

The Future of the Home Medical Equipment (HME) Industry Post-Covid


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Current Landscape




Nearly 300 Medicaid MCOs represent >55M people with a total spend close to 50% of Medicaid

*CMS is focused on increasing **value-based care** adoption from 20% in 2020 to achieving 100% by 2025 through program incentives/mandates*




> \$60B Spend on DME products into 2022



5 publicly traded firms account for nearly 50% of all Medicaid MCO enrollment



Homecare is preferred by patients and most cost effective (acute care cost \$3,250 while home care costs \$50)

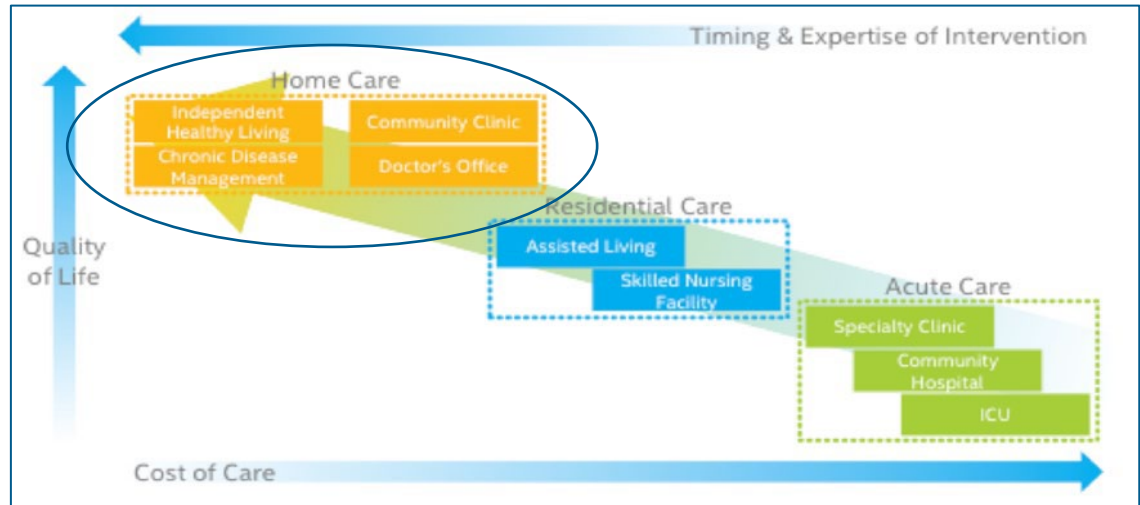


Value-based Solutions to deliver influential, innovative, and cost-effective services to the healthcare continuum for our patients, providers, and partners.

¹ According to Congressional Budget Office- June 25, 2018
²<https://www.payingforseiorcare.com/durable-medical-equipment/how-to-pay-home#:~:text=Last%20year%2C%20Americans%20spend%20approximately,%2Dthe%2Dpocket%20of%20consumers>
³<http://fortune.com/fortune500/mckesson/>
⁴<https://mms.mckesson.com/content/business-resources/expanding-with-retail/baby-boomers-dme/>

Current Landscape – HME SWOT Analysis

Shift to Home-based Care



Strengths – Homecare = best pt. care/outcome

	2008	2009	2012	2013	2014	2015	2018	2019
Legislation Passed	MIPPA	ACA			PAMA	MACRA		
Program Implemented			ESRD-QIP	BPCI	HAC	VM	SNF-VBP	APMs
			HVBP			CJR	HH-VBP	MIPs
			HRRP					

Source: Avalere Health, 2016

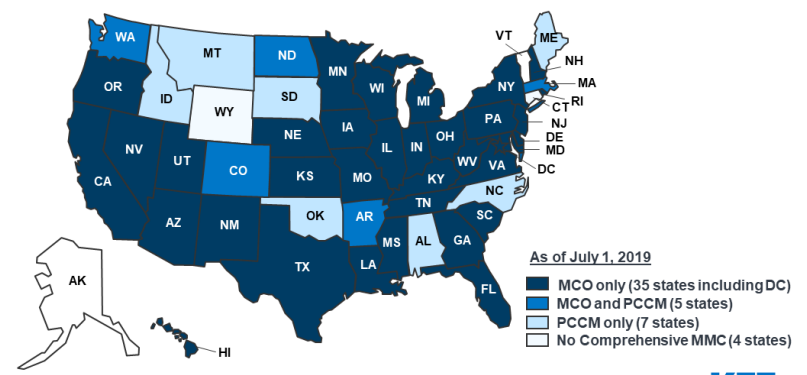
Legislation
 ACA: Affordable Care Act
 MACRA: the Medicare Access & CHIP Reauthorization Act of 2015
 MIPPA: Medicare Improvements for Patients & Providers Act
 PAMA: Protecting Access to Medicare Act

Program
 APMs: Alternative Payment Models
 BPCI: Bundled Payments for Care Improvement Initiative
 CJR: Comprehensive Care for Joint Replacement Model
 ESRD-QIP: End-Stage Renal Disease Quality Incentive Program
 HAC: Hospital-Acquired Condition Reduction Program
 HVBP: Hospital Value-Based Purchasing Program
 MIPs: Merit-Based Incentive Payment System
 VM: Value Modifier or Physician Value-Based Modifier (PVB)
 SNF-VBP: Skilled Nursing Facility Value-Based Purchasing Program

Weaknesses - Advocacy and Value-prop

Figure 1

As of July 2019, 40 states used capitated managed care models to deliver services in Medicaid.



NOTES: CA has a small PCCM program operating in LA County for individuals with HIV. SC uses PCCM authority to operate a small, children's care management program and is not counted here as a PCCM.
 SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2019.

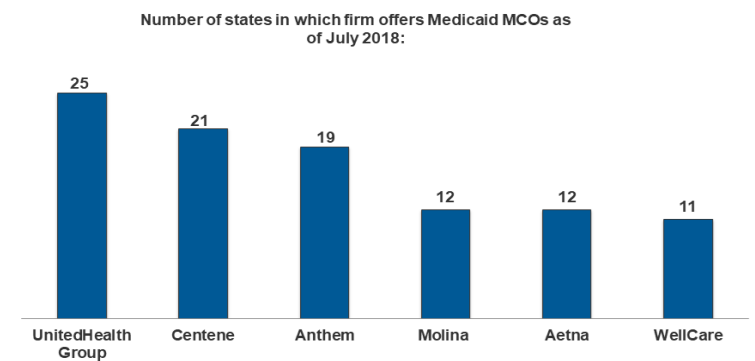


2 **Opportunities - Coordinated Care/Data analytics**

<https://journals.sagepub.com/doi/pdf/10.1177/1084822316666368>
<https://www.kff.org/medicaid/issue-brief/10-things-to-know-about-medicaid-managed-care/>

Figure 8

Six firms have a wide geographic reach in Medicaid, each with MCOs in 10 or more of the 39 MCO states.

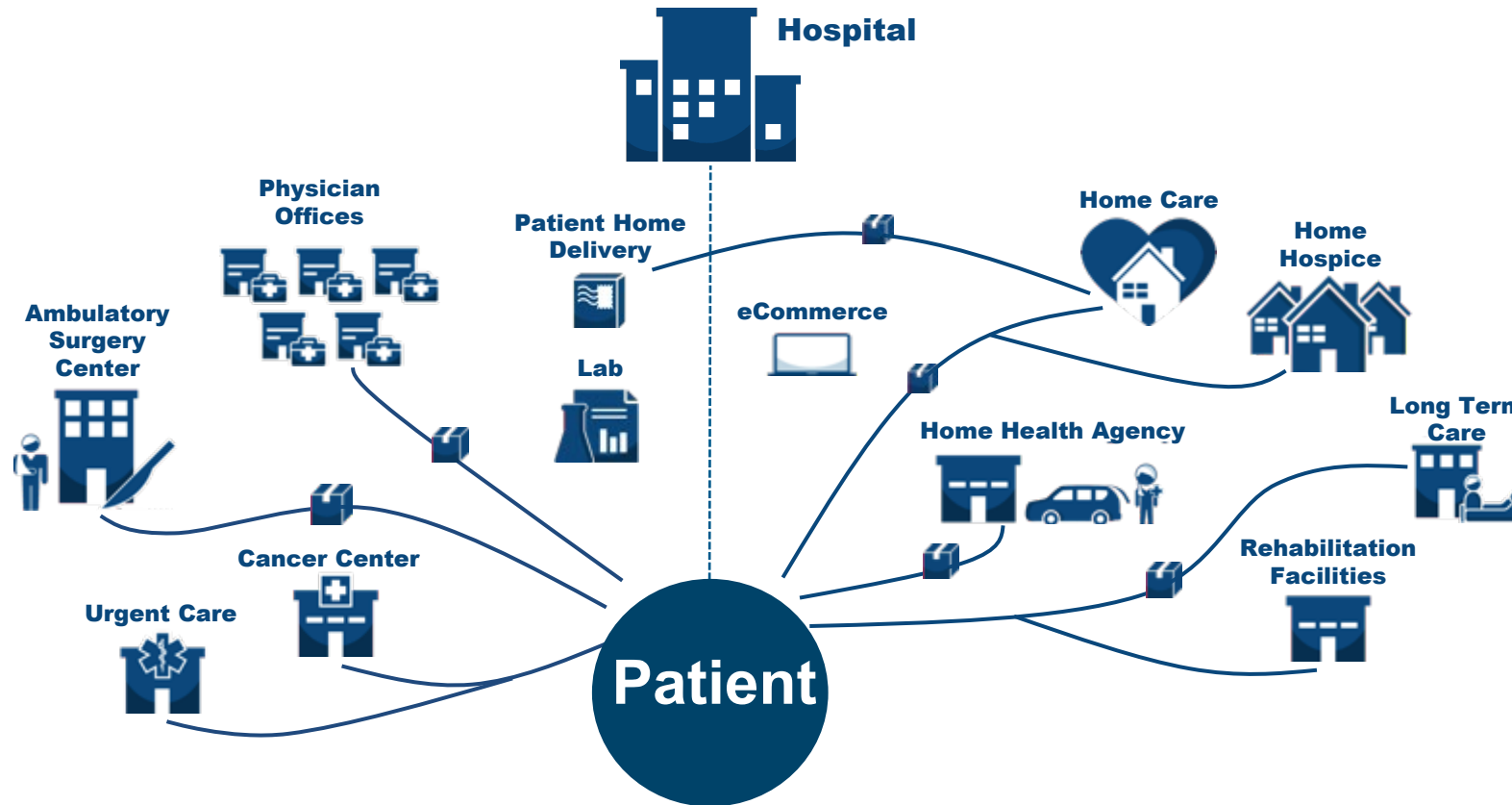


SOURCE: Medicaid Managed Care Enrollment Reports, Centers for Medicare and Medicaid Services, 2020.



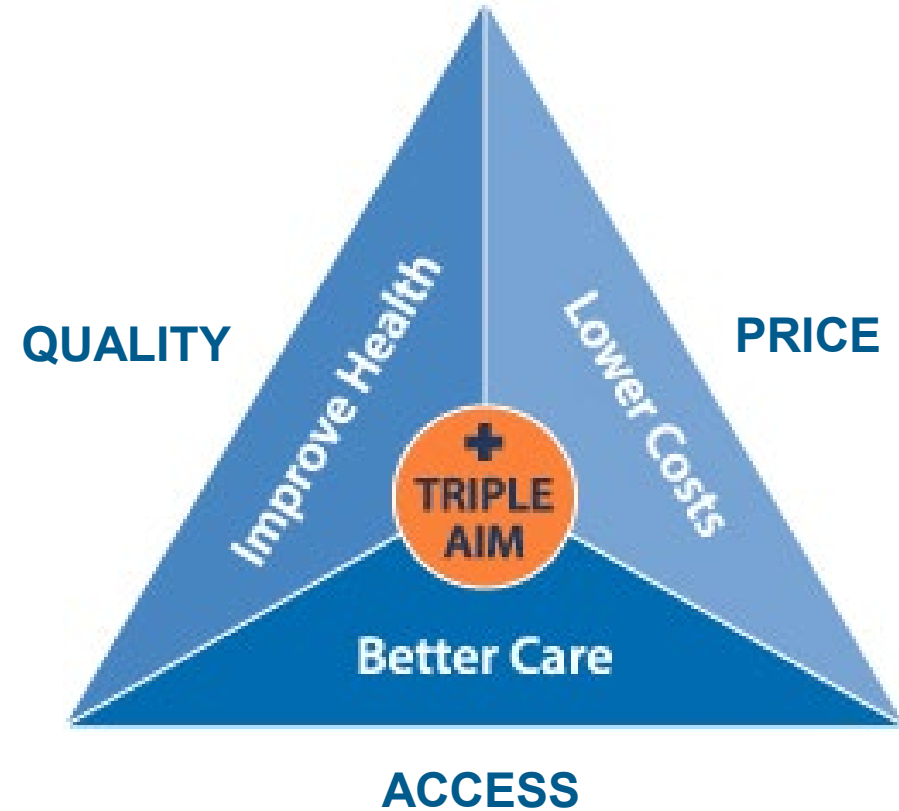
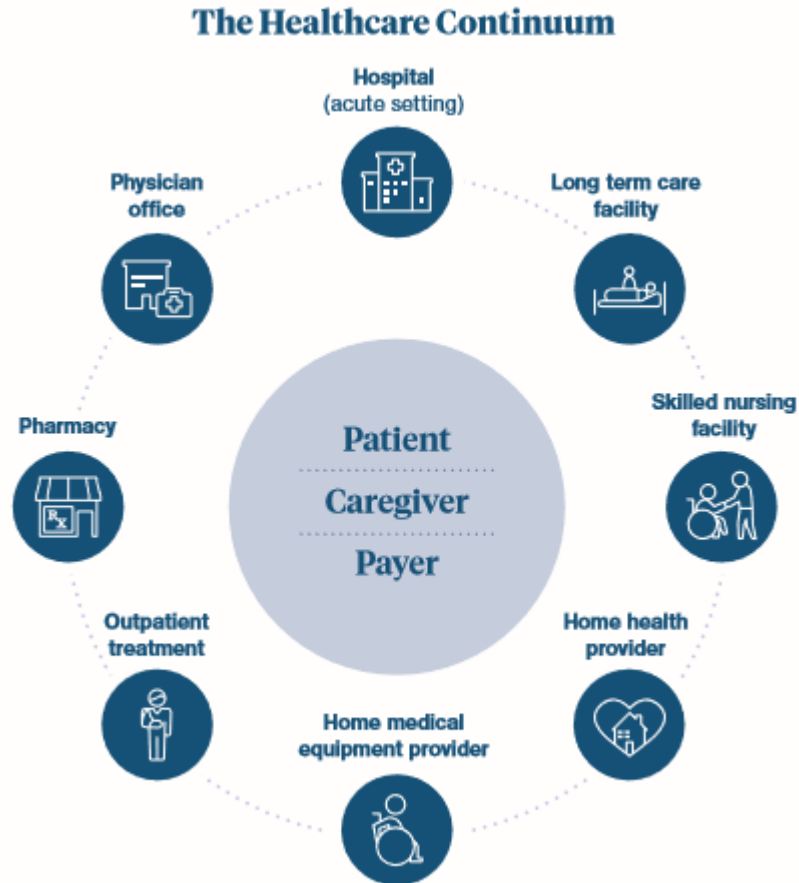
Threats – Monopolies/Narrow Networks

Current Landscape

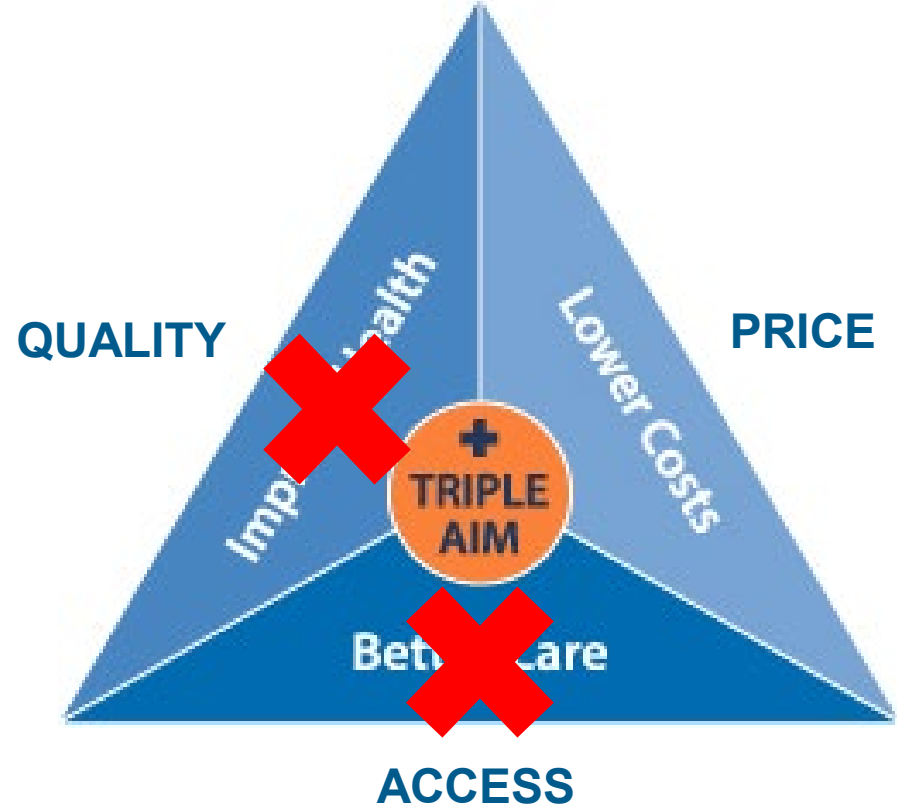
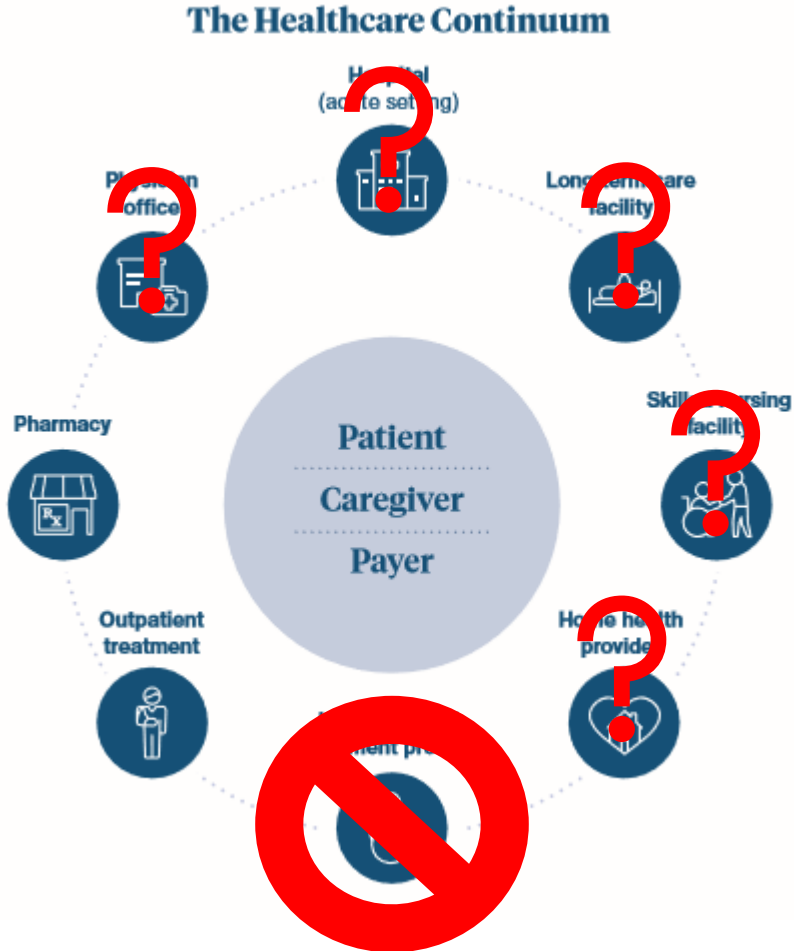


Current State: HME Providers are an essential yet undervalued piece of the care continuum. They are misperceived as an industry that has thrived on overpriced products rather than one that has transformed into a service intensive necessity to drive positive patient outcomes

Goals – Future of HME



Impact of HME



HME Impact on Referral Sources

- Acute patient stays increase
- Decreased available beds/clinicians
- Patient care negatively impacted
- Extended time to receive products
- Documentation burden shifts to referrals
- Increased admin burden for clinicians

- **Value to Referral Sources are:**



Care for more patients



Keep their value-based care payments high



Maintain a high level of patient satisfaction

HME Impact on Payers

- Increased readmissions and rising costs/expense for acute care visits
- Services lost so patient outcomes and overall health will decline
- Diverse providers trying to offer products (Amazon, pharmacies, etc.)
- Race to the bottom when cost is the only focus while outcomes and access are limited



- **Value to Payers are:**

- Patient outcomes are focus of HME Providers
- Adequate service and quality products are critical to success
- Costs can be offset by value-based metrics (readmissions, reoccurrence, compliance, etc.) and data analytics around outcomes

HME Impact on Patient/Caregivers

- Greater lengths of stay in acute settings
- Lack of product selection and education
- Lack of additional support for patient compliance
- Increased caregiver burden
- Increase out of pocket costs

- **Value to Patients/Caregivers are:**



Increased clinical support/education



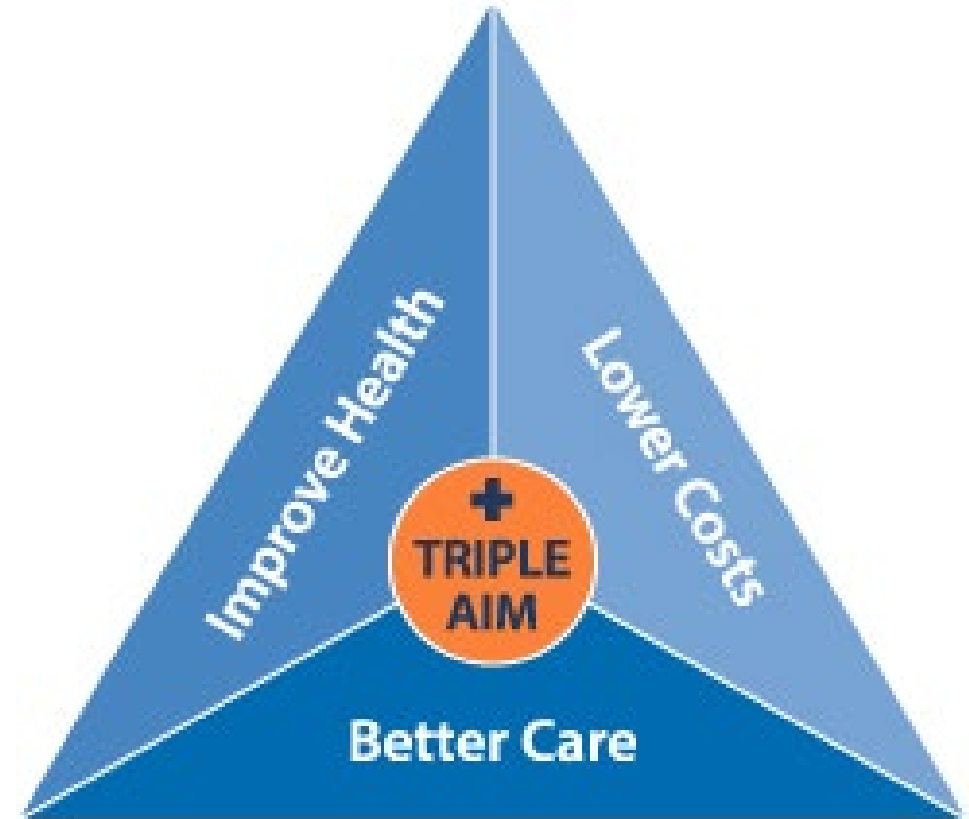
Product and service costs are better reimbursed to minimize out of pocket



Burden of care falls on services by HME provider

HME Provider Value

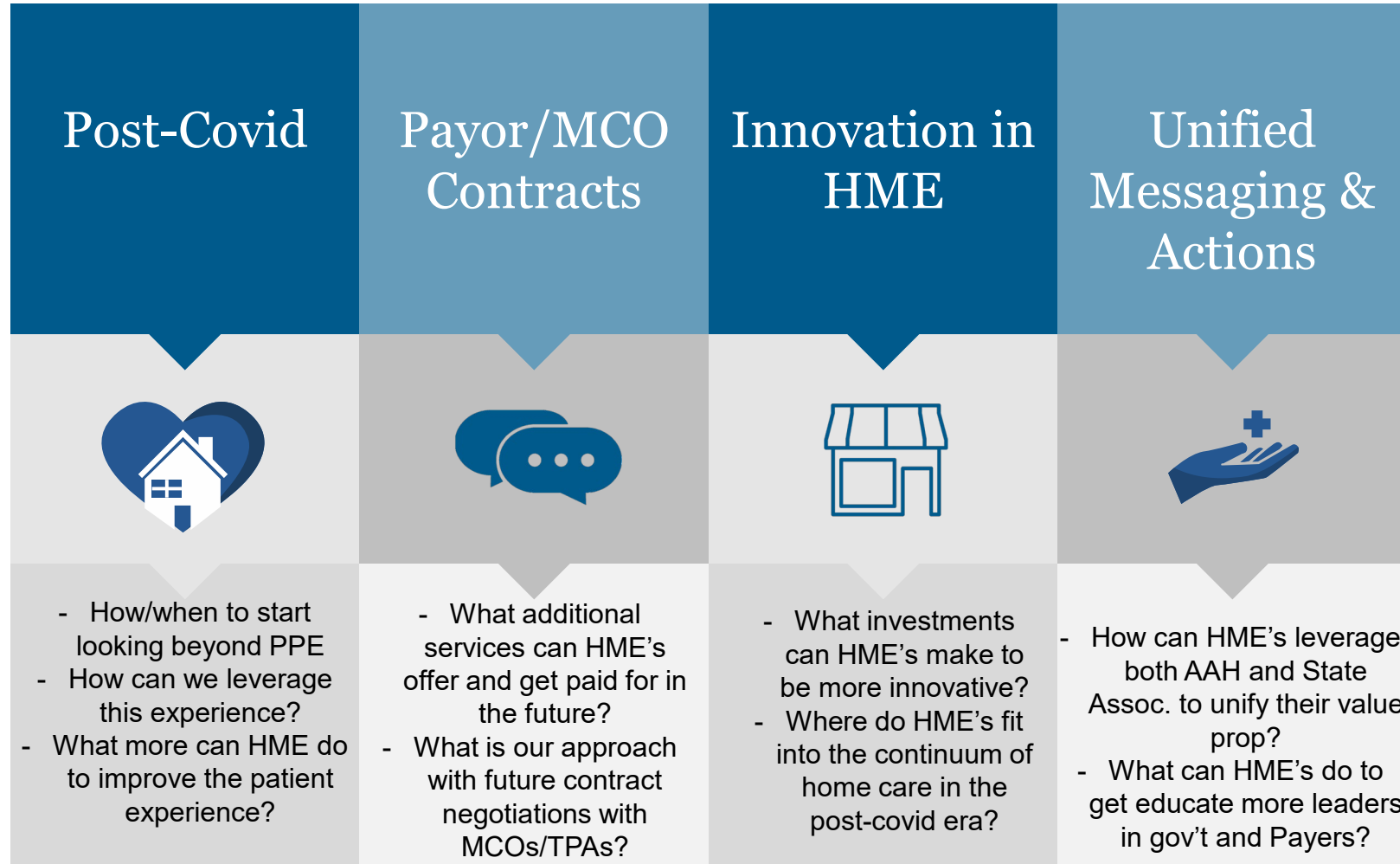
- Provide **clinical support services** and **quality products** to patients at any cost
- Ensure **patient outcomes** are the core focus of their actions
- No other healthcare provider ensures that patient get what they need **prior to payment** (except for an ER)
- Focus on **keeping patients at home** for improved patient outcomes, compliance, and satisfaction
- During a pandemic/catastrophe, HME providers have been able to provide care under the PHE guidelines and this should be **the standard** set forth



Patient Stories

- A current long-term HME patient who has extensive respiratory needs continues to advocate for better access to products at manageable costs for all stakeholders. This patient and caregivers have experienced and expressed the value of their HME provider throughout their care journey and how it has positively impacted daily living activities. Without an HME Provider in the care continuum, this patient would have more questions and doubts as to where they will receive the appropriate services and products to ensure maintaining care at home.
- A mother of a now teenage boy is struggling to manage her son's care in the home but refuses to institutionalize him until absolutely necessary. She and her husband have given up their careers and made moves to ensure they can provide care in the home. Without an HME Provider willing to work with them, there are numerous occasions where they would be going to an ER for a small product change or dose correction. Rather, their Provider was able to support and assist them with the clinical support and product support needed on many occasions to prevent unneeded trips to the ER. The value that a quality HME provider has brought to this family is more time and comfort of care in their home.

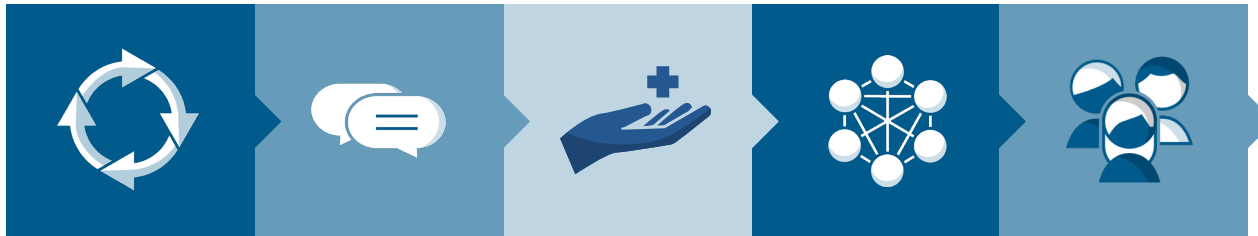
The Future of the HME Industry



Roadmap to Success

Collaborate

w/other Providers
and Payers



Communicate

Effectively communicate your
value to Payers and maintain
open dialogue on a regular
basis

Coordinate

Legislative activities with
associations, state work
groups, and HHS



Calculate

Quantify your value on a
regular basis with respect
to the Triple Aim
measures (Cost, Quality,
and Access)



Consistency

Standardize a process where
variability and change are
minimized for all stakeholders



Questions?

Thank You!