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HME News

THE BUSINESS NEWSPAPER FOR HOME MEDICAL EQUIPMENT PROVIDERS

DECEMBER 2010



of the **State** **Industry** **2010**



The HME Market By The Numbers



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These numbers paint a picture

When I look at all the information in our 2010 State of the Industry report, two pieces of data jump out at me.

First, overall Medicare spending for DME dropped 9.2%, from \$8.7 billion in 2008 to \$7.9 billion in 2009. Looks like Medicare's oxygen cap and 9.5% cut, which took effect Jan. 1, 2009, played out the way CMS hoped they would.

Secondly, the number of HME providers who bill Medicare for more than \$10 million a year jumped from 43 in 2007 to 46 in 2008 to 54 in 2009. That's interesting. To offset reduced reimbursement, larger



providers are building scale, either through acquisition and/or organic growth. We hear that all the time from industry M&A experts. Now we can see it. The numbers don't lie.

That's what I like about this annual State of the Industry report. It's information you can stand on.

Years ago, HME providers could live without this kind of data. There was plenty of reimbursement, and business decisions were easier to make. That's not the case anymore. You've got to be smarter and better informed than ever before. You need to know the market inside and out. These days in the HME industry, the old cliché "knowledge is power" has never been more true.

— Mike Moran, Executive Editor, HME News

Medicare: DME growth by category

BETOS	Product	2006	2007	2008	2009
D1A	Med/surg supplies	145M.....	152M.....	176M.....	202M
D1B	Hospital beds.....	306M.....	287M.....	276M.....	244M
D1C	Oxygen and supplies.....	2.8B	2.8B	2.8B.....	2.0B
D1D	Wheelchairs	1.6B	1.3B	1.5B.....	1.4B
D1E	Other DME.....	3.1B	3.1B	3.3B.....	3.4B
D1G	Respiratory meds.....	957M.....	900M.....	657M.....	588M
	Total.....	8.9B	8.5B	8.7B.....	7.9B

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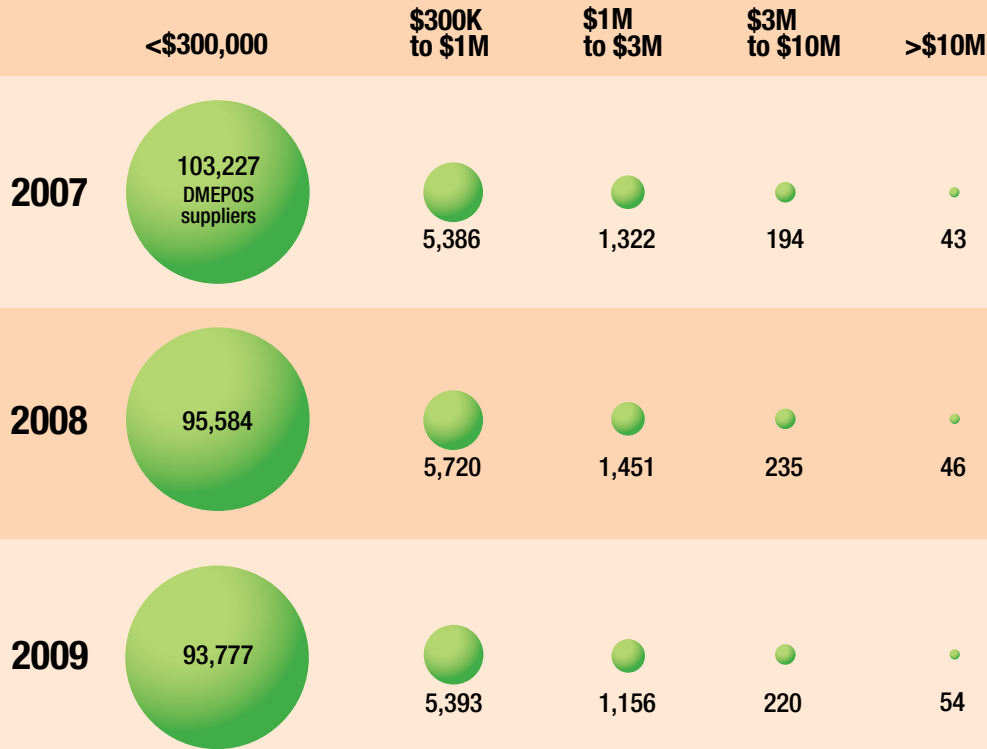
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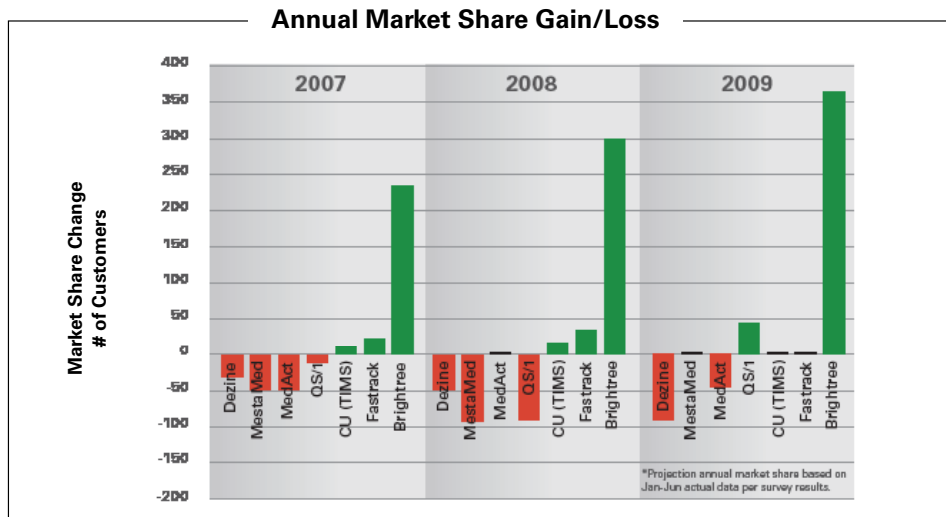
Most DMEPOS suppliers bill Medicare less than \$300,000 per year



SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT

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Leading HME/DME Business Management Software Products



THIS CHART DEPICTS MARKET SHARE GAINS AND LOSSES for each of the major business management software solutions designed for the HME/DME market. Results are based on an independent survey of a statistically valid sample of providers for each of the years 2007 - 2009. Each year the survey was sent to a sample of 1,000 providers who were chosen at random from all HME News magazine subscribers. The results were tabulated and interpreted by Anservitz & Associates.

Projected change in # of customers based on actual survey results (Jan-Jun 2009). HME News name and logo are the property of United Publications Inc. Product names may be registered trademarks of their owners.





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Medicare: Number of beneficiaries, suppliers, 2009

✓ E1390 O2 Concentrator

Jurisdiction	Beneficiaries	Suppliers
A	210,988	2,231
B	287,139	3,022
C	626,567	6,285
D	330,369	2,999
Nation*		9,066

✓ E0601 CPAP

Jurisdiction	Beneficiaries	Suppliers
A	86,732	1,657
B	125,325	2,436
C	258,584	5,541
D	134,036	2,475
Nation*		8,551

✓ E0260 Hospital Beds

Jurisdiction	Beneficiaries	Suppliers
A	98,468	2,361
B	86,943	2,602
C	208,896	6,372
D	94,668	2,912
Nation*		11,342

✓ A4253 Blood Glucose Strips

Jurisdiction	Beneficiaries	Suppliers
A	741,081	15,335
B	856,609	14,856
C	1,621,206	26,234
D	711,748	14,533
Nation*		54,404

✓ K0823 Power Chair

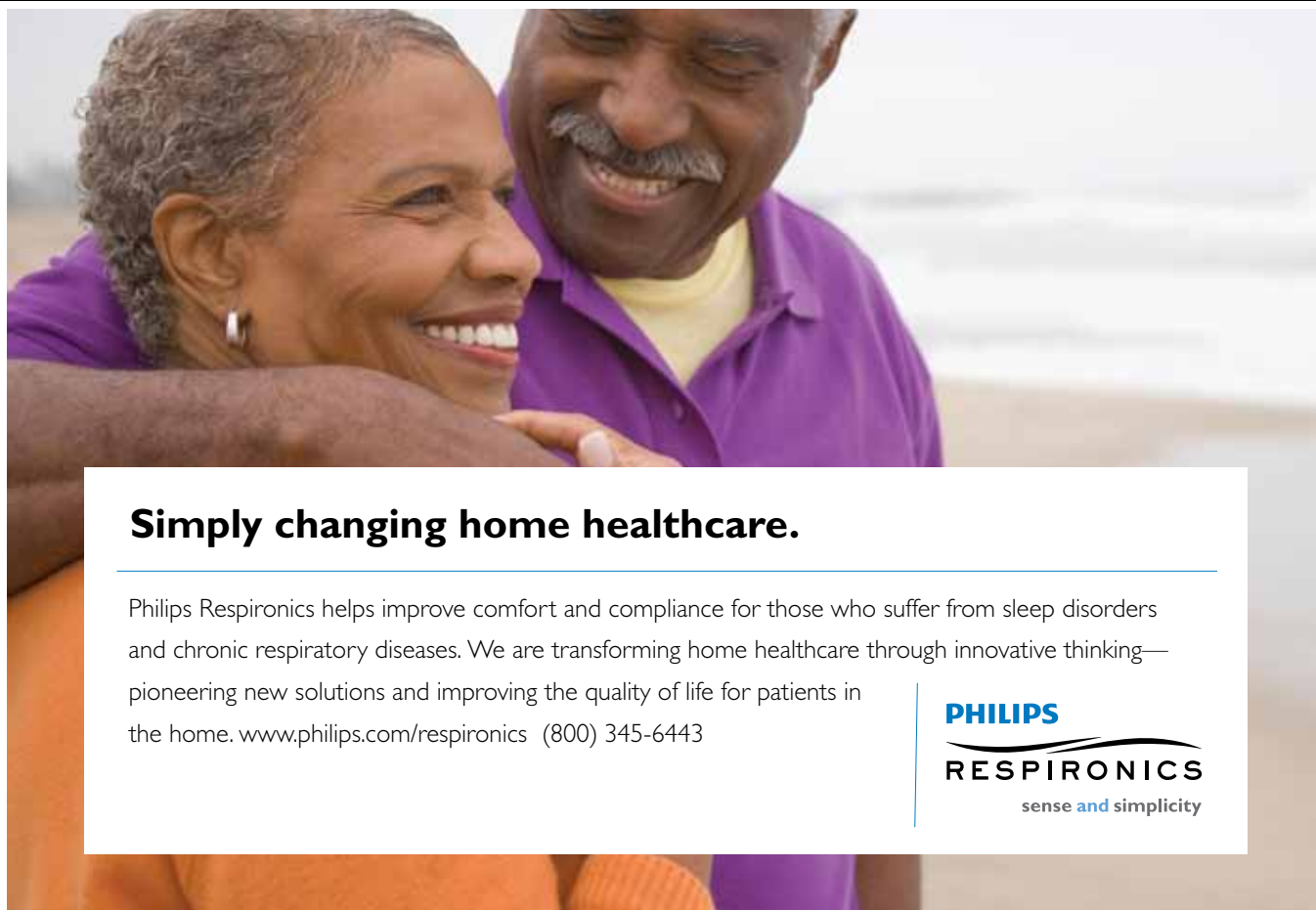
Jurisdiction	Beneficiaries	Suppliers
A	16,695	634
B	26,557	811
C	68,160	2,557
D	40,931	1,317
Nation*		4,795

✓ K0001 Standard Chair

Jurisdiction	Beneficiaries	Suppliers
A	71,509	2,443
B	70,078	2,781
C	141,150	6,175
D	79,625	2,950
Nation*		11,549

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT

***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.**



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Medicare: Utilization for 2009, top HCPCS

Diabetes, Infusion & Supplies

Rank	HCPCS	Product	Allowed Charges	Allowed Services	2009 Growth
4	A4253	Blood Glucose Strips	\$1,383,283,479	40,401,652	-1.76%
33	B4035	Enteral Feed Supp Pump	\$165,709,531	14,722,735	-11.60%
38	A4259	Lancets Per Box	\$145,289,078	13,320,672	-3.34%
40	E2402	Neg Press Wound Therapy Pump	\$141,143,581	93,006	-17.28%
44	A5500	Diabetic Shoe Insert	\$119,475,373	1,799,004	12.27%
47	B4154	Enteral Formula	\$112,811,023	98,491,385	-9.95%
53	B4150	Enteral Formula	\$95,403,521	151,325,846	-17.25%
58	A5512	Diabetic Shoe Ins/Dir Formed	\$80,867,433	2,984,752	12.30%
59	A5513	Diabetic Shoe Ins/Cust Formed	\$80,656,493	1,998,974	14.70%
84	B4197	Parenteral Nutrition Solution	\$65,812,344	219,692	5.39%
91	B4152	Enteral Formula, Nutritional	\$56,961,393	108,949,630	-2.43%
98	A4353	Intermittent Urinary Catheter	\$51,995,090	7,178,109	-3.44%
105	A4351	Intermittent Urinary Cath Strt Tip	\$48,641,458	27,848,974	105.73%
115	A6021	Collagen Dressing	\$43,679,642	1,987,050	13.35%
132	A4221	Infusion Supplies For Maintenance	\$35,437,904	1,502,420	19.88%
133	E0784	Ext Ambulatory Infusion Pump	\$35,107,313	97,552	9.75%
138	A4258	Spring-Pwd Device For Lancet	\$33,497,004	2,050,578	-0.43%
143	B4193	Parenteral Nutrition Solution	\$32,051,388	129,584	-4.89%
144	B4034	Enter Feed Supkit Syr By Day	\$31,601,992	5,410,011	-5.90%
147	A4222	Infusion Supplies w/Pump	\$29,848,792	654,363	4.12%
151	A6550	Wound Care Set	\$29,321,589	1,180,738	-19.99%
152	E0607	Blood Glucose Monitor	\$29,215,506	449,310	4.59%
159	B9002	Enteral Infusion Pump W/ Alarm	\$28,031,030	245,318	-11.71%
160	B4199	Parenteral Nutrition Solution	\$27,903,061	83,142	11.39%
166	A4414	Ostomy Skin Barrier, w/Flange	\$26,167,579	5,091,819	-0.92%
171	A4407	Ostomy Skin Barrier, w/Flange Ext	\$25,471,956	2,796,679	10.97%
185	A4352	Intermittent Urinary Catheter	\$22,959,941	3,785,240	n/a
191	E0781	Ambulatory Infusion Pump	\$22,126,183	95,311	n/a

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT



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Medicare: Utilization for 2009, top HCPCS

Respiratory

Rank	HCPCS	Product	Allowed Charges	Allowed Services	2009 Growth
2	E1390	Oxygen Concentrator	\$1,771,951,097	10,129,045	-29.67%
19	J7626	Budesonide	\$281,634,177	48,611,647	-5.59%
26	E0601	CPAP	\$213,246,455	2,630,909	-15.84%
37	E0431	Portable Gaseous Oxygen	\$148,327,335	5,156,738	-33.13%
45	Q0513	Disp Fee Inhal Drugs/30 Days	\$114,909,844	3,483,780	-5.48%
50	A7034	Nasal Interface (Mask or Cannula)	\$100,927,378	953,038	-3.26%
51	E0470	Respiratory Assist Device, Bi-Level	\$96,039,917	512,125	-10.13%
61	J7605	Arformoterol, Inhalation Solution	\$79,882,807	16,811,985	n/a
63	E0439	Stationary Liquid Oxygen System	\$78,002,048	441,063	-41.60%
67	A7030	CPAP Full Face Mask	\$75,798,872	445,053	16.55%
77	E0562	CPAP Humidifier	\$71,433,185	759,792	-5.11%
81	E0443	Portable Oxygen Contents	\$67,031,288	867,709	n/a
90	E0570	Nebulizer With Compression	\$57,010,867	4,012,037	-1.00%
99	J7620	Albuterol	\$51,523,994	204,786,034	-67.30%
116	E0471	NPPV	\$43,462,856	96,829	8.52%
119	A7037	Pos Airway Pressure Tubing	\$42,861,086	1,184,676	4.61%
129	A7035	Pos Airway Press Headgear	\$36,729,578	1,076,668	1.53%
140	K0738	Portable Gaseous Oxygen System	\$33,197,126	643,738	15.79%
141	J7606	Formoterol Fumarate, Inhalation	\$32,753,655	7,710,232	n/a
153	E0463	Pressure Support Ventilator	\$29,055,186	19,798	22.08%
165	A7032	Replacement Nasal Cushion	\$26,202,606	715,402	28.88%
190	J7613	Albuterol, Inhalation Solution	\$22,455,825	475,913,123	n/a

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT

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Medicare: Utilization for 2009, top HCPCS

Mobility

Rank	HCPCS	Product	Allowed Charges	Allowed Services	2009 Growth
11	K0823	Power Wheelchair	\$547,288,956	156,820	-11.77%
64	K0004	High Strength Ltwt Wheelchair	\$77,144,181	714,146	3.93%
73	K0001	Standard Wheelchair	\$72,260,688	1,600,530	-1.79%
82	K0003	Lightweight Wheelchair	\$66,890,771	907,231	2.00%
107	K0822	Pwr W/C, Group 2 Std	\$46,295,896	14,104	-25.26%
109	K0825	Pwr W/C, Group 2 Heavy Duty	\$45,883,346	11,915	2.77%
124	E2365	U-1 Sealed Lead Acid Battery	\$40,653,085	401,951	-2.46%
134	E1007	Wheelchair Accessory, Power	\$34,623,642	4,410	3.76%
181	K0108	Other W/C Component/Acc	\$23,570,725	178,219	17.13%
188	K0861	Pwr W/C, Gp 3 Std Multi Power	\$22,541,274	4,426	-1.56%
189	E0973	W/C Accessory, Adj Det Armrest	\$22,463,641	311,362	-8.70%
199	K0856	Pwr W/C, Gp 3 Std	\$20,049,969	3,958	-3.88%

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT

Durable Medical Equipment

Rank	HCPCS	Product	Allowed Charges	Allowed Services	2009 Growth
23	E0260	Hospital Bed, Semi-Electric	\$226,048,002	2,113,884	-13.04%
54	E0277	Powered Pres-Redu Air Mattrs	\$89,089,957	168,781	-10.51%
57	E0143	Walker Folding Wheeled	\$81,666,846	800,181	-10.23%
72	G0283	Electrical Stim Other Than Wound	\$72,347,308	6,101,017	17.57%
92	L5673	Addition To Lower Extremity	\$56,416,982	85,389	n/a
113	E0163	Commode Chair With Fixed Arm	\$44,056,550	401,755	2.61%
121	L7900	Male Vacuum Erection System	\$42,319,024	87,807	39.28%
130	L8030	Breast Prosthesis Silicone	\$36,144,491	119,853	3.29%
135	L5700	Replace Socket Below Knee	\$33,975,483	12,432	n/a
148	E0730	Transcutaneous Electrical Ne	\$29,832,841	204,880	9.63%
169	E0630	Patient Lift, Hydraulic	\$25,721,993	300,004	1.40%
170	E0217	Water Circ Heat Pad W Pump	\$25,644,955	54,123	n/a
184	L8000	Mastectomy Bra	\$23,198,522	625,424	7.38%
198	E0935	Cont Pas Motion Exercise Dev	\$20,689,751	930,945	n/a

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT



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Medicare: Top providers in 2009

Rank	Company	Allowed Charges	Rank	Company	Allowed Charges	Rank	Company	Allowed Charges
1	Lincare	\$720,262,751.01	35	Djo	\$30,530,506.06	69	Med-Care Diab&Med Sup	\$15,142,879.14
2	Liberty Medical Supply	\$416,756,480.55	36	US Pharmaceutical Gr	\$29,232,342.33	70	Resp Home Health Care	\$14,883,171.38
3	Apria Healthcare	\$368,630,754.82	37	EBI	\$28,898,436.47	71	Neighborhood Diabetes	\$14,319,829.56
4	Accredo Health Group	\$229,427,809.96	38	EMPI	\$27,213,460.57	72	Home Medical Systems	\$14,317,735.32
5	KCI Usa	\$171,960,601.05	39	American HomePatient	\$27,018,548.10	73	Caremark	\$13,865,393.64
6	DEGC Enterprises US	\$156,049,929.30	40	Comp Decubitus Therapy	\$26,931,181.46	74	Procare Pharmacy Direct	\$13,832,929.82
7	Lincare Pharmacy Serv	\$151,699,831.20	41	Advanced Home Care	\$24,710,752.52	75	Theracom	\$13,557,788.60
8	Walgreen	\$148,789,603.64	42	Liberator Medical Supply	\$23,957,485.99	76	Senior Resp Solutions	\$13,235,351.13
9	Procare Pharmacy	\$112,954,246.98	43	Health Care Sol At Home	\$23,436,914.77	77	Binsons Hospital Supplies	\$13,196,514.04
10	Hanger Prosth & Ortho	\$87,200,073.79	44	Curascript	\$22,680,699.13	78	Thrifty Payless	\$13,073,126.26
11	Braden Partners	\$86,955,304.54	45	MP Totalcare Services	\$22,355,732.67	79	Mayo Found.Medical Edu	\$12,991,976.17
12	Gordian Medical	\$74,601,525.49	46	Hill-Rom Company	\$22,207,937.65	80	Fuller Rehab & Cons	\$12,985,819.25
13	Diabetes Care Club	\$70,286,225.50	47	Dynasplint Systems	\$21,502,826.21	81	Critical Care Systems	\$12,953,664.72
14	American HomePatient	\$68,805,116.30	48	Inter. Rehab Sciences	\$21,031,733.56	82	Smith & Nephew	\$12,912,536.03
15	Hoveround Corporation	\$63,661,366.09	49	Walgreens Home Care	\$20,436,216.91	83	Centrad Healthcare	\$12,637,659.27
16	Hanger Prosth&Ortho East	\$62,411,531.71	50	Ancillary Management Sol	\$20,429,497.65	84	National Seating & Mobility	\$12,570,650.57
17	Med4home	\$62,243,831.81	51	Mckesson Med Surg	\$20,200,341.63	85	Infu System	\$12,464,136.07
18	Am Med Direct	\$57,731,108.33	52	Jl Medical	\$20,193,242.87	86	Dynavox Systems	\$12,112,353.29
19	Pulmo Dose	\$54,607,215.35	53	Wal-Mart Stores	\$19,314,030.98	87	Aps Acquisition	\$12,107,974.56
20	Byram Healthcare Ctrs	\$53,758,162.66	54	United Seating & Mobility	\$18,813,139.64	88	MP Totalcare Medical	\$11,652,923.98
21	Wal-Mart Stores East	\$46,302,320.17	55	Landauer Metropolitan	\$18,712,162.68	89	Rotech Oxy/Med Equip	\$11,604,315.71
22	Hanger Prosth&OrthoWest	\$46,301,599.79	56	Revco Discount Drug Ctrs	\$18,591,523.59	90	Diplomat Pharmacy	\$11,597,903.33
23	Orthofix	\$43,984,797.10	57	Oxford Diabetic Supply	\$18,451,726.78	91	Wellness Life Systems	\$11,546,836.15
24	US Medical Supply	\$37,029,158.95	58	Hook-Superx	\$17,924,740.19	92	Sterling Medical Service	\$10,854,892.00
25	Doctor Diabetic Supply	\$36,825,402.02	59	Norco	\$17,741,689.27	93	Scooter Store Dallas	\$10,729,691.24
26	RGH Enterprises	\$36,305,686.34	60	Airway Oxygen	\$17,642,564.97	94	Hy-Vee Inc	\$10,717,374.54
27	Amber Enterprises	\$35,352,313.61	61	Advanced Respiratory	\$16,952,797.59	95	Eckerd Corporation	\$10,636,266.97
28	Medical Services Of Amer	\$33,844,591.67	62	Zoll Lifecor Corporation	\$16,748,324.52	96	Louis & Mary Jo Wong	\$10,555,307.19
29	Bioscrip Pharmacy	\$33,586,516.67	63	Roberts Home Medical	\$16,596,944.13	97	Fairview Pharm Serv	\$10,540,195.28
30	Option Care Enterprises	\$33,580,013.89	64	Medenvios Healthcare	\$16,580,109.44	98	Scooter Store Orlando	\$10,539,601.54
31	Wright & Filippis	\$32,815,905.38	65	Lifecare Solutions	\$16,244,347.90	99	Support Plus Medical	\$10,412,071.30
32	Rx Solutions	\$32,603,579.14	66	Med-Care Pharmacy	\$15,605,875.34	100	Scooter Store Atlanta	\$10,353,271.02
33	Praxair Healthcare Serv	\$32,542,189.35	67	Minimed Distribution Corp	\$15,499,218.04			
34	Coram Alternate Site Serv	\$32,494,835.54	68	Comm Surg / Toms River	\$15,443,214.49			

SOURCE: CMS, VIA FREEDOM OF INFORMATION ACT

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