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■ Cape Medical Supply's Gary Sheehan sees new phone system as investment in improvement. See brief this page.



ON THE MOVE

Enos 'prioritizes' hospice business

BY JOHN ANDREWS, Contributing Editor

NEW BEDFORD, Mass. – With its recent acquisition of Cape Medical Supply's hospice segment, Enos Home Medical is becoming a major player in palliative care in the New England region.

Over the past 15 years, hospice has grown to include more than 2,000 patients and now comprises approximately 40% of the company's business mix, said CEO Jon Enos.

"Hospice is our most important business segment," he said. "It has grown because we prioritized it. With all the reimbursement cuts, it's an easier business to get our heads around. But it is labor intensive

and we have had to shuffle our staff around, scheduling multiple shifts to cover the needs of hospice nurses."

Cape Medical CEO Gary Sheehan said "it was time to move on" from the hospice business so the company could concentrate on its sleep therapy operations across Massachusetts, Rhode Island, New Hampshire and Maine.

"We are thrilled Enos has taken over and are confident their expertise in institutional services will suit the needs of our agency partners very well," Sheehan said.

Enos has found a solid niche in hospice, a category that requires a specialized approach

ENOS SEE NEXT PAGE

AvaCare Medical competes with world wide web

BY T. FLAHERTY, Managing Editor

LAKEWOOD, N.J. – When it came time to rebuild its website from the platform up, AvaCare Medical went all in, with a new name and a new brand to back it up.

Formerly Avaline Medical, AvaCare Medical is an online provider of medical equipment and supplies—from patient lifts to wheelchairs to incontinence and skin care products.

"We are not a storefront, so our competitor is not two blocks away," said CEO Steven Zeldes. "Our competitor is the world wide web."

The new website, ava-caremedical.com, offers an improved user experience, with easy-to-browse categories featuring more than 90,000 products with product photos, descriptions and reviews.

The new website also has a "FitRep" feature that allows users to enter information like height, weight and mobility level to find the right equipment.

"A customer doesn't have the ability to sit in the wheelchair to see how it feels, or measure it," said Zeldes. "We have to give them that experience online with the information that's most relevant to them."

What's more, AvaCare is just starting to ramp up the website—it will be adding buying guides, blogs and other features going forward.

It's all in the name of customer service, which carries a high premium when you're talking about online purchases, Zeldes says.

"A lot of times, the customers don't know what they need," he said. "We can hold their hand and walk them through the options; we can send them samples."

AvaCare, which has about 400,000 customers, accepts no insurance, Zeldes says.

"Believe it or not, people ask me all the time, 'How do you get people to buy out of pocket?'" he said. "People

AVACARE SEE NEXT PAGE



Walk 'n' Roll

Friends of Disabled Adults and Children (FODAC) held its 16th annual Run, Walk 'n' Roll on April 30th at Stone Mountain Park, east of Atlanta. More than 100 people participated in the five-mile run and two-mile walk and roll, which raised \$24,000. FODAC provides medical equipment such as wheelchairs and hospital beds at little or no cost to people with disabilities and their families, seeking to enhance the quality of life for people of all ages who have any type of mobility impairment.

New overtime regs headed your way

Editor's note: Next month, we'll outline basic policies that providers can implement to ensure compliance with new rule.

BY THERESA FLAHERTY, Managing Editor

A NEW OVERTIME rule, slated to take effect Dec. 1, has employers across the country taking a hard look at employee job descriptions and pay rates, says consultant Richard Davis.

"The good news is, you have plenty of time," says Davis, president of HirePower HR. "But you can't wait."

The new rule requires employers to pay overtime (time and a half) for more than 40 hours of work per week for all workers earning up to \$913 per week or \$47,476 per year. That's a big jump from the previous threshold of \$455 per week or \$23,660 per year.

"If someone makes less than that, they can never be exempt," said Davis. "The employer will have to follow the wage and labor laws and pay overtime."

Davis offered a few initial steps employers should take to ensure they are compliant when Dec. 1 rolls around.

REVIEW JOB CLASSIFICATIONS

The first thing an employer should do is review the job descriptions of each employee to make sure that they are classified correctly as either exempt or nonexempt, says Davis.

"Delivery drivers, customer service reps, patient care coordinators and RTs are examples of HME employees that would more than likely be considered nonexempt," he said. "I can tell you from experience that there



Richard Davis

are companies out there that are paying people as if they were exempt, and that would not pass the test with the Department of Labor. Do not

try to play the game; just do it candidly and honestly."

ASSESS PAY

Review your list of exempt employees and determine whether they meet the minimum pay threshold, says Davis. If they don't, the employer needs to decide whether to raise pay or evaluate how many hours of overtime the employee works to see if it would be less expensive to reclassify them

OVERTIME SEE NEXT PAGE

BRIEFS

Home Health United closes four retail stores

MADISON, Wis. – Home Health United-Home Medical Equipment blames recent changes in Medicare reimbursement rates for its decision to close retail stores in Johnson Creek, Platteville, Portage and St. Mary's Hospital. The provider will continue to provide these communities with HME, as well as home health, hospice and palliative care, but it will no longer have retail storefronts as of May 20. "Suppliers of home medical equipment across the country are dealing with the challenge of how to provide high quality products and services at severely reduced reimbursement rates," the company says on its website. "These reductions have necessitated many changes in the way in which Home Health United provides equipment to patients and referral sources. Unfortunately, to manage these cuts, we have been forced to make some difficult decisions."

Cape Medical launches new phone system

SANDWICH, Mass. – Cape Medical Supply has implemented an Internet-based phone system in partnership with ShoreTel Connect. The new system will reduce wait times, and result in direct department access and more efficient customer service. "As we continue to grow and expand our reach across New England, we needed to invest in our future and invest in our continued improvement as a company so we can scale our industry-leading patient care programs," said Gary Sheehan, president and CEO of Cape Medical Supply. ShoreTel Connect will eventually be integrated with the company's email system of offer web-based support to its customers.

Premier buys Lincare's specialty pharmacy biz

CHARLOTTE, N.C. – Premier Inc. has agreed to pay \$75 million to acquire the specialty pharmacy business of Lincare, it announced June 7. The deal includes Acro Pharmaceutical Services and Community Pharmacy Services. "This acquisition will expand and diversify both our special pharmacy patient base and disease treatments," said Dural Gilbert, president of Premier's supply chain services segment. "The purchase will give us access to limited distribution drugs used for the treatment of oncology, multiple sclerosis and respiratory disease, and it will heighten our preferred specialty status with multiple payers." Lincare's specialty pharmacy business generated approximately \$206 million in revenues in 2015.

Short takes

Lighthouse Medical Equipment held a grand opening celebration on May 5 at its Bristol, Conn., location... **Munson Home Medical Equipment** planned to hold a grand opening at its new location in Cadillac, Mich., on June 7. The provider will offer a variety of HME, including beds, wheelchairs, oxygen equipment, CPAP devices and more.

PHM feels impact of vent cuts

HERESA FLAHERTY, Managing Editor

LAFAYETTE, La. – Cuts to reimbursement for non-invasive ventilators contributed to a drop in revenues for Patient Home Monitoring—a “reset,” for the company, said executives.

Revenues for the second quarter ended March 31, 2016, were nearly 33.8 million CAD, an increase of more than 159% compared to \$13

million during the same quarter a year ago. However, that’s down 16% from the first quarter, execs say.

“Last quarter was a reset quarter for us,” Casey Hoyt, CEO, in a transcript posted on Seeking Alpha. “We experienced and adapted to changes in reimburse-

ment in our high margin non-invasive ventilation product line.”

CMS in January reduced the number of codes for vents from five to two and reduced reimbursement by about 33% as part of an overhaul of the product category.

PHM, a Canadian company, rolled up several U.S. HME com-

panies in 2015, including Louisiana-based Sleep Services, Maine-based Black Bear Medical and Kentucky-based Legacy Oxygen.

Going forward, acquisitions remain a key tenet of the company’s growth strategy, says Hoyt.

“The acquisitions we are exploring are generally small asset purchases in our existing geography,” he said. “This year to date, we have closed one acquisition and are in active negotiations with others.”

Other highlights:

✓ Adjusted EBITDA for the company was negative 4.7 million CAD for the quarter, largely as a result of its decision to close LogiMedix, a provider of diabetes testing supplies that it acquired in 2013.

✓ PHM has a cash balance of nearly 16.2 million CAD, accounts receivable balance of \$35.5 million and current liabilities of \$35.2 million. **HME**

ENOS

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to providing comfort and nurturing services to patients at the end of their lives.

“Most of our managers have dealt with death and dying and some of their family members were customers, so they see what we bring to the table,” Enos said. “We have people who are ingrained in the hospice community.”

The focus on hospice has made financial sense for Enos in that it is not tied to the beleaguered Medicare program. Over the past decade, the company has gone from being 80% Medicare to 10%.

“Instead of getting away from Medicare, I prefer to say we’re building up around it,” Enos said.

Even with hospice gaining importance in the Enos portfolio, the company continues to be involved in various HME categories, including respiratory, durable medical equipment, sleep therapy, wound care and incontinence supplies. **HME**

AVACARE

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simply don’t have insurance, or the insurance won’t cover a particular product, or the product broke and the plan won’t cover a new one. Also, many of our customers possibly don’t want to go through the hassle that insurance can sometimes cause.” **HME**

OVERTIME

CONTINUED FROM PREVIOUS PAGE

and pay the overtime.

On the flip side, employers may make the decision to cut hours, he says.

“If I have people that are going to go from exempt to nonexempt, I would evaluate their position to determine whether it remains full time or whether it makes sense to make it a part-time position so there’s not going to be any overtime issue down the road,” said Davis. “That’s the hard part—it may seem punitive to some employees.” **HME**

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