp vent invasive int	\$63,436,095.06	41,445	12.05%
105	E0471	Rad w/backup non inv intrfc	\$59,672,683.69	162,555	-12.05%
135	E0570	Nebulizer with compression	\$45,605,079.42	3,251,585	-20.76%
142	A7037	Pos airway pressure tubing	\$41,133,562.99	1,525,814	-12.53%
143	A7035	Pos airway press headgear	\$41,103,751.11	1,452,032	-5.02%
144	E0443	Portable O2 contents, gas	\$40,530,329.04	587,890	-19.89%
169	K0738	Portable gas oxygen system	\$33,663,155.98	727,106	8.08%
186	J7620	Albuterol ipratrop non-comp	\$27,300,264.11	148,689,859	-16.88%

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT

Durable Medical Equipment

Rank	HCPCS	Product	Allowed Charges	Allowed Services	2014 Growth
69	E0260	Hosp bed semi-electr w/ matt	\$97,186,985.14	1,157,044	-37.36%
88	G0283	Elec stim other than wound	\$71,512,020.57	6,701,601	-0.16%
124	L5673	Socket insert w lock mech	\$50,680,154.53	75,202	1.43%
126	E0143	Walker folding wheeled w/o s	\$49,797,573.72	622,388	-24.83%
156	L5700	Replace socket below knee	\$36,280,173.70	12,840	1.09%
167	L1832	KO adj jnt pos r sup pre cst	\$33,770,296.68	54,060	-47.87%
176	L8030	Breast prosthes w/o adhesive	\$30,506,610.16	96,223	-4.69%
187	E0163	Commode chair with fixed arm	\$26,672,547.06	239,194	-22.57%

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT

Mobility

Rank	HCPCS	Product	Allowed Charges	Allowed Services	2014 Growth
108	E1007	Pwr seat combo w/shear	\$56,886,273.04	7,270	14.07%
112	K0823	Pwc gp 2 std cap chair	\$55,990,584.00	213,316	-57.98%
131	K0001	Standard wheelchair	\$46,705,936.82	1,349,619	-29.35%
152	K0861	Pwc gp3 std mult pow opt s/b	\$38,444,465.00	7,661	17.26%
165	K0003	Lightweight wheelchair	\$34,057,534.43	621,590	-39.42%
197	K0004	High strength ltwt whlchr	\$24,079,951.08	289,231	-53.73%

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT

Medicare: Utilization for 2014, top HCPCS

Diabetes, Infusion & Supplies

Rank	HCPCS	Product	Allowed Charges	Allowed Services	2014 Growth
20	A4253	Blood glucose/reagent strips	\$317,741,495.36	30,527,755	-57.82%
51	A4351	Straight tip urine catheter	\$122,002,410.29	65,481,403	4.98%
57	E2402	Neg press wound therapy pump	\$111,950,343.60	95,002	-20.41%
77	A4352	Coude tip urinary catheter	\$87,536,426.05	13,394,255	14.34%
78	A5500	Diab shoe for density insert	\$83,739,792.04	1,208,592	-15.24%
79	B4197	Parenteral sol 74-100 gm pro	\$83,462,162.55	264,292	-2.91%
83	B4035	Enteral feed supp pump per d	\$77,982,712.60	9,656,882	-27.24%
106	A5513	Multi den insert custom mold	\$58,629,203.56	1,391,577	-13.02%
113	A5512	Multi den insert direct form	\$55,978,053.83	1,983,360	-16.70%
116	A4353	Intermittent urinary cath	\$54,179,273.17	7,125,906	-2.77%
129	B4152	Ef calorie dense>/=1.5kcal	\$48,152,375.09	113,708,869	-13.50%
136	B4154	Ef spec metabolic noninherit	\$44,640,039.58	50,654,531	-28.48%
140	B4150	Ef complet w/intact nutrient	\$43,235,808.69	85,735,632	-25.58%
145	E0784	Ext amb infusn pump insulin	\$40,504,267.28	109,824	-6.46%
146	A4221	Maint drug infus cath per wk	\$39,972,066.34	1,637,136	2.11%
155	B4199	Parenteral sol > 100gm prote	\$36,962,326.37	102,470	-2.07%
159	B4193	Parenteral sol 52-73 gm prot	\$35,785,082.32	137,974	-5.63%
160	A6021	Collagen dressing <=16 sq in	\$35,662,401.28	1,556,019	2.67%
166	A4222	Infusion supplies with pump	\$33,955,193.87	686,721	-1.75%
168	A4407	Ext wear ost skn barr <=4sq"	\$33,762,030.54	3,537,510	2.05%
184	A6550	Neg pres wound ther drsg set	\$27,465,243.38	1,102,126	-8.19%
188	E0781	External ambulatory infus pu	\$26,478,048.28	111,189	-4.09%

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT

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Medicare: Number of beneficiaries, suppliers, 2014

✓ E1390 O2 Concentrator

Jurisdiction	Beneficiaries	Suppliers
A	185,931	1,629
B	246,815	2,304
C	516,500	4,468
D	287,760	2,457
Nation*		6,862

✓ E0601 CPAP

Jurisdiction	Beneficiaries	Suppliers
A	90,227	1,270
B	114,850	1,967
C	227,623	4,064
D	128,280	2,085
Nation*		6,628

✓ E0260 Hospital Beds

Jurisdiction	Beneficiaries	Suppliers
A	66,605	1,421
B	59,485	1,812
C	98,341	3,861
D	29,357	1,793
Nation*		7,444

✓ A4253 Blood Glucose Strips

Jurisdiction	Beneficiaries	Suppliers
A	716,039	15,104
B	747,660	13,731
C	1,309,327	24,731
D	666,890	13,481
Nation*		48,801

✓ K0823 Power Chair

Jurisdiction	Beneficiaries	Suppliers
A	4,480	250
B	5,779	356
C	20,184	1,140
D	8,284	501
Nation*		2,075

✓ K0001 Standard Chair

Jurisdiction	Beneficiaries	Suppliers
A	54,656	1,486
B	49,642	2,006
C	116,708	4,048
D	49,826	2,124
Nation*		7,665

*EDITOR'S NOTE: Why doesn't the number of suppliers from each category equal the total number of suppliers in the nation? Some suppliers work in more than one jurisdiction.

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT

Medicare: Top providers in 2014

Rank	Company	Allowed Charges	Rank	Company	Allowed Charges	Rank	Company	Allowed Charges
1	Lincare Inc.	\$713,810,099.55	35	Braden Partners Lp.	\$30,812,636.28	69	Infusion Partners LLC	\$13,996,827.81
2	Accredo Health Group Inc.	\$471,574,773.34	36	Advanced Home Care Inc.	\$29,359,722.28	70	Advanced Respiratory Inc.	\$13,931,660.35
3	Apria Healthcare LLC.	\$246,999,033.38	37	Procure Pharmacy Direct LLC.	\$28,927,496.59	71	Nationwide Medical Inc.	\$13,321,088.20
4	Lincare Pharmacy Services Inc.	\$237,457,528.51	38	Norco Inc.	\$28,878,973.42	72	CVS Pharmacy Inc.	\$13,185,607.65
5	Walgreen Co.	\$188,190,379.01	39	Comprehensive Decubitus Therapy Inc.	\$28,506,328.45	73	Curascript Inc.	\$13,154,357.10
6	Zoll Services LLC.	\$141,838,916.80	40	Inogen Inc.	\$28,262,244.48	74	Founders Healthcare LLC.	\$13,006,685.37
7	KCI USA, Inc.	\$127,945,549.54	41	All American Medical Supplies LLC.	\$27,522,727.45	75	Roberts Home Medical Inc.	\$12,980,053.29
8	Arriva Medical LLC	\$112,899,078.07	42	Bioventus LLC	\$23,637,238.69	76	Biologics Inc.	\$12,613,940.41
9	Hanger Prosthetics & Orthotics Inc.	\$99,462,363.88	43	Health Care Solutions At Home Inc.	\$23,117,752.77	77	Us Healthcare Supply LLC.	\$12,329,247.08
10	Coram Alternate Site Services Inc.	\$91,352,845.21	44	Diplomat Pharmacy Inc.	\$22,972,054.33	78	Aerocare Holdings Inc.	\$12,008,607.64
11	Deco Enterprises (U.S.) Inc.	\$84,266,232.17	45	National Seating & Mobility Inc.	\$22,491,670.36	79	MBS Ltd.	\$11,680,178.95
12	Option Care Enterprises Inc.	\$78,400,107.28	46	Medical Services Of America Inc.	\$22,472,395.24	80	Medstar Surgical & Breathing Equipment Inc.	\$11,659,132.18
13	Med4home Inc.	\$77,922,429.18	47	Mckesson Patient Care Solutions Inc.	\$22,028,998.77	81	Super Care Inc.	\$11,638,170.70
14	Byram Healthcare Centers, Inc.	\$70,360,364.51	48	EBI LLC	\$21,463,382.09	82	Paragon Infusion Care Inc.	\$11,517,682.32
15	American Homepatient, Inc.	\$69,946,453.96	49	Verus Healthcare LLLC	\$21,348,121.46	83	Mayo Foundation/Medical Edu & Research	\$11,491,223.09
16	Caremark LLC	\$69,666,166.79	50	Community Surgical Supply of Toms River, Inc.	\$19,850,574.16	84	Ocean Home Health Supply LLC	\$11,408,901.81
17	United Seating And Mobility LLC	\$65,668,528.56	51	Advanced Care Scripts Inc.	\$19,612,320.72	85	Carelinc Medical Equipment & Supply Co LLC	\$11,407,187.01
18	Hanger Prosthetics & Orthotics East Inc.	\$60,394,430.91	52	America's Best Care Plus Inc.	\$18,172,037.56	86	Medical Direct Club LLC	\$11,367,891.76
19	Rgh Enterprises Inc.	\$59,058,446.06	53	United States Medical Supply Inc.	\$18,125,375.79	87	Am-Med Diabetic Supplies Inc.	\$11,309,752.12
20	Liberator Medical Supply Inc.	\$58,407,208.52	54	Wal-Mart Stores Inc.	\$18,048,473.81	88	Homechoice Partners Inc.	\$11,000,446.40
21	Procure Pharmacy LLC.	\$55,474,912.80	55	Prism Medical Products LLC.	\$17,232,080.21	89	Coram Healthcare Corporation/Greater NY	\$10,999,891.19
22	180 Medical Inc.	\$53,655,127.94	56	Airway Oxygen Inc.	\$17,143,087.85	90	Heritage Diabetic Supply Inc.	\$10,902,296.47
23	Gordian Medical Inc.	\$50,719,846.09	57	US Med Inc.	\$16,800,424.97	91	PRN Medical Services LLC.	\$10,873,032.36
24	Orthofix Inc.	\$45,304,962.18	58	Home Infusion Solutions LLC	\$16,711,920.21	92	Aeroflow Inc.	\$10,767,763.60
25	Liberty Medical, LLC	\$44,394,953.38	59	Biorx LLC	\$16,587,086.46	93	World Wide Medical Services Inc.	\$10,668,406.24
26	Hanger Prosthetics & Orthotics West Inc.	\$43,870,529.33	60	Infusystem Inc.	\$16,267,461.82	94	Barnes Healthcare Of Fl LLC.	\$10,259,924.58
27	Djo LLC	\$42,060,469.11	61	Sleep Management LLC	\$16,189,993.85	95	Provider Plus Inc.	\$10,447,434.30
28	Hoveround Corporation.	\$39,984,292.18	62	Binson's Hospital Supplies Inc.	\$15,040,665.11	96	Bioscrip Infusion Services LLC	\$10,387,577.95
29	American Homepatient Inc.	\$37,715,483.58	63	Tricounty Medical Equipment & Supply, LLC.	\$14,668,893.97	97	Diamedix Healthcare LLC.	\$10,353,613.66
30	Mckesson Medical-Surgical Medimart Inc.	\$37,697,912.37	64	Lifecare Solutions Inc.	\$14,574,176.11	98	Walgreens Home Care Inc.	\$10,259,924.95
31	Wal-Mart Stores East Lp.	\$36,742,334.31	65	Cystic Fibrosis Services Inc.	\$14,351,759.02	99	Tidewater Medical Inc.	\$10,004,300.34
32	Amber Enterprises Inc.	\$35,451,286.24	66	Minimed Distribution Corp.	\$14,139,056.61	100	Responsive Home Health Care Inc.	\$9,847,325.09
33	Med-Care Diabetic & Medical Supplies Inc.	\$34,898,935.83	67	Wright & Filippis Inc.	\$14,064,268.11			
34	Centrad Healthcare LLC.	\$34,636,181.93	68	EMPI Inc.	\$14,004,072.53			

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT

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