



A day without an HME

Overview

The Home Medical Equipment industry is an essential part of healthcare delivery. However, many still view it as a product delivery mechanism rather than a patient care service. With the rise of e-commerce platforms shipping products to patient homes, HME providers face increased pressure to demonstrate their value in the healthcare continuum.

Simply put, HME providers are undervalued. They are not recognized by some stakeholders, most notably payers, for the important role they play in healthcare. They are not recognized for how they can help save money while supporting improved patient outcomes.

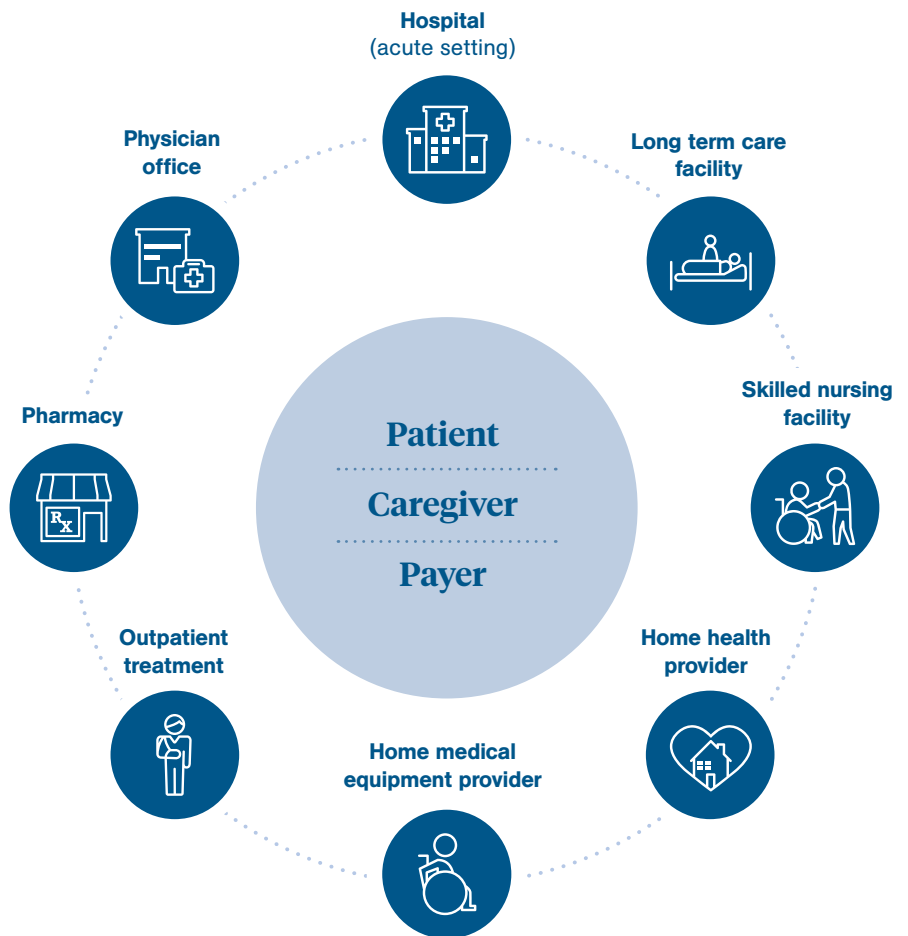
To help provide the highest quality care to patients, HME providers invest in services like:

- CPAP training/setup
- Nutritional/follow-up
- Enteral pump/maintenance
- Clinical resources for disease-state education

The combination of medical products and services allows HME providers to give a better experience to referral sources, clinicians, and patients. Without this critical service component, patients may end up in high-cost inpatient settings. The services and support that HME providers bring to the care continuum help drive better clinical outcomes for patients, and this is one way costs can be managed.

It's important to remember participants along the healthcare continuum are aligned toward the same end goal – supporting positive patient outcomes within a reasonable cost. The **Triple Aim** concept, which seeks to provide patients with access to quality medical products at a reasonable price, is critical to supporting positive patient outcomes. When payers and referral sources view HME providers as medical product suppliers and not medical service suppliers, Triple Aim can never be achieved.

The Healthcare Continuum



For this reason, reimbursement models need to be reviewed to mirror this concept and maintain proper access to care for patients in the healthcare continuum.

The Triple Aim Concept



As HME providers face ongoing audits and lower reimbursements, some providers are at the point where they can no longer stay in business. As a result, many have become reactive and defensive. This tarnishes their reputation more, and may lead to a negative perception of their ability to conduct business. However, switching to a proactive, collaborative stance that shows the impact HME providers have on those they serve can change the narrative. Let's evaluate the healthcare continuum as if HME providers were no longer a key stakeholder or one that is marginalized because of ongoing lower reimbursements.

Impact on referral sources

Discharge planners, case managers, physicians, physician extenders, and claims/billing representatives are among potential referral sources involved in finding medical products for their patients.

- Clinicians usually write the prescription and guide patients on where to fill it, including HME providers with whom they have a good relationship.
- Discharge planners and case managers follow the same process, connecting patients to the HME provider who they believe will provide services that will help prevent their patients from being readmitted to an acute care setting.

Uncertainty about patient care

Consider the referral without HME providers. Referral sources would send their patients to sources they have no established relationship with or to a website where there is no “person” who can help their patients choose the right product for their diagnostic needs.

- How can the referral source trust that their patients are in good hands?
- How can the patient receive optimal clinical outcomes?

Extended time to get product

Without an HME provider, there to help, many patients may face delays getting products they need or receive the wrong product. This could significantly impact patient outcomes. Furthermore, some patients are required to have products on-hand prior to discharge from the hospital. Not having an HME provider will delay discharge for these patients, resulting in less patient beds available and access to care becoming a challenge.

Documentation burden shifts to referral

Today, a claims or billing representative from the HME provider helps ensure medical documentation is accurate and submitted on time for reimbursement for products delivered to patients. Without them, however, the burden shifts to the referral source.

Increase administrative burden for clinicians

Whether its lack of service provided, the wrong product being delivered or a longer stay in the acute care setting, these patients will likely come back to the referral source for additional education, support, or worse, a further deteriorated health condition. This is a preventable burden to the healthcare continuum. Clinicians are reworking up the same patients, and sometimes they may not be reimbursed for additional services required. Discharge planners’ and case managers’ performances are also dropping because of this cycle, and they have no control over it due to the lack of a service-oriented HME provider. It comes down to Triple Aim’s Access to a quality HME provider.

HME providers play a critical role to help ensure patients are discharged and serviced in a manner that supports better outcomes. These outcomes help health systems/physician offices:



Care for more patients



Keep their value-based care payments high



Maintain a high level of patient satisfaction

Referral sources aren’t designed to serve patients in the home

Without HME providers, referral sources will be accountable for the services and products a patient receives once they are discharged to the home or alternate care setting. Many referral sources aren’t set up to serve patients in the home, which means they would need to build this capability. And if they don’t, referral sources are more likely to see patients re-enter their facilities in worse shape than when they were previously discharged.

“[Our] HME has been our “go-to” for getting our DME quickly and efficiently thus helping us to improve throughout the discharge process and decrease stress on the case managers. Their ability to streamline the ordering and delivery process along with their fantastic customer service makes them our automatic “easy button” for quality service and care of our patients.”

– Director, Case Management
Hospital on the East Coast

“Without my HME provider, I would not be alive today and be able to function on a daily basis. I am a complex rehab patient who relies on the use of a specialized wheelchair and ventilator, which allow me to live my best life possible. When my insurance company decided to go sole source and move me to another provider, it caused me to have to go back into the hospital since they were not adequately stocked with the products I need. I have advocated since then against narrow network or sole source contracts with Payers because patients deserve better from the plans that they pay into and from the providers that they get to choose.”

– Maria M.,
HME Patient, OH

“[Our HME] has provided consistent and reliable service for my 6 special needs children, and they ensure that supplies arrive on a timely consistent schedule every month. We had equipment failures at the most inopportune times that would have resulted in hospitalizations or medical crisis that would have ultimately resulted in disastrous situations for my kiddos. They have made the supplies available at any time of the day even after normal business hours and weekend or holidays.”

– **Tiffany G.,**
Mother of special needs children, TX

Payer impact

Payers today reimburse an HME provider for a product and not a service under the current list of Durable Medical Equipment (DME) – related HCPCS codes. The understanding that the HME is a product supplier and doesn’t support patients with associated services does not reflect the true value HME providers bring.

In addition, payers face the challenge of a fragmented healthcare system where there is a need to have multiple contracts with even just one organization. This concept may lead to the payers making reimbursement decisions and policy based on available data, which is usually claims or financial-related. Because HME patients and their related expenses fall lower on the number of claims, these claims and subsequent reimbursements may be lost in the mix of similar products where reimbursement impacts are generalized. Ultimately, the patient’s experience and outcome may be affected.

Increased readmission and rising costs

Without HME providers to care for patients covered under a plan, payers will see higher costs driven by readmissions and more critically ill patients. The care HME providers deliver helps support patient compliance and health and may keep them away from high-cost healthcare settings like emergency rooms. Also, when payers lose high performing HME providers, they may select another HME provider that does not focus on service because of low reimbursement. These other HME providers keep their doors open on low reimbursement because of their ability to maintain high volume. But there is an associated cost with this effort because the high product volume could lead to an inability to scale quality service. Although patients may receive products at a cost-effective price, they may be susceptible to adverse clinical outcomes due to lack of education and support on these products. Potential financial impact has not been quantified, but the concept of cost shifting to a high acuity care setting is a known factor³.

Continued lower reimbursement leads to fewer HME providers, which means access to care could become an issue. If the patient doesn’t receive HME provider services because of an

access issue, this could lead to a decline in optimal outcomes. If this occurs, it leads to higher costs per subscriber. Without HME providers, payers may ask pharmacies and alternate care providers to take on patients’ care in their homes through bundled payments or capitated models.

- While these models could work in select situations, those providers may not be equipped to properly care for HME patients.
- This may result in an increased cost for the payer as patients use acute care settings more frequently and over a longer period.

Payers remain under pressure to service their covered patients, maintain premiums at an acceptable marketplace level while reducing or maintaining their budgets. This puts them in a difficult position, and it’s understandable why they look to reduce HME reimbursement. But this is where HME providers need to change their narrative. Rather than focusing on reimbursement, a value-based discussion with a payer should be at the heart of the conversation.

Patient/caregiver impact

Lack of ability for product selection and proper education

When polled, HME providers acknowledge they are patient-centric organizations, which work hard to achieve better patient outcomes. That alone is a key driver why HME providers are critical to the continuum of care and do more than sell products. They are instead stewards of excellent service. If patients or caregivers did not have access to an HME provider, they would have to find their own products, likely online, and understand how to use those products. We know that even with the clinical support and services, patients of HME providers need ongoing support to help support compliance and better outcomes.

Lack of additional support for compliance

The emotional support and confidence HME providers deliver daily to patients and caregivers is exceptional in the healthcare continuum. Some would argue that high-performing HME providers essentially run concierge-type services to ensure positive outcomes. It goes back to the desire many HME providers have to help patients. They are willing to go the extra mile for their patients, regardless of their reimbursement risk.



Lower reimbursement



Fewer HME providers



Patient doesn’t have access to HME services



Decline in patient outcomes



Increase in per beneficiary cost

Increased burden on caregivers

Caregiver burnout is now recognized by the American Medical Association as a clinical measure that needs monitoring². The ability to reduce this anxiety is another reason why HME providers are critical to patients using DME products. The high level of service and compassion that these providers share with their patients helps ensure caregivers are also supported.

For example, a 90-year old mom comes out of the hospital and needs services, and her children or spouse need to source for products, learn about the products, teach mom how to use the products and continue to do so. This level of

care and support is difficult to sustain over a long time without quality service, which is delivered by HME providers in today's healthcare continuum.

Increased out-of-pocket cost

Without access to HME providers and the services they provide, patients may struggle and may have poor outcomes, which leads to high-cost visits to acute care settings. And with today's health insurance coverage, premiums are rising while coverage declines. This means the patient, in addition to the payer, may have to pay increased out-of-pocket costs.

HME provider value proposition

HME providers put their heads down, and do what's right for their patients – and often, out of their own pockets. And this is happening in an environment where reimbursements are already lower than in years past. They have become adept at finding creative ways to manage their business to ensure viability until it's no longer possible. Simply put – they're making do with far less but still providing an exceptional standard of care. This standard of care is why HME providers are critical to the healthcare continuum.

When HME providers receive a referral, they ask for insurance information but don't withhold products and services while waiting for approvals. This level of service doesn't occur in an ambulatory surgical center or even a dental office. The parallel is in an emergency room. ERs help increase hospital revenue by opening up more beds for acute patients and keeping these subacute/chronic patients out of this high-cost setting. Why aren't HME providers viewed in the same way?

The current model of delivering healthcare in the remote or home setting is expected to continue as Baby Boomers seek to recover or stabilize in the comfort of their own homes. Because of this trend, there is a growing need for HME providers to help ensure patients and caregivers are well-managed. But the unfortunate truth is that the HME community has decreased by almost 35%³ over the last 10 years driven by reduced reimbursements and competitive bidding. Rather than decrease reimbursements, payers should support HME industry growth with improved reimbursements because, at the end of the day, both payer and HME provider have the same goal – returning the patient back to health or giving them better quality of life.

Without HME providers:



Referral Sources

- Won't have trust or confidence their patients are being taking care of post-discharge
- May have to wait longer for their patients to receive product
- Assume more of the documentation burden
- Aren't designed to serve patients in the home
- Have a potential for increased readmissions/rising costs



Payers

- Have a potential for increased readmissions/rising costs
- Increased cost shifting from non-acute to acute care setting



Patients/caregivers

- Will lack ability to select product and have proper education
- Won't have that additional support to help ensure compliance
- Place a higher burden on already-busy caregivers
- Face increased out of pocket cost with potential for more acute-care visits

For more information, visit our advocacy webpage at mms.mckesson.com/hme-advocacy.

¹ <https://revcycleintelligence.com/news/hospital-care-at-home-cuts-healthcare-costs-in-half-at-ma-hospital>

² American Medical Association, "Caring for the caregiver: A Guide for Physicians."

³ AAHomecare, April 2020, estimate number of DMEPOS suppliance locations by state; data retrieved from PDAC