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SUPPLEMENT TO:

HME News

THE BUSINESS NEWSPAPER FOR HOME MEDICAL EQUIPMENT PROVIDERS

DECEMBER 2013

State of the Industry 2013



The HME Market By The Numbers

Now trending

Certain trends that started to take shape in previous State of the Industry Reports have become sharper in this year's report.

Take a look at the number of providers that billed Medicare within certain ranges in 2012 (p. 5). The numbers continue to skew toward larger providers. The number of providers that bill Medicare more than \$10 million per year is up to 73. After a decline in 2011, the number of providers that bill Medicare between \$3 million and \$10 million is up to 229. Perhaps most tellingly, the number of providers that bill Medicare less than \$300,000 per year dropped by 1,754 providers in 2012 compared to 360 in 2011.

When you look at the Medicare utilization for certain codes for 2012, there are a lot of the same gainers as in previous years (p 6, 8). Replacement nasal cushions (A7032), for example, was up 29.1% to \$57.8 million in allowed charges in 2012; it was up 29.9% to \$44.9 million allowed charges in 2011. Other big gainers: blood glucose strips (A4253) up 20.5% to \$1.3 billion in allowed charges; Group 2 power wheelchair (K0825) up 44.6% to \$37.9 million; and adjustable knee orthosis (L1832) up 55.6% to \$47.2 million



in allowed charges.

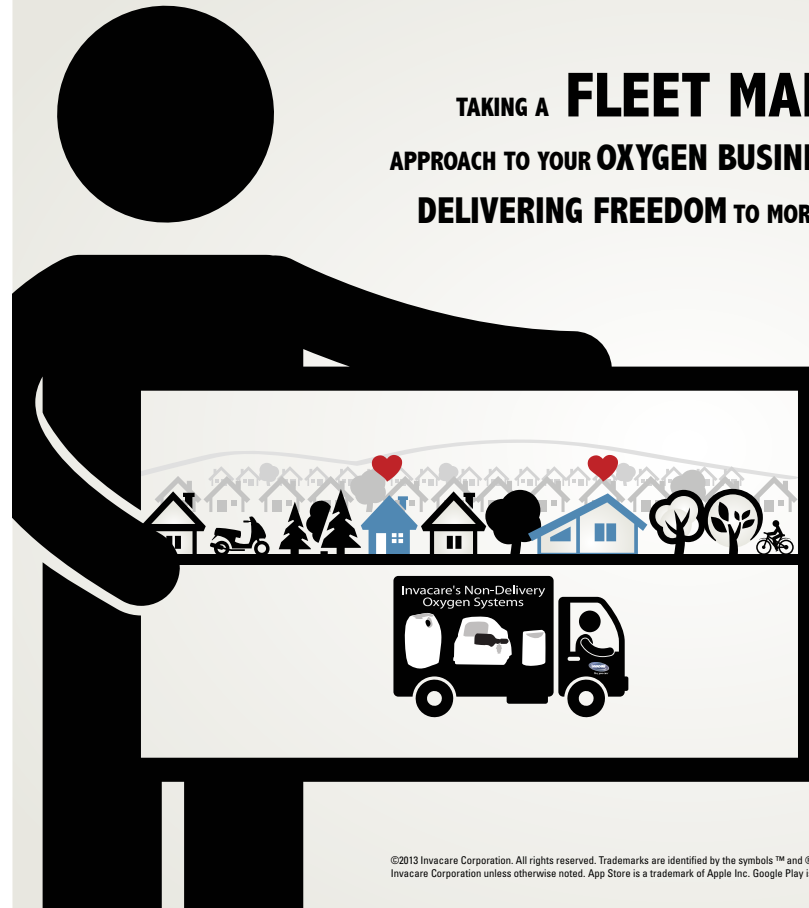
Of course, the pendulum can also swing the other way. Stationary liquid oxygen (E0439) has continued its downward spiral, down 20.3% in 2012 and 12.6% in 2011. So has powered pressure reducing air mattresses (E0277), down 13.6% in 2012 and 20.7% in 2011.

The list of top providers, however, continues to be a little more rocky (p.8). When you compare this list to 2011, you'll see, among other things, that Apria Healthcare has dropped from #2 to #3, that Braden Partners has moved off the list (down to #17), that Walgreen has moved up to #6 from #7, and that Hangar Prosthetics & Orthotics has moved up to #9 from #10.

Of the top providers in 2012, among the biggest gainers were Med4Home (\$90,268,447 in allowed charges in 2012 vs. \$75,783,773 in 2011), Walgreen (\$195,218,374 vs. \$173,287,791), Lincare Pharmacy (\$209,024,041 vs. 182,258,982) and Accredo Health Group (\$375,246,527 vs. \$351,721,052)

Happy number crunching.

—Elizabeth Beaulieu, Editor, HME News





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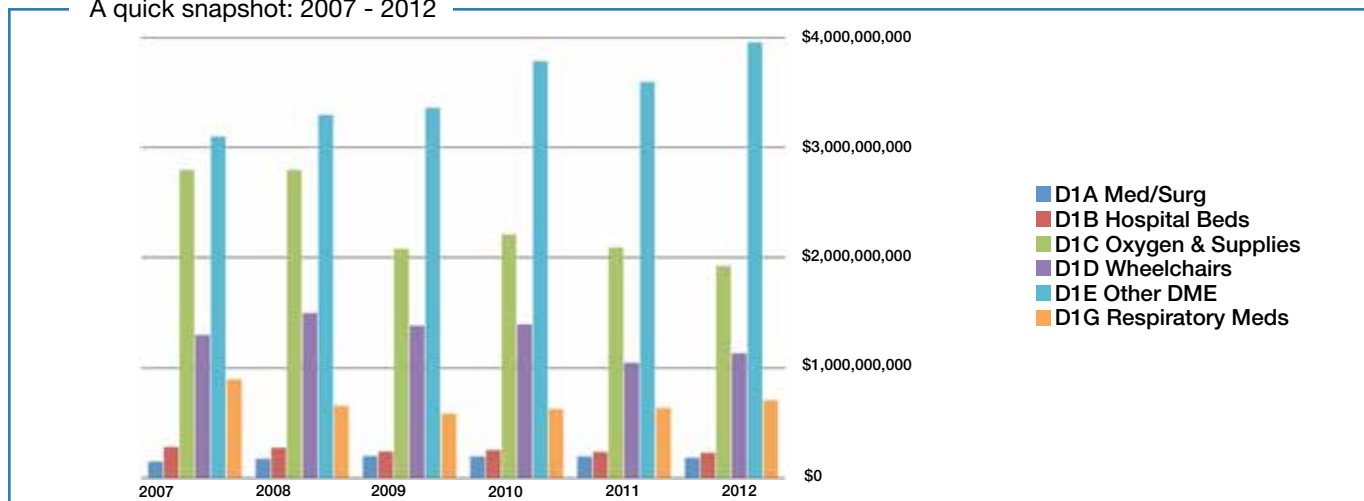
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Medicare: DME growth by category

A quick snapshot: 2007 - 2012



BETOS Product	2007	2008	2009	2010	2011	2012
D1A..... Med/surg supplies	152M.....	176M.....	202M.....	198M	198M.....	183M
D1B..... Hospital beds.....	287M.....	276M.....	244M.....	255M	240M.....	230M
D1C..... Oxygen and supplies	2.8B.....	2.8B.....	2.0B.....	2.2B	2.1B.....	1.9B
D1D..... Wheelchairs	1.3B.....	1.5B.....	1.4B.....	1.4B	1.0B.....	1.1B
D1E..... Other DME.....	3.1B.....	3.3B.....	3.4B.....	3.8B	3.6B.....	3.9B
D1G..... Respiratory meds.....	900M.....	657M.....	588M.....	629M.....	637M.....	709M
Total	8.5B.....	8.7B.....	7.9B.....	8.5B	7.8B.....	8.1B

Allowed Charges

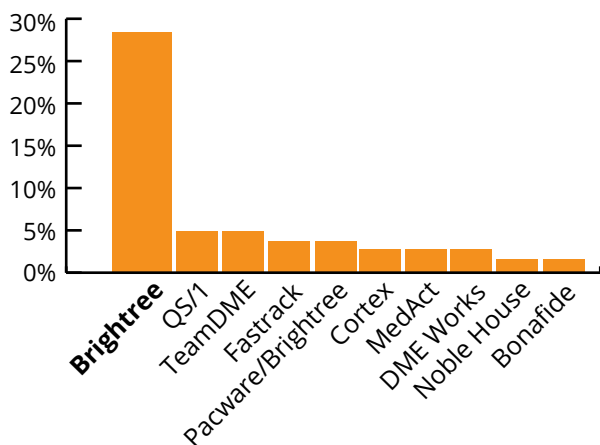
What is a BETOS bucket?

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

Leading HME Business Management Software Products

2013 HME Software Market Share



Top 10 brands % of market share. Note: Pacware was acquired by Brightree in 2011, and is now a Brightree brand.

Results are based on an independent survey of a statistically valid sample of providers. The survey is sent to a sample of 1,000 providers who were chosen at random from all HME News magazine subscribers. The results were tabulated and analyzed by Anservitz & Associates.

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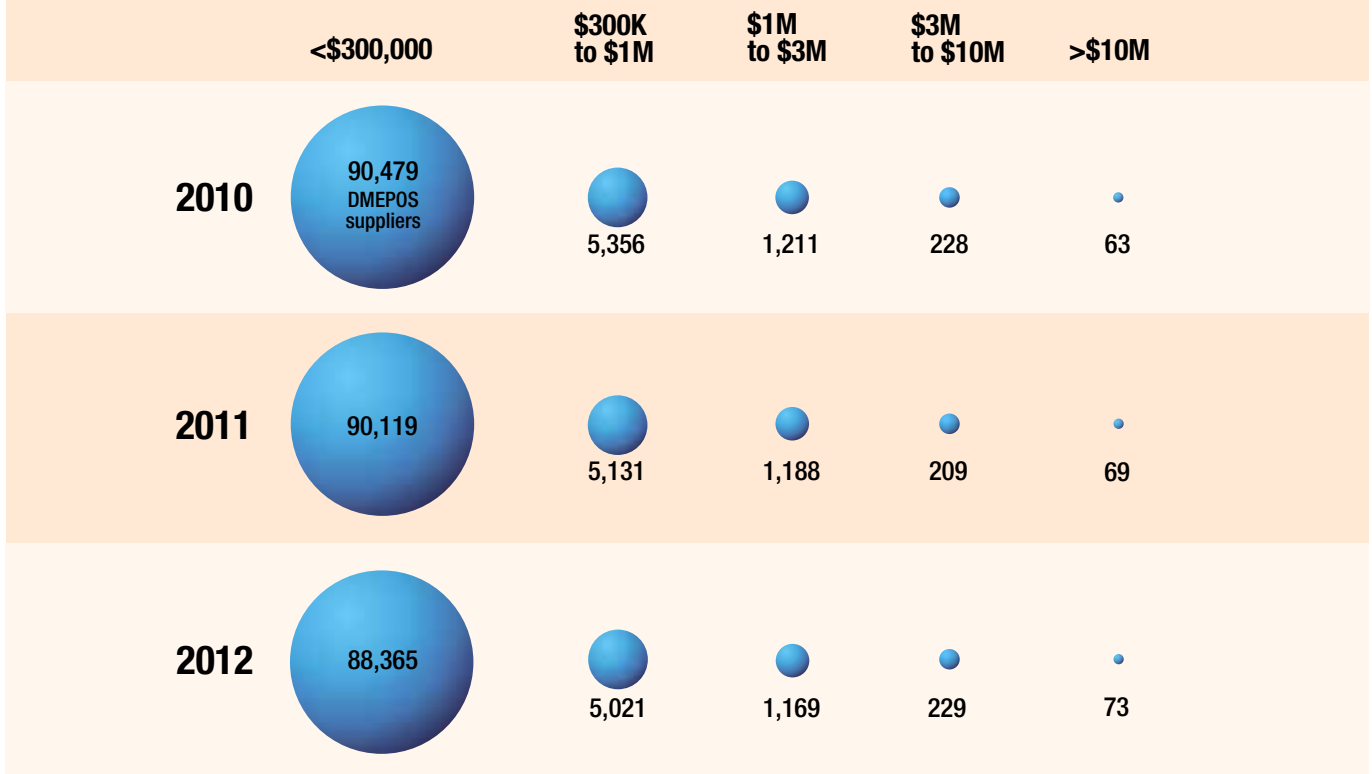


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Most DMEPOS suppliers bill Medicare less than \$300,000 per year



SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT

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Medicare: Utilization for 2012, top HCPCS

Respiratory

Rank	HCPCS	Product	Allowed Charges	Allowed Services	2012 Growth
2	E1390	Oxygen concentrator	\$1,607,311,325.90	9,378,941	-8.46%
23	E0601	Cont airway pressure device	\$240,367,730.35	3,015,846	10.64%
27	J7626	Budesonide non-comp unit	\$214,727,879.18	44,210,404	8.96%
49	A7030	CPAP full face mask	\$130,661,983.01	760,505	17.86%
53	A7034	Nasal application device	\$127,584,156.83	1,196,704	10.62%
56	E0431	Portable gaseous O2	\$120,339,855.50	4,157,731	-11.36%
57	Q0513	Disp fee inhal drugs/30 days	\$116,378,603.00	3,527,259	-0.88%
60	J7605	Arformoterol non-comp unit	\$110,200,480.50	20,968,474	17.80%
68	E0470	RAD w/o backup non-inv intrfc	\$99,667,127.12	542,138	7.31%
76	E0562	Humidifier heated used w/PAP	\$88,359,076.41	889,804	12.24%
108	E0471	RAD w/backup non inv intrfc	\$61,696,853.97	137,272	21.51%
113	A7032	Replacement nasal cushion	\$57,807,855.80	1,581,213	29.06%
116	A7037	Pos airway pressure tubing	\$56,017,389.67	1,544,016	7.60%
121	E0570	Nebulizer with compression	\$54,519,574.41	3,816,470	0.01%
122	E0443	Portable O2 contents, gas	\$54,213,784.18	709,009	1.24%
124	J7606	Formoterol fumarate, inh	\$54,001,469.88	10,709,724	13.90%
128	E0463	Press supp vent invasive int	\$49,379,924.71	32,879	19.00%
134	E0439	Stationary liquid O2	\$46,893,877.95	271,233	-20.33%
135	A7035	Pos airway press headgear	\$46,470,499.33	1,356,195	7.78%
136	J7620	Albuterol ipratrop non-comp	\$45,068,104.89	178,521,711	0.39%
170	K0738	Portable gas oxygen system	\$32,453,802.37	638,035	-2.63%
193	J7613	Albuterol non-comp unit	\$26,604,246.36	447,261,161	-5.31%

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT

Durable Medical Equipment

Rank	HCPCS	Product	Allowed Charges	Allowed Services	2012 Growth
29	E0260	Hosp bed semi-electr w/ matt	\$198,544,619.65	1,896,443	-6.03%
84	G0283	Elec stim other than wound	\$82,579,298.06	6,759,859	5.36%
88	E0143	Walker folding wheeled w/o s	\$81,453,024.65	796,873	4.13%
120	E0277	Powered pres-redu air mattrs	\$55,059,967.81	103,330	-13.57%
123	L5673	Socket insert w lock mech	\$54,076,240.11	79,982	-4.37%
133	L1832	KO adj jnt pos rigid support	\$47,156,586.60	76,296	55.58%
143	L7900	Male vacuum erection system	\$41,947,362.43	85,200	-16.23%
148	E0163	Commode chair with fixed arm	\$39,957,422.25	354,266	-1.26%
155	L5700	Replace socket below knee	\$36,691,257.83	13,176	2.82%
162	L8030	Breast prosthes w/o adhesive	\$34,495,760.85	111,146	0.61%
175	E0730	Tens four lead	\$31,859,891.44	223,343	-9.14%
194	E0630	Patient lift hydraulic	\$26,294,495.37	303,094	1.91%
195	A4595	TENS suppl 2 lead per month	\$26,285,838.21	872,363	-0.52%
199	L1970	Afo plastic molded w/ankle	\$24,773,904.31	36,198	3.48%

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT

Mobility

Rank	HCPCS	Product	Allowed Charges	Allowed Services	2012 Growth
15	K0823	PWC gp 2 std cap chair	\$304,165,985.33	994,424	25.00%
96	K0001	Standard wheelchair	\$72,518,463.52	1,590,743	3.61%
102	K0003	Lightweight wheelchair	\$66,706,409.33	892,182	-1.27%
104	K0004	High strength ltwt whlchr	\$63,828,149.73	583,775	-6.64%
127	E1007	Pwr seat combo w/shear	\$50,320,267.48	6,294	-2.12%
152	K0825	PWC gp 2 hd cap chair	\$37,865,846.96	111,220	44.57%
168	K0861	PWC gp3 std mult pow opt s/b	\$32,969,049.54	6,618	-1.94%
184	E2365	U1 sealed leadacid battery	\$29,936,621.23	301,750	-19.32%
188	K0108	W/c component-accessory NOS	\$29,092,307.20	191,512	3.28%

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT

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Medicare: Number of beneficiaries, suppliers, 2012

✓ E1390 O2 Concentrator

Jurisdiction	Beneficiaries	Suppliers
A	198,147	2,044
B	266,775	2,704
C	568,134	5,338
D	311,593	2,771
Nation*		7,942

✓ E0601 CPAP

Jurisdiction	Beneficiaries	Suppliers
A	87,996	1,536
B	121,489	2,286
C	238,239	4,829
D	130,822	2,391
Nation*		7,583

✓ E0260 Hospital Beds

Jurisdiction	Beneficiaries	Suppliers
A	84,368	2,124
B	76,722	2,332
C	167,846	5,154
D	69,656	2,533
Nation*		9,508

✓ A4253 Blood Glucose Strips

Jurisdiction	Beneficiaries	Suppliers
A	783,528	15,336
B	860,714	14,479
C	1,574,118	25,569
D	731,919	13,916
Nation*		51,680

✓ K0823 Power Chair

Jurisdiction	Beneficiaries	Suppliers
A	21,639	491
B	31,482	717
C	80,317	1,972
D	33,530	1,033
Nation*		3,612

✓ K0001 Standard Chair

Jurisdiction	Beneficiaries	Suppliers
A	60,628	2,286
B	61,835	2,536
C	127,948	5,225
D	72,992	2,709
Nation*		9,963

*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

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Medicare: Utilization for 2012, top HCPCS

Diabetes, Infusion & Supplies

Rank	HCPCS	Product	Allowed Charges	Allowed Services	2012 Growth
6	A4253	Blood glucose/reagent strips	\$1,304,067,096.24	37,408,435	9.43%
37	E2402	Neg press wound therapy pump	\$161,608,133.26	104,193	1.67%
47	B4035	Enteral feed supp pump	\$139,250,619.29	12,446,587	-0.37%
62	A5500	Diab shoe for density insert	\$106,164,310.71	1,560,713	-1.79%
63	A4259	Lancets per box	\$135,478,768.10	12,255,971	20.77%
65	A4351	Straight tip urine catheter	\$104,354,206.71	57,338,810	21.05%
83	B4154	EF spec metabolic noninherit	\$84,861,738.76	73,656,393	-2.32%
90	B4197	Parenteral sol 74-100 gm	\$79,914,703.14	257,798	8.24%
94	B4150	EF complet w/intact nutrient	\$73,417,681.49	114,359,734	0.19%
97	A5512	Multi den insert direct form	\$72,303,516.14	2,607,226	-2.12%
98	A5513	Multi den insert custom mold	\$71,658,518.62	1,732,467	-0.59%
105	B4152	EF calorie dense>=1.5Kcal	\$63,087,646.24	120,255,616	11.93%
107	A4352	Coude tip urinary catheter	\$62,167,736.29	9,792,908	26.61%
119	A4353	Intermittent urinary cath	\$55,281,524.23	7,414,035	4.19%
150	E0784	Ext amb infusn pump insulin	\$38,880,472.67	106,579	6.49%
153	B4193	Parenteral sol 52-73 gm	\$37,708,692.04	148,415	6.97%
157	A4221	Maint drug infus cath per wk	\$36,228,807.43	1,499,585	12.61%
158	B4199	Parenteral sol > 100gm	\$35,850,105.08	101,122	6.22%
161	A4258	Lancet device each	\$34,783,183.24	2,100,041	-9.61%
165	A6021	Collagen dressing <=16 sq in	\$33,685,783.36	1,496,531	-19.65%
167	A4222	Infusion supplies with pump	\$33,181,345.07	683,069	8.76%
172	A4407	Ext wear ost skn barr <=4sq in	\$32,062,781.70	3,420,886	11.37%
178	A6550	Neg pres wound ther drsg set	\$30,746,845.18	1,210,077	1.17%
185	B4034	Enter feed supkit syr by day	\$29,936,591.75	5,146,532	5.49%
192	E0781	External ambulatory infus pump	\$26,933,129.63	112,512	11.85%
197	A4414	Ost sknbar w/o conv<=4 sq in	\$25,015,425.03	4,740,073	-0.69%
198	E0607	Blood glucose monitor home	\$24,927,041.00	412,408	-16.19%

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT

Medicare: Top providers in 2012

Rank	Company	Allowed Charges	Rank	Company	Allowed Charges	Rank	Company	Allowed Charges
1	Lincare Inc	\$746,211,087.44	35	Wright & Filippis Inc	\$36,445,426.63	69	Landauer Metropolitan Inc	\$18,111,679.03
2	Accredo Health Group Inc	\$375,246,527.43	36	Amber Enterprises Inc	\$36,216,003.84	70	APS Acquisition, LLC	\$17,873,706.39
3	Apria Healthcare Inc	\$361,719,649.76	37	DJO LLC	\$35,565,070.63	71	Community Surgical Supply/Toms River	\$17,298,212.06
4	Liberty Medical Supply Inc	\$302,675,152.22	38	Mckesson Medical-Surgical Medimart	\$35,364,840.44	72	International Rehabilitative Sciences	\$17,141,466.24
5	Lincare Pharmacy Services Inc	\$209,024,041.33	39	American Homepatient Inc	\$33,417,811.37	73	Centrad Healthcare LLC	\$16,590,871.24
6	Walgreen Co	\$195,218,374.05	40	Advanced Home Care Inc	\$30,273,694.62	74	Neighborhood Diabetes	\$16,507,813.30
7	KCI USA Inc	\$172,178,074.55	41	180 Medical Inc	\$30,259,462.24	75	MP Totalcare Services, Inc	\$16,336,433.01
8	Degc Enterprises (U.S.) Inc	\$120,823,881.14	42	Walgreens Mail Service Inc	\$29,703,662.73	76	Dynavox Systems LLC	\$16,237,015.57
9	Hanger Prosthetics & Orthotics Inc	\$95,753,997.19	43	EMPI Inc	\$29,672,736.51	77	Advanced Respiratory Inc	\$15,862,252.82
10	Med4home Inc	\$90,268,447.82	44	EBI LLC	\$29,237,265.99	78	Sterling Medical Services LLC	\$15,798,924.57
11	Arriva Medical, LLC	\$77,635,613.03	45	Medical Services Of America Inc	\$27,448,906.65	79	Inogen Inc	\$15,693,647.88
12	American Homepatient Inc	\$71,472,621.26	46	Comprehensive Decubitus Therapy Inc	\$27,448,733.70	80	Pm Medical Services, LLC	\$15,147,592.79
13	US Healthcare Supply LLC	\$71,020,360.62	47	United States Pharmaceutical Group	\$25,172,636.07	81	Binson's Hospital Supplies Inc	\$15,070,184.90
14	Hoveround Corporation	\$69,315,891.69	48	Pulmo-Dose Inc	\$24,404,356.96	82	Mp Totalcare Medical Inc	\$15,061,700.13
15	Zoll Lifecor Corp	\$68,848,429.41	49	Health Care Solutions At Home Inc	\$24,256,133.87	83	Home Infusion Solutions LLC	\$15,004,690.82
16	Procure Pharmacy LLC	\$68,156,339.86	50	Care Concepts Louisiana Inc	\$24,237,932.62	84	Minimed Distribution Corp	\$14,853,469.58
17	Braden Partners LP	\$65,791,209.34	51	Dynasplint Systems Inc	\$24,101,813.23	85	Infusystem Inc	\$14,723,022.19
18	Hanger Prosthetics & Orthotics East Inc	\$65,692,937.31	52	Doctor Diabetic Supply LLC	\$22,994,748.73	86	Roberts Home Medical Inc	\$14,549,032.43
19	Byram Healthcare Centers Inc	\$61,726,792.32	53	Norco Inc	\$22,778,653.80	87	Global Medical Inc	\$14,128,688.54
20	Option Care Enterprises Inc	\$59,068,739.66	54	Medenvios Healthcare Inc	\$22,703,357.29	88	Bioventus LLC	\$13,887,489.20
21	Coram Alternate Site Services Inc	\$52,796,882.64	55	Wal-Mart Stores Inc	\$22,464,551.39	89	Responsive Home Health Care Inc	\$13,783,260.73
22	Med-Care Diabetic & Medical Supplies	\$52,313,355.08	56	Lifecare Solutions Inc	\$21,950,279.43	90	Ji Medical Inc	\$13,376,731.51
23	Caremark LLC	\$52,207,562.03	57	Diplomat Pharmacy Inc	\$21,507,360.84	91	Barnes Healthcare Of FL LLC	\$13,351,156.18
24	Gordian Medical Inc	\$50,643,510.26	58	Airway Oxygen Inc	\$19,653,787.50	92	Biorx LLC	\$12,921,380.26
25	Diabetes Care Club LLC	\$49,999,579.00	59	Procure Pharmacy Direct LLC	\$19,585,265.67	93	Rotech Oxygen & Medical Equipment Inc	\$12,863,606.24
26	Liberator Medical Supply Inc	\$49,335,224.08	60	Ancillary Management Solutions	\$19,427,730.69	94	Home Medical Systems Inc	\$12,800,777.64
27	Hanger Prosthetics & Orthotics West Inc	\$49,070,349.50	61	Critical Care Systems Inc	\$18,999,962.33	95	Advanced Care Scripts Inc	\$12,301,859.25
28	RGH Enterprises Inc	\$48,837,569.59	62	Pos-T-Vac Inc	\$18,878,909.11	96	CareLinc Medical Equipment & Supply	\$11,991,549.02
29	Wal-Mart Stores East LP	\$48,499,375.53	63	Founders Healthcare LLC	\$18,714,337.12	97	The Scooter Store - Orlando, LLC	\$11,962,163.48
30	Orthofix Inc	\$45,918,890.94	64	US Med Inc	\$18,547,454.41	98	Mayo Foundation Medical Ed & Res	\$11,791,392.91
31	United States Medical Supply, Inc	\$42,084,402.04	65	Diamedix Healthcare, LLC	\$18,512,535.34	99	Shield California Health Care Center Inc	\$11,728,125.44
32	United Seating And Mobility LLC	\$39,288,635.09	66	CVS Pharmacy Inc	\$18,408,584.57	100	Thrifty Payless Inc	\$11,675,733.21
33	Curascript Inc	\$38,228,969.43	67	National Seating & Mobility Inc	\$18,338,149.66			
34	OptumRX Inc	\$38,201,617.28	68	National Rehab Equipment Inc	\$18,152,769.28			

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT



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