



■ **Straight from the horse's mouth:** RxStat survived a ZPIC audit and so can you. See page 13.



■ **Product Focus:** Manufacturers submitted their flagship aids to daily living, including these allergy tags for children. See pages 30-32.



■ **Do an increasing number of your customers say they can't pay** their out-of-pocket charges? How many more co-pays have you had to write off this year compared to last year? See results on page 38.

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# HME News

THE BUSINESS NEWSPAPER FOR HOME MEDICAL EQUIPMENT PROVIDERS

## NEWS

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- Despite challenges, new CMS data shows HME providers are holding on. **PAGE 4**
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## SMART TALK

- This month, our columnists tackle creating websites, understanding the leasing process, preparing for sales calls and educating consumers on industry issues. **PAGES 14-15**

## COMMENTARY



■ After almost three decades of involvement with our industry, the only consistency industry attorney Neil Caesar has found is that change is constant. He writes: "We cannot hide from it, nor can we afford to be passively assaulted by it." **PAGE 13**

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## And the winners are...

### Contract suppliers: 'We had no choice'

BY LIZ BEAULIEU Editor

**BALTIMORE** – The contract suppliers named by CMS on Nov. 3 may have signed on the dotted line, but they're not optimistic about their prospects under competitive bidding.

"It was either don't accept the contract and get a bullet to the head or accept the contract and have terminal cancer," said Franklin Trammell, president of Carolinas Home Medical

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*CMS officials say contract suppliers are experienced and meet requirements*

BY T. FLAHERTY Managing Editor

**BALTIMORE** – After months of speculation that CMS was having trouble getting enough takers for its competitive bidding program for DME, officials stated on Nov. 3 that an overwhelming majority of the contracts the agency offered were accepted.

"I had a chance to meet with a couple of the folks who raised concerns," said Jonathan Blum, deputy director of CMS and director for the Center for Medicare. "I think their primary concern was that bidders wouldn't sign contracts, but 92% of those



Jonathan Blum

■ **Who are these 'mystery' contract suppliers?** **PAGE 4**

■ **Manufacturer accepts six contracts for oxygen.** **PAGE 33**

that were awarded contracts have signed them and it gives me great confidence in the integrity of the program."

Overall, CMS received 6,215 bids from 1,011 different suppliers. The agency made 1,324 contract offers and signed 1,217 separate contracts with 356 suppliers.

CMS officials said that 76% of the contracts were awarded to suppliers already furnishing the items in the competitive bidding areas (CBAs); 97% of

the contracts went to suppliers with experience with the items they will be providing; and 51%

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## Bushes receive 'gift of mobility'



**THE SCOOTER STORE IN OCTOBER DONATED THE 'GIFT OF MOBILITY' to Former President George H.W. Bush and Former First Lady Barbara Bush. The Bushes will use the power scooter when they're visiting the Texas A&M University campus and the Presidential Library complex. George H.W. Bush used the scooter on Oct. 30 to lead the Texas A&M football team from their locker room to the football field and to participate in pre-game festivities. The Scooter Store's Mark Allen (left), Katie Caldwell (center) and Mike Pfister (right) explain power scooter safety, operation and maintenance to the Bushes.**

What's not to like?

## Investors snap up vendors

BY MIKE MORAN Executive Editor

Several private equity groups have recently acquired HME manufacturers and distributors, and don't be surprised if more buy their way into this market, say industry watchers.

"To me this shows two things," said Don Davis, a financial consultant with Duckridge Advisors. "The valuations are cheap, and people are buying into the demographics—that there is a growing need for these products."

The recent flurry of M&A activity includes the following:

✓ On Nov. 2, RoundTable Healthcare Partners acquired a majority interest in Salter Labs, a manufacturer of respiratory products.

✓ On Oct. 1, Clayton, Dubilier & Rice (CD&R) and GS Capital Partners acquired medical supplies distributor HGI Holding.

✓ On Sept. 27, Ancor Capital Partners acquired Carex Health Brands, which supplies private label home medical equipment to drug stores, HMEs, grocery stores and mass outlets.

Officials at the different

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## Diabetes proposal leaves sour taste

BY THERESA FLAHERTY Managing Editor

**BALTIMORE** – When it comes to diabetes treatment, one size doesn't fit all, stakeholders told CMS medical directors at an Oct. 26 public hearing on the proposed changes to the benefit.

The changes, outlined in a draft local coverage determination (LCD) issued in September, would limit the number of allowed strips, based on frequency of injections, to six per day for insulin-dependent beneficiaries. It would limit the number

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