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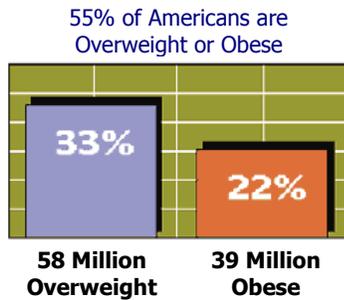
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The Overlooked Epidemic

by Roberta Domos, RRT

Skyrocketing obesity statistics are opening up new profit opportunities in bariatrics.

The American society of bariatric physicians contends that "The United States is currently suffering an obesity epidemic contributing to the premature death, sickness, and suffering of millions of Americans." Statistics from the National Institutes of Health, which report that 39 million Americans (22% of the US population) are obese, would appear to support that contention.¹



Source: American Society of Bariatric Physicians *Frequently Asked Questions*. Available at: www.asbp.org/faq.htm#3. Accessed March 11, 2002.

Unfortunately, it is easy to see why. Our jobs have become more sedentary, and with the advent of new technology, such as computers, home theater, and video games, our pastimes have as well. Indeed, 28% of Americans report that they get no leisure-time exercise at all.²

In addition, our lifestyles have become more hectic. So hectic, in fact, that 25% of us turn to the high-fat food found in fast-food restaurants for our meals each day.³ As the fast-food industry's revenues ballooned from \$6 billion per year in 1970 to \$110 billion per year today,³ so has the population of patients requiring bariatric medical equipment. The need for bariatric equipment, once a niche market of the industry, has grown steadily for the past several years, and is predicted to increase by 10% or more per year for the foreseeable future.³

An increase in the prevalence of obesity in the population is not the only reason the market for bariatrics has grown. There is also a greater awareness

of how bariatric equipment can help to save health care dollars.

Anecdotal studies have shown that morbidly obese patients may avoid seeking needed health care because of embarrassment about special accommodations that are often required to treat them. Previous experiences with hospital beds and wheelchairs that are too small, blood pressure cuffs that do not fit around arms, and bedside commodes that cannot accommodate their girth can discourage obese patients from seeking the care they need before their health problems get out of control and require a lengthy hospital stay.

As a result, costs for treating health problems that may have remained in check with timely care skyrocket instead. The indirect costs of obesity, which include only physician visits, medications, and hospital or nursing home care, are estimated to top \$51 billion annually in this country.¹

Proper Bariatric Care Pays

As health care expenditures have escalated across the board, payors are asking providers in all disciplines to work with them in managing costs and outcomes. Moreover, the reimbursement models under which hospitals and rehabilitation and long-term care facilities are paid increasingly call for either a form of risk share with payors, or substantial revenue incentives to improve outcomes. Add in the cost of workers' compensation claims for injuries to employees caused by not having the proper equipment to accommodate and care for the bariatric patient population and it is easy to see that there are clear incentives for health care providers to show a growing interest in bariatric equipment.

Naturally, manufacturers have responded to this increased awareness and subsequent demand. The selection of ultra-heavy-duty and bariatric hospital and specialty beds, transfer benches, commodes, walkers, wheelchairs, and scooters has increased over the past few years. Companies that once offered few products in the category of bariatric equipment now have full lines of product that are featured in their own specialty catalogs.

This is good news for bariatric patients being cared for in inpatient facilities, and for bariatric equipment manufacturers. However, it does little to improve the fiscal viability of inpatient facilities. Insurance payors typically bundle payments to facilities for inpatient care in an all-encompassing room fee. The payor is then effectively shielded from the increased costs of care for this patient population because the expenditures for the specialty equipment needed to accommodate the patient are typically borne by the facility and cannot be passed on to the payor.

While inpatient facilities may have indirect motivations to provide bariatric equipment when it is indicated, little incentive has existed for HME providers to make these products available to patients in the home.

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Reimbursement offered for bariatric HME by most payors has historically been inadequate, and as a result, patients have experienced problems obtaining this type of equipment for home use. Any discharge planner who has spent hours trying to find a source for an extra-heavy-duty hospital bed for delivery to a patient's home can confirm that it is a chore.

Improved Reimbursement

These problems seem to have occurred because payors previously failed to make a fee distinction between heavy-duty equipment for use with patients weighing between 250 and 350 pounds, and the extra-heavy-duty equipment needed to accommodate patients weighing 350 pounds or greater. However, persistent lobbying by bariatric equipment manufacturers and provider associations has had a positive effect for the HME industry on some payor reimbursement rates.

For instance, beginning on July 1 of last year, Medicare replaced Healthcare Common Procedure Coding System (HCPCS) code E0298 (hospital bed, heavy-duty, extra-wide, with any type side rails, with mattress) with two new HCPCS codes: K0549 (hospital bed, heavy-duty, extra-wide, with weight capacity greater than 350 pounds, but less than or equal to 600 pounds, with any type side rails, with mattress) and K0550 (hospital bed, extra-heavy-duty, extra wide, with weight capacity greater than 600 pounds, with any type side rails, with mattress). Whereas reimbursement for HCPCS code K0549 basically mimics that of the previous E0298 code, the new extra-heavy-duty code, K0550, provides for reimbursement at \$775 to \$900 per month as a capped rental depending on the state where the patient resides. Even with the increased costs of delivery for these beds, which typically require a larger truck and two delivery technicians, the HME provider can now expect to make a viable profit where there was once none.

Despite the fact that Medicare DME fee schedules have shown some signs over the past few years of evolving to provide for the needs of the bariatric patient, it is far from assured that the majority of managed care payors will automatically begin to follow suit. While some managed care organizations have included these types of codes and qualifying criteria in their DME provider manuals, their fee schedules have not always reflected improved reimbursement for these higher-cost products.

Some managed care organizations may even require that reimbursement be negotiated on a case-by-case basis. It is a safe bet that if an extra-heavy-duty item code and its reimbursement are not clearly stated on a managed care fee schedule, an HME dealer would be wise to get a written commitment from the payor regarding the amount to be reimbursed before providing the equipment to the patient.

On a more positive note, patients who require bariatric equipment often need many additional items in order to function well in the home and can therefore be the source of numerous equipment rentals. What starts out as a referral for a single bed or wheelchair rental may progress to orders for a commode, a walker, and respiratory, diabetic, and skin care products for the same patient. When that occurs, a referral for a single piece of equipment that may have less than stellar profit margins can mushroom into an entire account that offers much more attractive margins as a whole.

Providing bariatric products can also enhance an HME company's image as a one-stop-shop for the referral sources—a plus for the harried health care provider who needs help getting patients the equipment they require efficiently.

Finally, but perhaps most important, HME dealers who are thinking about dipping their toe into the burgeoning bariatric equipment business should also strongly consider the advantages of marketing the rental of bariatric hospital and specialty beds, support surfaces, and patient lifts directly to hospitals and rehabilitation and long-term care facilities. The demand for these products is hardly saturated at this point, particularly in nonmetropolitan areas of the country. Rates for daily, weekly, and monthly rentals to these facilities can result in more lucrative profit margins and a shorter turnaround on payment than can be expected by providing this type of equipment direct to patients based on insurance reimbursement. And, as an added incentive, it may help you build long-term relationships with health care facilities that can increase your HME patient referrals.

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