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Creative Thinking

by **Roberta Domos, RRT**

Use your wound and skin care product expertise to build referrals.



Marketing in HME is unlike that in most other businesses. There are strict compliance regulations to follow and HME dealers are in the unique position of needing to market to one party, provide the product to another, and receive payment from a third entity. As a result, marketing your HME business calls for a large measure of creative thinking.

One unusual, but effective, technique is using wound care products to build a relationship with a potentially rich source of referrals for durable medical equipment: The home health nursing agencies that do not also own HME companies.

Granted, wound care products may be the last things you think of when you start to develop a marketing strategy that will boost profits. However, before you write these products off as just another set of items on the shelf, consider how changes in home health nursing care reimbursement could allow you to leverage this product line into a stronger referral base.

Prior to the prospective payment reimbursement system (PPS), nursing agencies rarely negotiated pricing, developed a formulary, or managed an inventory of wound care supplies. With the advent of PPS for home health care—which bundled many nonroutine supply charges into the reimbursement for an episode of care—nursing agencies suddenly found themselves having to bear the cost of providing wound care products for their patients.

Typically, the home health nursing agency receives a set payment for a 60-day episode of care. Therefore, the agency's profits are in large part dependent upon its ability to care for its patients efficiently and cost-effectively.

Unbundling these supplies from reimbursement is a legislative goal of the National Association for Home Care, Washington, DC. It follows that the nursing industry views this bundling as a potential impediment to profits. To the creative HME provider, this presents an opportunity.

If you receive less referral source business from home health nursing than you believe is possible, consider lending your company's expertise in supply purchasing and inventory management as a way to build solid referral source relationships.

Of course, the pricing you offer to the nursing agency must include a fair profit to avoid even the appearance of providing an inducement for referrals. However, if you contract with several nursing agencies to provide these products, your company's purchasing power may allow you to be more competitive than the pricing they might normally be able to negotiate on their own.

In addition, HME providers and nursing agency administrators understand the costs associated with maintaining an inventory of products, but individual nurses rarely do. Because the previous system of reimbursement paid for most wound care supplies separately, home health nurses became accustomed to forming preferences for individual wound care products. Now that the nursing agency must absorb many of these product costs, maintaining a large selection of goods that correspond to the preferences of individual nurses can be an expensive proposition.

If your staff includes people with expertise in wound care products, you may be able to assist the nursing agency in developing an approved formulary of products that are cost-effective, yet satisfy the needs of the majority of their nursing staff. Remember though that cost-effective does not always mean the least expensive product. Products that cost more, but are more effective in treating the wound, will reduce the agency's overall costs by reducing the number of visits needed to ensure a satisfactory patient outcome and discharge from service.

As a local distributor of product, you may also be able to offer superior service, such as helping the agency maintain a "just in time" inventory, or even quickly drop ship supplies straight to the patient's home, allowing them to forego inventory management altogether.

Now that you have developed a mutually beneficial business-to-business relationship with the nursing agency by providing superior service in the area of wound care supply, it is time to leverage that relationship into a larger number of referrals for HME equipment. Let the agency's nurses know that you want to become the provider of choice when they make a referral for equipment needed by their patients. If the nursing staff has a background of positive experiences with your company, they will feel comfortable with the service you will provide to their HME patients.

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In short, by partnering with referral sources to help them meet their goals, you can develop relationships that will help your company meet its goals as well.

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