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**Why Ventilators**

by Roberta Domos, RRT

**A home ventilator program can enhance your company image without hurting our bottom line—but it requires proper management.**



One of my earliest experiences as a respiratory therapy student is also one of my fondest memories of the HME business. I was as green as you can get, on a 2-week clinical rotation with a home medical company, and fascinated by all the equipment they had to show us. When we got to the ventilators, my business instincts kicked in and I had to ask if it wasn't expensive to offer patients ventilator care at home.

The owner agreed and went on to explain that, as yet, there was no reimbursement for ventilators and the supplies needed to go with them.

Before I could ask the next logical question—"Then why offer it?"—he described the situation that local patients who needed long-term ventilator support faced. There was a lack of skilled nursing facilities that would accept ventilator patients, he said, and even if the patient could find a bed, it might be in a facility hours from where the patient's family lived.

Someone had to offer ventilator care, he reasoned, and if no one else could, he would. As a result, I came to admire not only his knowledge of medical equipment, but also his obvious compassion and altruism.

Lots of things have changed since then, but an HME provider still needs a good deal of skill and compassion, as well as a certain degree of altruism to be successful in the ventilator business. Obviously, there is now reimbursement for home ventilator patients, but turning enough profit to keep a ventilator program viable is still a challenge.

Joe Lewarski, president of Hytech Homecare & Hytech Medical Supply, an HME provider in Mentor, Ohio, that offers home ventilators and related supplies and services, concurs. "Historically, most home ventilator programs are expensive to run and the return on investment is modest, at best," he says.

This is true enough—the typical home ventilator can cost anywhere from \$2,500 to tens of thousands of dollars depending on the features it provides.

Timothy Bialowas, a respiratory therapist and vice president of All Care Medical Services Company in Westlake, Ohio, points out another cost factor. "If a patient is completely ventilator-dependent, the HME company must provide a backup ventilator for emergency purposes," he says. In many cases, the cost of a back-up ventilator is not reimbursable and instead must be absorbed by the HME provider as a cost of doing business.

But that is not where costs end, of course. "Ventilator programs are very service-intensive and like most other HME, the clinical service component is included in the rental price," Lewarski says.

So what then should motivate a provider to offer a home ventilator program? "I think the decision to enter this sector is really associated with the philosophy and mission of the organization," Lewarski says. "In our case, our goal is to truly be a full service respiratory company and a clinical leader in our community."

If your company's mission is echoed in those statements, rest assured there are tangible steps you can take to maximize the profit of your company's home ventilator program. Experienced HME providers agree that success comes down to three main factors: choosing the right equipment, employing qualified clinicians, and managing reimbursement issues effectively.

**Equipment and Supplies**

There is no shortage of equipment choices for HME providers when it comes to home ventilators. The price range and feature set can vary tremendously among ventilators specifically designed for use in the home. Long-term ventilator patients' needs vary as well, ranging from the basic ventilator and humidification system, to high-end systems with sophisticated modes of ventilation, complex oxygen delivery systems, and monitoring devices. Assessing each patient's clinical needs, the caregiver situation, and the complexity of the care being provided will help you pick the right equipment setup for the circumstances.

Bialowas cautions dealers to look at the total cost of providing a specific brand of equipment. "The less expensive ventilators are quite sufficient for home use with adequate modes of ventilation, alarms, and internal backup batteries, but some may require quite a bit of maintenance and upgrades, thus adding expense to the bottom line," he says. "Newer and more expensive ventilators are a little more hassle-free, but they can be a nightmare when it comes to patient instruction and on-call troubleshooting."

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In addition, some patients and caregivers are confused by the multitude of features on more advanced products. "Sometimes, more is not better," Bialowas warns.

Home ventilator patients also need supplies, some of which are unrelated to the home ventilator. It is likely that the patient or caregiver will want to receive all supplies from one source, so you should be prepared to provide nearly all that the patient requires for care at home.

Unfortunately, it is common for supply utilization to reach the point of exceeding payor guidelines if you do not track it closely. Accordingly, it may be wise to have a written agreement up front between the HME provider, the responsible party, and the insurance payor that defines regular time frames for delivery of routine quantities of supplies.

#### **Clinical Staff**

Behind every successful ventilator program stands at least one well-trained, competent clinician—typically a respiratory care practitioner. As noted previously, home ventilator care can be very labor-intensive. Not only are monthly equipment checks standard, but there is typically a heavy emphasis on training of caregivers prior to the patient being discharged to the home. The payoff for ensuring caregivers have a thorough understanding of how the equipment functions and are comfortable with the routine involved in caring for the patient should be a reduction in after hours calls and unscheduled home visits. In other words, a bit of investment in the beginning can help keep labor costs under control over the long term.

Caregiver education commonly extends beyond simple lessons on the operation and troubleshooting of the equipment provided. Depending on the caregivers and their level of expertise, a home ventilator training program may also include instruction on taking vital signs, proper suction technique, tracheostomy care, administering respiratory medications, infection control, and resuscitation techniques.

Keeping your clinician up to date on the features and operations of the latest equipment is also important. The clinician will be unable to provide the right information to the caregiver if he or she is not routinely trained on new ventilator models. Look to your vendors to provide in-services to staff as part of the service they provide in exchange for your business.

Finally, remember your clinicians are often the first to encounter requests for new equipment or supplies for home ventilator patients. Making sure that your clinical staff understands the patient's payor guidelines for utilization and prior authorization can help you control costs.

#### **Managing Reimbursement**

Both Bialowas and Lewarski place a heavy emphasis on managing reimbursement well. "Knowing Medicare, Medicaid, and private insurance guidelines is the key to making home ventilators a source of revenue as opposed to a potential money pit," Bialowas warns.

"A complete knowledge of the reimbursement by payor type is essential," Lewarski adds. "Cases vary and so do the cost and opportunity for profit. No two ventilator cases are the same and this variability can make profit projections difficult."

The bottom line is that you need to know what your total costs are likely to be and what reimbursement is available for each specific case referred to your organization before you decide to provide services. You may still take on some cases where profits are razor thin or nonexistent, but if you do that unknowingly, too often you could eventually not be around to help any patients.

Once you decide to take the case, make sure that intake and reimbursement staff know all of the specifics of each case including:

- Payor supply utilization limits.
- Supplies included in the global fee.
- Documentation requirements, and financial agreements between the HME provider and the patient or patient representative.

Finally, keep an eye on the accounts receivables for these accounts and intervene promptly if they begin to spiral out of control.

An HME provider is unlikely to get wealthy from the home ventilator business, but, depending on the payor, providing home ventilation can be profitable and serve as an image-enhancing business component for an HME provider specializing in respiratory products and services. The trick, as Bialowas says, is simply to "know before you go."

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