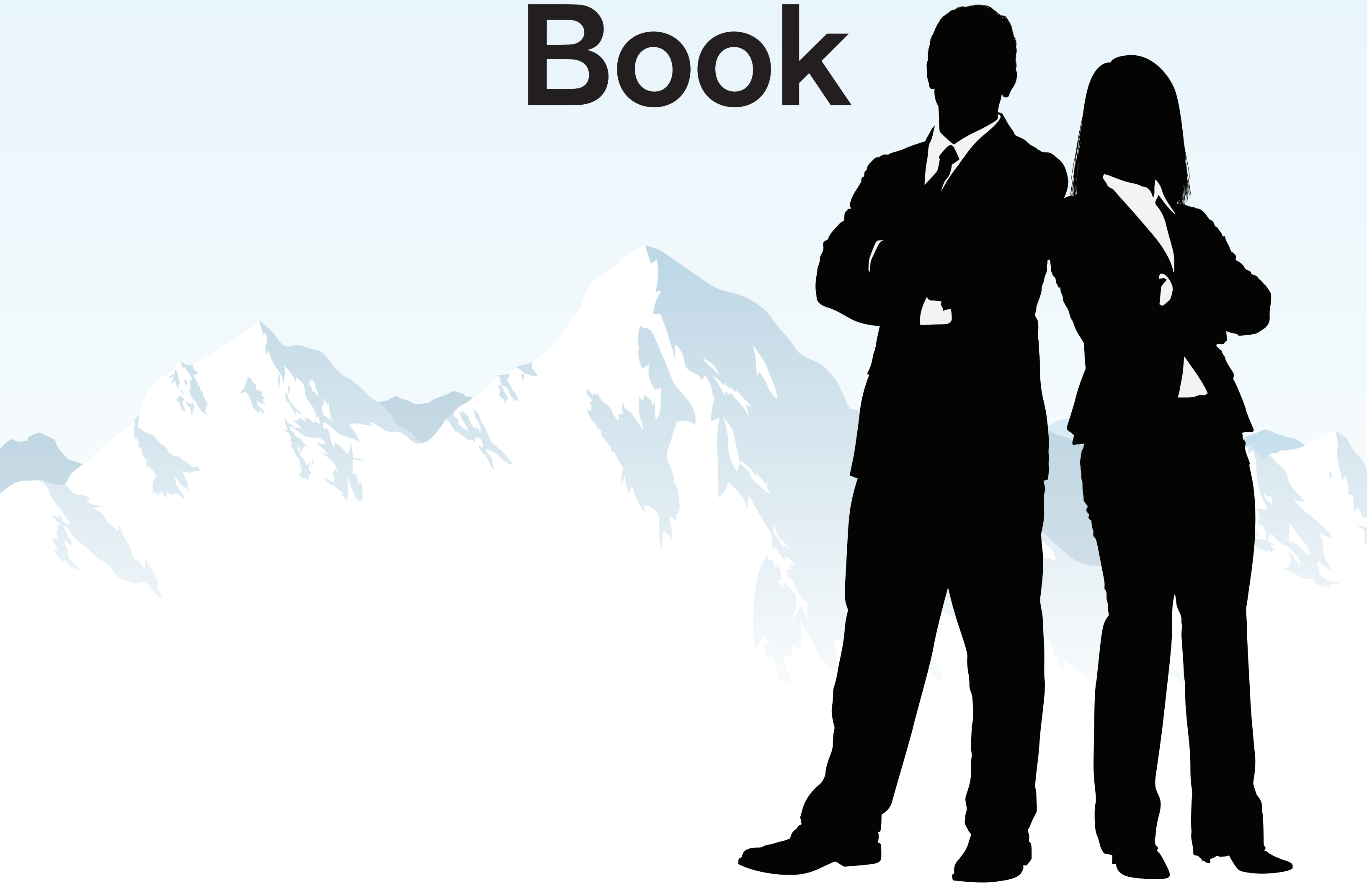
HME News

BUSINESS SUMMIT

September 16-18, 2018 • The DeSoto • Savannah, Ga.

Conference Book



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CONNECTING THE HME INDUSTRY

Welcome to the 14th annual HME News Business Summit in Savannah!

Innovation: a new method, idea, product.

You'll find all that and more in this year's educational lineup for the HME News Business Summit.

A new method: A hybrid business model that gives both manufacturers and providers skin in the game, yet tweaks their roles to maximize cost savings.

A new idea: A healthcare continuum that places the patient at the center of care where they are most often, in the home.

A new product: A growing group of patient engagement tools that serve the dual purpose of improving your business and patient care.

Visiting speaker Jacob Warren, a rural healthcare expert, believes innovation, in the form of technologies like remote patient monitoring and mHealth, is the key to not only taking good care of patients in rural areas, but also fueling successful businesses in those areas.

As is the Summit way, we've also put M&A front and center, with The Braff Group providing a market outlook and a panel of providers making the case for why they're buying.

Additionally, we'll be putting industry icons Jeff Baird and Cara Bachenheimer in the hot seat to answer all your questions—and we're guessing most of them will be competitive-bidding related.

Finally, speaker Justin Racine will be taking on the elephant in the room: Amazon.

The Summit will show you how you can inject innovation into your business today. Thank you for joining us!

Liz Beaulieu
Editor
HME News

Rick Rector
Publisher
HME News

HME News BUSINESS SUMMIT

Welcome to Savannah

CONFERENCE LOCATION:

The DeSoto Savannah
15 E Liberty
Savannah, GA 31401
www.thedesotosavannah.com

Overlooking Madison Square in the heart of Savannah's Historic District, The DeSoto is a treasured landmark blending the elegance, history, and charm of one of America's oldest cities with a generous dash of modern Southern hospitality. Warm smiles from long-tenured staff, a museum-worthy lobby art gallery showcasing the Savannah College of Art & Design, imaginative cocktails at Edgar's Proof & Provision, and farm-fresh ingredients at 1540 Room – The DeSoto is a Savannah experience to be savored and celebrated.

REGISTRATION:

Sunday, Sept. 16 4:00 PM - 6:00 PM
Monday, Sept. 17 7:30 AM - 4:00 PM
Tuesday, Sept. 18 8:00 AM - 10:00 AM

BADGES:

All attendees are required to be registered and must wear their name badges for access to all conference activities.

CONFERENCE CONTACT:

Rick Rector
cell: 207-831-5705

NETWORKING EVENTS:

Welcome Gathering:
Sunday, September 16, 5:30 to 7:00 PM

Take time to relax and meet other attendees after you sign in at the Summit registration desk. Head over to Harborview Room on the 15th Floor of the DeSoto where there will be light hors d'oeuvres and drinks. https://www.thedesotosavannah.com/

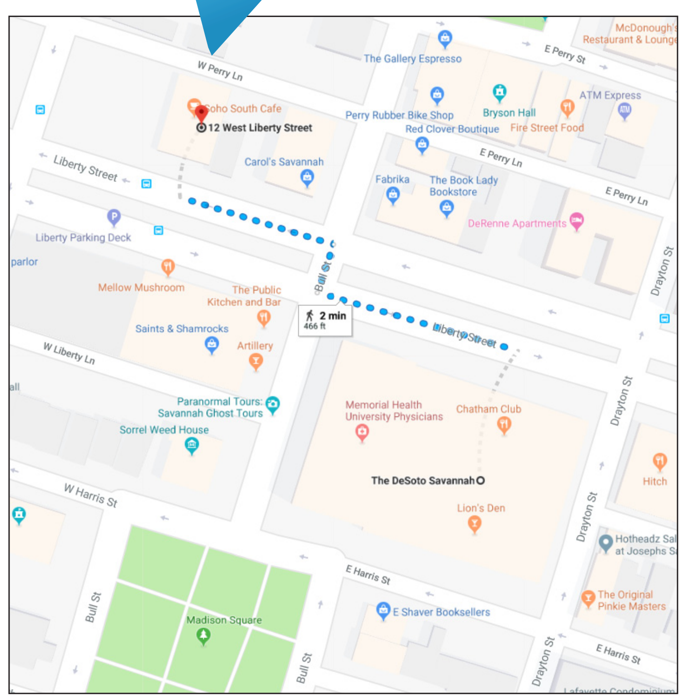
NETWORKING EVENTS, *continued*:

Networking Reception:
Monday, September 17th, 5:30 to 7:00 PM

Join us at the Soho South, just a short walk from the hotel. You'll enjoy drinks and hors d'oeuvres while networking with your peers. Soho South is located in the heart of Historic Downtown Savannah, appropriately named after the iconic New York City neighborhood for its proximity to nearby shops and entertainment venues.

Don't miss the presentation of the 2018 HME Excellence Awards during the reception!

Soho South Café
12 W. Liberty St.
Savannah, GA 31401
www.sohosouthcafe.com



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2018 CONFERENCE SCHEDULE

Sunday, Sept. 16

4:00 - 6:00 PM ....Registration

5:30 - 7:00 PM ....Welcome gathering

Monday, Sept. 17

7:30 AM - 4:00 PM ....Registration

7:30 - 8:30 AM ....Continental breakfast

8:30 - 9:30 AM ....Post-acute care: Forecasting the future

9:30 - 10:30 AM ....M&A: The market outlook

10:30 - 10:45 AM ....Beverage Break

10:45 - 11:15 AM ....Street Talk Workshops, Part 1

11:15 AM - 12:15 PM ....Remote patient care models: The wave of the future

12:15 - 1:15 PM ....Networking lunch

1:15 - 2:15 PM ....In the hot seat: Jeffrey Baird & Cara Bachenheimer

2:15 - 2:45 PM ....Street Talk Workshops, Part 2

2:45 - 3:00 PM ....Snack break

3:00 - 4:00 PM ....Patient engagement tools: All they're cracked up to be

5:30 - 7:30 PM ....Networking reception at Soho South Café

Tuesday, Sept. 18

8:00 - 10:00 AM ....Registration

8:00 - 9:00 AM ....Continental breakfast

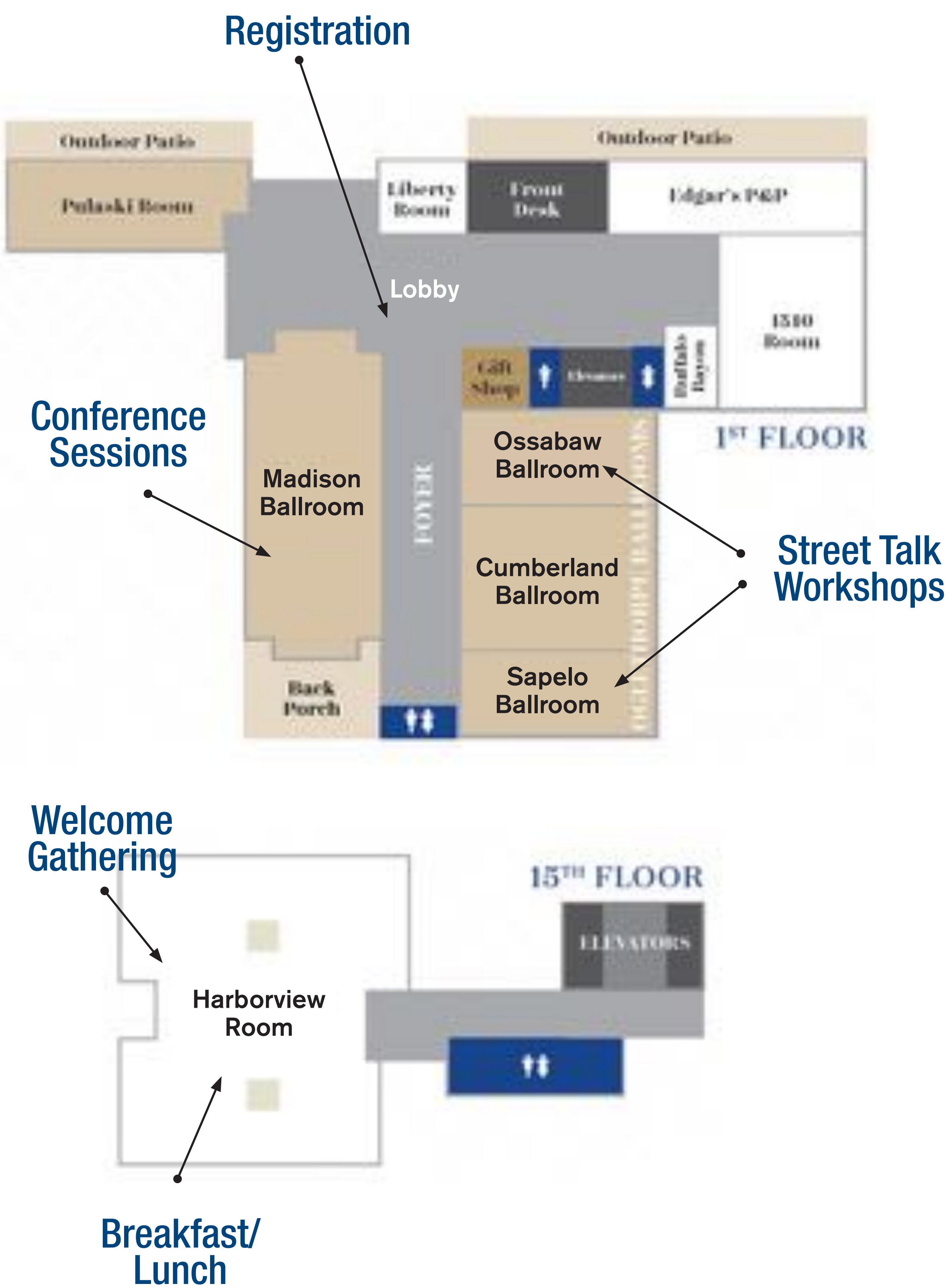
9:00 - 10:00 AM ....Rural health care: Where technology and home care must meet

10:00 - 11:00 AM ....M&A: The case for buying

11:00 - 11:15 AM ....Beverage break

11:15 AM - 12:15 PM ....The competition: The anti-Amazon approach to beating Amazon

12:15 - 1:15 PM......................................Working lunch: 12th annual HME News/VGM Group Financial Benchmarking Survey


Registration
Outdoor Patio
Pulaski Room
Outdoor Patio
Liberty Room
Front Desk
Edgar's P&P
Lobby
Gift Shop
1ST FLOOR
Conference Sessions
Madison Ballroom
FOYER
Ossabaw Ballroom
Cumberland Ballroom
Sapelo Ballroom
Street Talk Workshops
Back Porch
Welcome Gathering
15TH FLOOR
ELEVATORS
Harborview Room
Breakfast/ Lunch

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EDUCATIONAL PROGRAM : MONDAY, SEPT. 17

8:30 - 9:30 AM | Post-acute care: Forecasting the future

The future of health care is in the home. Guiding care to the home drives significant savings, improves clinical outcomes, and increases patient satisfaction. Unfortunately, the crucial role that is played by homecare providers is often poorly understood. In this session, Steve Wogen will discuss:

- The evolving market for post-acute care: How health plans, particularly those with high concentrations of Medicare members, are realizing common failure points in our current system
- The vision for a new healthcare continuum that places the patient at the center of care where they are most often: at home
- The role that forward-thinking homecare providers can play in architecting the future of care at home

Presenter: Steve Wogen, chief growth officer, CareCentrix

9:30 - 10:30 AM | M&A: The market outlook

The keepers of "The Braff Group M&A Insider" in HME News are at the Summit this year to provide a detailed view of the market, not only for HME but also for ancillary markets and health care at large. TBG has no shortage of data points: It tracks trends in everything from transactions to debt capacity to private equity investment. They'll discuss those trends, as well as which sectors are hot, which sectors are not, and most importantly, why M&A in HME may be making a comeback.

Presenters: Dexter Braff, president, The Braff Group; Pat Clifford, managing director, The Braff Group

10:45 - 11:15 AM | Street Talk Workshops: Part 1

Our annual Street Talk Workshops provide some of the best networking opportunities in the industry. Attendees divide into two groups and, led by an industry expert, discuss their thoughts and experiences on certain topics. Are you kicking around an idea and wondering if it's going to fly? This is the place to get feedback. Street Talk is simple: It's provider helping provider and, in the opinion of past Summit attendees, it doesn't get any better than that.

Industry experts:

Jennifer Leon, vice president, Brightree Patient Collections – Patient collections: What works and what doesn't.

Sarah Hanna, CEO and founder, ECS North – Employee engagement: Why you shouldn't ignore this key to improved business outcomes.

11:15 AM - 12:15 PM | Remote patient care models: The wave of the future

HME providers, for the most part, have not swayed from the traditional business model of buying equipment from manufacturers and delivering it to patients in their homes. But more recently, a number of providers have explored another model—a hybrid that gives both them and manufacturers skin in the game, yet tweaks their roles to maximize cost savings. We've assembled a panel to discuss a virtual delivery program for CPAPs and oxygen concentrators and why this model may be the wave of the future.

Moderator: Liz Beaulieu, editor, HME News

Panelists: Todd Usher, co-founder Home Oxygen Company; Don Davis, president, Duckridge Advisors; Anthony Ross, senior marketing manager, New Business Solutions, Philips Sleep and Respiratory Care

EDUCATIONAL PROGRAM : MONDAY, SEPT. 17 (*CONTINUED*)

1:15 - 2:15 PM | In the hot seat: Jeff Baird & Cara Bachenheimer

Sure, Jeff Baird and Cara Bachenheimer are familiar faces on the industry's conference circuit, but they've never made themselves both available for a one-hour long Q&A. Jeff and Cara will be at the Summit this year, prepared to answer your burning questions regarding the latest on Medicare's competitive bidding program, the challenges resulting from the growth of state Medicaid managed care plans, the climate at CMS and on Capitol Hill, and the opportunities and obstacles surrounding HME provider-hospital collaborations. Get your questions ready for this no-holds barred discussion.

Moderator: Liz Beaulieu, editor, HME News
Presenters: Jeffrey Baird, chairperson, Health Care Group, Brown & Fortunato; Cara Bachenheimer, chairperson, Government Affairs Practice, Brown & Fortunato

2:15 - 2:45 PM | Street Talk Workshops: Part 2

Our annual Street Talk Workshops provide some of the best networking opportunities in the industry. Attendees divide into two groups and, led by an industry expert, discuss their thoughts and experiences on certain topics. Are you kicking around an idea and wondering if it's going to fly? This is the place to get feedback. Street Talk is simple: It's provider helping provider and, in the opinion of past Summit attendees, it doesn't get any better than that.

Industry experts:
Jennifer Leon, vice president, Brightree Patient Collections – Patient collections: What works and what doesn't.
Sarah Hanna, CEO and founder, ECS North – Employee engagement: Why you shouldn't ignore this key to improved business outcomes.

3:00 - 4:00 PM | Patient engagement tools: All they're cracked up to be

Patient engagement is a top trend for health care in 2018. Patient engagement tools have been targeted as keys to, among other things, value-based care and health outcomes. But what about for HME? We've assembled this panel to talk about how the trend of patient engagement is impacting the development of tools specifically for HME. Who is driving their use? How are these tools influencing care? What's next in this space? You'll come away from this session seeing patient engagement as more than just buzz.

Moderator: Gary Sheehan, president and CEO, Cape Medical Supply
Panelists: Amy Cook, director, connected devices, ResMed; Robert Barker, director of product management, New Business Solutions, Philips Sleep and Respiratory Care; Jay Doherty, OTR, ATP/SMS, director of clinical education, Quantum Rehab

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EDUCATIONAL PROGRAM : TUESDAY, SEPT. 18

9:00 - 10:00 AM | Rural health care: Where technology and home care must meet

Rural communities are historically underserved by the medical community, with residents there facing everything from lack of available providers to limited access to healthcare equipment and services. Complicating issues: Rural residents also face higher rates of several conditions, including diabetes. Many of these conditions, however, are highly suited to home-based care, presenting unique opportunities for companies willing to stay in or enter this marketplace. What's more, the remarkable recent growth and expansion of telemedicine, remote patient monitoring and mHealth have made caring for rural residents more efficient and economical. In this session, Dr. Jacob Warren will discuss the:

- status of and dynamics surrounding rural health
- evolving solutions to address rural health challenges
- ongoing technological needs in rural health
- ways in which the evolving healthcare system and marketplace will affect rural populations in particular
- future directions in rural health

Specific emphasis will be placed on opportunities for home-based care.

Presenter: Dr. Jacob C. Warren, PhD, MBA, Rufus C. Harris Endowed Chair at Mercer University School of Medicine, and director of the Center for Rural Health and Health Disparities

10:00 - 11:00 AM | M&A: The case for buying

Analysts have predicted that 2018 will be an active year for M&A in the HME industry—a trend driven not necessarily by the nationals but by smaller and regional players. We've assembled a panel of four providers that differ in size, geography and product mix to tell us how and why, despite numerous industry challenges, they're buying.

Moderator: Bradley Smith, managing director and partner, Vertess
Panelists: John Cassar, CEO, SuperCare Health; Erik Mickelson, CEO, Howard's Medical Supply; Andrew Amoth, corporate development manager, Aeroflow Healthcare; Alan Rudy, CEO, Good Night Medical

11:15 AM - 12:15 PM | The competition: The anti-Amazon approach to beating Amazon

So many healthcare businesses are obsessed with the "Amazon effect." And with good reason: the giant e-tailer has made a number of moves in the healthcare space, including teaming up with JP Morgan Chase and Berkshire Hathaway on a yet-to-be disclosed initiative, securing approval as a wholesale distributor in numerous states and offering a Prime discount for Medicaid recipients. But where others see the apocalypse, Justin Racine sees opportunity. In this session, you will learn the "anti-Amazon" approach and how, by leveraging your unique experience and knowledge to create something it could never replicate, you can keep the e-tailer's hands off your customers.

Speaker: Justin Racine, director of marketing and eCommerce, Geriatric Medical

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EDUCATIONAL PROGRAM : TUESDAY, SEPT. 18 (*CONTINUED*)

12:15 - 1:15 PM | Working lunch: 12th annual HME News/VGM Group Financial Benchmarking Survey

Each year, hundreds of HME providers participate in this one-of-a-kind survey to see how they stack up against their peers in everything from net revenues to DSO to employee expenses. What do the numbers look like for 2017? The results will be revealed during this session. New this year: We've teamed up with the VGM Group to increase the sample size for the survey and, as a result, make the data more meaningful. VGM's Mark Higley will also be at the Summit to analyze the results with long-time presenter Rick Glass.

Presenters: Mark Higley, vice president of regulatory affairs, VGM Group; Rick Glass, president and founder, Steven Richards & Associates

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PROGRAMMERS

Liz Beaulieu

Liz Beaulieu is editor of HME News. She has covered the HME industry for 12 years. Prior to joining HME News, she worked for business newspapers covering the security and IT industries, and a weekly newspaper in Kennebunk, Maine. Liz has a bachelor's degree in journalism from the University of Maine and a master's degree in creative nonfiction writing from the University of New Hampshire.

Rick Rector

Rick Rector is president of United Publications, Inc. and publisher of HME News, Security Systems News and Home Health Technology News. He joined the company in 2000. His journalism career has spanned over 30 years and included positions as publisher for media across diverse industries including gardening and small farming, seafood, IT support, gourmet retail food, call centers, fitness clubs and healthcare. He is a founder and former chairman of the Maine Venture Fund, the venture capital fund of the State of Maine. In addition he was a founder and former executive director of the POPTECH conference, an annual conference exploring the impact of technology on people and society. Currently, Mr. Rector serves on the boards of the Points North Institute and the Maine Center for Public Interest Reporting.

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SPEAKERS

Andrew Amoth

Andrew Amoth is Corporate Development Manager at Aeroflow Healthcare, a national DME provider. In his role, he oversees strategic partnership development and subcontracting services. He has six years of experience in medical equipment and pharmaceutical sales, key account development, new business development, and establishing long-term partnerships. Andrew joined Aeroflow in 2012 as an Inside Sales Representative, and has also served as Outside Sales Representative. He studied at the University of South Carolina-Columbia, and resides in Asheville, N.C.

Cara C. Bachenheimer

Well respected in the HME and CRT industries, Cara C. Bachenheimer is an attorney, lobbyist and expert on legislative and regulatory matters related to Medicare, Medicaid and other third-party payment programs. For 30 years, she has shown her commitment to the HME and CRT industries working closely with CMS, the Food and Drug Administration (FDA), and other federal agencies. Cara has also been directly involved with developing federal legislative initiatives designed to ensure access to HME and CRT technologies, lobbying Congress, running political action committees (PACs), managing national coalitions, testifying before federal regulatory agencies and Congress, and working closely with federal agencies that impact consumers and businesses. She has held multiple leadership positions in industry associations such as the American Association for Homecare (AAH), the National Coalition for Assistive & Rehab Technology (NCART), and the Health Industry Distributors Association (HIDA), as well as with national consumer organizations such as the United Spinal Association and Paralyzed Veterans of America. Her award highlights include “Home Care Champion” by the American Association for Homecare, HME News’ “Top 10 Most Influential People in the Industry,” and the “Home Care Caring” award by Home Care Magazine.

Jeffrey S. Baird, Esq.

Jeffrey S. Baird, Esq., is Chairperson of the Health Care Group at Brown & Fortunato, P.C., a law firm based in Amarillo, Texas. Mr. Baird represents pharmacies, HME companies and other health care providers throughout the United States. He works closely with governmental agencies. Mr. Baird has authored numerous articles and is a frequent lecturer throughout the country. He serves on the Medtrade Education Advisory Board and the AAHomecare Regulatory Council. Mr. Baird earned a B.B.A. from the University of Iowa and received his law degree from the University of Tulsa College of Law. Mr. Baird is Board Certified in Health Law by the Texas Board of Legal Specialization.

HME News BUSINESS SUMMIT

SPEAKERS

Robert Barker

Robert Barker is Director of Product Management, New Business Solutions, Philips Sleep and Respiratory Care. As Director of Product Management, Bob leads strategy and roadmap implementation for Philips patient management and patient engagement cloud and web-based applications within the New Business Solutions segment. While leading an extensive team of software engineers, product managers, and analysts, Bob specializes in understanding macro market trends, customer needs and competitive strategies, navigating roadmaps of features that address these needs, and working with customers to help adopt and use Philips offerings. Bob was the lead product manager launching Philips Encore Anywhere patient data management system and oversaw its early growth phase. Since then, he has moved on to be a part of and lead teams responsible for many of Philips innovative solutions such as DreamMapper, Encore Pro, Encore Basic, Care Orchestrator and, most recently Care Orchestrator Essence. Bob holds a Degree in Computer and Electrical Engineering from Carnegie Mellon, followed by 25 years of experience in product management, marketing, technology leadership, and entrepreneurship, largely related to enterprise and cloud-based software applications.

Dexter W. Braff, MBA

Dexter W. Braff is President of The Braff Group, one of the nation's leading health care merger and acquisition advisory firms (source: Thomson Reuters). Since its founding in 1998, the firm has completed more than 300 health care deals. With 30 years of experience representing health care service companies, Dexter is recognized as the industry expert in health care M&A. He has written and contributed to feature articles that have appeared in numerous health care industry publications and has written a chapter in the Handbook of Business Valuation published by John Wiley & Sons. He is frequently interviewed on various topics regarding health care mergers and acquisitions by news outlets, including Bloomberg News, CNBC, USA Today, The Huffington Post, The Palm Beach Times, and numerous health care sector journals. Additionally, the firm is the publisher of marketWATCH, a quarterly review of mergers and acquisitions activity in six industry segments: Behavioral Health Care, Health Care Information Technology, Home Health and Hospice, Pharmacy Services, Urgent Care, and Home Medical Equipment. Dexter has presented seminars, webinars, moderated discussion panels, and has been the keynote speaker on various issues regarding health care mergers and acquisitions and finance at conferences across the country. He was recently inducted into The Home Care and Hospice Financial Managers Association Hall of Fame as "deal-maker extraordinaire." Dexter holds an MBA from the University of Pittsburgh, a Master of Science from the University of Oregon, a Bachelors of Arts from Cornell University, and received the Vincent W. Lanfear Award for academic achievement.

John Cassar

John Cassar was appointed CEO of SuperCare Health in 2008. In addition to executive leadership, John has responsibility for the overall strategic direction, vision, planning, budgeting and resource development across all SuperCare Health divisions. Prior to SuperCare Health, John founded and managed SleepWell America, and Golden Care Living, where management services were provided for assisted living facilities. John is a member of the Board of Directors at CAMPS and on the Respiratory Therapy Council of AAHomecare. In 2017, John developed the first COPD IRB study in the U.S. as an HME provider, demonstrating savings of over 85% of all cause readmissions, using both a high-tech and high-touch approach. SuperCare Health has 20-plus locations throughout California, with both capitation and fee for service, that help manage 1.2 million lives. John attended American College in Paris, and holds a Bachelor's Degree in Finance from Loyola Marymount University.

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SPEAKERS

Pat Clifford, MBA

Pat Clifford has more than 25 years of experience in the health care industry, M&A, and private equity transactions. As a Managing Director with The Braff Group, Pat is responsible for Home Medical Equipment, Home Health & Hospice Services, and Urgent Care Centers. Pat joined The Braff Group following his affiliation with Durandal, a Chicago-based diversified management company focused on private equity acquisitions of family-owned businesses. As Vice President of Business Development for Allscripts, Pat was responsible for acquisitions and strategic joint ventures. As a regional Director of Operations for Foster Medical, he was responsible for the integration of newly acquired home health care companies. Pat has a Bachelor of Science in Finance from the University of Illinois and holds an MBA from The University of Chicago Booth School of Business.

Amy Cook

Amy Cook serves as Director of Connected Devices for ResMed, focused on driving the company's portfolio of cloud connected medical devices. In 2014, ResMed embedded cell chips into its bedside CPAP devices, changing the game of CPAP therapy. Since joining the company in 2012, Amy has been integral in helping ResMed develop and roll out its associated suite of connected health IT services and platforms that have pushed it outside the realm of medical device manufacturer to a company leading the race in connected care. Today, the company leads the world in connected devices with more than 4 million chronic disease patients remotely monitored each month. Amy has 15-plus years experience as a product leader in medical device and SaaS businesses, and is passionate about the opportunity to leverage data-driven insights to deliver better health outcomes and care. She graduated with a BS in optics and an MBA in marketing from the University of Rochester.

Don Davis

Don Davis is president of Duckridge Advisors, a boutique merger and acquisition advisory firm. Duckridge Advisors specializes in the HME industry, designing unique and targeted strategies to achieve maximum returns for each client. Don has more than three decades of M&A experience, raising nearly $1 billion for companies over his career and advising on significant acquisitions across multiple industries on four continents. He has served as the CFO of a billion dollar multinational firm, as well as successful HME-based startups. Don is a graduate of Duquesne University and a certified public accountant.

Jay Doherty, OTR, ATP/SMS

Jay has 23 years of experience working in the field of assistive technology with a concentration on complex rehab. Jay earned his ATP and SMS certifications through RESNA. Throughout his career he has worked in both rehabilitation and assistive technology environments with both adults and children. Jay's current role as director of clinical education with Quantum Rehab is to provide direction and leadership to the Quantum field sales team in clinical education and development of the field reps. He also develops and presents a variety of educational courses and ensures the Quantum Rehab field sales staff are educated on products and their benefits.

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SPEAKERS

Rick Glass

Rick Glass is the founder and president of Steven Richards & Associates, Inc. and has negotiated the sale of more than 200 HME/respiratory businesses since 1994. In addition to transactional experience in the HME and pharmacy industries, Rick has founded and operated businesses in a number of healthcare industry sectors. He has extensive experience in developing strategic growth plans, and implementing systems and controls to increase operating profits. Previously, Rick served as a senior manager with Arthur Andersen for seven years, providing financial services to a wide variety of businesses. He has a comprehensive knowledge of business acquisitions and divestitures and their tax consequences. Rick holds a Bachelor of Science from Miami University in Oxford, Ohio, and is a certified public accountant.

Sarah Hanna

Sarah Hanna is the CEO and founder of ECS North, and has over 25 years of experience in the healthcare industry, owning and operating a successful, independent HME, respiratory, infusion and home health company for nine years before focusing on the consulting, training and speaking responsibilities for ECS North full-time. Sarah is a nationally recognized speaker and consultant on corporate operations, leadership, workflow assessment and revenue cycle management. She uses her knowledge and experience to conduct training seminars and personal client consultations throughout the United States. Additionally, Sarah provides information on staffing and reporting mechanisms for corporate success. Her company, ECS North, provides business consulting services, training and healthcare revenue cycle management coast to coast. The ECS North client list ranges from small independent providers to large health systems.

Mark Higley

Mark Higley is Vice President of Regulatory Affairs of the VGM Group, with responsibilities including corporate business development, market research and industry analysis. His current projects include analysis of governmental, regulatory and compliance issues affecting the DMEPOS industry, including national competitive bidding, health care reform, and other current home medical equipment provider concerns. He sits on the AAHomecare Regulatory Council, on the board of the Healthcare Quality Association on Accreditation (HQAA), and is a regular speaker/panelist/consultant at numerous HME industry events. Mark received his master's of business administration in marketing research from the University of Iowa, and earned undergraduate degrees in Finance and Economics. Prior to his 1998 employment with VGM, Mark held a variety of executive positions with the Arena Football League in Chicago, and as a financial analyst with Deere & Company, Moline, Ill.

Jennifer Leon

Jennifer Leon is the Vice President for Brightree Patient Collections. She is responsible for customer relationship management and operations with a focus on assisting providers in upfront collections among a customer base of more than 800. Jennifer serves on the Medtrade Education Advisory Council, has contributed to industry publications, and is often found on the speaking circuit at national and state shows. Jennifer is an avid photographer, a two-time cancer survivor and in her spare time she enjoys spending time with her children Ava and Max and husband Chris where they reside in Olathe, Kan.

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SPEAKERS

Erik Mickelson

Erik started Howard's Medical Supply in 2004 when he wanted to move home to Yakima, Wash., from Denver. Little did he know what he was getting himself into. Over the next 14 years, Howard's Medical Supply added three locations, bought three other medical suppliers, became an ATP, and currently employs more than 50 team members. Howard's Medical Supply is a rural-based, full-service medical supply company servicing central Washington. One of our secrets to staying in business during the last few years has been staying debt free and not outrunning our coverage. Erik graduated from the University of Washington where he met his wife on the cross-country team. She currently is also on the executive team and runs the rehab department at Howard's Medical Supply. In Erik's spare time, he is the head coach of the Sun City Harrier track and cross-country team, which has more than 100 athletes and sent 38 kids to the national cross-country meet in Tallahassee, Fla., in 2017. If Erik is not at work or coaching, you will find him backpacking somewhere in the Cascade Mountains with his wife, four kids and Chesapeake Bay Retriever.

Justin Racine

Justin Racine is the Director of Marketing & eCommerce for Geriatric Medical, a 73-year-old leading medical supply distributor. In this role, Justin oversees and drives innovative marketing and eCommerce strategies that allow Geriatric Medical to achieve optimal growth and customer retention. As a frequent nationally featured speaker, Justin has spoken alongside branding and marketing professionals from The Weather Channel, DELL, JP Morgan and Investopedia, among others. Justin is considered one of the top ranking marketing professionals within the B2B space and recently was published in the Henry Stewart Publication – Journal of Brand Strategy Volume 6.3. Prior to joining Geriatric Medical, Justin spent four years with Invacare Supply Group on their marketing and eCommerce team.

Anthony Ross

Over the past eight years, Tony has specialized in marketing software and services to the HME industry as a Senior Marketing Manager on the New Business Solutions team at Philips Sleep and Respiratory Care. During that time, Tony helped introduce solutions such as EncoreAnywhere, DreamMapper and Patient Adherence Management Services (PAMS) to the market. Overall, Tony has been with Philips Respironics for 19 years and has worked in a number of different roles that have helped him learn how to provide solutions that can improve business efficiencies for HME providers. In his free time, Tony enjoys spending time with his wife and two young children, trying to play golf, and watching Pittsburgh sports.

HME News BUSINESS SUMMIT

SPEAKERS

Alan Rudy

Alan Rudy is CEO of Good Night Medical. He started the Columbus, Ohio-based company in 2013, with the goal of consolidating the HME industry. He has grown Good Night Medical to about $16 million a year in revenues, with an emphasis on leveraging technology to reduce operating costs and pinch points in a very inefficient industry. Rudy's career in health care spans 20 years and also includes starting Express-Med, a mail-order medical supply business that grew to the second largest company in that product category and the largest privately held company in that category in the country. Another of his companies grew from $7 million to more than $1 billion in revenues and is now a division of CVS. Over his career, he and his companies have been named to the Inc. 500, the Fast 50 in Ohio and the Weatherhead 100. Rudy has a B.S. degree in Chemical Engineering from the Massachusetts Institute of Technology, and a J.D. from the Case Western Reserve University School of Law and an M.B.A. from the Case Western Reserve Weatherhead School of Management.

Gary Sheehan

Mr. Sheehan is the President and Chief Executive Officer of Cape Medical Supply. In this role, he oversees all operations of Cape Medical Supply with particular focus areas of strategic planning and partnerships, government affairs, mergers and acquisitions, and on maintaining the highest service levels possible. In addition to his role at Cape Medical Supply, Mr. Sheehan also serves in the following capacities: The Cooperative Bank of Cape Cod, Board of Directors; Brightree, Executive Advisory Board; Home Medical Equipment and Services Association of New England (HOMES), Board Member, Past Board Chairman. Previous board positions included; Chairman of the Board Cape Cod Chamber of Commerce; Co-Founder and Co-Chairman of the Board, Cape Cod Young Professionals; Board Member, Cape & Islands United Way. Mr. Sheehan also provides consulting expertise to numerous analysts and financial services corporations on the home medical equipment and home respiratory care industry and is frequently quoted in industry publications, the local media and has spoken at national conventions, to groups of investing professionals, and to federal and state legislators on the state of affairs in the home medical equipment and respiratory care industry. Mr. Sheehan is a graduate of Boston College and earned his MBA from Suffolk University; he lives in West Barnstable with his wife and son.

Bradley M. Smith ATP, CMAA

For more than 15 years I have held a number of significant executive positions, including founding Lone Star Scooters, which offered medical equipment and franchise opportunities across the country; Lone Star Bio Medical, a diversified DME, pharmacy and home health care company; and BMS Consulting, where I provided strategic analysis and M+A intermediary services to executives in the healthcare industry. At Vertess, I am a Managing Director and Partner with considerable expertise in DME, urgent care, home health care, hospice, pharmacy, medical devices, and related healthcare verticals.

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SPEAKERS

Todd Usher

Todd Usher is co-founder of Home Oxygen Company, LLC, a full-service medical equipment company in central California. Home Oxygen Company specializes in portable oxygen technology and has expanded its service offering as market demands change. Todd has more than two decades of HME experience, working for small independent, large regional and national providers, as well as manufacturers. He worked in multiple capacities at those companies before starting Home Oxygen Company with his wife, Andrea Ewert.

Dr. Jacob C. Warren, PhD, MBA

Dr. Jacob Warren is a behavioral epidemiologist in the Mercer University School of Medicine, where he serves as the Rufus C. Harris Endowed Chair and Director of the Center for Rural Health and Health Disparities (an NIH Center of Excellence). Dr. Warren specializes in the development of innovative approaches to improve health status and health outcomes in health disparity populations, with a particular focus on rural residents. Dr. Warren has Bachelors degrees in mathematics and biology and a Masters of Business Administration from Georgia Southern University, and a PhD in Epidemiology from the University of Miami School of Medicine. He has published two books on rural health issues, published more than 50 peer-reviewed journal articles and book chapters, and received more than $10 million in grants to support his research. Dr. Warren is a Section Councilor for the Medical Care Section of the American Public Health Association, serves as a Health Equity Ambassador for the American Psychological Association, and was named the 2016 Researcher of the Year by the National Rural Health Association.

Steve Wogen

Steve Wogen brings more than 20 years of experience in healthcare leadership to CareCentrix. As Chief Growth Officer, he is responsible for medical economics, new product development and the HomeSTAR program. Steve comes to CareCentrix from Express Scripts, formerly Medco Health Solutions, where he was the SVP/GM for Prescription Drug Plan and Retiree Solutions, and led the integration of the companies' retiree business lines. He led the launch of Medco's Prescription Drug Plan and employer sponsored retiree products, which he grew to a $4 billion business; and became CFO of the Retiree Division and directed the cross-functional team responsible for launch of Medco's Medicaid strategy and operational model. Previously, Steve was Regional Director of Medical Economics at Cigna. Steve holds a bachelor's degree in economics and medical ethics from Davidson College in Davidson, N.C., and a master's in health administration from the Medical College of Virginia, in Richmond, Va. He has published and presented his work on electronic prescribing, the value of pharmaceuticals in care management, Medicare Part D and efficiency in healthcare delivery.

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Philips is a leading health technology company focused on improving people's lives across the health continuum – from healthy living and prevention, to diagnosis, treatment and home care. Applying advanced technologies and deep clinical and consumer insights, Philips delivers integrated solutions that improve people's health and enable better outcomes. Partnering with its customers, Philips seeks to transform how healthcare is delivered and experienced.

When it comes to Sleep and Respiratory Care, we believe that effective treatment empowers patients to rediscover their dreams and to have the freedom to live a fulfilling life by restoring their ability to breathe comfortably - as breathing is intended to be. Our technologies and solutions can help patients to embrace their condition in order to help them in their goals to regain control, feel human again. Our innovations also support recovery and chronic care at home and connect extended care teams seamlessly, to give our healthcare partners and your patients the confidence and peace of mind that they're always getting the care they need.

As a global leader in Sleep Diagnostic and Therapy solutions, we are passionate about providing patient-driven designed products that help patients lead healthy lives and, for providers, solutions designed to increase patient adoption, long-term use and enhanced efficiencies that help them attend to patient's needs.

Like you, we want people to be healthy, live well and enjoy life. We are a technology company that cares about people. We listen, discover and challenge, to deliver meaningful innovation to people with one consistent belief – there's always a way to make life better.

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ResMed (NYSE: RMD, ASX: RMD), a world-leading connected health company with more than 5 million cloud-connected devices for daily remote patient monitoring, changes lives with every breath. Its award-winning devices and software solutions help treat and manage sleep apnea, chronic obstructive pulmonary disease and other respiratory conditions. Its 6,000-member team strives to improve patients' quality of life, reduce the impact of chronic disease and save healthcare costs in more than 120 countries.

Our mission is to change 20 million lives by 2020. We're proud to make equipment and connected health solutions that give those with sleep apnea, COPD and other respiratory diseases the gift of breath.

Our aim is to deliver life-changing products and connected health solutions to patients worldwide with sleep apnea or other respiratory conditions, and to spread awareness about these conditions and treatments.

Our objective is two-fold:

1. Provide life-changing diagnoses and treatments to patients with sleep apnea, COPD and other respiratory diseases; and
2. Enable remote and self-monitoring via our therapy devices to improve patients' experiences, outcomes and health, as well as clinicians' patient management efficiency.

More than 4 million ResMed devices are cloud-connected, sharing actionable data with clinicians and patients themselves to improve their therapy experience, adherence and overall health.

Brightree

Brightree, a wholly owned subsidiary of ResMed (NYSE: RMD, ASX: RMD), is the leading provider of cloud-based software to improve clinical and business performance of post-acute care companies. Ranked one of the top 100 health care IT companies in the U.S., Brightree serves more than 2,200 organizations in the HME, home health, hospice, orthotic and prosthetic, HME pharmacy, home infusion, and rehabilitation home care segments. For more information, visit **www.brightree.com** or call 1.888.598.7797.

Fisher & Paykel

Fisher & Paykel Healthcare is a leading designer, manufacturer and marketer of products and systems for use in respiratory care, acute care, surgery and the treatment of obstructive sleep apnea. Our medical devices and technologies are designed to help patients transition to less acute care settings, help them recover quicker and assist them to avoid more acute conditions. We are a global business, based in 35 countries and selling into 120. Since the 1970s, we have focused on continuous improvement and innovation in the development of world-leading medical devices and technologies, and today, our products are considered leaders in their respective fields. **www.fphcare.com**

TIMS Software

TIMS Software, developed by Computers Unlimited, provides comprehensive and integrated Business Management Software for HME providers. TIMS offers rules-based, revenue-qualifying Patient Intake including Workflow and Document Management. New products include mobile applications for Order Fulfillment and Delivery. Going paperless has never been easier with patient signature capture and proof of delivery. Other features include Denial and A/R Collections Worklists, Purchasing and Receiving, eDrop Shipping, Asset Tracking, Inventory Management, Business Intelligence, and so much more. For more information about Computers Unlimited's products and services, visit **www.TIMSsoftware.com/Medical** or call 406-255-9500.

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Mark your calendars, Oct 15 - Oct 17, and join the HME industry in Atlanta for Medtrade, the US's largest home medical equipment tradeshow of 2018! You'll find hundreds of exhibitors, thousands of products, and four days of networking opportunities. Collaborate with peers and industry experts, cultivate new ideas, and innovate your business! Join the conversation and connect with us on Facebook or Twitter today. Register at **www.medtrade.com.**

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Presentations

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Post-Acute Care: Forecasting the Future

Steve Wogen
Chief Growth Officer, CareCentrix

September 2018

Agenda

1. The case for care at home
2. Challenges and barriers
3. Preparing for the future

Care at Home | Eliminating $100B+ of waste

By improving care coordination and reducing unnecessary acute care

HOSPITAL	POST-ACUTE	HOME
Avoid high-cost care	**Manage days & stays**	**Coordinate & prevent**
20 – 30% of hospitalizations	20 – 40% of SNF stays	25% of readmissions
60 – 70% of ER usage	>20% of patients can go “Home First”	~50% have an unmet ADL need

Financial Value | The financial value of home-based care is well-established

Cost Savings of Early Home Health Care Following Hospitalization

COPD	$5,453 – $10,725
Diabetes	$6,120 – $9,441
CHF	$4,588 – $8,010

1. http://pyramidhhs.com/index.php/employment/164-post-hospitalization-home-health-care-saves-medicare-billions-reduces-hospital-readmission-rate.html
2. Impact of Home Health Care on Health Care Resource Utilization Following Hospital Discharge: A Cohort Study. Xiao, Roy et al. The American Journal of Medicine , Volume 131 , Issue 4 , 395 - 407.e35

Clinical Value

Clinical results often surpass in-facility care

"We observed significant financial and clinical benefits associated with hospital discharge to home with home health care relative to discharge home with "self-care"… home health care was associated with a mean savings of $6433 per patient and **significantly reduced the rate of readmission and death**."

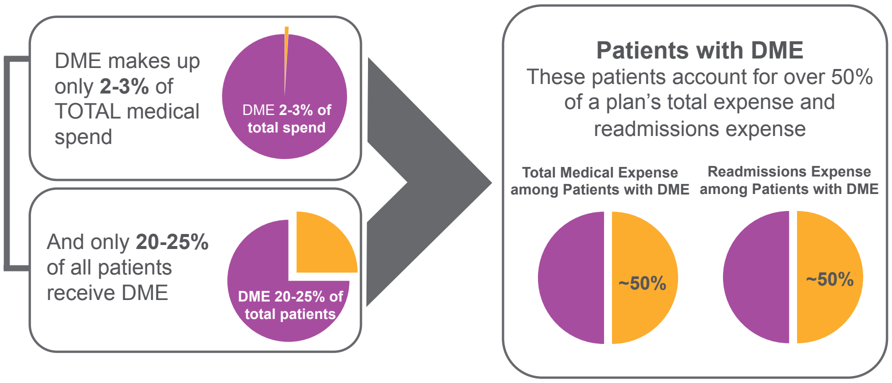
"The use of inpatient rehabilitation [for knee replacement] compared with a monitored home-based program did not improve mobility at 26 weeks after surgery."

1. Impact of Home Health Care on Health Care Resource Utilization Following Hospital Discharge: A Cohort Study. Xiao, Roy et al. The American Journal of Medicine , Volume 131 , Issue 4 , 395 - 407.e35
2. *Study findings: JAMA.* 2017 Mar 14;317(10):1037-46. doi: 10.1001/jama.2017.1224

Patient Perspective

"The ache for home lives in all of us."
Maya Angelou

Home Medical Equipment | Indicator of overall health and spend

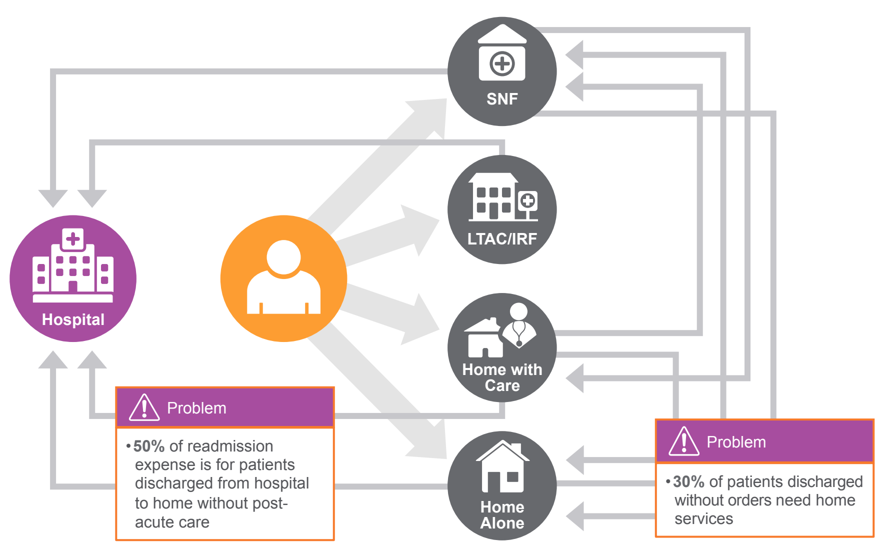


Medicare Advantage patients who receive DME are above-average users of health care -
With over $20K-$30K in annual expense

DME | Non-DME

Note: Spend estimates represent a Medicare Advantage population, based on CareCentrix's experience

Post-Discharge | Chaotic, confusing, and wasteful



Internal CareCentrix analysis

“Home Alone” | Barriers: Right order, right patient, right time

Home Alone

Up to 30%
of patients who are discharged with no support would benefit from home services

Common Barriers for Home Services

- Provider & Discharge Planner lack of knowledge
- Who writes the orders? (e.g., MD, NP, PA)
- Lack of communication, coordination, transition chaos
- Little time to review care and discharge plans

1. Major communication gaps between doctors, home health care nurses revealed, July 19, 2017, University of Colorado Anschutz Medical Campus
2. Lisa Rappaport, Many doctors don’t pay attention to home health care plans, Reuters Health News, sourced from Annals of Internal Medicine, online April 2, 2018

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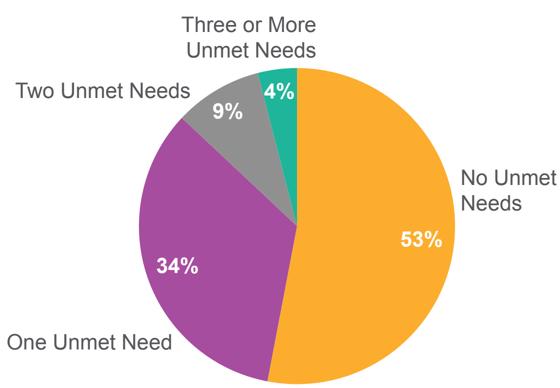
Unmet Needs | Managing the “last mile”

Almost ½ of Medicare beneficiaries struggle with Activities of Daily Living



Special Consideration Needed For:

- Transportation needs
- Nutritional care
- Language barriers

1. Willink, Amber, and Eva H DuGoff. “Integrating Medical and Nonmedical Services — The Promise and Pitfalls of the CHRONIC Care Act.” *New England Journal of Medicine* , 7 June 2018, pp. 2153–2155.

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Solving for Home | Leading Change

CMS Supplemental Benefit Coverage

Examples – NOT a Complete List

- **In-home Support Services**
- **Transportation**
- **Home-based Palliative Care**
- **Home and Bathroom Safety Modifications**
- **Support for Caregivers of Enrollees**

Patient Engagement | Patients themselves can be barriers

Up to 28%
of patients who are eligible for home health actually ***refuse*** to take advantage of these benefits

Most Common Reasons for Refusal:

- Managing at the moment
- Invasion of privacy
- Care recipient does not want services
- Don't feel help is needed
- Services do not meet their needs
- Do not know about services
- Cost (co-pay in private insurance)
- Previous negative experience
- Fear of the unknown

1. *"I Can Take Care of Myself!"* – Patients' Refusals of Home Health Care Services, *A Report from a Roundtable Sponsored by United Hospital Fund and the Alliance for Home Health Quality and Innovation. 05/15/2017*

Driving Change | Actionable NOW

Recommendation 1

Unify our voices

We must have a a stronger, more compelling voice among physicians, providers, payers, government, and patients.

Together, we amplify our critical role in the future of healthcare.

Recommendation 2

Enhance reputation

We must consistently work together to showcase the essential roles of home health and HME.

We must also continue to use leading analytics to reduce the small number of bad actors in our industry.

Recommendation 3

Demonstrate value

We must use data and analysis to prove the tenets of value-based care, and push for new, fair reimbursement mechanisms that recognize our role in improved outcomes.

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Education, Engagement | Enhancing our collective brand

Among Physicians.
Improve the knowledge on the value of home services. Remove administrative barriers.

Among Payers.
Influence plan design limits that reduce access. Modify payment modalities.

With the Government.
Advocate for studies on the value of home services. Defend reimbursement.

Among Patients.
Help ensure that no patient goes “home alone” if they would benefit from home services.

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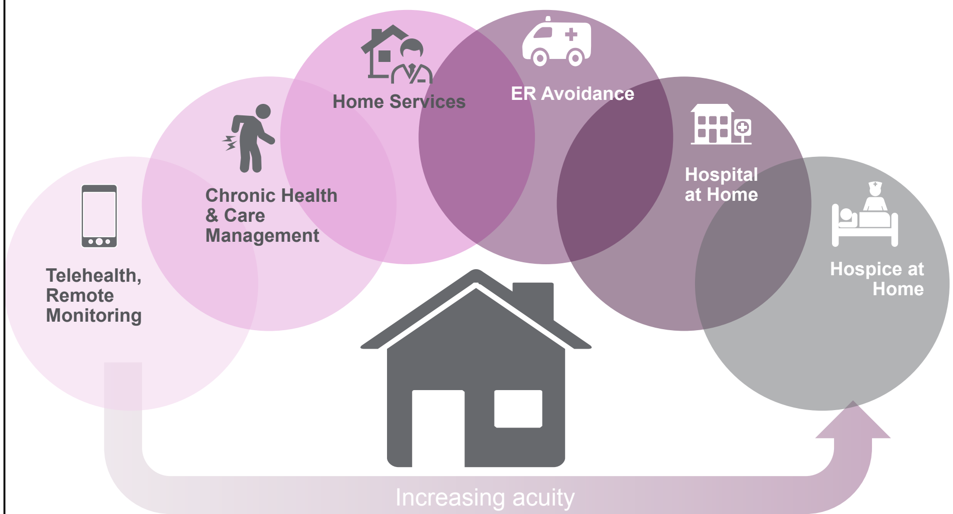
Future of Care at Home | Are you ready?



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Continuous Evolution | The Future of Care is in the Home

	EPISODIC to CONTINUOUS	SINGULAR to MULTIDIRECTIONAL	GENERIC to SPECIFIC
TODAY	• Low frequency • Acute-focused • Brick and mortar	• Doctor → Patient • Single thread care plan • Point accountability	• “One size” fits all • Information silos • Point in time
TOMORROW	• Continuous, connected • Virtual, on demand • Synchronous, site-agnostic	• Informed consumers, engaged caregivers • Accountable, team-based • Bi-directional, interoperable	• Scalable, dynamic, N=1 • Humanized patient experience • Informed interventions

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Must-Haves | Preparing for the future

Technology How are you connected to patients, plans, and other providers?	**Patient Engagement** What do patients really want and need?	**Education** For all stakeholders in the evolving market
Partnerships With payers, hospitals, physician groups	**Alternative Payment Methods**	**Innovation** Wearables? Phone apps? Gamification?

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QUESTIONS?

Full details on CareCentrix and our approach to care at home

Visit:
www.carecentrix.com/presentation-resources

Speaker info

Steve Wogen
Chief Growth Officer
Stephen.Wogen@CareCentrix.com

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M&A: The Market Outlook

Presented by The Braff Group

Macro Trends

Macro Economic Conditions

- **Record breaking stock market activity** has buoyed investor confidence, increased trading currency, and expanded opportunities to capture arbitrage at higher purchase price valuations.
- It is estimated that PE is sitting on a record **$820B in "dry-powder,"** increasing the pressure to complete—and compete for—attractive assets.
- Excluding financial companies, the S&P 500 constituents' **aggregate cash balances have doubled** since 2006, standing at $1.5 trillion at the end of 2016.
- **Lower corporate tax rates and repatriation of cash** will add to these reserves.
- **Interest rates remain comparatively low** and **covenants are becoming less restrictive**. Accordingly, private equity has ample opportunity to engineer healthy returns even while total purchase price multiples rise.
- Modest growth in GDP has forced many companies to turn to **acquisitions to drive growth** vs. what can be achieved organically.
- With **low levels of IPO activity**, companies must increasingly turn to the private markets and M&A for investment capital and/or liquidity.

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Middle Market Deal Trends

Source: Thomson Reuters

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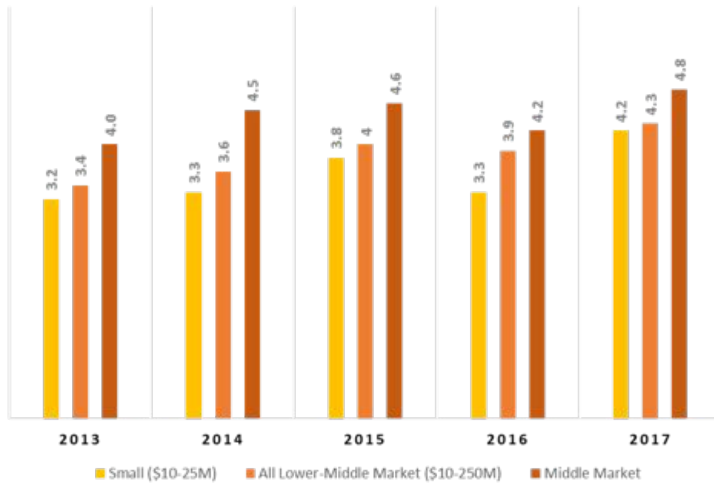
Debt Capacity Trends



Source: GF Data; PitchBook

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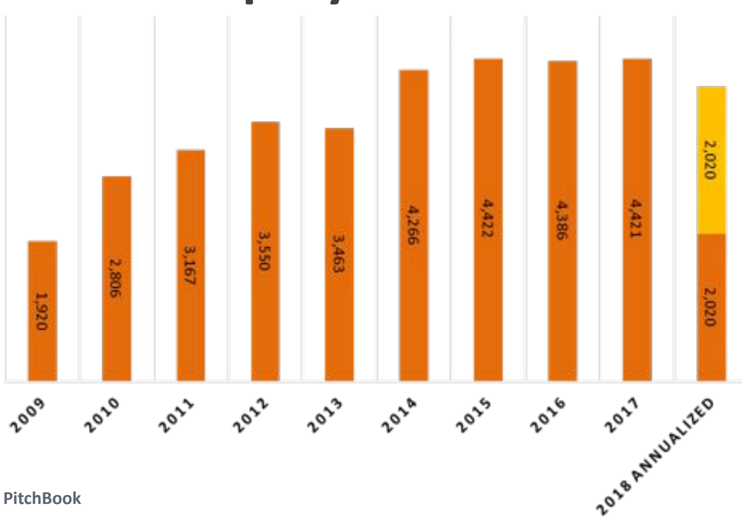
US Private Equity Deal Trends



Source: PitchBook

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Health Care Conditions

- Although "repeal and replace" initiatives have created uncertainty in the health care market, anticipated opportunities far outweigh the incremental risk.
- Penalties for rehospitalization favor pre- and post-acute services.
- Center for Medicare and Medicaid Innovations and Alternative Payment Models
  - Accountable Care Organizations
  - Bundling
  - Medicare Advantage At Risk Capitation
  - Goal: 50% of all Medicare payments delivered under APMs by end of 2019
  - **Shift to**
    - **The Right Care**
    - **The Right Patient**
    - **The Right Setting**
    - **The Right Time**

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Macro Market - Single Discipline

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From Macro Market Single Discipline to Micro Market Multi-Discipline

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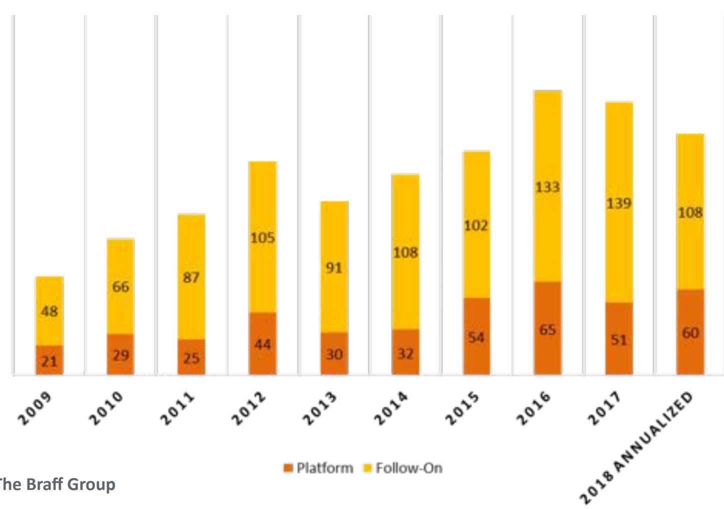
Health Care Services PE Trends



Source: The Braff Group

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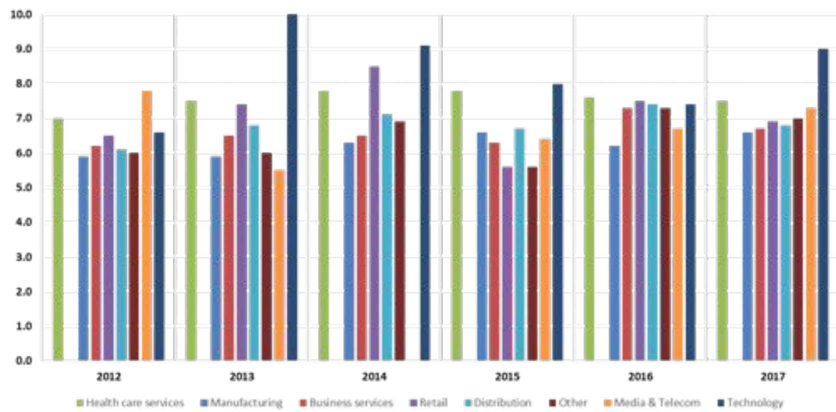
EBITDA Multiple Trends by Sector



Source: GF Data

THE MULTIPLE FORMULA AND HME

$$m = \frac{1}{(r - g)}$$

m Valuation Multiple

r Required Rate of Return

g Perpetual Growth

THE MULTIPLE FORMULA AND HME

$$m = \frac{1}{(r - g)}$$

Compared to any time in
the last 30 plus years,
where is r in HME?

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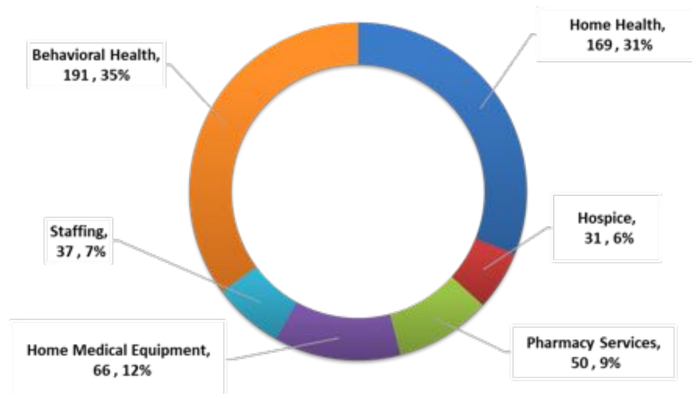
Proprietary Market Research

Health Care Services Deals by Sector*



Source: The Braff Group

* Trailing six quarters

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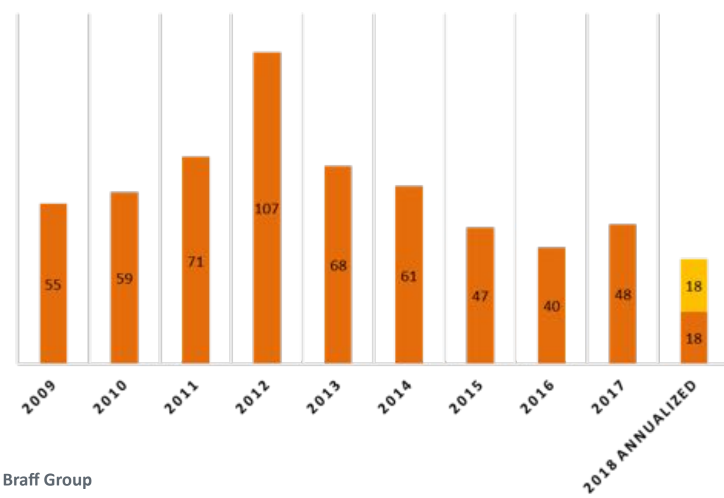
Home Medical Equipment Deal Trends



Source: The Braff Group

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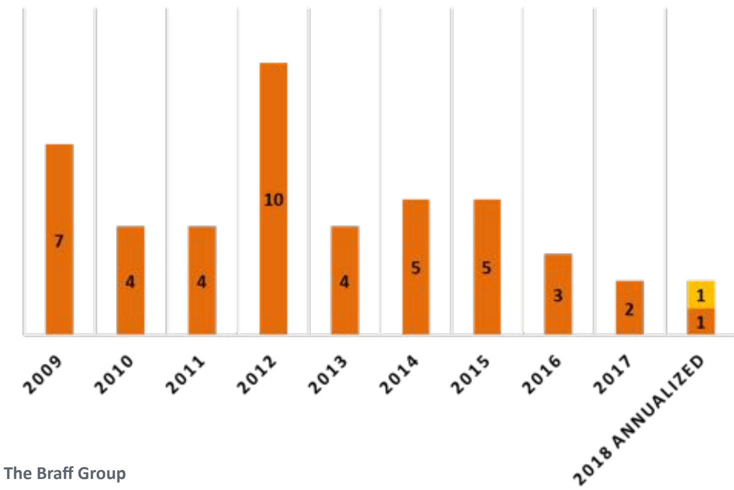
PE Investment in HME Trends



Source: The Braff Group

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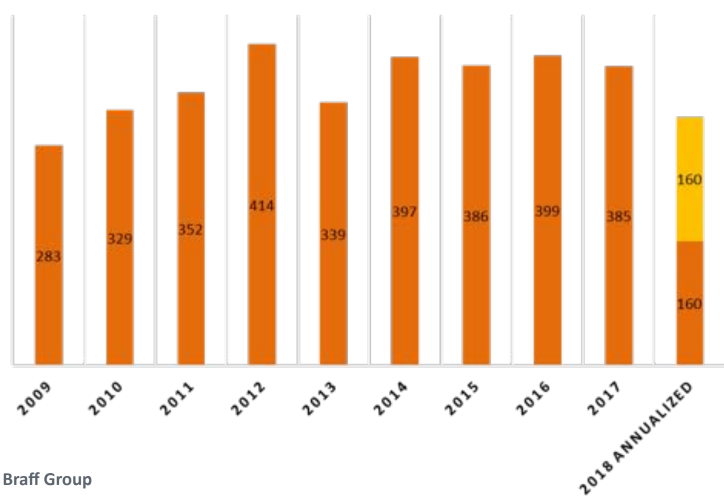
Health Care Services Deal Trends



Source: The Braff Group

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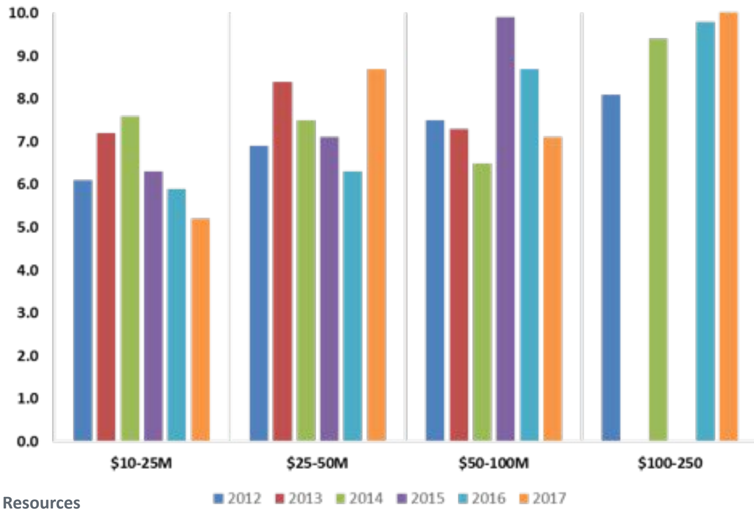
Health Care EBITDA Multiples by Size



Source: GF Resources

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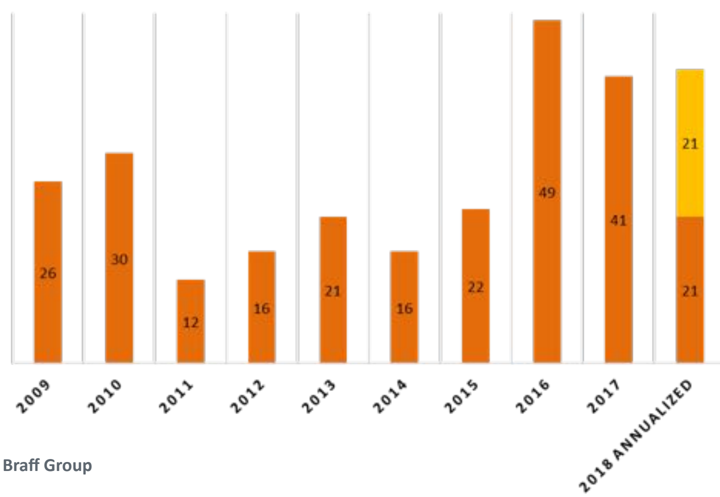
Private Duty Deal Trends



Source: The Braff Group

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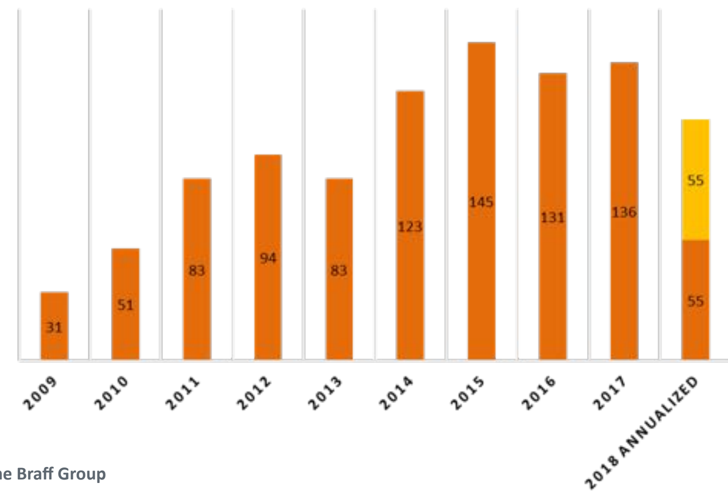
Behavioral Health Deal Trends



Source: The Braff Group

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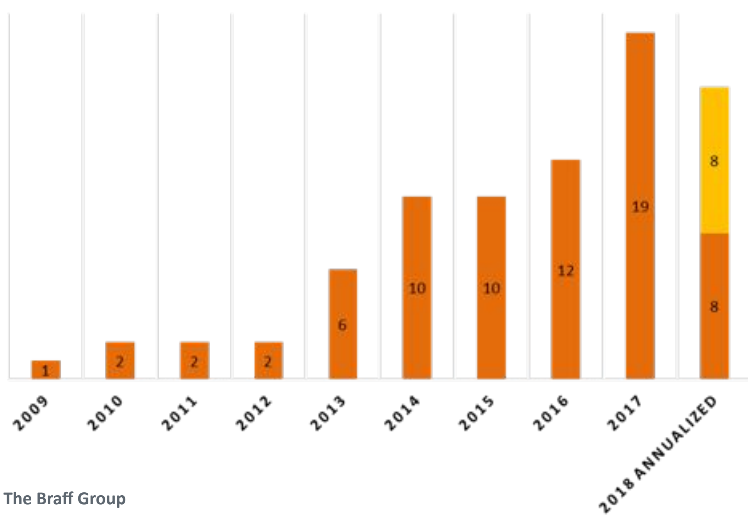
Autism Services Deal Trends



Source: The Braff Group

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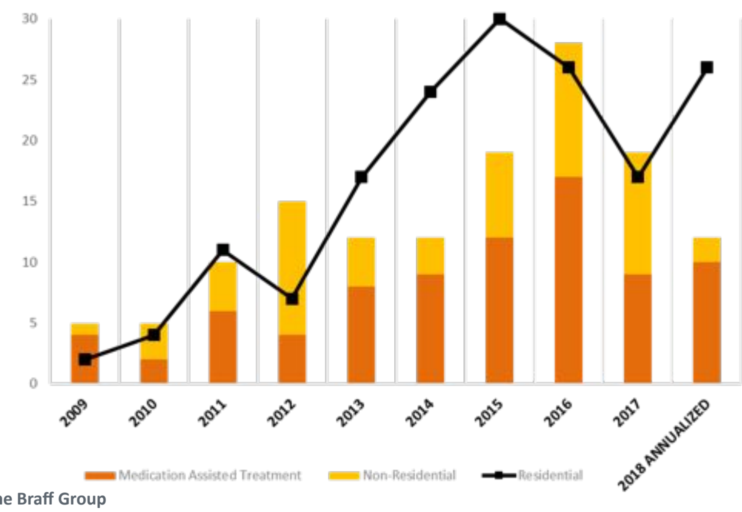
Substance Use Disorder Deal Trends



Source: The Braff Group

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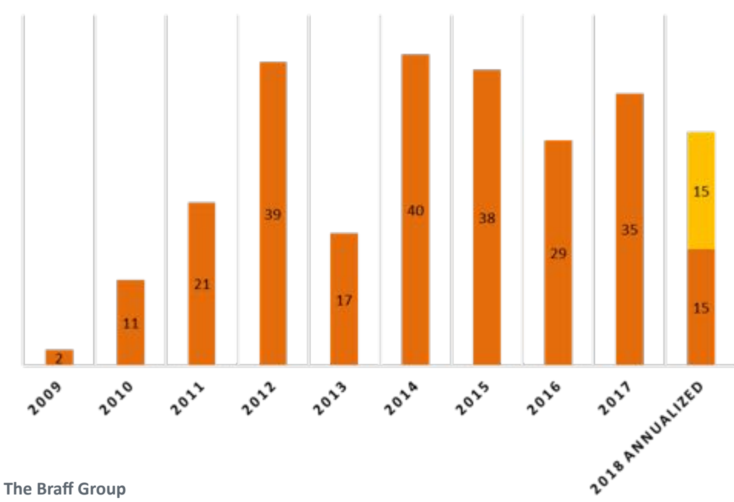
Mental Health Deal Trends



Source: The Braff Group

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Adjacencies

- Transactions “one degree of separation” from the base
  - Takes advantage of active spaces with less direct exposure to reimbursement and other issues that can impact them greatly.
  - Frequently occur as consolidation strategies and options mature.
  - Can take advantage of existing sales channels.
  - Provides for new growth prongs.
- Examples?
- Predictions?

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What’s Next? Factors and Impacts

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Remote patient care models: The wave of the future

HME providers, for the most part, have not swayed from the traditional business model of buying equipment from manufacturers and delivering it to patients in their homes. But more recently, a number of providers have explored another model—a hybrid that gives both them and manufacturers skin in the game, yet tweaks their roles to maximize cost savings. We've assembled a panel of providers that are participating in a virtual delivery program for CPAP and oxygen concentrators with Philips Respironics to discuss why they think this model is the wave of the future.

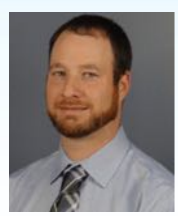
HME News
BUSINESS SUMMIT

Moderator: Liz Beaulieu, editor, HME News

Panelists:

Todd Usher, co-founder, Home Oxygen Company

Don Davis, president, Duckridge Advisors



Anthony Ross, sr. mktg. manager, New Business Solutions, Philips Sleep and Respiratory

HME News Business Summit

In the hot seat: Jeff Baird & Cara Bachenheimer

Sure, Jeff Baird and Cara Bachenheimer are familiar faces on the industry's conference circuit, but they've never made themselves both available for a one-hour long Q&A. Jeff and Cara are prepared to answer your burning questions regarding the latest on Medicare's competitive bidding program, the challenges resulting from the growth of state Medicaid managed care plans, the climate at CMS and on Capitol Hill, and the opportunities and obstacles surrounding HME provider-hospital collaborations. Get your questions ready for this no-holds barred discussion.

HME News Business Summit

Moderator: Liz Beaulieu, editor, HME News

Presenters:

Jeffrey Baird,
chairperson,
Health Care Group,
Brown & Fortunato

Cara Bachenheimer,
chairperson,
Government Affairs Practice,
Brown & Fortunato

September 16-18, 2018 www.hmesummit.com

Patient Engagement

Application in HME in 2018 and Beyond

HME Business Summit
September 17, 2018
Savannah, GA

Your Panel

Moderator:

- Gary Sheehan, CEO Cape Medical Supply

Panel:

- Amy Cook, Director of Connected Devices, ResMed
- Robert Barker, Director of Product Management, New Business Solutions, Philips Sleep and Respiratory Care
- Jay Doherty, OTR, ATP/SMS, Director of Clinical Education, Quantum Rehab

Defining Patient Engagement

Via HIMSS:

- *Providers and patients working together to improve health. A patient's greater engagement in healthcare contributes to improved health outcomes, and information technologies can support engagement.*
- *Patients want to be engaged in their healthcare decision-making process, and those who are engaged as decision-makers in their care tend to be healthier and have better outcomes.*

HME News
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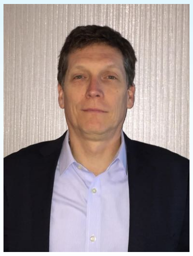

Robert Barker	Amy Cook	Jay Doherty
Philips	ResMed	Quantum

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Questions?

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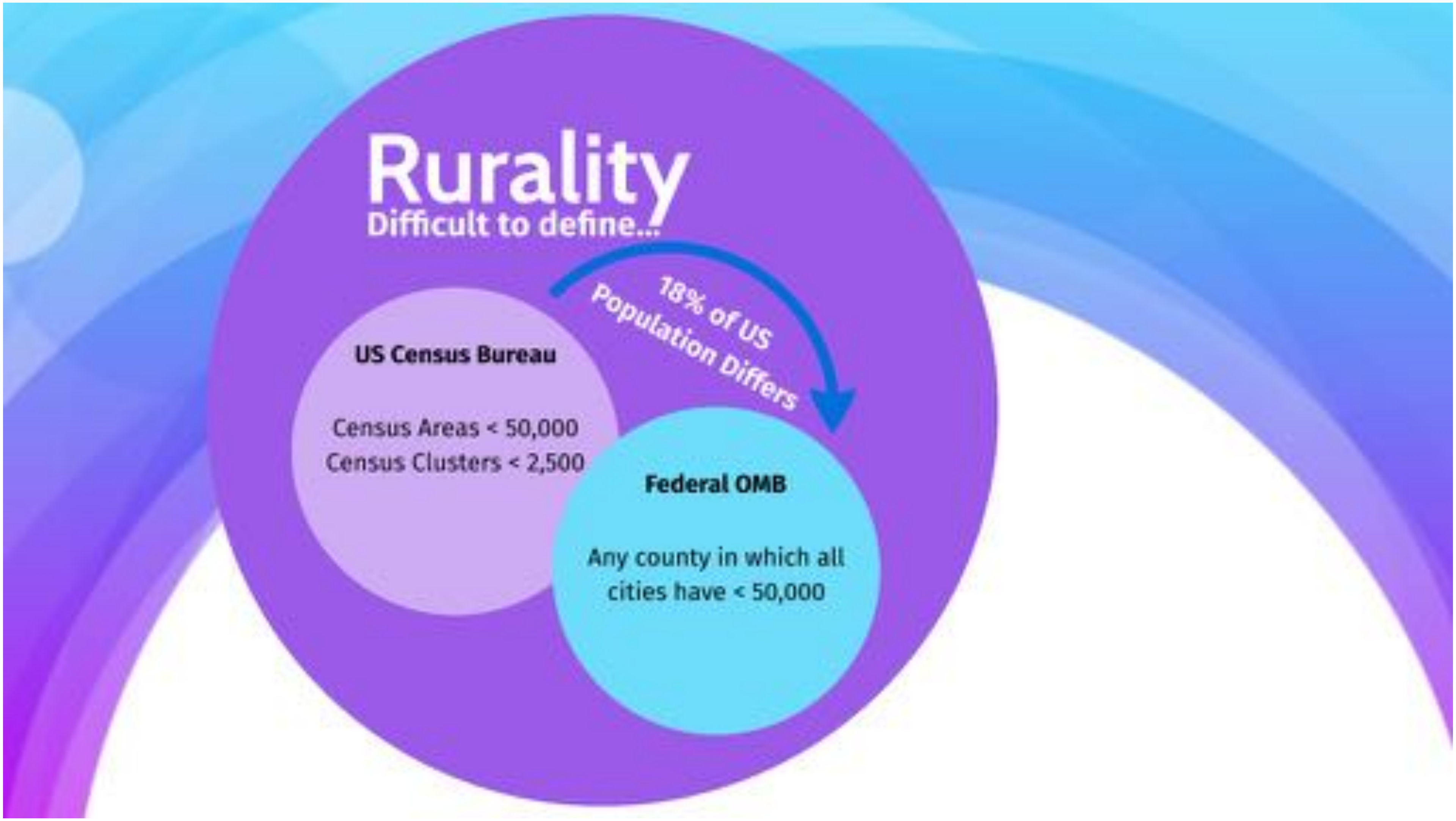
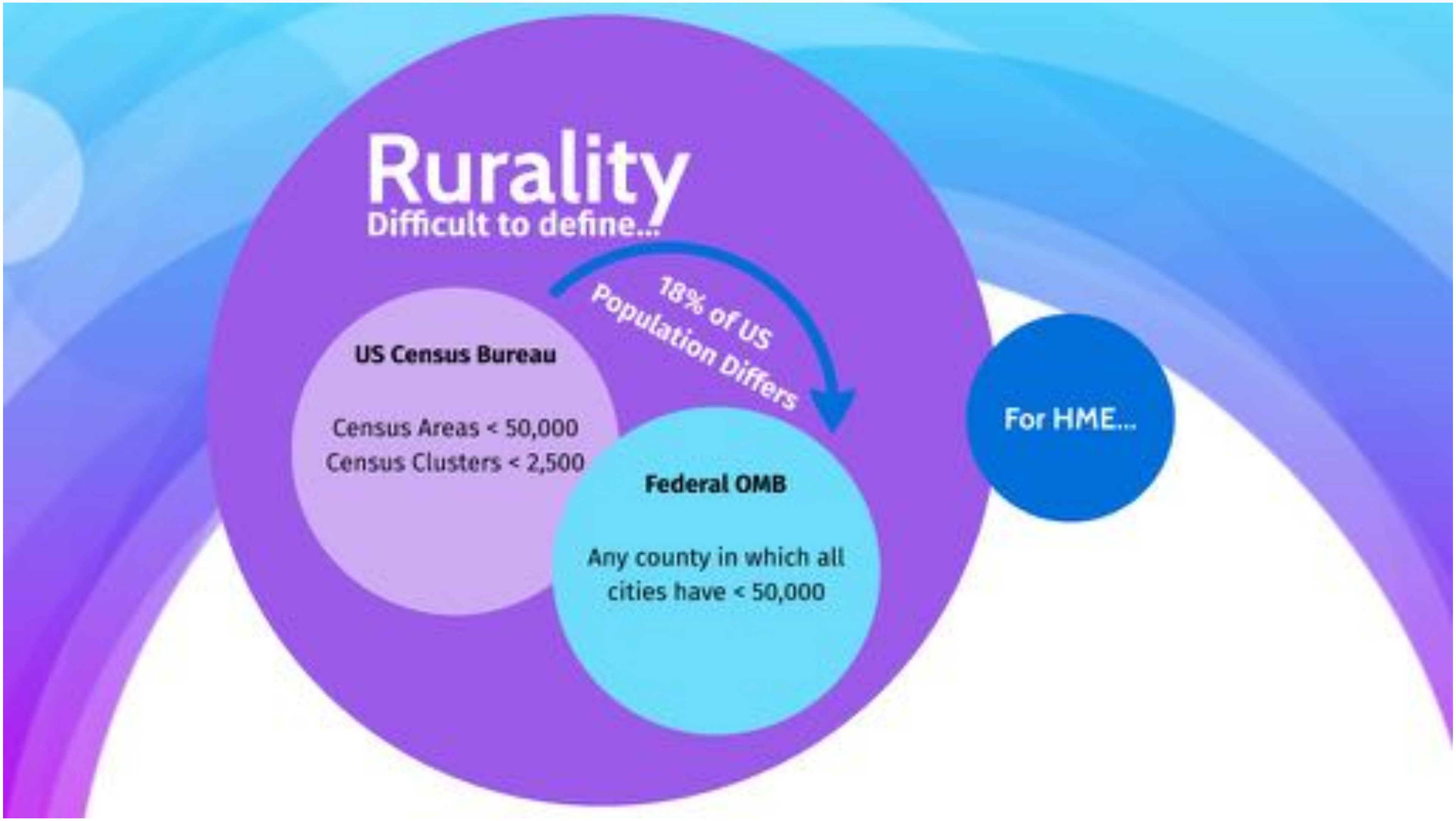
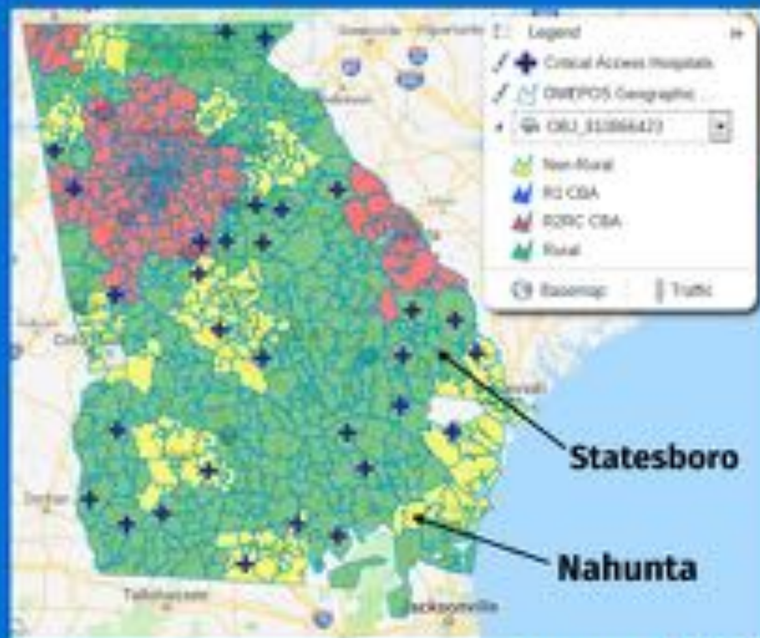
Rural
Healthcare
Where technology and
homecare must meet
Defining
Rural
Rural Health
Dynamics
Crystal
Ball
Shifting
Sands of
Policy
On the
Horizon...
Jacob C. Warren, PhD, MBA
Director
Center for Rural Health
and Health Disparities
Mercer University School of Medicine
Mercer University School of Medicine
Center for Rural Health
AND HEALTH DISPARITIES


Rurality
Difficult to define...
18% of US Population Differs
US Census Bureau
Census Areas < 50,000
Census Clusters < 2,500
Federal OMB
Any county in which all cities have < 50,000

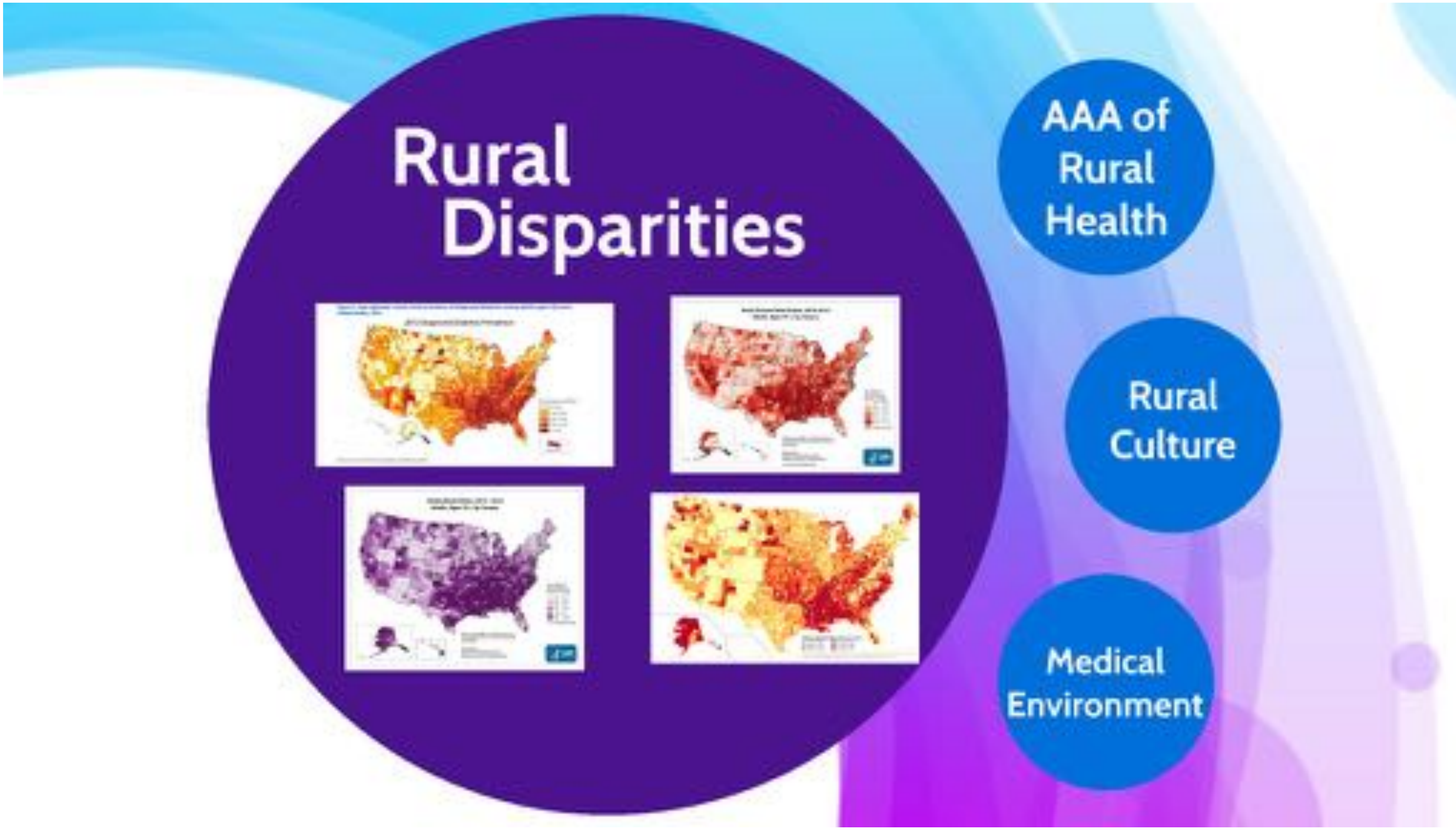

Rurality
Difficult to define...
18% of US
Population Differs
US Census Bureau
Census Areas < 50,000
Census Clusters < 2,500
Federal OMB
Any county in which all
cities have < 50,000
For HME...



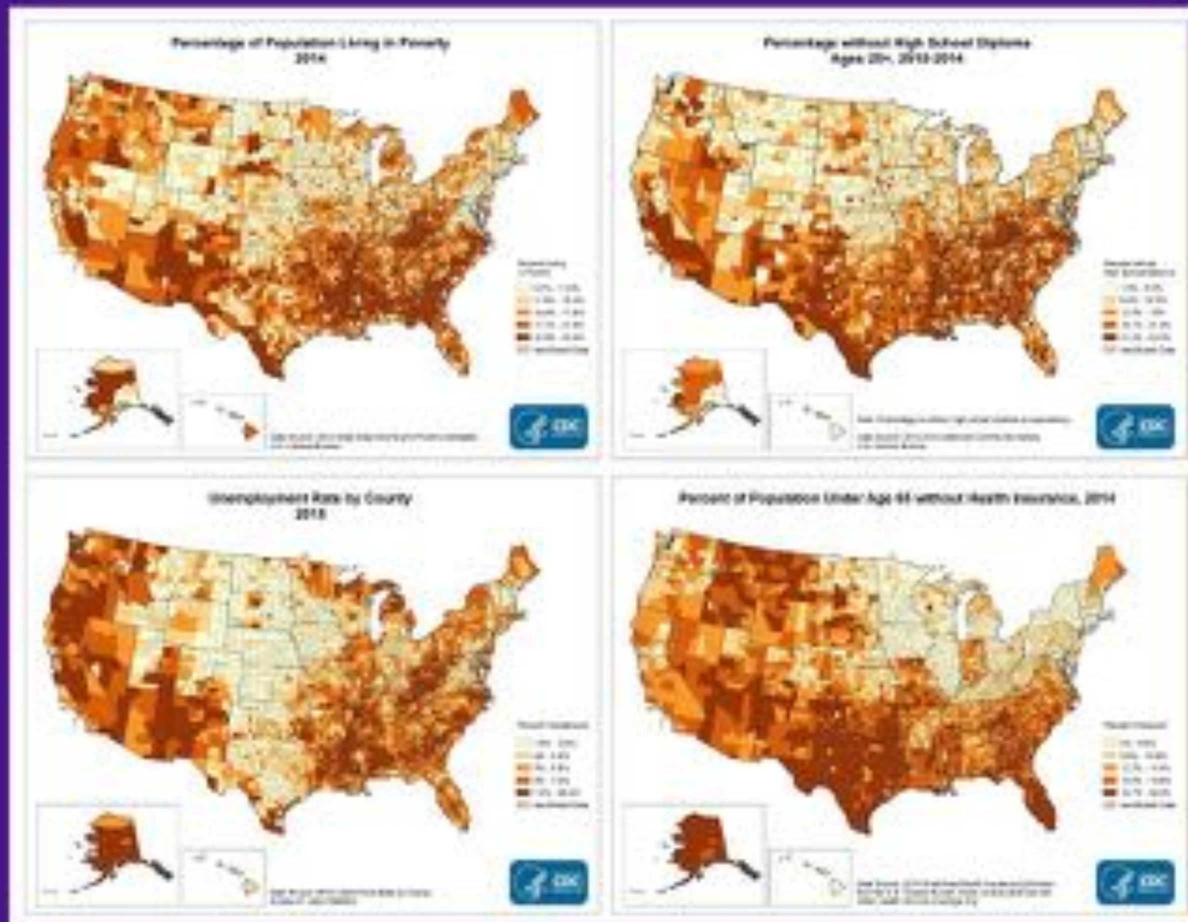
Courtesy VGM

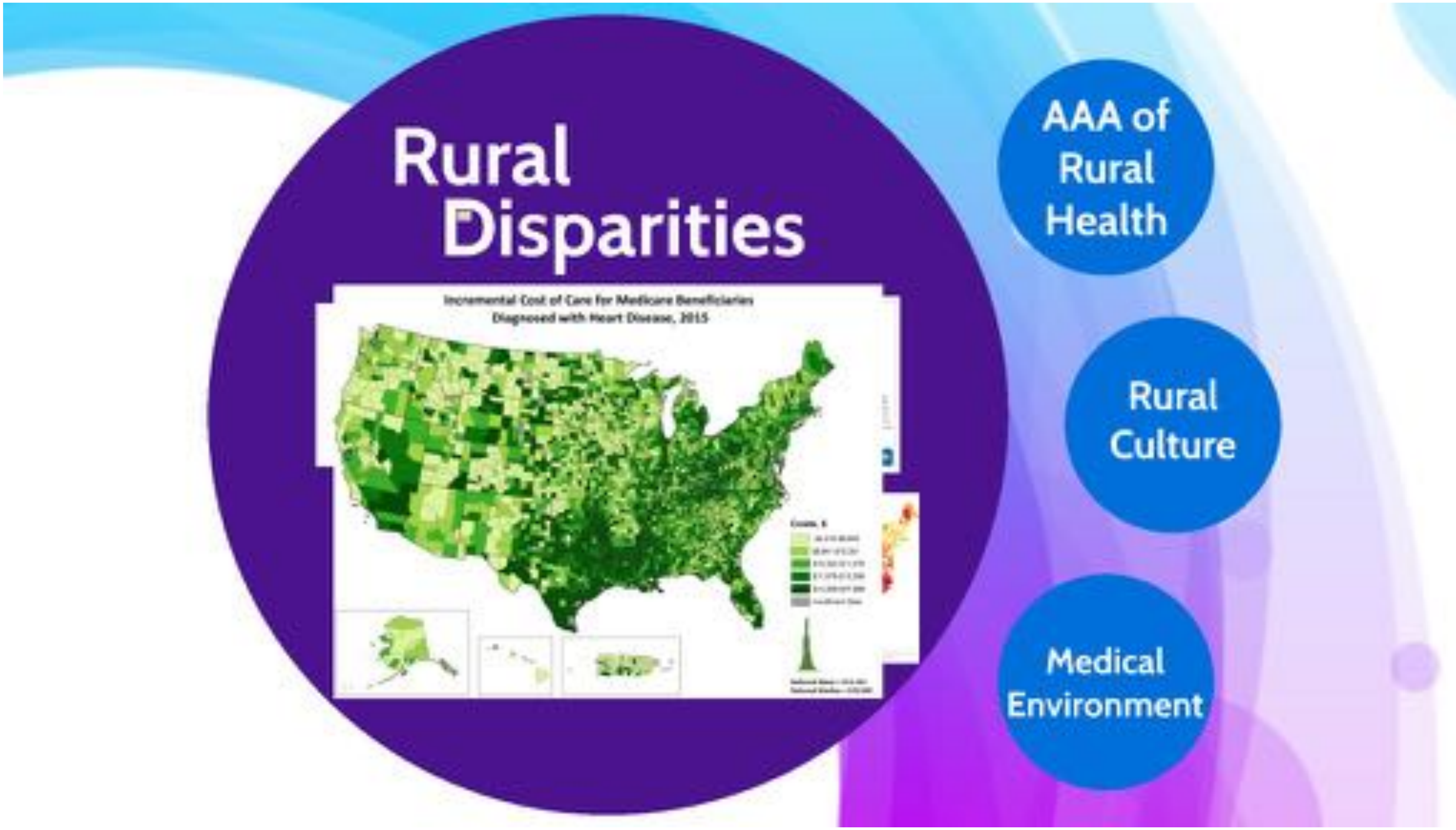
Nahunta

`Statesboro

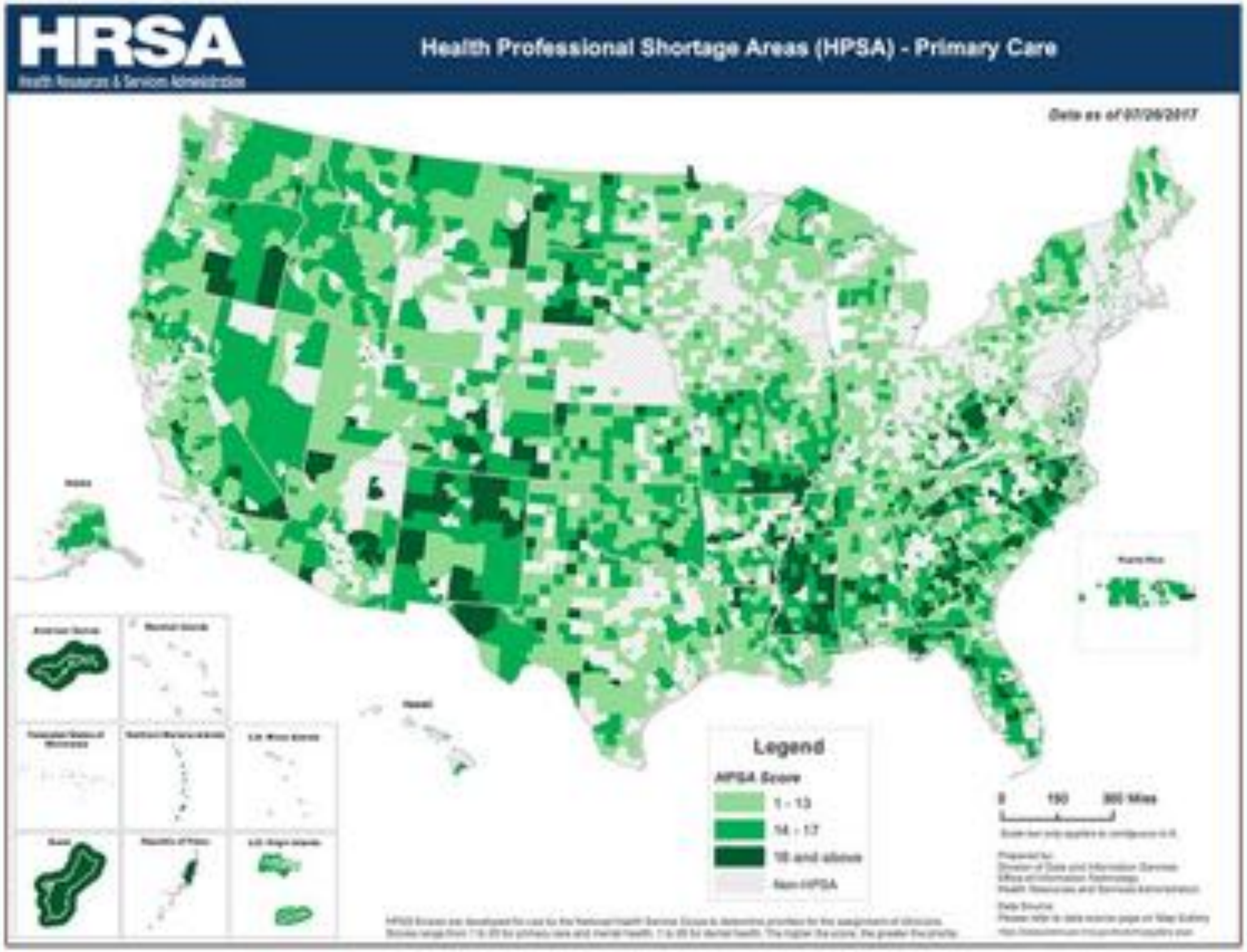


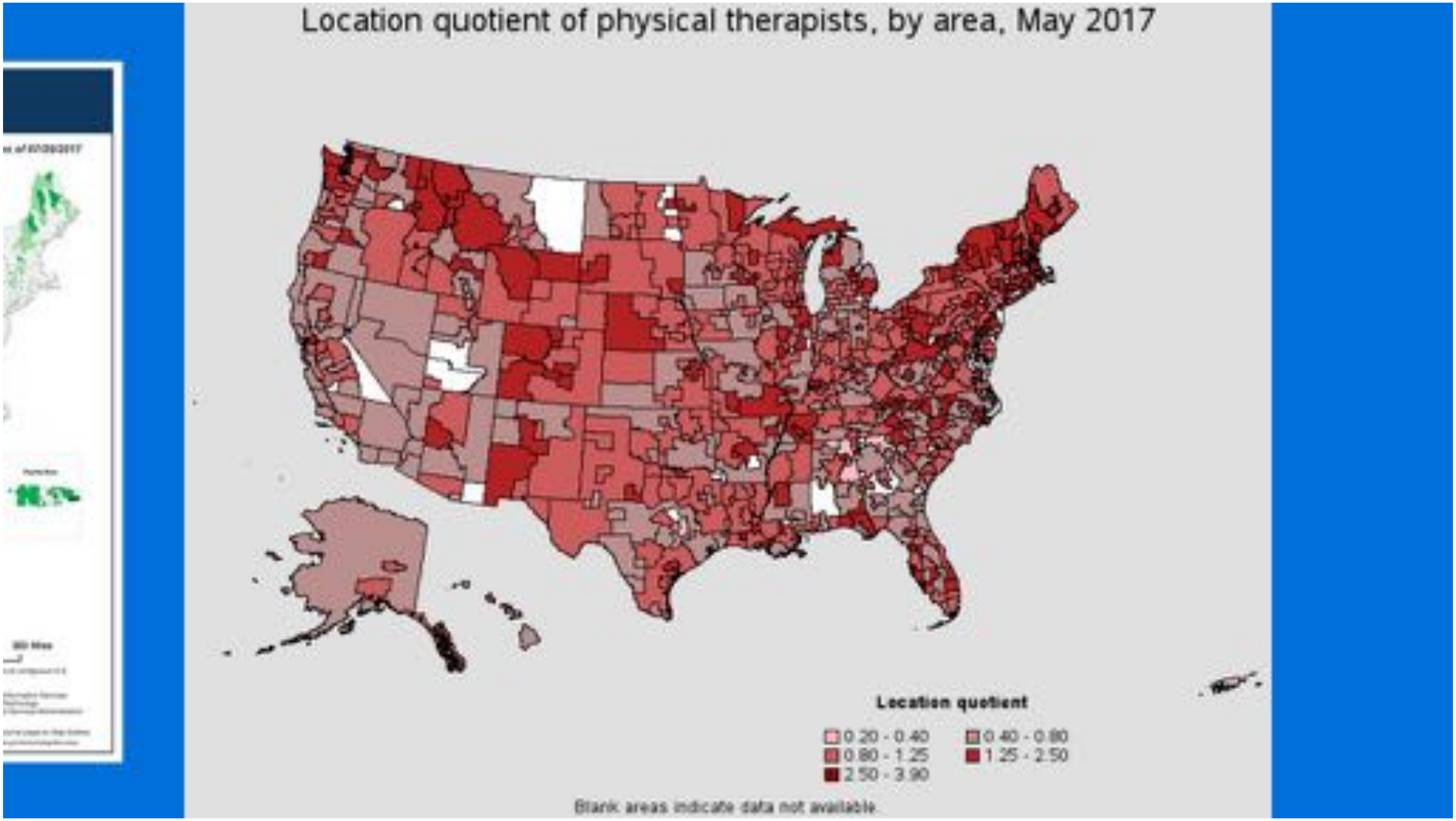
Rural
Disparities
AAA of
Rural
Health
Rural
Culture
Medical
Environment

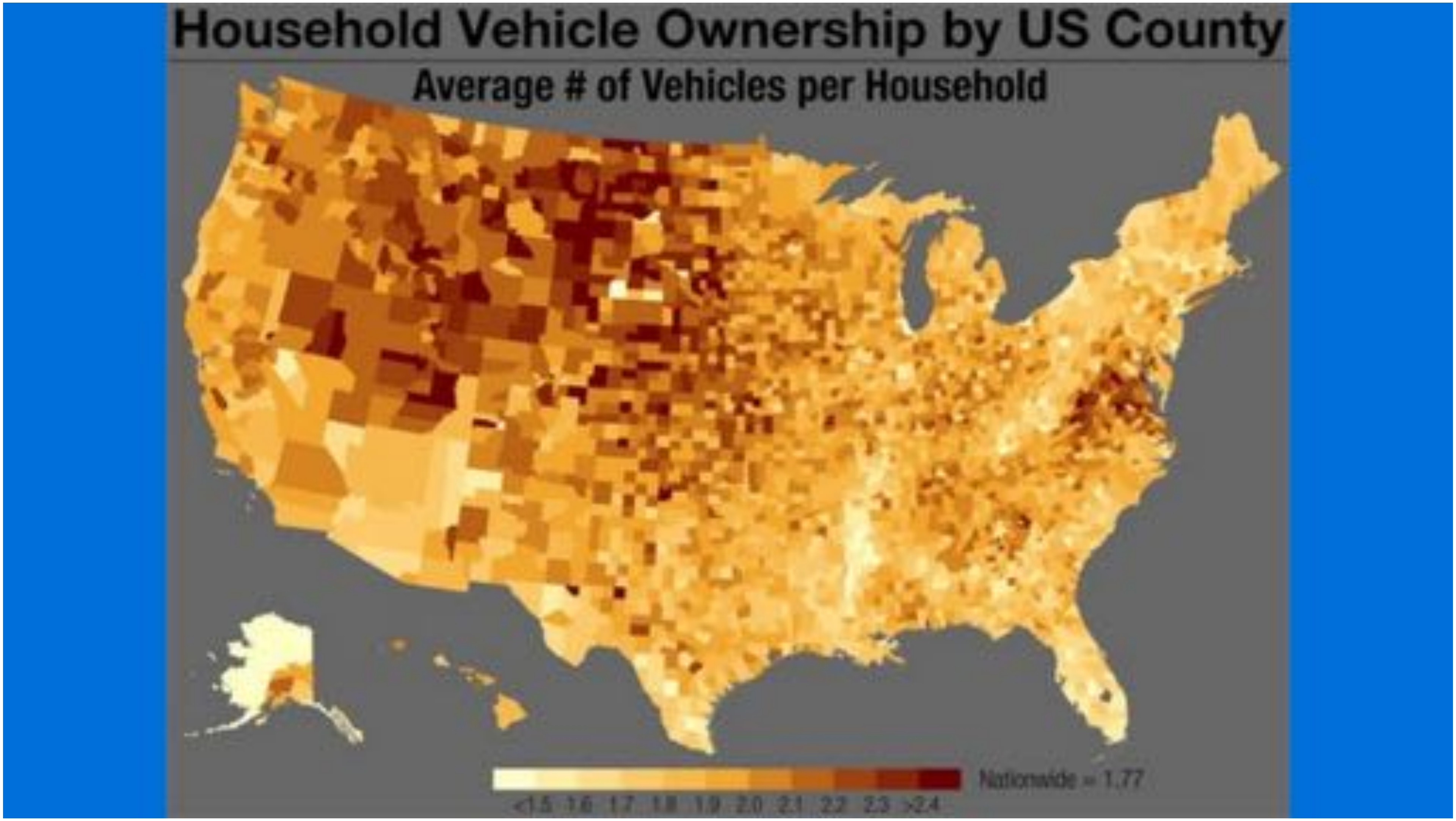

Percentage of Population Living in Poverty
2014
Percentage without High School Diploma
Ages 25+, 2010-2014
Unemployment Rate by County
2015
Percent of Population Under Age 65 without Health Insurance, 2014
CDC
CDC
CDC
CDC



Rural
Disparities
Incremental Cost of Care for Medicare Beneficiaries
Diagnosed with Heart Disease, 2015
AAA of
Rural
Health
Rural
Culture
Medical
Environment


HRSA
Health Resources & Services Administration
Health Professional Shortage Areas (HPSA) - Primary Care
Legend
HPSA Score
1 - 13
14 - 17
Non-HPSA
0
150
Miles


Location quotient of physical therapists, by area, May 2017
Location quotient
0.20 - 0.40
0.40 - 0.80
0.80 - 1.25
1.25 - 2.50
2.50 - 3.90
Blank areas indicate data not available.


Household Vehicle Ownership by US County
Average # of Vehicles per Household
<1.5 1.6 1.7 1.8 1.9 2.0 2.1 2.2 2.3 >2.4
Nationwide = 1.77


Availability
Accessibility
Acceptability
Home-Based
Care Addresses
Each Barrier


Pancakes n' Such

Momma's Pancake Breakfast

Momma's French Toast Breakfast

Wild Maine Blueberry Pancakes

Oatmeal Breakfast

Everyday Favorites

Biscuits n' Gravy with Bacon or Sausage

One Egg n' Bacon or Sausage

Egg Sandwich

Muffin n' Fruit

Good For Anything You Fancy

Fancy Fixin's

Chicken n' Dumplins Platter

Chicken Fried Chicken

Roast Beef Dinner

Country Fried Shrimp Platter

Farm Raised Catfish Platter

Country Fried Steak

10 oz. Rib Eye Steak

Lemon Pepper Grilled Rainbow Trout

Country Dinner Plates

Weekend Specials

Friday Fish Fry

Saturday Chicken n' Rice

Sunday Homestyle Chicken

Vegetables n' Sides

Country Vegetable Plate

Cup of Beans n' Greens

Kid's Menu

Dinners

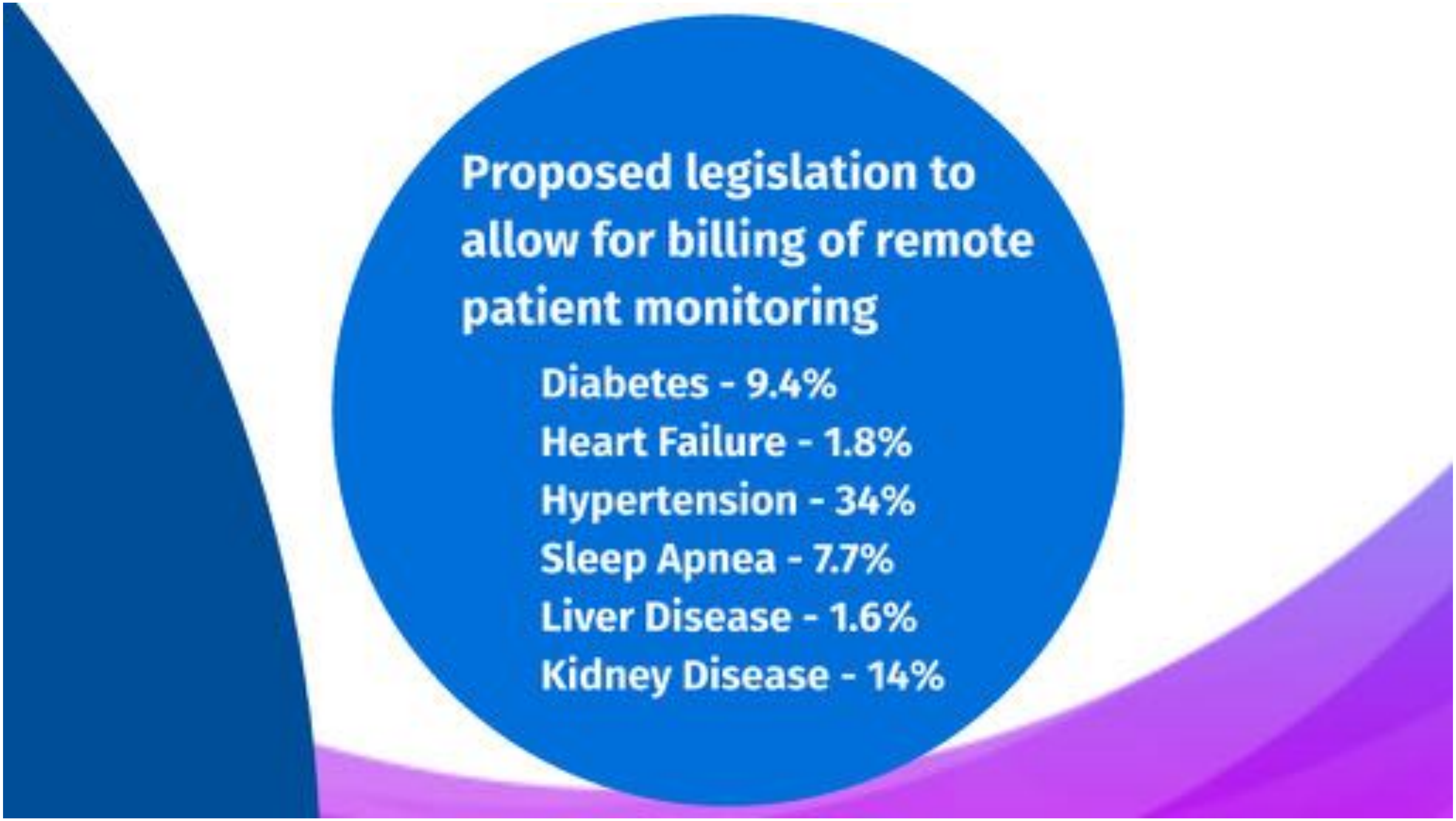
Desserts

Breakfast


Complex Landscape of Care
• Private Practice
• Hospitals (inc. critical access)
• Rural Health Clinics
• FQHCs


Policies in Flux...
Reimbursement Rates
Rural Hospital Closures
DME Supplier Licensure


Emerging Issues and Opportunities
Remote Monitoring
Home-Based Telemedicine


Proposed legislation to allow for billing of remote patient monitoring
Diabetes - 9.4%
Heart Failure - 1.8%
Hypertension - 34%
Sleep Apnea - 7.7%
Liver Disease - 1.6%
Kidney Disease - 14%

NRHA Policy Advocacy

Allow for patient homes to be considered (billable) telemedicine presentation sites

Existing precedent for next-generation ACOs


Reading the
Tea Leaves
FQHC
Presence
"Value"
Based
Care
Telehealth

As rural hospitals continue to close and primary care practices are purchased by distance hospitals, FQHCs will play pivotal partnership role

VALUE

VS.

OUTCOME

May pre-empt policy change...

Telehealth

Telehealth and mHealth are the future of medicine - urban and rural - opening major doors for home-based care


Rural
Healthcare
Where technology and
homecare must meet
Warren_JC@Mercer.edu
Jacob C. Warren, PhD, MBA
Director
Center for Rural Health
and Health Disparities
Mercer University School of Medicine
Defining
Rural
Rural Health
Dynamics
Crystal
Ball
Shifting
Sands of
Policy
On the
Horizon...
Mercer University School of Medicine
Center for Rural Health
AND HEALTH DISPARITIES

HME News
BUSINESS SUMMIT

M&A: The case for buying

Analysts have predicted that 2018 will be an active year for M&A in the HME industry—a trend driven not necessarily by the nationals but by smaller and regional players. We've assembled a panel of four providers that differ in size, geography and product mix to tell us how and why, despite numerous industry challenges, they're buying.

HME News
BUSINESS SUMMIT

Presenters:

John Cassar, CEO, SuperCare Health

Erik Mickelson, CEO, Howard's Medical Supply

Andrew Amoth, corporate dev. manager, Aeroflow Healthcare

Alan Rudy, CEO, Good Night Medical

Moderator: Bradley Smith, managing director and partner, Vertess

JUSTIN INTRO

- **Geriatric Medical - Director of Marketing & eCommerce**
  - Distributor of medical supplies to the long-term care (LTC), home health, pharmacy, hospital markets throughout greater New England.
  - **Nationally featured speaker**
  - **Previously with Invacare Supply Group**

IRCE WORLD'S LARGEST E-COMMERCE EVENT

HME News BUSINESS SUMMIT

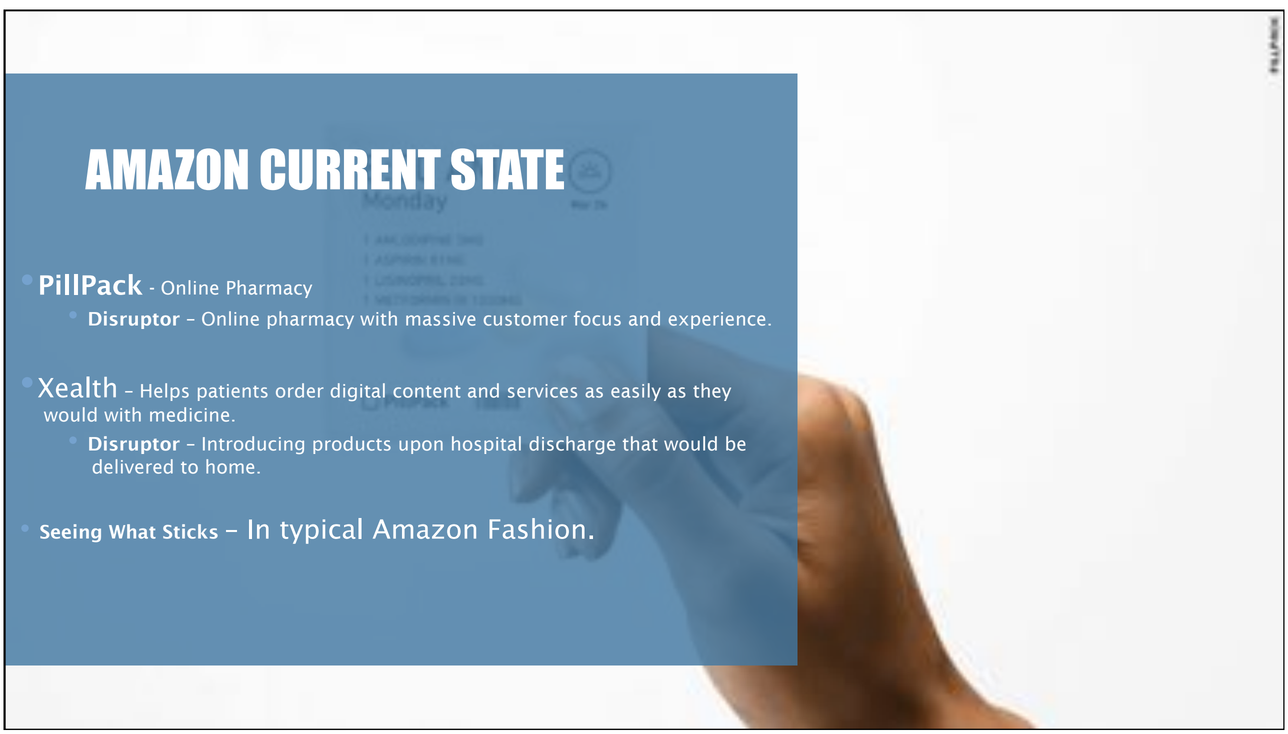
INCITE SUMMIT EAST

INCITE SUMMIT WEST

B2B ONLINE

medtrade CONNECTING THE HME INDUSTRY


WHAT WE WILL COVER TODAY
Amazon: Current State Overview & SWOT
Who Is Amazon & How To Win Against Them—Today and Down The Road
The Do's and Don'ts Of Competing Against Amazon
Where You Can Build Your Own Niche That Amazon Can't Touch
Final Thoughts
Talking Points


AMAZON CURRENT STATE
PillPack - Online Pharmacy
Disruptor – Online pharmacy with massive customer focus and experience.
Xealth – Helps patients order digital content and services as easily as they would with medicine.
Disruptor – Introducing products upon hospital discharge that would be delivered to home.
Seeing What Sticks – In typical Amazon Fashion.

AMAZON SWOT

- **Strengths**
  - Massive presence, catalog, brand recognition.
  - Superior logistical solutions
  - Top of mind with consumers
- **Opportunities**
  - Amazon Private Label
  - New markets
- **Weaknesses**
  - Diversification in MANY areas
  - THIN margins
  - Complex, special products
- **Threats**
  - Local market brick & mortar retailers
  - People ‘fighting Amazon’ (younger generations)
  - **YOU!**

What compels shoppers to buy elsewhere
DON'T BE INTIMIDATED ABOUT LOSING SHARE. AMAZON BUYERS ARE BUYING EVERYWHERE.
In fact, our research shows that Amazon buyers are better spenders than those who don't buy on Amazon.
0-12 MONTH SPEND ACROSS EPSILON'S ABACUS COOPERATIVE DATABASE
AMAZON PRIME TOP 1%
$3,246 19 $171
AMAZON NON-PRIME TOP 1%
$2,574 7 $151
PRIME NON-MEMBERS
PRICE
PRIME MEMBERS
2 DAY OR NEXT DAY SHIPPING
ALL SHOPPERS AGE 45+
PROMOTIONS, UNIQUE PRODUCTS
CONSUMER ATTITUDES TOWARD AMAZON AND SHOPPING
• 51% are looking for something different online than what they can find in stores
• 60% perceive Amazon as the most innovative retailer
• 53% of consumers prefer to shop in a store
• 73% trust stores more than online
CONSUMER ATTITUDES TOWARD GROCERY
• 83% are not ordering groceries online
• Prime members are more likely to buy groceries online
• Those under 45 and households with kids are more likely to purchase groceries online
• Preference for picking out one's own groceries is by far the leading reason for those who didn't buy online
• Other reasons include preference for a particular store and shopping around multiple stores for deals
• For those who order online, home delivery is the usual way (61%) they receive their groceries

I've got that winning feeling!
WHO IS WINNING TODAY?

TJX COMPANIES

- **TJ Maxx** – The largest global off-price retailer, with over 3,000 stores
- **Business Drivers**
  - 20% to 60% discounts on merchandise.
  - Middle to upper middle income females between 25-54.
  - Opening another 250 stores this year.
  - Generally known for their treasure hunting **experience.**
- **How They Are Winning** – Their merchandise is heavily discounted, and they make it all about the **EXPERIEINCE!**

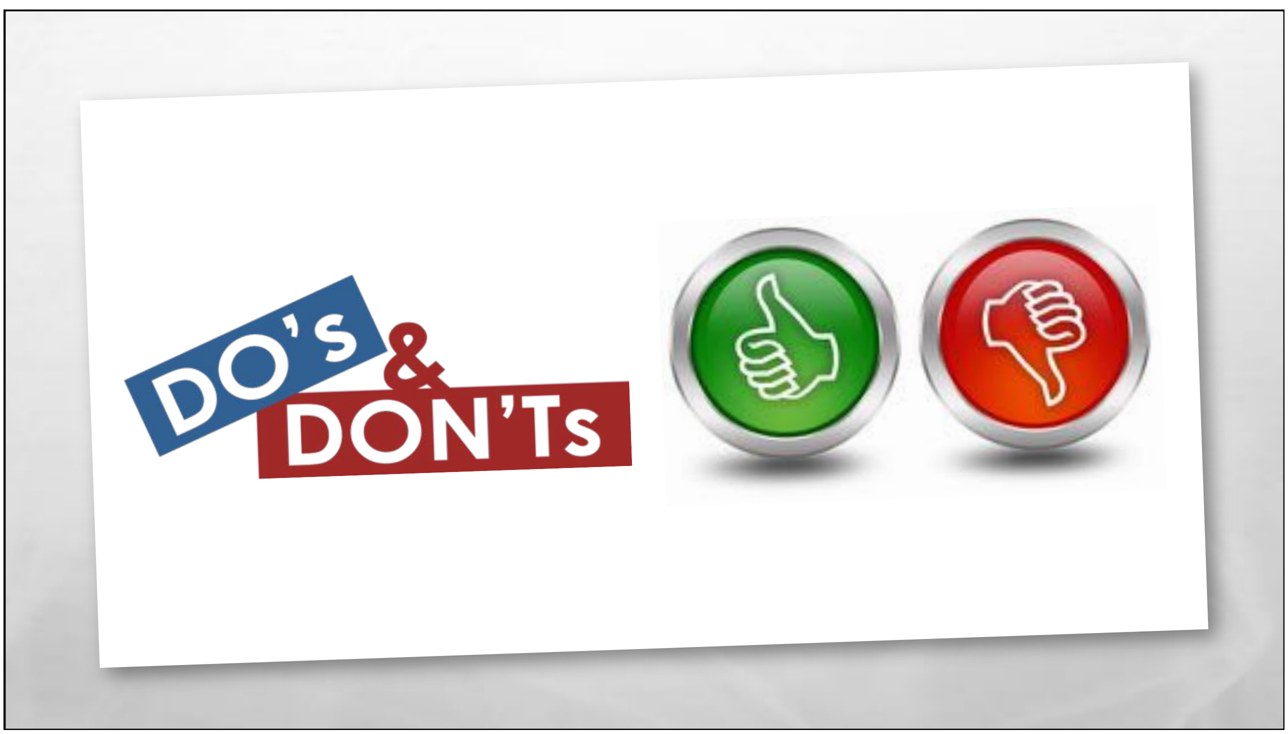
T.J.maxx®

DOLLAR SHAVE CLUB

- Dollar Shave Club – Online seller of men's shave products. Will hit $250 million in revenue in 2018
- Business Drivers
  - Up ended the multi-billion dollar industry with it's low cost, recurring revenue model
  - Offered an easy, intuitive way to purchase razors
  - Built a fun, fresh and relatable **experience**
- **How They Are Winning – They understood their customer, their needs, their wants and desires—and built an EXPERIENCE around it.**

DOLLAR SHAVE CLUB
SHAVE TIME. SHAVE MONEY.


DOLLAR SHAVE
CLUB CO-FOUNDER
MIKE DUBIN:
HOW TO
COMPETE IN AN
AMAZON WORLD
CROSS
CAMPUS
st@rtups
UNCENSORED


DO'S
&
DON'Ts

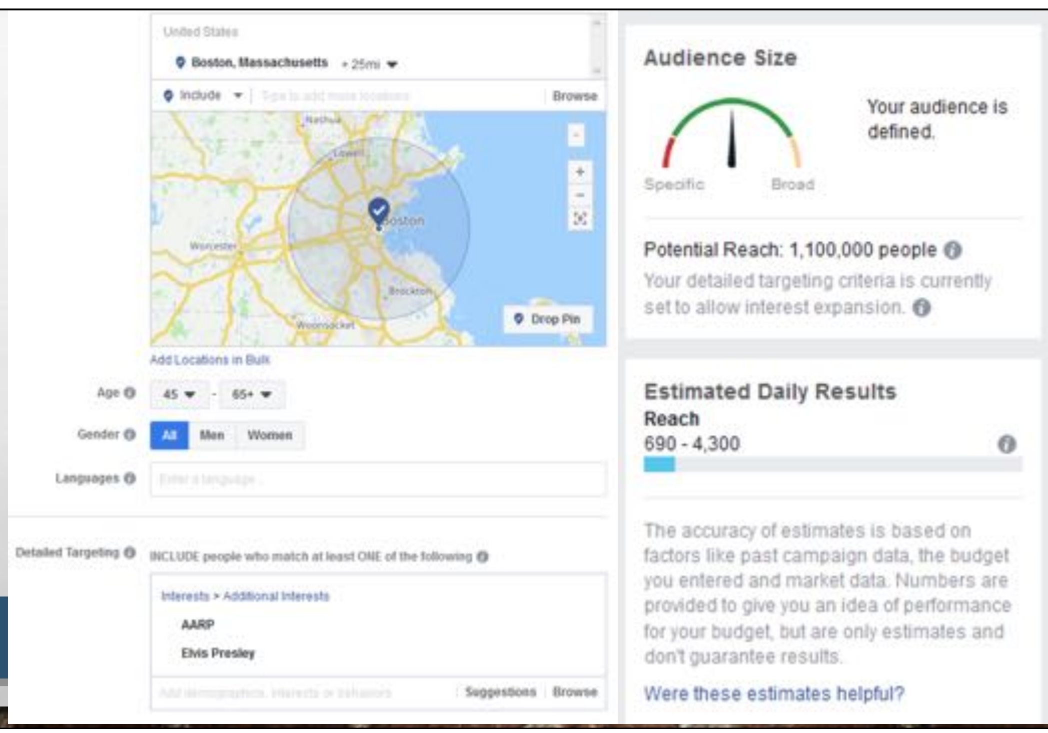

DO
Compete on Personalized Level
Compete on Experience
Compete on Delivery
Don't
Be Lower On Price
Compete on Product Selection
RIGHT
WRONG


BUILDING YOUR OWN NICHE
Unique geographical footprint
Customized services that can't be duplicated easily
Don't be everything to everyone
High service products require more follow up
Reward loyalty
EXPERIENCE

UNIQUE GEOGRAPHICAL FOOTPRINT

SAME DAY DELIVERY

- **Make 'unique' delivery and service claims**
- **Focus your efforts locally**
- **If you are running ads, run them locally**
- **Maximize your referrals**

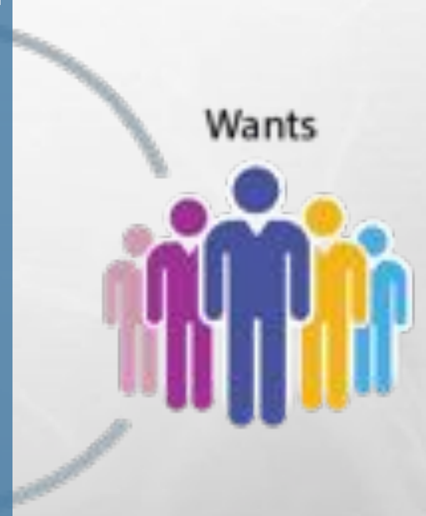


CUSTOMIZED SERVICES

- Auto re-order programs
- Niche products that require higher involvement
- Post-sale service programs
- Sales training
- Personalized services—Think ‘concierge’

BEING EVERYTHING ISN’T EVERYTHING.

- Vast product options is not the road to take.
- Specialized formulary of products and services.
- Understand your customers’ needs and build around this.
- BE THE BEST AT ONE OR TWO AREAS.
  - (Power of inertia will take over)



HIGH SERVICE ITEMS REQUIRE MORE

- Wheelchairs, rollators, beds, oxygen, etc.
- Make following up a part of your sales process
- Offer tools to help people find answers
- Create a DME customer champion (employee)
- Video/blogs around typical questions—NO SELLING!

REWARD LOYALTY

- Reward points & dollar-based loyalty..
  - TOSS IT AWAY!
- Treating customers with respect and solving problems = loyalty
- However, reward customers that are loyal. (Builds Brand Ambassadors)
- Create re-occurring revenue models


SILVER
?


PROBLEM SOLVED IN NO TIME...
CUSTOMER EXPERIENCE
THEY MAKE IT SO EASY...
CONSISTENTLY SUPERB SERVICE.
...AS IF I'M SPEAKING TO A FRIEND.
IT'S LIKE THEY KNOW ME!
THEY NEVER KEEP ME WAITING...
I CAN'T SPEAK HIGHLY ENOUGH...
WORTH TALKING ABOUT

EXPERIENCE IS EVERYTHING

- 62% of consumers will pay more for a simple experience.
- Look to do things differently
  - Auto re-orders
  - Sizing programs/product selectors
  - Product suggestions
  - Building relationships
- Social change & responsibility
- Understand WHAT experience your customers need. TALK TO THEM.

Consumers will spend more on simple brand experiences

Brands with a simple proposition stand to prosper, according to new research, which reveals 62% of consumers will pay more for a simple experience.

March 8, 2018

Amazon has an Achilles' heel: emotion. The company delivers, but its customers don't feel empathy for the brand. This vulnerability offers a path to stealing parts of the behemoth's business.

Every year, Forrester's Customer Experience Index (CX Index™) rates 600 brands around the world. Among US online retailers, Amazon has sunk from seventh place in 2015 to ninth place in 2016 to 12th place (out of 14 brands) in 2017. What's going on?

Consumers perceive Amazon to be a good convenience shopping site that lacks a personal connection. It scores well on "fast shipping," "easy transactions," and "easy website," but lags on "easy to reach a live person," "makes me feel valued," and "rewards my loyalty." According to the data, customers do not feel as emotionally valued by Amazon as they do by other online players like Etsy, QVC, and Wayfair.

Why? I suspect that two factors are at work. First, Amazon slavishly defaults to digital and avoids as much human interaction as possible. Second, consumers perceive Amazon as big, powerful, diversified, and distant — sacrificing relationships on the altar of scale. The company's retail operation has become an efficient, always-on utility with the charm of the cable or electric company.


DONALD CANTALINO


HB Pha
North Arlingt

HME News Business Summit
The DeSoto Hotel, Savannah, GA
Sept. 18, 2018

The 12th Annual HME News/VGM Group Financial Benchmarking Survey

Presented by:
Mark Higley– VGM Group, Inc.
Rick Glass – Steven Richards & Associates

Today's objectives…

- Monitor applicable macro trends relative to demand for HME products.
- Review the results of our 12th annual industry survey.
- Identify trends and discuss assumptions derived from this data.
- Use this information to compare/contrast/analyze to your particular company operations!

Note! In the interest of time (!)…some of the 2018 survey questions/responses will not be reviewed today.

All of the “raw data” and summary results may be accessed here: http://www.vgmdclink.com/ …and select “Resource Center”

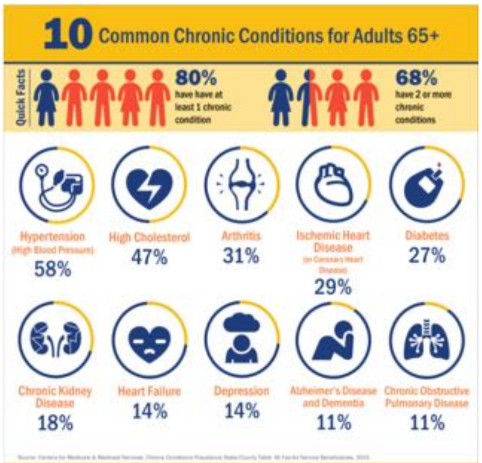
(direct link: http://www.vgmdclink.com/uploads/Document-Library/54b5dcb8cba69abedc9bb8bd3dda5cb1.pdf)

2018 HME NewsVGM Benchmarking Survey Results.xls	136 KB	Microsoft Excel 97...
BenchmarkSurvey2018SummaryResults.pdf	650 KB	Adobe Acrobat D...

Let’s begin with overall industry “macro” issues…

- <u>Demand for HME continues to improve:</u> The annual growth rate across all HME categories will average about 6% a year for the next several years.
- Unit growth and demand will result in total HME spend five years from now (2022) being nearly 30% greater than the HME spend in 2017.
- The increase in HME spend in 2018 over 2017—in terms of total dollars spent—will be a greater increase than in any year in the past decade.

- Recent projections by the Census Bureau estimate the number of adults aged 65 and over could increase to more than 71 million in 2030 and hit 88.5 million by 2050.



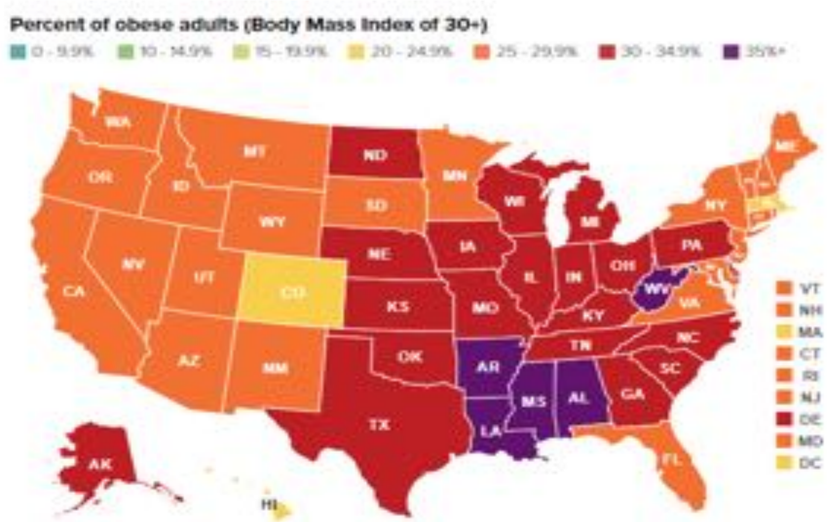


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Table 15

Durable Medical Equipment Expenditures; Aggregate and per Capita Amounts, Percent Distribution and Annual Percent Change by Source of Funds: Calendar Years 2008-2024

			Health Insurance[1]					
Year	Total	Out-of-Pocket Payments	Total	Private Health Insurance	Medicare	Medicaid	Other Health Insurance Programs[2]	Other Third Party Payers[3]
2015	46.5	26.6	19.1	5.5	7.8	5.7	0.1	0.8
2016	48.2	27.7	19.7	5.6	7.9	6.1	0.2	0.8
2017	50.6	29.1	20.6	5.6	8.3	6.5	0.2	0.9
2018	53.2	30.5	21.7	5.7	8.9	6.9	0.2	1.0
2019	56.4	32.3	23.1	6.0	9.7	7.3	0.2	1.0
2020	60.2	34.5	24.6	6.3	10.5	7.7	0.2	1.1
2021	64.3	36.9	26.2	6.6	11.3	8.1	0.2	1.2
2022	68.5	39.4	27.8	6.9	12.2	8.5	0.2	1.3
2023	72.7	41.8	29.5	7.2	13.1	9.0	0.2	1.4
2024	76.9	44.3	31.2	7.4	14.1	9.4	0.2	1.4

Projected per capita DME expenditures ($)

Year	Total	Out-of-Pocket Payments
2014	139	81
2015	145	83
2016	149	86
2017	155	89
2018	162	93
2019	170	97
2020	179	103
2021	190	109
2022	201	115
2023	211	121
2024	221	127

Source: National Health Expenditure Projections 2014-2022
http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/Proj2014.pdf

The HME industry…

- As reported during the 2017 Summit, consolidation continues with fewer, but larger players. The trend of HME operations that have permanently closed their doors over the past decade, however, has leveled out.
- "Bigger" does seem to be "better." The number of single location companies—while still the mode—is narrowing; those with five or more branches is increasing.

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Data on Suppliers with Specific Supplier Type Codes
Sorted by: Primary Supplier Type Code, Supplier ZIP Code (5-digit), Supplier ZIP Code (4-digit)
Suppliers with Active Med IDs Only
Primary Supplier Type Codes: 51, 52, 53, 54, 58, A5, B1, B3

noridian Healthcare Solutions

These represent NPI numbers (locations)

ALL DMEPOS SUPPLIER CATEGORIES INCLUDING O&P AND PEDORTHIC

Supplier Type Code	Supplier Type Code Description	Count of Suppliers with Active Med ID (11/01/2010)	Count of Suppliers with Active Med ID (11/01/2011)	Count of Suppliers with Active Med ID (11/01/2012)	Count of Suppliers with Active Med ID (11/01/2013)	Count of Suppliers with Active Med ID (11/01/2014)	Count of Suppliers with Active Med ID (11/01/2015)	Count of Suppliers with Active Med ID (11/01/2016)	Count of Suppliers with Active Med ID (09/14/2017)	Count of Suppliers with Active Med ID (04/20/2018)	2010-2018 Decrease (%)
54	"MEDICAL SUPPLY COMPANY NOT INCLUDED IN 51, 52 OR 53"	9,443	9,507	8,888	8,230	7,837	7,483	7,256	7,081	7,018	25.68%
A5	MEDICAL SUPPLY COMPANY WITH RESPIRATORY THERAPIST	2,109	1,974	1,948	1,881	1,786	1,717	1,852	1,809	1,750	17.02%
53	MEDICAL SUPPLY COMPANY WITH PROSTHETIC/ORTHOTIC PERSONNEL CERTIFIED BY AN ACCREDITING ORGANIZATION	695	693	698	675	820	852	843	845	963	-38.56%
51	MEDICAL SUPPLY COMPANY WITH ORTHOTIC PERSONNEL CERTIFIED BY AN ACCREDITING ORGANIZATION	417	403	391	381	357	331	381	379	385	7.67%
52	MEDICAL SUPPLY COMPANY WITH PROSTHETIC PERSONNEL CERTIFIED BY AN ACCREDITING ORGANIZATION	310	284	267	246	237	220	281	278	271	12.58%
58	MEDICAL SUPPLY COMPANY WITH REGISTERED PHARMACIST	58	69	73	85	88	84	101	107	101	-74.14%
B3	MEDICAL SUPPLY COMPANY WITH PEDORTHIC PERSONNEL	63	76	101	115	108	101	113	109	111	-76.19%
B1	OXYGEN & EQUIPMENT	67	82	97	94	95	81	94	94	97	-44.78%
		13,162	13,088	12,462	11,687	11,326	10,879	11,031	10,802	10,696	18.74%

SUPPLIER CATEGORIES EXCLUDING O&P AND PEDORTHIC

Supplier Type Code	Supplier Type Code Description	Count of Suppliers with Active Med ID (11/01/2010)	Count of Suppliers with Active Med ID (11/01/2011)	Count of Suppliers with Active Med ID (11/01/2012)	Count of Suppliers with Active Med ID (11/01/2013)	Count of Suppliers with Active Med ID (11/01/2014)	Count of Suppliers with Active Med ID (11/01/2015)	Count of Suppliers with Active Med ID (11/01/2016)	Count of Suppliers with Active Med ID (09/14/2017)	Count of Suppliers with Active Med ID (04/20/2018)	2010-2018 Decrease (%)
14	"MEDICAL SUPPLY COMPANY NOT INCLUDED IN 51, 52 OR 67"	9,443	9,507	8,888	8,230	7,637	7,483	7,256	7,081	7,018	25.69%
A5	MEDICAL SUPPLY COMPANY WITH RESPIRATORY THERAPIST	2,139	1,974	1,948	1,881	1,786	1,717	1,852	1,809	1,758	17.82%
18	MEDICAL SUPPLY COMPANY WITH REGISTERED PHARMACIST	58	69	73	85	88	84	101	107	101	74.14%
01	OXYGEN & EQUIPMENT	67	62	97	94	95	91	94	94	97	44.78%
		11,677	11,632	11,004	10,290	9,806	9,375	9,303	9,091	8,966	23.22%

SUPPLIER CATEGORY OF PHARMACY

Supplier Type Code	Supplier Type Code Description	Suppliers with Active Med ID (11/16/2010)	Suppliers with Active Med ID (10/01/2011)	Suppliers with Active Med ID (10/01/2012)	Suppliers with Active Med ID (10/01/2013)	Suppliers with Active Med ID (10/01/2014)	Suppliers with Active Med ID (10/01/2015)	Suppliers with Active Med ID (10/01/2016)	Count of Suppliers with Active Med ID (10/01/2017)	2010-2017 Decrease (%)
A5	PHARMACY	49,385	50,723	49,857	49,540	50,063	49,947	50,007	49,456	1.00%

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Number of Unique Supplier Companies by State (Tax ID)

DATE	13-Jul	14-Nov	15-Apr	15-Aug	15-Oct	16-Jan	16-Apr	16-Jul	16-Oct	17-Jan	17-Apr	Difference Between 7/13 and 04/17	Difference Between 1/16 and 04/17	Difference Between 1/17 and 04/17
TOTAL	10,616	9,456	9,137	8,883	8,704	8,566	8,529	6,685	6,499	6,475	6,339			
STATE														
AK	18	17	16	16	16	16	16	16	16	15	15	-16.70%	-6.30%	0.00%
AL	259	261	261	255	255	256	252	233	229	224	222	-14.30%	-13.30%	-0.89%
AR	157	154	144	144	142	139	139	127	121	122	120	-23.60%	-13.70%	-1.64%
AZ	107	95	91	85	85	83	83	75	68	74	72	-32.70%	-13.30%	-2.70%
CA	986	825	795	757	734	729	725	416	402	397	395	-59.90%	-45.80%	-0.50%
CO	117	103	104	100	102	95	95	81	79	82	86	-26.50%	-9.50%	4.88%
CT	100	89	85	80	79	78	79	49	48	52	50	-50.00%	-35.90%	-3.85%
DC	21	15	15	15	16	15	15	4	3	4	3	-85.70%	-80.00%	-25.00%
DE	20	17	17	17	15	17	17	15	14	14	15	-25.00%	-11.80%	7.14%
FL	633	468	449	432	427	407	407	336	343	329	320	-49.40%	-21.40%	-2.74%
GA	356	320	311	300	296	291	290	251	242	244	233	-34.60%	-19.90%	-4.51%
HI	31	30	30	30	28	28	28	21	18	20	20	-35.50%	-28.60%	0.00%
IA	149	135	133	130	129	128	128	125	120	121	118	-20.80%	-7.80%	-2.48%
ID	58	58	54	53	53	52	54	51	50	52	50	-13.80%	-3.80%	-3.85%
IL	415	364	344	338	325	316	315	243	239	239	233	-43.90%	-26.30%	-2.51%
IN	170	154	148	146	141	136	132	116	112	105	107	-37.10%	-21.30%	1.90%
KS	158	150	141	133	130	131	132	125	120	123	122	-22.80%	-6.90%	-0.81%
KY	246	237	234	230	226	222	222	215	213	212	206	-16.30%	-7.20%	-2.83%
LA	220	201	196	189	186	182	180	164	160	153	147	-33.20%	-19.20%	-3.92%
MA	133	123	117	114	109	106	104	63	60	68	65	-51.10%	-38.70%	-4.41%
MD	214	192	188	180	179	171	175	97	93	98	98	-54.20%	-42.70%	0.00%

HME News — Source: AAHomecare — BUSINESS FORUM Rally for Success — HME News BUSINESS SUMMIT

ME	41	45	42	39	41	42	42	40	42	42	41	0.00%	-2.40%	-2.38%
MI	340	297	271	261	246	242	239	184	180	180	169	-50.30%	-30.20%	-6.11%
MN	157	147	142	140	137	136	134	112	107	103	103	-34.40%	-24.30%	0.00%
MO	200	186	184	178	178	174	173	161	154	152	157	-21.50%	-9.80%	3.29%
MS	197	185	178	173	170	170	169	155	149	143	142	-27.90%	-16.50%	-0.70%
MT	55	52	49	49	50	50	50	49	49	48	47	-14.50%	-6.00%	-2.08%
NC	357	320	310	299	299	302	299	274	268	251	245	-31.40%	-18.90%	-2.39%
ND	40	37	36	35	34	35	34	34	33	31	28	-30.00%	-20.00%	-9.68%
NE	95	90	86	87	84	85	85	73	69	69	67	-29.50%	-21.20%	-2.90%
NH	34	32	33	34	31	29	29	29	28	29	29	-14.70%	0.00%	0.00%
NJ	335	305	290	281	264	266	263	119	112	116	117	-65.10%	-56.00%	0.86%
NM	62	54	56	53	53	50	51	50	48	49	46	-25.80%	-8.00%	-6.12%
NV	89	75	72	70	69	66	68	56	52	50	48	-46.10%	-27.30%	-4.00%
NY	798	764	755	739	710	713	711	350	333	336	326	-59.10%	-54.30%	-2.98%
OH	322	286	272	268	265	262	261	225	224	222	213	-33.90%	-18.70%	-4.05%
OK	210	191	189	181	175	174	175	154	148	148	149	-29.00%	-14.40%	0.68%
OR	88	71	70	70	69	64	62	57	54	57	57	-35.20%	-10.90%	0.00%
PA	429	364	358	354	340	339	340	265	257	256	251	-41.50%	-26.00%	-1.95%
RI	28	28	25	25	24	22	21	14	13	16	16	-42.90%	-27.30%	0.00%
SC	195	179	175	172	169	169	168	141	134	131	126	-35.40%	-25.40%	-3.82%
SD	35	34	34	33	33	32	32	30	30	32	31	-11.40%	-3.10%	-3.13%
TN	300	272	262	257	255	250	247	208	205	203	190	-36.70%	-24.00%	-6.40%
TX	923	758	725	701	699	682	676	538	530	533	521	-43.60%	-23.60%	-2.25%
UT	74	69	66	63	61	55	56	52	50	53	51	-31.10%	-7.30%	-3.77%
VA	210	193	181	179	179	176	175	146	142	139	133	-36.70%	-24.40%	-4.32%
VT	21	19	19	19	19	19	19	19	19	17	17	-19.00%	-10.50%	0.00%
WA	133	118	115	116	114	112	111	91	87	90	89	-33.10%	-20.50%	-1.11%
WI	152	147	144	140	140	138	133	121	117	119	117	-23.00%	-14.00%	-1.68%
WV	98	97	96	93	94	87	87	85	85	86	88	-10.20%	1.10%	2.33%
WY	30	33	31	30	29	29	29	30	30	26	28	-6.70%	-3.40%	7.69%
TOTAL	10,616	9,456	9,137	8,883	8,704	8,566	8,529	6,685	6,499	6,475	6,339	-40.30%	-26.00%	-2.10%

Source: AAHomecare

HME News — BUSINESS FORUM Rally for Success — HME News BUSINESS SUMMIT

Number of workers in the industry…

- As suggested in the data charts of active Medicare HME locations, many operators have declared bankruptcy and exited the industry.
- The workforce has declined as operators have attempted to cut costs to salvage profitability.
- Industry employment decreased in the past five years at an annualized rate of 3.1% to about 37,000 workers.

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However…

- One analytics firm now projects, somewhat simply stated, that the industry "has reached the bottom."
- IBIS states "the number of enterprises is expected to grow at a projected annualized rate of 2.6% over the next five years…Similarly, employment is expected to increase an annualized 2.8% to (about) 42,500 workers over the same period."
- "Still, profit margins are unlikely to (fully) recover due to the competitive bidding process continuing to stipulate Medicare and Medicaid payments to operators"

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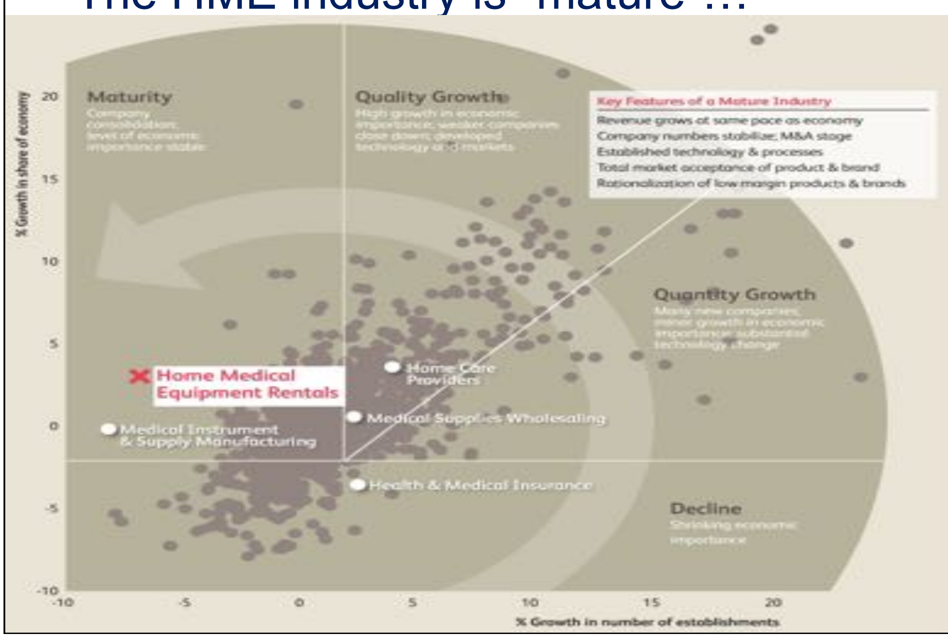
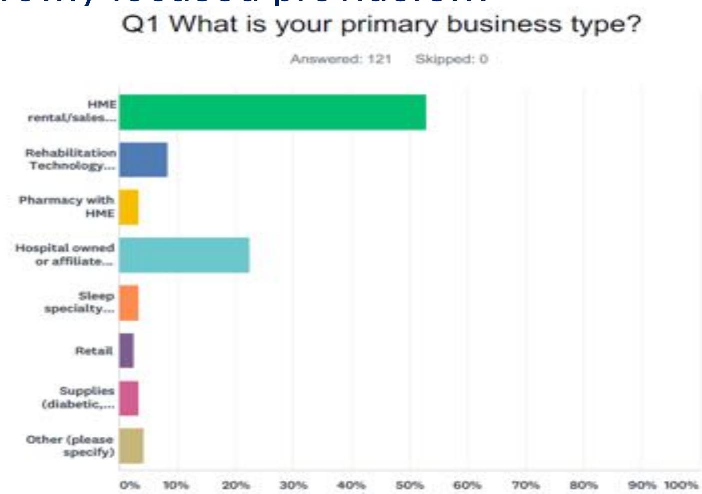
The HME industry is "mature"…



• HME is increasingly a market of more narrowly focused providers…



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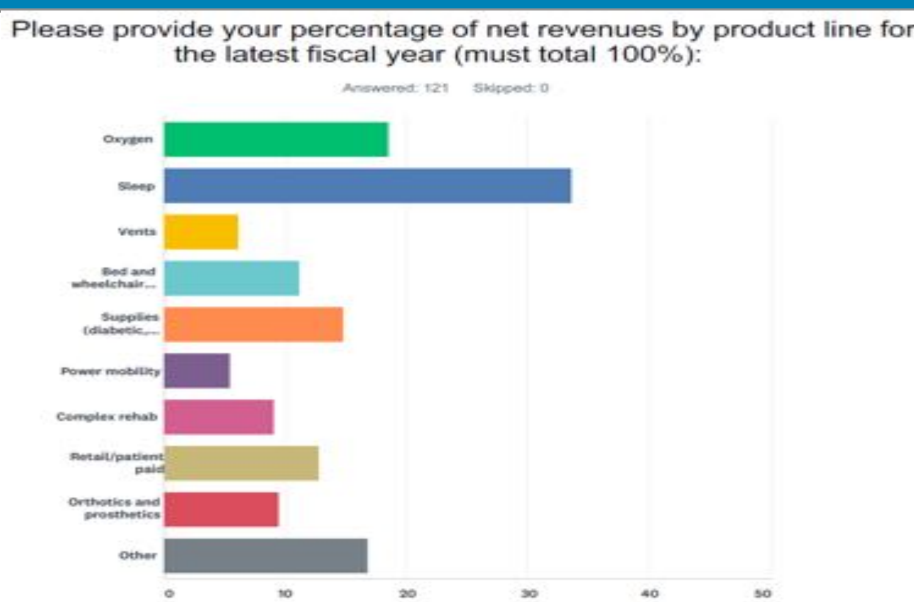

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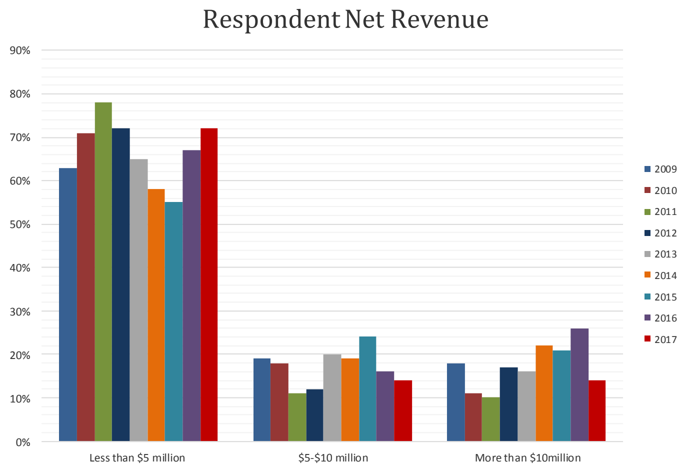
Business size - Respondent revenue comparison (fiscal years)



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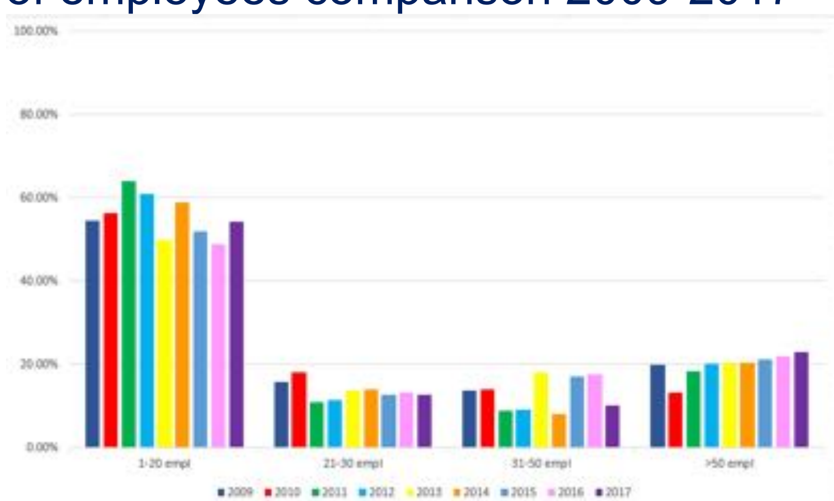
Business size - # of employees comparison 2009-2017



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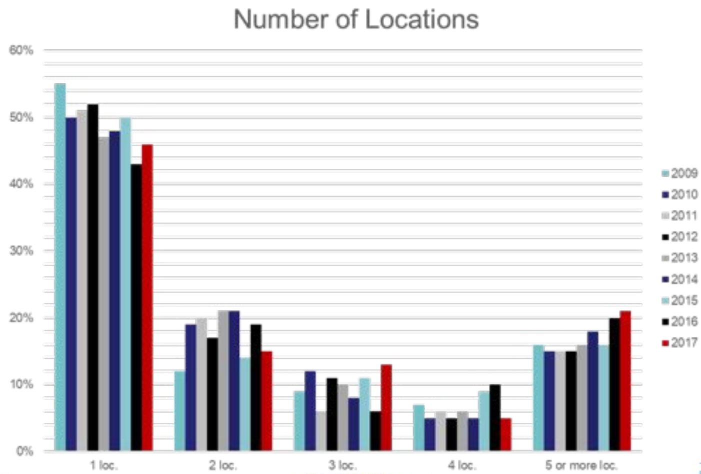
Respondent comparison by number of locations



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Business size (Summary)

- Average business size continues to trend larger due to consolidation and continued exits from the market.
- Last year 28% reported revenues greater than $10 million. Due to perhaps a change in survey participation, this year's results approximated 15%. About one-quarter of all operations have revenues less than $2 million.
- Almost half operate from more than one location, with slightly more than one-fifth operating five or more locations.
- No sign yet of this trend reversing, as providers continue to struggle with reduced reimbursements.

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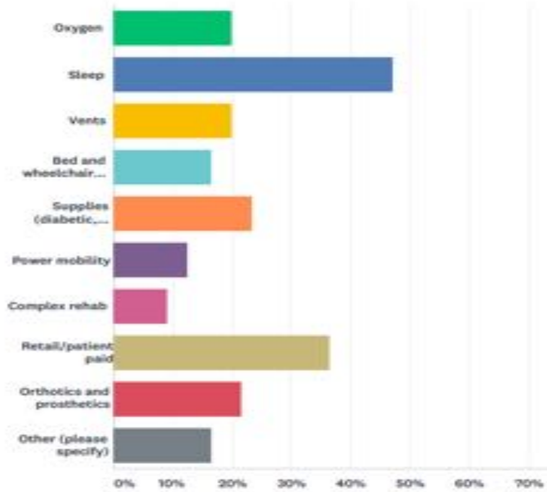
Which of the following product lines increased as a percentage of total revenues in the latest fiscal year? (Select all that apply.)

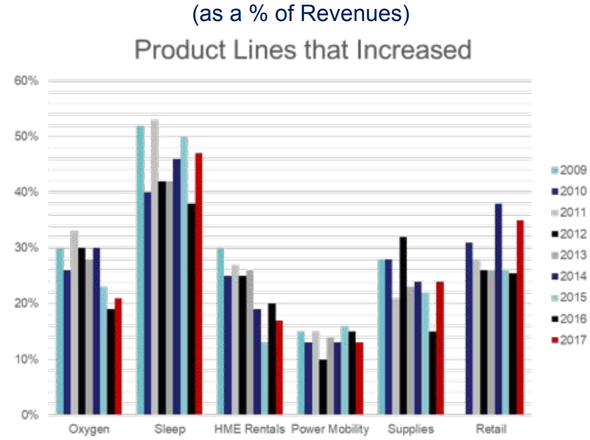
Answered: 121   Skipped: 0



OTHER (PLEASE SPECIFY)
No increases, largely due to reimbursement cuts
lift chairs
Hospice
wheelchair vans
Independent living evaluatons
breast pumps
repair and home modification
hospice
breast pumps and compression
Several Items
Home modifications
Breast pumps and infusion
none
None
lift chairs
HOSPICE RENTALS
Negative Pressure Wound Therapy & Supplies
Compression socks
We only do supplies and there was no increase
disposables for sleep; urologicals; diagnostics

Revenues – Product lines that increased…

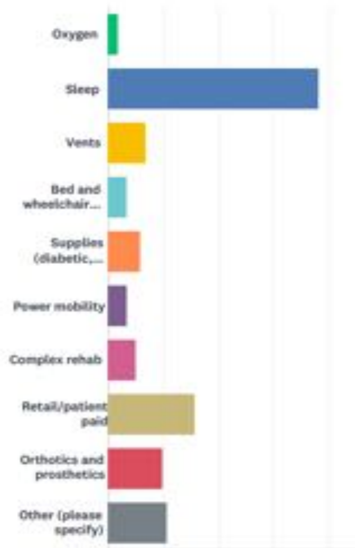
(as a % of Revenues)



*****Sleep continues as the most consistent source of growth for the ninth consecutive year…but retail is catching up!

Which product line grew the fastest in the latest fiscal year compared to the prior year? (Select only one.)

Answered: 121 Skipped: 0



OTHER (PLEASE SPECIFY)
None noted
home modification
diabetic shoes
Mastectomy
breast pumps
hospice
breast pumps compression
Home mods
none
None
lift chairs
Negative Pressure Wound Therapy & Supplies
We only do supplies and there was no increase

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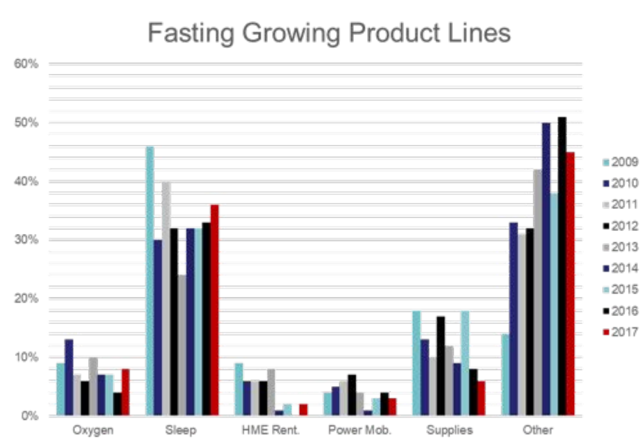
Revenues – Fastest growing product lines…

(as a % of Revenues)



**********Other includes retail sales (15%), complex rehab (13%) and O&P (11%)

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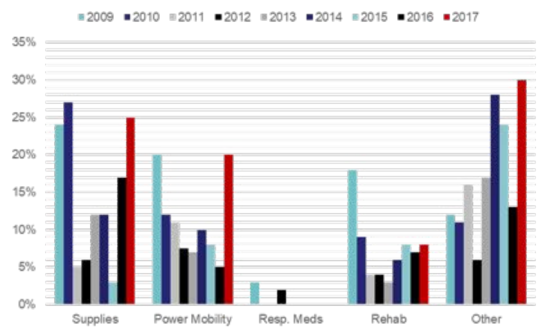
Discontinued product lines…

	2017	2016	2015	2014	2013	2012	2011	2010
Did not discontinue any lines:	63%	69%	72%	65%	72%	75%	60%	65%



OTHER (PLEASE SPECIFY)
Infusion pharmacy
diabetic shoes
pediatric infant
Mastectomy - Women's Health
We only do supplies so we did not discontinue anything
DICONTINUED GROUP 2 POWER WHEELCHAIRS

Supplies is primary line being left to specialists.

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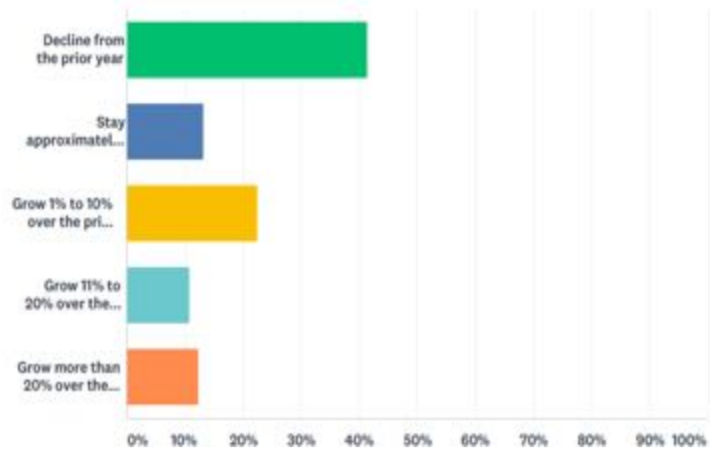
Q4 Did your total collectible HME revenues for the latest fiscal year:

Answered: 121 Skipped: 0



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2011 – 2017 Historic revenue growth…

	2017	2016	2015	2014	2013	2012	2011
Declined	41.7%	34.5%	20.2%	28.0%	32.0%	29.4%	32.7%
Stayed the same	13.3%	10.3%	17.9%	17.0%	8.7%	14.7%	14.0%
Increased 1-10%	22.5%	29.3%	26.2%	26.0%	33.0%	30.8%	35.7%
Increased 11-20%	10.8%	8.6%	20.2%	15.0%	18.5%	14.0%	11.1%
Increased 20+%	11.7%	17.2%	15.5%	14.0%	7.8%	11.2%	6.4%

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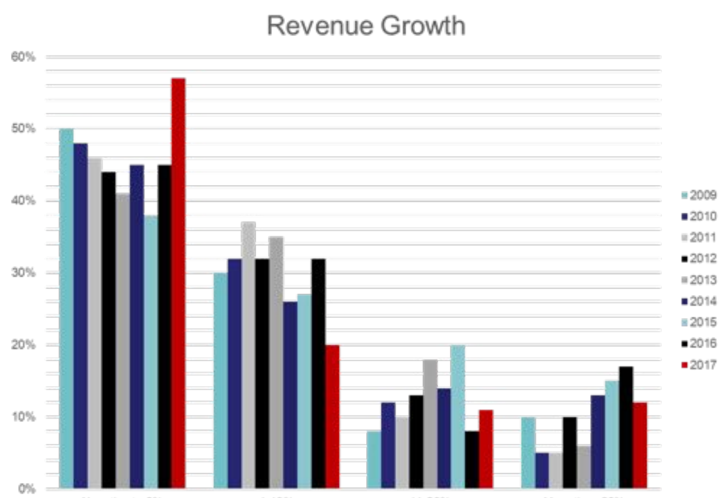
2009 - 2017 results summarized…



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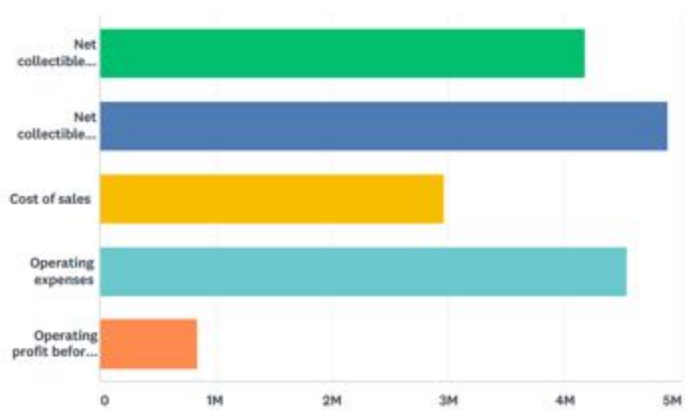
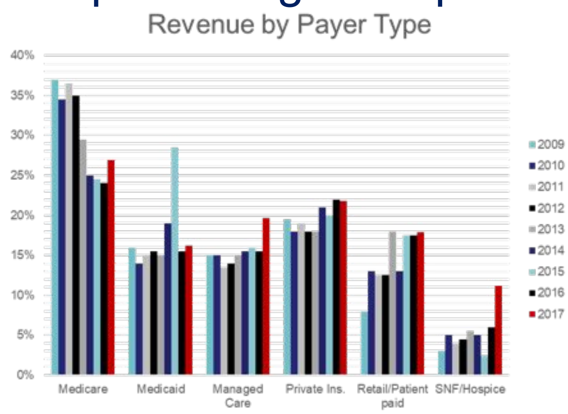
- Profitability shrank from 12% to 10% in 2016.
- However, in the 2017 survey, earnings improved to 13% among all respondents.
- EBITDA average of the 121 respondents was 19.9%.
- HME providers continue to focus on improving efficiency of operations.

ANSWER CHOICES	AVERAGE NUMBER
Net collectible revenues - rentals	4,175,203
Net collectible revenues - sales	4,883,492
Cost of sales	2,963,706
Operating expenses	4,535,624
Operating profit before interest & depreciation (EBITDA)	832,076
Total Respondents: 121	



Revenue by payer type – Historical percentage comparison



In 2016, revenue from government payers dropped to lowest level since 2009; 2017 results show slight increase.

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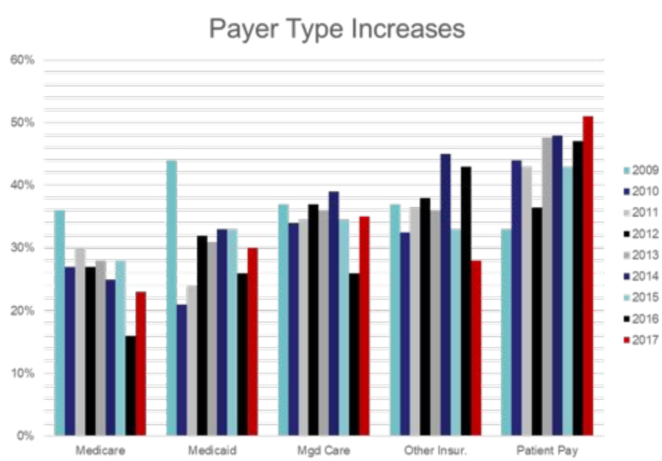
Payer type increases (comparison)



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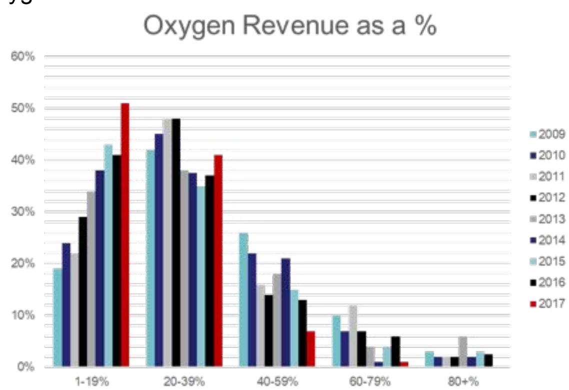
Revenue by employee

	Independent HME	Hospital owned HME
All employees-2017	$176,000	$191,000
All employees-2016	$157,000	$184,000
All employees-2015	$174,000	$192,000
All employees-2014	$153,000	$151,000

Oxygen revenue as a % of total

	2017	2016	2015	2014	2013	2012	2011	2010
Don't provide oxygen	23%	29%	34%	26%	24%	30%	20%	28%



Oxygen census by modality

	2018	2017	2016	2015	2014	2013	2012	2011	2010
Concentrator only	17%	35%	31%	58%	32%	30%	35%	10%	24%
Conc. & gaseous portable	55%	35%	39%	22%	40%	50%	41%	62%	55%
Home Trans fill system	13%	14%	15%	10%	14%	10%	10%	8%	10%
Portable concentrator	7%	12%	6%	8%	6%	7%	5%	6%	4%
Liquid stat. & liquid portable	5%	2%	7%	1%	3%	1%	5%	2%	4%
Concentrator & liquid portable	2.5%	1%	1%	1%	4%	1%	2%	1%	2%
Liquid stationary only	.5%	1%	1%	0%	1%	1%	2%	0%	0%

In this survey, gaseous portables were delivered to 65% of patients, versus picked up by 35%. Last year, the ratio was 72%/28%.
Portable concentrators doubled in 2017 but leveled off in this survey.

Oxygen census (non-capped) by payer…

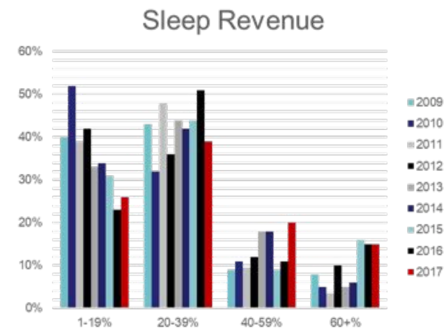
as of 1/1/17

	2017	2016	2015	2014	2013	2012	2011	2010
Managed care	22%	34%	15%	14%	14%	18%	22%	13%
Other insurance	21%	n/a	17%	11%	19%	15%	8%	11%
Medicare	34%	27%	45%	54%	41%	55%	57%	58%
Medicaid	7%	23%	12%	16%	14%	8%	7%	10%
SNF/Hospice	13%	12%	7%	3%	7%	3%	4%	7%
Patient paid	3%	4%	4%	2%	5%	1%	2%	1%

Medicaid drop, if correct, is substantial

Sleep revenue as a % of total

	2017	2016	2015	2014	2013	2012	2011	2010
Don't provide sleep	28%	33%	34%	29%	33%	39%	26%	32%



Sleep Revenue by type:

Equipment	51.2% (56% last year)
Supplies	48.8% (46% last year)

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HME rental revenue as a % of total…

	2017	2016	2015	2014	2013	2012	2011	2010
Don't provide HME rentals	20%	31%	37%	24%	25%	21%	15%	23%

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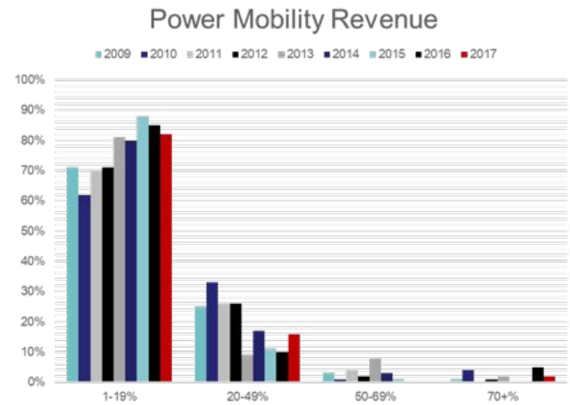
Power mobility revenue as a % of total

	2017	2016	2015	2014	2013	2012	2011	2010
Don't provide	62%	62%	61%	57%	50%	55%	58%	51%



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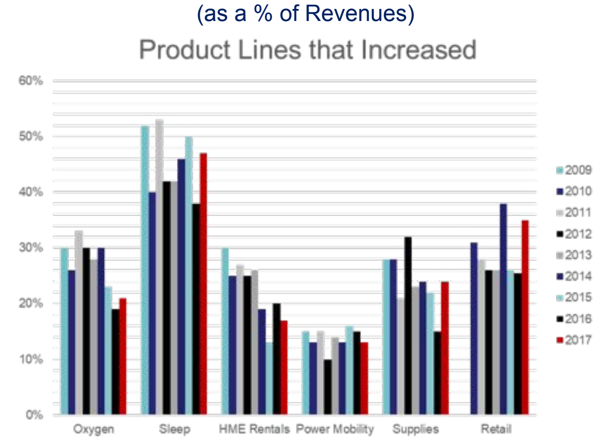
Revenues – Product lines that increased…

(as a % of Revenues)



*****Sleep continues as the most consistent source of growth for the ninth consecutive year…but retail is catching up!

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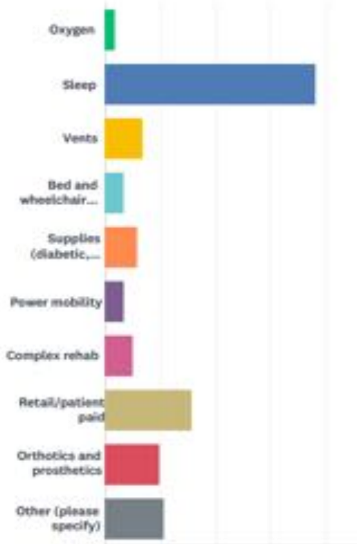
Which product line grew the fastest in the latest fiscal year compared to the prior year? (Select only one.)

Answered: 121 Skipped: 0



OTHER (PLEASE SPECIFY)
None noted
home modification
diabetic shoes
Mastectomy
breast pumps
hospice
breast pumps compression
Home mods
none
None
lift chairs
Negative Pressure Wound Therapy & Supplies
We only do supplies and there was no increase

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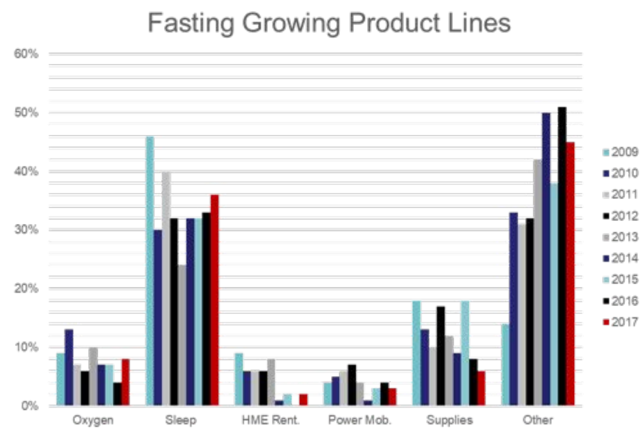
Revenues – Fastest growing product lines…

(as a % of Revenues)



**********Other includes retail sales (15%), complex rehab (13%) and O&P (11%)

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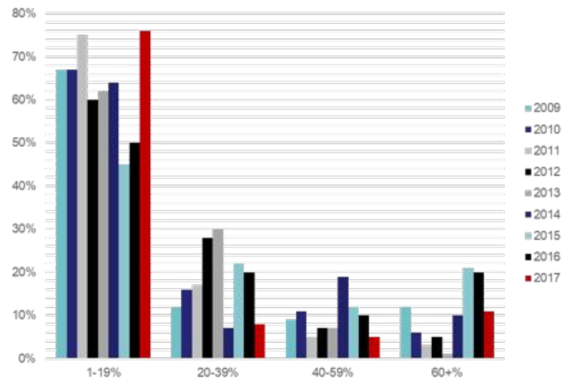
Rehab revenues as a % of total…

	2017	2016	2015	2014	2013	2012	2011	2010
Don't provide rehab	76%	66%	78%	72%	74%	72%	73%	69%



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Rehab technology

Operating Metrics:	2017	2016	2015	2014	2013	2012	2011	2010
Avg. monthly revenues/RTS	$64,000	$59,400	$56,100	$66,700	$43,300	$52,700	$49,000	$42,500
Monthly completed eval./RTS	24	23	23	25	20	21	22	17
Avg. % (of annual rev.) in WIP	16%	16%	12%	13%	14%	14%	12%	13%
Avg. days from eval. to delivery	68 days	64 days	52 days	62 days	54 days	55 days	58 days	53 days

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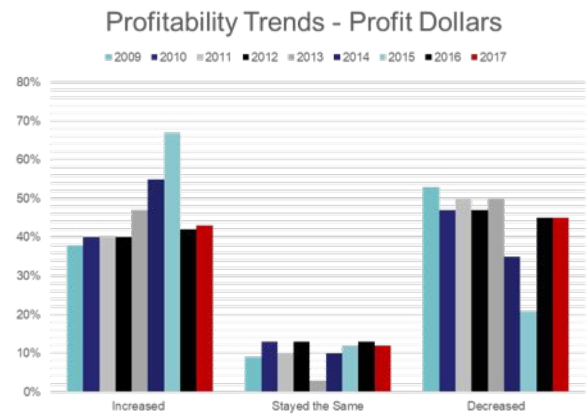
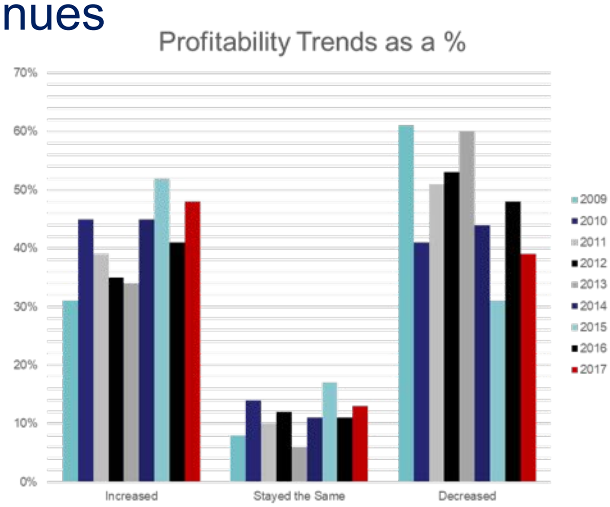
Profitability trends – Profit dollars



*****Almost identical to last year!

Profitability trends – Profit as a % of revenues



Gross profit, expenses & EBITDA

	2017	2016	2015	2014	2013	2012	2011	2010
Revenues	100%	100%	100%	100%	100%	100%	100%	100%
Gross profit	66%	65%	63%	62%	66%	63%	65%	68%
Oper. expenses	53%	55%	51%	49%	57%	53%	55%	52%
EBITDA	13%	10%	12%	9%	10%	10%	16%	13%

EBITDA up 3%...

Acquisition cost trends - 2016 (last year)

	Increased	Decreased	No change
Oxygen	14%	40%	46%
Sleep	19%	64%	17%
Beds & wheelchairs	40%	13%	47%
Supplies	25%	30%	45%
Power mobility	30%	22%	48%
Complex rehab	17%	20%	63%
All equipment	24%	32%	44%

Manufacturer price increased in traditional HME products.

Acquisition cost trends - 2017

	Increased	Decreased	No change
Oxygen	20%	27%	53%
Sleep	19%	55%	26%
Beds & wheelchairs	23%	24%	53%
Supplies	27%	19%	54%
Power mobility	25%	14%	61%
Complex rehab	17%	10%	73%
All equipment	22%	25%	53%

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Expense benchmarks

	10th Percentile	Average	90th Percentile
Employee related - 2017	41.50%	28.10%	15.90%
Employee related - 2016	45.00%	28.90%	12.80%
Employee related - 2015	47.50%	30.60%	16.00%
Employee related - 2014	40.40%	28.40%	12.50%
Employee related - 2013	45.40%	31.40%	14.00%
Employee related - 2012	50.30%	33.00%	16.70%
Occupancy related - 2017	11.50%	6.20%	1.80%
Occupancy related - 2016	10.00%	5.30%	1.80%
Occupancy related - 2015	17.00%	6.80%	1.60%
Occupancy related - 2014	14.00%	7.20%	1.60%
Occupancy related - 2013	11.80%	6.40%	1.90%
Occupancy related - 2012	22.20%	7.30%	2.00%

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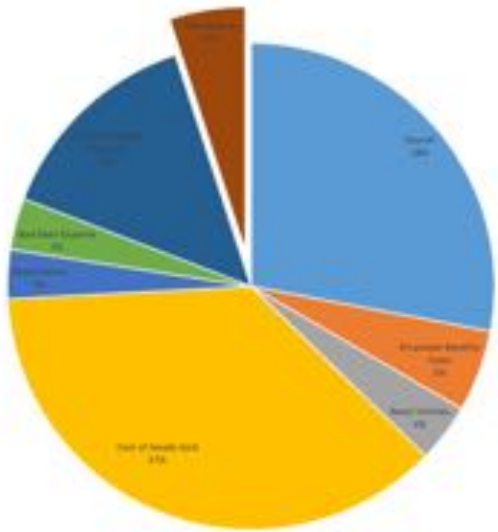
VGM Member Payroll/Benefits = 33.4%



Payroll	28.0%
Employee Benefits Costs	5.4%
Rent/ Utilities	3.9%
Cost of Goods Sold	36.9%
Depreciation	3.3%
Bad Debt Expense	3.4%
Other Operating Expenses	14.1%
Net Income	5.0%

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Compensation of sales staff

	2017	2016	2015	2014	2013	2012	2011
Salary only	46%	43%	38%	37%	39%	34%	35%
Salary+incentive based on collections	24%	26%	25%	29%	18%	24%	19%
Salary plus incentive (based on setups)	19%	21%	20%	20%	26%	27%	29%
Salary+other incent. (or combo of above)	5%	5%	7%	4%	8%	4%	6%
Other (hourly or no dedicated sales staff	4%	4%	5%	7%	7%	2%	6%
Incentive only	2%	1%	5%	3%	2%	3%	5%

Salary only compensation increases as sales per salesperson drops?

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Compensation of sales staff

	Equip.	2017	2016	2015	2014	2013	2012
Avg. comm./set-up	O2	$65	$75	$68	$73	$68	$85
	CPAP	$40	$39	$37	$40	$45	$40
	Vents	$220	$120	$280	$255	$271	n/a
	Power W/C	$112	n/a	$146	$41	$48	n/a
% of total sales comp. that is incentive based		26%	25%	23%	25%	31%	21%
Avg. O2 set-ups/sales rep.		25	26	20	18	15	13
Avg. CPAP set-ups/sales rep.		30	25	31	29	21	n/a

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Outsourcing – Current outsourcing

	2017	2016	2015	2014	2013	2012	2011
None	35%	47%	49%	45%	48%	48%	51%
Collections	45%	34%	28%	27%	27%	24%	32%
Deliveries	8%	16%	12%	10%	7%	8%	8%
Billing Service	26%	12%	20%	29%	24%	20%	17%
Regulatory/Compliance	3%	2%	1%	2%	1%	4%	4%
Other	12%	9%	6%	9%	4%	6%	6%

Other = Resupply/Fulfillment/Calls, Document Filing, Patient Statements, Repairs, Insurance Verification, Call Center, Payment Posting

Outsourcing of collections continues to grow

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Sleep supply outsourcing - % of respondents that outsource sleep supply services

	2017	2016	2015	2014	2013	2012	2011
Both fulfillment and compliance/reorder calls	45.50%	40.60%	22.00%	18.00%	15.80%	11.80%	14.00%
Compliance / reorder calls only	6.50%	6.20%	3.70%	13.00%	5.90%	6.90%	4.50%
Fulfillment only	16.00%	12.50%	8.50%	8.00%	5.90%	5.60%	4.50%
Total	68.00%	59.30%	34.20%	39.00%	27.60%	24.30%	23.00%

Outsourcing of sleep supplies continues to grow!

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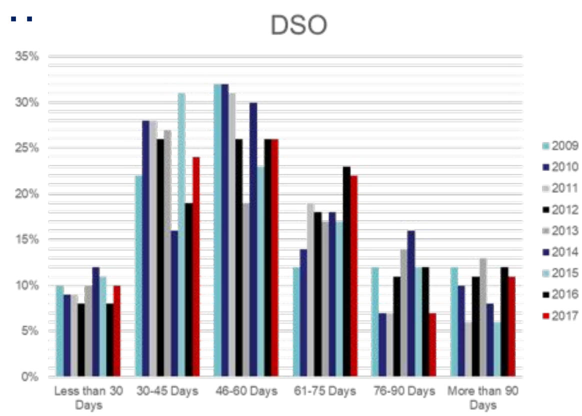
DSO…



- Last year we reported a 40% drop in reported DSOs under 45 days, while DSOs over 60 days increased by 43%. Now we see 60+ steady or decreasing.
- Collections continue to average approximately 85% of allowable revenues.
- Fewer respondents report Medicare audits increasing DSO.

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Capitalization – What sources are we using?

	2017	2016	2015	2014	2013	2012	2011
Internal cash flow	70%	67%	70%	59%	62%	57%	59%
Bank lines of credit	31%	34%	38%	37%	39%	34%	37%
Equipment leases	25%	33%	35%	32%	36%	39%	31%
Bank term notes	12%	26%	19%	22%	26%	20%	24%
Shareholder loans	9%	14%	9%	15%	25%	17%	19%
Private investors	3%	2%	2%	5%	3%	3%	5%
Factoring A/R	1%	2%	1%	3%	0%	3%	4%

Other - "Hospital Owned/Capital", "Owner Unpaid", "Vehicle Loans", "Courage to stay in industry (!!)"

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What's next ? Primary strategy for next 12 months

Activity	2017	2016	2015	2014	2013	2012	2011	2010
Efficiency/productivity, reduce costs	25%	23%	24%	16%	13%	11%	18%	13%
Grow revenues-other or non specific	24%	23%	20%	15%	16%	11%	17%	18%
Grow cash/retail sales	18%	15%	17%	15%	17%	22%	15%	15%
Reduce dependence on Medicare	5%	2%	7%	9%	6%	6%	4%	3%
Diversify product mix	7%	7%	6%	6%	4%	15%	6%	9%
New payer contracts	5	-	6%	5%	4%	7%	5%	2%
Increase respiratory revenues	3%	4%	5%	9%	11%	14%	4%	5%
Expand service area/locations	5%	4%	5%	5%	7%	5%	4%	4%
Survive	6%	4%	5%	7%	6%	12%	10%	10%
Improve collections	7%	9%	2%	6%	10%	-	2%	1%
Acquisition / merger	1%	2%	2%	2%	n/a	n/a	n/a	n/a
Customer service	6%	5%	5%	n/a	n/a	n/a	n/a	n/a
Strategic partnerships	4%	2%	2%	1%	2%	-	-	-

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What's next ? We need to grow but how?

Activity	2017	2016	2015	2014	2013	2012	2011	2010	2010
Cash/ retail sales	45%	40%	30%	23%	30%	35%	25%	31%	13%
Sleep	7%	5%	11%	11%	8%	9%	5%	4%	18%
Insurance/managed care contracts	6%	-	9%	4%	3%	6%	11%	4%	15%
Complex rehab / mobility	4%	5%	9%	8%	11%	5%	9%	1%	3%
Diversify product lines	21%	20%	7%	8%	2%	7%	13%	19%	9%
Increase service area/new locations	11%	10%	7%	7%	11%	7%	10%	5%	2%
Supplies	6%	4%	7%	4%	5%	2%	-	4%	5%
Clinical respiratory NIV vents	8%	4%	5%	6%	8%	6%	-	-	4%
Pediatric	1%	-	5%	-	-	-	-	-	10%
Oxygen	-	-	2%	8%	8%	6%	5%	6%	1%
Commercial contracts	3%	4%	2%	4%	3%	4%	2%	3%	n/a
Home modifications / accessibility	9%	-	2%	1%	5%	-	-	-	n/a
Competitive bidding	-	-	2%	0%	0%	2%	9%	7%	-

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Final discussions -

- Providers continue to struggle to sustain profitability as rate cuts spread to rural areas. Achieving scale to offset reimbursement cuts in rural areas is proving to be tougher than in urban areas.
- Improving cost structure and efficiency continues to be a priority, even as providers struggle to identify profitable new lines of business and geographic expansion.
- Cash/retail sales continue to top the preferred growth plan for most providers, but progress in building a profitable revenue stream remains slow.

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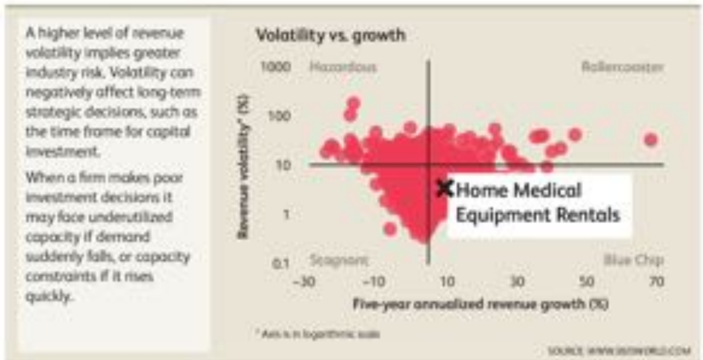
Operating Conditions

Revenue Volatility continued



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Questions? Contact me at:

Mark J Higley
Vice-President, Regulatory Affairs
VGM Group, Inc.
(c) 319.504.9515
(o) 888.224.1631
mark.higley@vgm.com

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