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Issue: **October 2005**

### Oxygen: Don't Fear It

by Roberta Domos, RRT

**You've heard about the regulations, paperwork, and staffing requirements, but getting into oxygen can be worth it for the diligent provider.**



HME providers seem to come in two flavors—those who want to find a comfortable product niche to settle into, and those that aspire to create a one-stop shop capable of providing just about any form of medical equipment.

There is nothing wrong with being a niche provider as long as it is motivated by the right reasons. Referral sources appreciate the ability to make one phone call no matter what their patient's equipment needs might be, but

they can also appreciate a company that offers expertise that is head and shoulders above that of the competition in certain product categories.

However, providers should not be scared of a particular product market that is profitable simply because it is complex. Yet I often hear providers say just that about oxygen even as they acknowledge the potential for exponential growth in revenue from a product that many patients will need for the rest of their lives and that never reaches a reimbursement "cap" with most insurance payors.

There is complexity to entering the market as an oxygen provider, but it need not be nearly as daunting as some providers assume. Managing operational, reimbursement, and regulatory requirements (such as those imposed by the Food and Drug Administration [FDA] and Department of Transportation [DOT]) takes knowledge and skill. And, of course, there is the marketing piece to be considered as well. But becoming a capable provider of oxygen is not, as they say, "rocket science" either.

#### Basic Requirements

The HME business is labor intensive. When it comes to health care, there is no substitute for staff members trained to educate patients, handle customer service matters efficiently, and manage the reimbursement process. Some providers foresee labor needs exploding if they enter the oxygen market. Staffing needs will increase, but they should not increase out of proportion to revenue. In fact, your full time equivalent staffing to net revenue ratio should improve.

Oxygen is a life-sustaining drug for those that require it and that means providers must be available for patients. You will need to have a staff member on call at all times, but you can reduce the need for making home visits after hours if you train your staff members to educate patients correctly about backup systems in emergency situations, and require patients to notify you 24 to 48 hours in advance when they will need replacement of portable oxygen cylinders or refilling of liquid systems.

If you find that initial oxygen setup orders are consistently coming in after normal working hours, you can stagger equipment technician schedules so that you have someone available until 7 or 8 in the evening without incurring overtime costs.

Oxygen equipment requires routine follow-up in the home to ensure that it is working correctly. These equipment checks should be completed according to the manufacturer's recommended specifications and frequency, which generally range from every 3 to 12 months depending on the manufacturer. However, to effectively compete with other providers in your community, you will likely need to keep to a follow-up schedule of every 3 months regardless of what the manufacturer recommends. Accomplishing routine checks every 3 months in conjunction with ongoing portable oxygen delivery will help avoid duplicative labor costs.

It is not necessary for these equipment checks to be completed by respiratory care practitioners (RCPs), because appropriately trained medical equipment technicians can do the job. But you should have an RCP on staff that can respond to clinical problems that patients may experience such as inadequate liter flows during exertion or with use of an oxygen conserving device.



Roberta Domos, RRT

Basic regulatory requirements are fairly straightforward. The Food and Drug Administration classifies oxygen as a drug that must be prescribed by a physician (or a nurse practitioner or physician assistant if permitted by state law). The provider must obtain a prescription for its files regardless of whether the oxygen is paid for by an insurance company, the patient, or another health provider such as a hospice organization.

Providers must also track the lot numbers of oxygen contents delivered to the specific patient receiving it,

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whether in liquid or in gas form, so that it may be recalled if necessary. This can be easily accomplished by requiring delivery personnel to note the lot number on delivery tickets and then entering them into the lot number tracking portion of your software system during the delivery confirmation process. You must also store oxygen safely and keep full cylinders segregated from those that are empty.

There are additional FDA paperwork requirements for providers that want to fill their own oxygen cylinders or transfer liquid oxygen from large vessels to stationary vessels used in the home, but those requirements are manageable once a company gets a handle on the basics.

The DOT requires you to keep a hazardous materials manifest in vehicles transporting oxygen that discloses the maximum amount of oxygen on board. This simple form can be filled out in minutes when oxygen is loaded onto the vehicle. You will not have to equip vehicles with hazardous materials placards unless you plan to transport more than 1,000 pounds of oxygen at any given time, including the weight of the cylinders and liquid oxygen vessels. It is difficult, though not impossible, to fit 1,000 pounds of oxygen cylinders into a typical van-sized delivery vehicle. In most cases the need for hazardous materials placards will not come into play until a company adds liquid oxygen to its product offerings. Some states require providers to hold a separate medical gas permit to legally dispense oxygen in any form, but typically the requirements for maintaining such a permit mirror those of the FDA and DOT.

#### Getting Paid

Reimbursement criteria for many payors require laboratory data that justify the need for oxygen, demonstrated by either an arterial blood gas test or a noninvasive oxygen saturation measurement (pulse oximetry). Medicare requirements are typically the most stringent, but also specific and objective. Qualifying laboratory data must be recorded on the certificate of medical necessity (CMN) that Medicare requires for coverage of oxygen, but unlike other Medicare-covered items that require a CMN, this form is nearly always the last word on whether the oxygen will be reimbursed. Consequently, there is really no reason to take a risk on reimbursement when providing oxygen in the home.

The intake process for ordering oxygen should include a requirement that referral sources provide qualifying laboratory data, including the date of the test and the test results, before accepting the order unless the patient's insurance provider does not require justification of need as a condition of reimbursement. This is standard operating procedure in the industry, and most referral sources know to have the information available when they place the order. Providers may want to pass on referral sources that object to that requirement as a condition of doing business.

#### Marketing Matters

Marketing your oxygen program is not much different than the marketing efforts your company engages in for other products. Competition is based on service more than on price, and differentiating your company from the competition is a key to success. Insurance payors tend to undervalue the service aspect of the business, but patients and referral sources do not.

Fortunately, there are ample opportunities to shine when it comes to the service aspect of providing oxygen. Efficient intake processes, timely delivery, follow-up by well-trained technicians, availability of low weight portable devices for ambulatory patients, and the accessibility of clinical staff when needed will endear your company to patients and referral sources alike.

Entering the oxygen market clearly requires advance planning and a commitment to implementing new processes unique to the provision of oxygen, but the rewards can be great. HME providers looking to diversify product offerings should assess whether the oxygen business is a good fit for their company.

*Roberta Domos, RRT, is owner and president of Domos HME Consulting Group, a national consulting firm in Redmond, Wash. She can be reached through her Web site: [www.hme-consulting.com](http://www.hme-consulting.com).*

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