



North Carolina Association for Medical Equipment Services

Provider Profile: BlueDot Medical

Concerned about innovation

To hear Kevin Bilderback explain it, the main reason he decided to get into the home medical equipment (HME) business back in 2002 is the same aspect of the industry threatened by the recent activation of the Federal government's restrictive DMEPOS bidding program.

"Innovation," Bilderback says. "This was a high-growth industry back when I got into it, with a ton of innovation that just won't happen under the DMEPOS rules."



Kevin Bilderback and the 16-member staff of Charlotte-based BlueDot Medical.

Bilderback is President of BlueDot Medical, a Charlotte-based company specializing in wheelchairs, walking aids, homecare beds and state-of-the-art respiratory equipment such as Invacare's line of Homefill oxygen systems. Removing patients' worries about running out of oxygen or waiting for deliveries by enabling them to fill their own cylinders, Bilderback says, fits in with his company goals.

"As oxygen providers, we want to get people to become active so they live longer; if you're on oxygen and you can control your own oxygen through technologically advanced products, you're going to have greater independence and freedom and live a longer, better life," he says.

The restrictive Federal DMEPOS bidding process,

Member Snapshot

Name: Kevin Bilderback
Company: BlueDot Medical
Years in Business: Seven
Location: Charlotte
Employees: 16
Website: www.bluedotmed.net

What is Restrictive Bidding?

The Federal government's restrictive DMEPOS bidding program for Medicare-related services and medical equipment implemented in 2008 proved so confusing and disruptive to patient services that Congress passed the Medicare Improvements for Patients and Providers Act, temporarily halting the restrictive bidding process. Congress asked the Centers for Medicare and Medicaid Services in Washington, D.C. – the same Federal agency which administers Medicare, Medicaid, and the Children's Health Insurance Program – to reform the program in the midst of a sweeping overhaul of national healthcare.

On October 21, 2009, the restrictive bidding process was restarted in nine metropolitan areas across the U.S., including Charlotte, N.C. without any public comment or addressing fundamental problems in the program leading to the proliferation of inexperienced, unlicensed non-local vendors serving seniors and patients in

Bilderback says, threatens to remove freedom of choice, if vendors specializing in innovative equipment like the self-fill home oxygen systems are passed over for lower cost cylinder delivery and pickup vendors. He worries that such a sudden shift will cause many of his current patients to choose to go off oxygen altogether rather than switch to an unfamiliar system or HME provider.

Additionally, Bilderback worries that the steadily increasing amounts of money Medicare has saved through lower equipment prices and operating overhead brought into the fold by new technology will disappear under the new rules.

“In just the last seven years, you have a situation where a standard concentrator used to cost \$600. Now, with innovations spurred by a competitive marketplace, they cost just \$175,” he says, adding, “With no more competition, there won’t be similar advances.”

As Bilderback explains, if an oxygen provider wins a bid under the DMEPOS process, that company knows that they have a guaranteed, three-year contract as the “chosen” provider. Without any competition, the winning bidder has no need to invest in cost-saving technological advances, and innovation grinds to a halt.

“For patients, it’s really a winners curse insofar as where we are now with industry technology is where we will be in 20 years if there is no competition spurring innovation. Long-term, that does not bode well for cost savings, economic development or job growth,” he says.

In addition to negatively impacting patients, “winning” a bid contract under DMEPOS has ill effects in store for the HME provider. The timeframe from the Federal government announcing winners to the start date of the contract to begin servicing patients leaves companies with around 90 days to adjust their business model to carry-out the terms of the contract. If a vendor is bidding on different categories – say for example wheelchairs and oxygen – and wins one but not another, that vendor needs to scramble to address staffing and revenue issues essential to business survival.

“In our industry, many of us have certain services that are out bread and butter and others that generate

need; requiring fee cuts and desperation bidding on behalf of qualified, trusted HME providers in our state; and reducing options for patient access to quality care.

What is H.R. 3790?

A truly bi-partisan bill in Congress supported by 107 co-sponsors including eight of 13 North Carolina Congressmen such as Sue Myrick (R-N.C.), Bob Etheridge (D-N. C.) and Heath Shuler (D-N.C.), H.R. 3790 proactively corrects flaws in Federal government’s restrictive DMEPOS bidding program implemented in 2008 limiting bidding for Medicare-related services and medical equipment.

Rather than federalizing the home medical equipment industry and reducing patient choice, H.R. 3790 takes a practical approach to ensuring patient access to quality providers while saving taxpayers money. The bill reduces Medicare reimbursements to home medical equipment providers while allowing qualified, licensed home medical providers in North Carolina and across the country to compete on a level playing field with unlicensed, unproven vendors, providing our seniors and patients in need with access to the HME providers they know and trust.

What will H.R. 3790 Mean for North Carolina?

North Carolina HME patients and small businesses will benefit from H.R. 3790. Home medical equipment can be provided and maintained for just dollars a day. Home oxygen therapy, for example, costs less than \$7 per day in Medicare. That compares to an average daily cost of about \$200 for a

secondary revenue streams. If the Federal government decides that we may no longer service patients in our main area of expertise, then we have to look at changing on a dime or shutting down the business if it's too big a hit to our cash flow," says Bilderback.

Losing a bid presents just as many problems, Bilderback says. Vendors who find themselves blocked from doing business under the DMEPOS rules can close up shop, shift as much business as possible away from Medicare-related products and services, or wait out the three-year contract period in the hopes of bidding again.

If a company like BlueDot closed its doors, the economic impact would go beyond the company's staff of 16 and their families. Service providers working with BlueDot – from their copier company to the automotive repair shop maintaining their nine delivery vehicles to billing and insurance companies – would be impacted, affecting up to eight businesses in Charlotte and 12-15 companies regionally, Bilderback estimates.

"We are in the homes of between 750 - 1,000 patients a month," he says, adding, "It'd be hard for me to imagine having to leave them in the hands of someone else."

nursing facility, and \$5,000 for a hospital stay under Medicare.

H.R. 3790 will correct flaws in the DMEPOS program which selectively contracts with a very few HME vendors based on lowest-price bids and bars 90 percent of qualified HME providers.

H.R. 3790 will continue to provide access to HME providers which represent the most cost-effective, slowestgrowing portion of Medicare spending, increasing only 0.75 percent per year.

Additionally, by promoting patient access to cost-effective home-based care, H.R. 3790 will provide proven North Carolina HME providers greater impetus to grow their customer base, produce and sell more products, and hire more workers and expand operations in our state.