Respiratory Home Care Services: A Hot Market for the 1990s

As the health care industry goes through major changes, independent pharmacy providers must stretch their own areas of service to survive and thrive in the 1990s. Home respiratory care services is a natural fit, according to speaker Patrick Dunne during a home health care workshop at NARD's Rx Expo '94. Being competitive in the 1990s means that home care pharmacies must carefully examine how they do business, identify who there customers are, and become more efficient.

"Companies must look for ways to reinvent themselves," said Dunne, a respiratory therapist and former president of the American Association of Respiratory Care. Dunne is owner of Southwest Medical Management, Inc., a consulting firm specializing in accreditation, quality improvement, and sales training.

Ready for Expansion

The need for home respiratory care will intensify in the future because of the growing number of patients who will require the service. Dunne noted that many chronic respiratory conditions requiring in-home respiratory services rank among the top ten discharge diagnoses among Medicare patients. As the population ages, the numbers needing this type of care will go up significantly.

Dunne also predicted that the AIDS epidemic will create a greater demand for home respiratory services, because many persons with AIDS develop respiratory infections. "We have 103,500 patients diagnosed with AIDS as of December 31, 1993," he said, noting that the ultimate size of this group is not known because the statistic does not include people who are HIV-positive but do not yet have AIDS.

Other potential candidates to receive home respiratory services include an estimated 15 million asthma patients, 16 million chronic obstructive pulmonary disease patients, and 30 million people suffering from chronic sleep disorders.

Tight Economics

Dunne reminded workshop participants that Medicare reimbursement for home respiratory services is equipment-based, not service-based. If repeated patient visits become necessary to properly service the equipment or because of difficulties with patient compliance, pharmacies can lose money under Medicare reimbursement. Keeping a close eye on delivery costs is one of the most important steps a pharmacy can take to keep its respiratory operation profitable, he added.

Whatever the reimbursement structure, in-home respiratory care is service-intensive. Staff must, for example, perform an initial and ongoing assessment to determine if the equipment is appropriate for the patient. "There is a significant amount of patient and caregiver training that must be given," explained Dunne. Patients need to be taught how to clean the parts of their oxygen system, and most important, how to comply with their physician's orders.

Because of the technical nature of respiratory equipment, staff must perform monthly follow-up visits with the patient to maintain the equipment, do quality checks, and monitor the patient's condition. Changes in the patient's condition should be reported to the physician.

Under Medicare, all of these services are provided at no additional cost. "They are part of the reimbursement for equipment," he said.

Ways to Succeed in Business

Finally, Dunne offered the following tips to home care pharmacists on how to successfully provide home respiratory services.

- **Keep it simple.** Providing patient education materials that are simple, to-the-point, and written in plain language will help to ease the concerns of physicians, patients, and caregivers alike.
- **Carefully select patients.** Clearly define your scope of service. Remember that once you accept a patient, you are now that patient's respiratory care provider. If your company is unable to provide the level of care needed by a patient, the patient should be referred to another company.
- **Provide thorough demonstrations.** Using high-tech equipment can be intimidating, particularly for the elderly. You can increase your patients' comfort level by teaching them—thoroughly and sensitively—how to operate their equipment. Also, always provide a 24-hour emergency number for the patient to call if the equipment breaks.
- **Keep your patients happy.** Monitoring your patients' satisfaction will help you to ensure that your patients are pleased with your service. When your patients give you positive feedback, always send it along to the referring physicians, Dunne advised.

Health care reform is providing new opportunities for providers to look beyond the traditional ways of doing business and to take on new opportunities. Savvy home care pharmacists can succeed in providing home respiratory services by drawing upon their knowledge of retail services and by understanding their customers' needs, Dunne told his audience.

By Herbert Weiss. Weiss is a licensed nursing home administrator and freelance writer covering health care and aging issues.

Home Respiratory Services: A Market Overview

■ Estimated total market for in-home respiratory services, 1991	$1.4 billion
■ Estimated Medicare/Medicaid expenditures	$1.3 billion
■ Estimated private insurance expenditures	$118 million
■ Estimated annual growth rate	9.7 percent
■ Estimated in-home respiratory services market, 1996	$2.2 billion

Source: Find/SVP, Inc., The Market for Home Care Services, 1992.

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GOP Prepares to Put Its Stamp on 104th Congress

When the dust settled after the November 8 elections, a historic shift of power had taken place—a shift that will undoubtedly have profound effects on legislative initiatives affecting health care delivery in the United States, including entitlement programs such as Medicare and Medicaid. Last fall, no Republican incumbent was defeated in House, Senate, or gubernatorial races. Fifty-two House seats and eight Senate seats shifted to the GOP, giving it control of both chambers for the first time since 1954. Republican governors even captured 30 state houses, the largest number since 1970.

Large numbers of voters—including many who traditionally supported Democratic candidates—joined Republicans in voting to unseat 18-term veteran Representative Dan Rostenkowski (D-Ill.) and Senator Harris Wofford (D-Pa.), the liberal Democrat who was instrumental in putting health care reform on the nation's policy agenda. Thomas Foley (D-Wash.) became the first sitting House Speaker to lose his election since 1862, handing over the speaker's reins to Newt Gingrich (R-Ga.). And, after an eight-year hiatus, Senator Bob Dole (R-Kan.), 71, again became Senate majority leader.

As the new majority party, GOP leaders have already chosen chairmen for committees with jurisdiction over Medicare and

(Continued on page 2)

THIS Month

Get Focused, Get Involved

The ambitious agenda for the 104th Congress is bound to have an immense effect on you as a home health care provider. Get to know key congressional and administration decision makers—and be first in line to educate them on pharmacy issues such as discriminatory pricing and consumer freedom of choice—at NARD's 27th Annual Conference on National Legislation and Public Affairs in Washington, D.C. Mark your calendar now for March 26-28, 1995 for the best in legislative and lobbying education and information. To register, call NARD today at 703-683-8200.

DMERCs' Draft Nebulizer Policies Still Fall Short

On December 9, the four DME regional carriers published a composite draft medical policy for nebulizers provided to Medicare beneficiaries. Unfortunately, the draft policy still exhibits many of the problems pointed out by home health care providers in the original draft of the policy released in June of 1993. Most notably, the draft policy still mandates extended metered dose inhaler (MDI) trials before a beneficiary can qualify for a nebulizer.

NARD continues to maintain that this proposed requirement would pose at least two serious problems for beneficiaries. First, patients would be required to pay for treatment not covered by Medicare (the MDI trials) in order to qualify for Medicare coverage of needed nebulizer treatments. In addition, the efficacy of MDI treatments depends on the ability of the patient—often elderly—to learn to use the metered dose inhaler accurately. NARD believes that too many elderly patients would not get the services they need while they attempted unsuccessfully to learn to accurately use the MDI.

The DMERC medical directors are soliciting comment on the following areas in the draft nebulizer policies, among others:

- Criteria mandating the use of MDI prior to use of a nebulizer
- The appropriateness of certain drugs used in nebulizers (aerosolized

(Continued on page 3)

(**Congress**, continued from page 1)

Medicaid. Sen.Nancy Kassebaum of Kansas, a moderate Republican, replaces Sen. Edward Kennedy (D-Mass.) as chairman of the Labor and Human Resources Committee. Conservative Bill Archer of Texas takes the helm of the Ways and Means Committee, while Rep. Thomas Blilely (R-Va.) edges out Representative Carlos Moorhead (R-Calif.) for the chairmanship of the Commerce Committee (formerly Energy and Commerce). William S. Cohen (R-Maine) takes over the Senate Select Committee on Aging, whose hearings provide public visibility for aging issues.

"Balanced budget" could threaten Medicare

As the 104th Congress convenes this month, Gingrich has already announced plans to schedule votes during the first 100 days of the session on the Republicans' much-publicized "Contract with America." And while the Republicans' 1995 legislative agenda focuses on a balanced-budget amendment to the Constitution, congressional term limits, taxes, restoration of defense spending, and a ban on future unfunded federal mandates on the states, some observers are warning that the balanced-budget provision of the "Contract with America" may contain hidden dangers to the Medicare program.

"You can't balance the budget and put out of bounds Social Security, the debt, the defense department, and most of Medicare," said Joshua Weiner, senior fellow at the Brookings Institution in Washington, D.C. "There simply wouldn't be enough money left." According to Weiner, while public opinion polls show strong support for balancing the budget, they also indicate almost no public support for major cuts in Social Security and Medicare.

Power shifts to states

At a three-day meeting of the Republican Governors' Association last November, congressional Republican leaders told 30 GOP governors and governors-elect that the federal government is too big, too unresponsive, and too costly. They called for a smaller federal government where power would move from Capitol Hill to the states.

Merit Kimball, spokesman for the Alliance for Health Reform in Washington, D.C., says the states want congressional relief from the Employee Retiree Income Security Act (ERISA) to help them experiment with more comprehensive health care reform. The 1974 law exempts employee benefit plans—including self-insured health plans—from state rules and regulations such as insurance reforms, mandates, and taxes. "But this won't happen easily, because business and labor both agree that they don't want Congress to open up ERISA," she said.

Health reform on back burner

Health reform will be slowed, not stalled, in 1995, said Tony Blankley, press secretary for Gingrich, noting that House Republicans are planning to schedule hearings in early 1995 to promote their own prescriptions for reform. "As a starting point, we will look at issues that Republicans addressed last year," said Blankley, "including market reform, portability and elimination of preexisting conditions, and tax deductions for small businesses and the self-employed."

"Health reform does not seem to be a priority on the House side, given that there is no mention of it in the 'Contract for America,'" said Kimball. "However, there are many senators on both sides of the aisle who are very committed to health care reform." They would be hard-pressed to drop the ball now, she noted, since the problems they have acknowledged still have not been addressed.

—By Herbert Weiss, a Providence, Rhode Island-based writer specializing in health and aging issues.

Ever Wonder What Happens to Your Paper Claim?

In case you weren't convinced of the value of electronic claims processing to your home care practice—here is a step-by-step comparison of electronic and paper claim submissions:

Electronic Claims

1. The claim is entered at your office and transmitted directly to the DMERC office.

2. Within minutes, the transmission is complete. Electronic acknowledgements are available within two days of transmission.

3. The claim is received by the DMERC's claims processing system and pended for payment.

Total Processing Time: 13 Days

Paper Claims

1. The claim form is prepared.

2. The claim is routed through the Post Office.

3. The claim is opened, microfilmed, sorted, batched and distributed.

4. The claim is keyed by a data entry person.

5. The claim is received by the DMERC's claims processing system and pended for payment.

Total Processing Time: 27 Days

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