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Breathe easy

by C.A. Wolski

Our experts share strategies and tips on competing for asthma supply dollars.

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Friday Report

With shrinking insurance reimbursements and increasing competition from chain stores and discount houses, making money on asthma supplies can prove a challenge. Home Health Care Dealer/Provider asked **Roberta Domos**, owner and president of Domos HME Consulting, New Albany, Ind; **Joe Groden**, president of JG Consulting, Penfield, NY; and **Sheldon Prial**, president of Homecare Providers Co-op, Melbourne, Fla; how asthma supply providers can stay competitive in today's market.



Roberta Domos

Small or independent dealers who want to compete with the national providers for the asthma supply and respiratory medication business should take a page or two from the marketing books of the nationals, and then add a few techniques of their own.

Whether you are an independent or a national provider, reimbursement is generally the same for everyone. Small volume nebulizers and other asthma supplies, such as peak flow meters, are usually a one-time purchase per patient, and margins for those items are not in and of themselves all that lucrative. So naturally, the ability of the independent dealer to negotiate favorable wholesale pricing for respiratory medications goes a long way toward determining the profitability of this line of business.

Wholesale pricing for respiratory medications and supplies can vary greatly depending on the vendor, the volume of your purchases over a specified timeframe, and the brand of medication and supplies being purchased. Do your homework by comparison shopping among vendors. Determine a reasonable volume that offers some price breaks but does not require overstocking on inventory. Once you have negotiated your way to the best margins possible, it is time to go after additional volume.

Providers who successfully obtain a high volume asthma business tend to do two things very well: They market to the patient directly as well as to the referral source, and they advertise and provide a high level of service and convenience for the patient.

Like the nationals, when you market your services directly to the patient, be sure to emphasize the convenience of home delivery, insurance claim filing, and easy reordering with postage paid reminders that patients can send back when it is time to refill their prescription. Use your status as a local provider to your advantage by reminding patients that your staff is accessible to them by virtue of being a part of their own community.

When marketing to referral sources, offer services that make it simple for them to make a referral to your company. For instance, offer to provide a custom fax form that the referral source can easily fill out with patient information. Include checkboxes for equipment, supplies, and medications commonly ordered. Finally, consider adding services to assist physicians in monitoring and encouraging patient compliance with medication plans. This can be as simple as putting a plan in place for a respiratory therapist to make quarterly follow-up phone calls to your respiratory medication patients, or adding a variety of short disease-management educational handouts about the patient's disease process to each prescription refill mailing.



Joe Groden

Today's Medicare climate makes it difficult for providers to make reasonable profits. However, there are other markets and related product lines that can both increase profits and solidify relationships with referral sources.

Managed care organizations may have different fee schedules, but may also realize the value in purchasing nebulizers. Private insurance and workers' compensation companies need asthma products. Market to them to build referral business. And rare as it may be, there is also some private pay business out there. By establishing a close relationship with referral sources, this business could be referred to you.

When an asthma product sale takes place, make sure your employees know to suggest related products. Your staff should identify to the customer replacement filters, cleaning solutions, and other asthma products that you carry to build a steady, repeat revenue base. Products that can be profitable and needed by these same customers may include air purifiers, allergy control mattress covers, box spring protectors, pillow protectors, dust spray, and books on asthma. The protective covers prevent dust mites from coming in contact with patients and also assist in asthma control. The dust spray is applied at intervals to carpets, furniture, etc, and although relatively expensive, in severe cases it can be of great value.



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Train employees to take the time to sell individual products. For instance, when selling air purifiers make sure your employees tell the customer that they can be used for a single room or a larger area. The HEPA (high-efficiency particulate air) filter type is considered very valuable in controlling asthma attacks.

The importance of carrying additional products is twofold. First, they are profitable and will add to your sales volume and your bottom line. Second, providing these products can strengthen your relationship with a referral source by putting you in a position to provide all the asthma management products for a patient.

Remember to market your products and services to physicians, nonprofit groups such as the American Lung Association, and local asthma centers. These can provide a steady, additional stream of referrals. Another potential referral source group is case managers at managed care organizations.

In most cases, asthma-related products are paid for privately. However, some case managers, recognizing the value of these products, include them in the management of asthma, and may approve payment when a family cannot pay. I found this to be true in a Medicaid managed care program. In the long run it cut emergency department visits. Therefore, the investment in these products created large savings for the managed care plan.

Finally, remember the importance of training employees on these products. A knowledgeable employee's good service and quick response time will always enable an independent company to compete effectively with larger national chains. Being known for a variety of related products and having a knowledgeable staff strengthens your ability to compete with anyone, large or small.



Sheldon Prial

Asthma patients want to shop where they can find people who will listen to them. You do not get this in the chain store. You do not get this in the discount shop. You get this at your local home care provider.

Today's home care provider, in order to capture a larger share of the asthma market, must do one very important thing. He or she has to set up a small area for consulting with a television set that can play educational videotapes from the various manufacturers. Here the provider can sit, and talk one-on-one with the patient. The provider can explain to the patient how their updraft medication will help them, how to use an oxygen cylinder if they have it, and how to maintain their asthma equipment. This will give the provider a chance to listen and the patient a chance to speak.

The most important thing home care providers have going for them is that they can communicate on a one-on-one basis with asthma patients. But if they try to run their companies in a similar fashion to how the big chain operations do it, then they will be unable to compete.

As far as Medicare reimbursements go, you get the same reimbursement if you are a Medicare patient going to a chain, a discount house, or a home care provider, so that is not a problem. The fundamental difference between home care providers and discount and chain stores is that they can sit with patients and explain products—a service the others do not provide—and they can provide patients with many aids for daily living and comfort items, which are all cash sales.

C.A. Wolski is associate editor of Dealer/Provider.

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