



■ Vendors appreciate the one-on-one time at Medtrade Spring, says Sue Chen, owner of Nova Ortho-Med. **See page 37.**



#### ■ Product Spotlight:

This month, we asked manufacturers to submit their flagship bariatrics products, like this Panda 3001 from James Consolidated. **See pages 33-35.**

**HME  
NEWS  
POLL**

■ Round 2 payment amounts came in much lower than anticipated. What strategies will providers use to survive, with or without a contract? **See results on page 54.**

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# HME News

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## NEWS

- Rep. Price agrees to re-introduce MPP. **PAGE 3**
- Look-back period extension could mean more audits. **PAGE 4**
- HIPPA changes spread liability around. **PAGE 12**

## SMART TALK

- This month, our columnists tackle completed scorecards, ACO obstacles, data decisions and survey prep. **PAGES 18-19**

## COMMENTARY



■ Advocates must have patience with policymakers, who often don't understand complex rehab technology. It is up to us to teach them what it is, what it does and who uses it, says Mark Smith. That will

help them understand the effect that legislation has on real people. **PAGE 17**

## DEPARTMENTS

### PROVIDERS

- Providers critical of respiratory by mail. **PAGE 21**
- Safety initiative nets provider 1,000 injury-free workdays. **PAGE 21**
- Reporter's notebook: Hawaii. **PAGE 22**

### MOBILITY

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- Scooter Store responds to overpayment questions. **PAGE 25**
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### RX & SPECIALTY PROVIDERS

- Speak up for O&P. **PAGE 29**
- NHIA conference set to fortify. **PAGE 29**
- Sleep programs put providers in driver's seat. **PAGE 30**

### VENDORS

- Invacare sales could take hit. **PAGE 49**
- ResMed gains traction in 4Q. **PAGE 49**
- Labeling system could burden manufacturers, providers. **PAGE 51**

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## COMPETITIVE BIDDING

# New reality sets in for baffled HME providers

*'Everything's on the table as long as it's ethical and legal'*

BY LIZ BEAULIEU, Editor

**H**ME PROVIDERS spent the long days and nights following CMS's announcement of the Round 2 payment amounts trying to crunch numbers and strategize their next moves.

### Stakeholders: 'suicide rates'

See story page 3

### CMS 'pleased' and 'on track'

See story page 3

Many of them did this in a daze, trying to comprehend how the payment amounts came out, on average, 45% lower than the current fee schedule, when they expected them to be 32% to 35% lower.

"We're still reeling," said Cindy Bishop,

owner of Diamond Medical Equipment in Little Rock, Ark., which received contract offers from CMS. "I just don't know where these rates came from and how they expect us to do business at these rates."

Across product categories and across bidding areas, providers told the same story: that the offers they received from CMS were lower than the bids they submitted.

This left providers like Chris Rice asking themselves: What now?

"The big question is: Are these rates sustainable?" said Rice, the CEO of Diamond Respiratory Care in Riverside, Calif., which received contract offers from CMS. "Is there a way to re-engineer

ROUND 2 SEE PAGE 14

# Bottom drops out of diabetes

BY T. FLAHERTY, Managing Editor

**YARMOUTH, Maine** — Days after CMS announced draconian cuts to reimbursement for diabetes testing supplies, providers were still scratching their heads.

"It really appears there is not any value placed on diabetes patients or the prevention of complications," said Shelly Leonard, owner of Caro-

lina Diabetic Supply in New Bern, N.C. "I cannot see how quality product or service or choice will

### Will small providers be able to stay in the Medicare game?

See story page 29

be provided once this is implemented."

The payment amounts for the diabetes national

mail order program are, on average, 72% lower than the current fee schedule. That means, for example, that a 50-count box of test strips will be reimbursed at \$10.41.

The biggest head scratcher: How did the payment amounts come in so much lower than in Round 1, which saw a 56%, on average, cut.

DIABETES SEE PAGE 52



## Medal of honor

AirSep's Norman McCombs received a National Medal of Technology and Innovation on Feb. 1 for his work on oxygen concentrators. See our Q&A with him on page 49.

# ISG deal digs up old wounds

BY LIZ BEAULIEU, Editor

**TWINSBURG, Ohio** — Some HME providers are on edge about the new ownership at Invacare Supply Group (ISG).

AssuraMed, which completed its \$150 million purchase of ISG in January, has two business units: Edgemark Medical Supply, which sells supplies direct to the consumer; and Independence Medical Supply, which sells supplies through the provider channel. While AssuraMed plans to fold ISG into Independence Medical, some providers worry about buying supplies from a company

ASSURAMED SEE PAGE 53



Karyn Estrella

# CMS to offer reasons for denials

BY ELIZABETH DEPREY, Associate Editor

**WASHINGTON** — Industry stakeholders say help is on the way for providers who are still getting denials for prior authorization requests submitted as part

of the new PMD demo.

CMS is collecting comments on a list of reason statements that spell out exactly why prior authorization requests are denied, giving providers a better idea of what needs to be fixed

before resubmitting them.

"These are definitely going to help," said Peggy Walker, a billing and reimbursement adviser for U.S. Rehab. "They are breaking it down into about 25 different codes just

DEMO SEE PAGE 27