



■ Retail success requires the right products and strategic advertising, says Andrew Pyrih. **See page 9.**



■ **Product Focus:** This month, we feature diabetes care products like Arkray's Glucocard Expression as well as shoes, strips, lancets and more. **See pages 28-29.**



■ With all the changes facing reimbursement, providers have to make tough decisions about which products to carry. Which priority wins out: quality or cost? **See results on page 35.**

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NEWS

■ AAHomecare drops bidding lawsuit. **PAGE 3**

SMART TALK

■ This month, our columnists tackle appeals, organization. **PAGES 12-13**

COMMENTARY

■ There is no correlation between size and profitability, says Invacare's Mal Mixon. The key to success today is focusing on key strategies to be "best in class." **PAGE 9**



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New Round 1 rates paint unclear picture

In Riverside, E1390 will go from \$122.90 to \$88.02 per month

BY LIZ BEAULIEU, Editor

BALTIMORE — The average reduction in reimbursement for the Round 1 re-compete (37%) doesn't appear much worse than Round 1 (32%), but it's not that cut and dry, HME industry stakeholders say.

It's only when you dive into some of the top codes within each product category and each competitive bidding area (CBA) that you get a true picture of the impact of the new reimbursement, they say.

"The overall 37% figure can be deceiving," said Kim Brummett, senior director of regulatory affairs for AAHomecare. "Pro-



K. Brummett

viders need to look at, what is the discount for each product that I do in each area that I'm in?"

For oxygen concentrators (E1390), for example, reimbursement in the Riverside, Calif., CBA will go from \$122.90 per month (Round 1) to \$88.02 per month (Round 1 re-compete) on Jan. 1, about a 28% reduction. On the other hand, CPAP devices (E0261) will go from \$82 to \$69.81, about a 15% reduction. Both are in the respiratory product category, which came in at, on average, a 40% reduction.

Further complicating any comparisons: The product categories involved in each round aren't the same. General HME, for example, includes everything from com-modes to hospital beds to TENS devices.

RE-COMPETE SEE PAGE 34



Drive-in business

An 87-year-old woman crashed her Lexus through the front window of Allstar Medical Supply in Concord, Calif., recently. The driver had apparently confused the gas and brake pedals. No one was harmed, but the car took out a handful of lift chairs and walkers before coming to a halt when it hit a bathtub on the opposite wall. All told, the damages, including replacement of carpet and flooring, totaled about \$30,000, owner Mike Kuller told HME News.

Invacare initiates recall

BY LIZ BEAULIEU, Editor

ELYRIA, Ohio — Invacare has a big ask for HME providers.

On Oct. 2, Invacare sent providers a packet of information on a widespread recall of certain joysticks and driver controls on power wheelchairs manufactured between Oct. 1, 2006, and March 21, 2013. The ask: Using the provided serial numbers, identify customers who received wheelchairs with these products, remove them and swap them out for new ones.

"We know a lot is being asked of our provider customers," said Lara Mahoney, director of investor relations and corporate

RECALL SEE PAGE 34

TWO BANKRUPTCIES, TWO OUTCOMES

Rotech prepares to execute

BY THERESA FLAHERTY, Managing Editor

ROTECH HEALTHCARE emerged from Chapter 11 bankruptcy Sept. 27, and it isn't looking back.

The Orlando, Fla.-based company plans to evolve with the industry, says CEO Steve Alsene.

"Reimbursement and continued qualification of patients is more

complicated," he said. "That takes a lot of coordination and additional work nowadays. We are making sure we are good and tight, and making sure we get reimbursed for the services we provide."

Under the reorganization plan, approved in August, Rotech reduced its debt from about \$600 million to just under \$300 million. Its annual cash interest payments

were reduced from \$60 million to \$20 million.

Rotech also secured \$358 million in financing from Wells Fargo to further pay down its remaining debt and fund ongoing business operations, Alsene says.

"This give us the time and resources to go after acquisitions and execute plans without the

ROTECH SEE PAGE 16

'A house of cards' at The Scooter Store

BY ELIZABETH DEPREY, Associate Editor

NEW BRAUNFELS, Texas — Being shut out from Rounds 1 and 2 of competitive bidding was the last straw for the nation's largest mobility provider.

The Scooter Store announced

Sept. 13 that CMS's decision to terminate its contracts

for Round 1 and exclude the provider from Round 2 "effectively eliminated the company's ability to consummate a sale out of its Chapter 11 bankruptcy case," forcing it

What's TSS's legacy?
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to close.

"They built a big house, but it turned out to be made of cards," said Bob Leonard, an analyst with The Braff Group. "When you're advertising on TV 'This will be

SCOOTER SEE PAGE 23