



GET IN ON THE SLEEP DME REVOLUTION!

by Duane Johnson PhD

Sleep DME reimbursement changes occurring today justify the description 'revolutionary'. In 2003 Congress voted on legislation to implement a Competitive Bid Program for all DMEPOS (Medical Equipment Companies that bill Part B for medically necessary equipment). This new Federal law impacts all Sleep DME service providers, and even sleep labs that refer to sleep service DME providers.

Congress also made accreditation mandatory for DMEPOS providers to be able to participate in competitive bidding. Implementation timelines for the DME accreditation piece have not been clearly determined. The Federal competitive bidding plan calls for the Metropolitan Statistical Areas (MSA's) to be chosen in three stages and implemented over a 3-year period. The deadline for submission for the first 10 MSA cities implementing competitive bidding with CMS was September 25, 2007, with the

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concurrent requirement for DME accreditation by one of the eleven approved accrediting bodies by October 31, 2007. The first 10 MSA's are behind us. As of this writing, many DME service providers in the first 10 MSA's have already been disqualified, but the good news is that the rest of us outside the first 10 MSA's have time to take action.

Those of you who conduct sleep testing and either provide CPAP, BiPap, etc, or intend on doing so in the future must be aware of Competitive Bidding and Mandatory DME Accreditation laws. So I asked Steve Vinci, an SCMI Advisory Team Member who specializes in DME accreditation, to clarify the Competitive Bidding Process and mandatory DME Accreditation.

What is the current status of Competitive Bidding?

We are sitting in the stands of the playing field about to see the next 70 MSA's announced. CMS claims that the announcement will be sometime this Fall/Winter. Hence, there is some confusion over dates and timelines. What we know for sure is that one of the most significant changes in the Home Medical Equipment industry, including sleep DME, is about to be unfolded. It is revolutionary! Those in this 70 MSA group (or those who start up a new DME service) have an opportunity to obtain the competitive bid and still have time to become DME accredited. This should be done imme-

diately, regardless of the bid process, because DME accreditation is here to stay.

So then the next question is, "What is required if our company is not in the first 10 and/or next 70 MSA's?" Since the bid amounts will be established in all MSA's, and reimbursement set, a DME sleep service will need to be accredited, although the deadline date is still to be determined. We know the deadline it will not be in 2008 for those in the third group but will most likely be required by year-end, 2009.

A new DME 'era' is upon us, what does that mean?

You can continue to offer all patients who undergo sleep study testing their necessary DME treatment either by providing it through your own sleep DME service or referring these patients to an outside DME provider. Either way, it is essential you become educated and knowledgeable about the laws. Wise sleep lab managers should look for the opportunities ahead and consider if it is possible for them to provide sleep DME as an addition to their business model rather than decrying all the changes. If you are not already DME accredited, getting into the game and securing part of the bid is the new era. The synergy of diagnosis of sleep disorders and the subsequent treatment of the condition is a simple tactic that helps ensure better compliance and improved health. The barriers to entry, or to you continuing to be a provider, focus on legal eligibility, evidence based quality and efficient services that make a profit.

If I decide to continue providing or to add DME service to my sleep lab business, what then?

Now if your decision has been made to enter or continue to provide sleep DME services, proper steps must be implemented. Assuming that you are in one of the next two MSA rounds of competitive bidding, your sleep DME service must become DME accredited. This is not only for the opportunity to participate in the Medicare program, but also because the return on investment for 'quality' is efficiency and therefore improved financial outcomes. CMS has authorized eleven DME accrediting bodies to pick from, much different than in years past. The acceptable standards have been more clearly defined by CMS and can be found at www.cms.gov. That in and of itself is a win for the sleep DME industry creating a level playing field. And many times, when you read the standards, you think, "We are already doing this!" So it becomes a matter of documenting and



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The Sleep DME Revolution... Continued from page 46

exemplifying that in your policies and procedures manual and then ultimately the DME accreditation application process. In sleep DME, it can be as easy as a straight sale of the CPAP equipment or as complex as re-rentals. The complexity of the process is the business model you select. It truly becomes a business decision. These decisions will also drive how you choose to become DME accredited.

The opportunities in the DME clinic for equipment selection, application of the therapy and the transaction to provide the therapeutic equipment is as seamless as any in today's healthcare environment. In my medium sized respiratory hospital-owned company we not only do business with our own sleep center, but also with our healthcare system's competitors. We offer other clinics, on site set-up and a compliance program that helps ensure proper patient use of the DME equipment. Our return rate is minimal and it is truly because of a team approach. As for accreditation we have been accredited since 1988. It has become part of our culture and long-term success. A culture of quality, efficiency and measured performance is the new era of sleep DME. The efficiencies through embracing and living a performance-based quality culture are the answer to the questions of profitability in this sleep DME competitive bidding era.

How do we stay in the game by winning or participating the competitive bid in our area?

Again, Knowledge is Power, but Enthusiasm pulls the Trigger. Get involved. Use qualified and experienced consultants to guide you, or partner with other sleep DME entities, and become involved in trade and/or industry associations to gain further knowledge. Once you are knowledgeable, move forward to assure your DME accreditation to qualify for participation in competitive bidding.

Remember the game rules are set by CMS. With that said, our experience has shown, dotting the "I's" and crossing the "T's" typically brings about success. Stay enthusiastically engaged, know your costs, and consistently follow your business model. This will bring about greater patient quality benefits, better financial returns, and more business opportunity.

As Steve Vinci has exemplified, 'revolutionary changes in sleep DME are happening'. Do not deny it or be a wisher or hoper. Be a doer and take wise action. Then participate and enjoy the sleep DME advantages you have created.

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"You call it doing my homework, I call it intentional infliction of emotional distress."