



# Sleep Centers What is the Future

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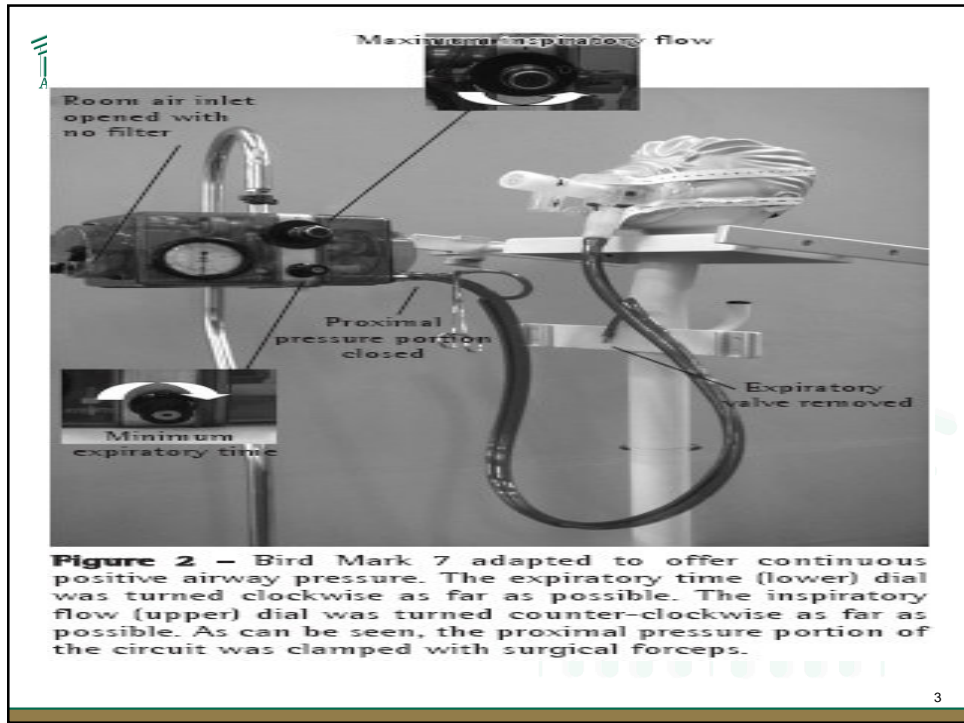
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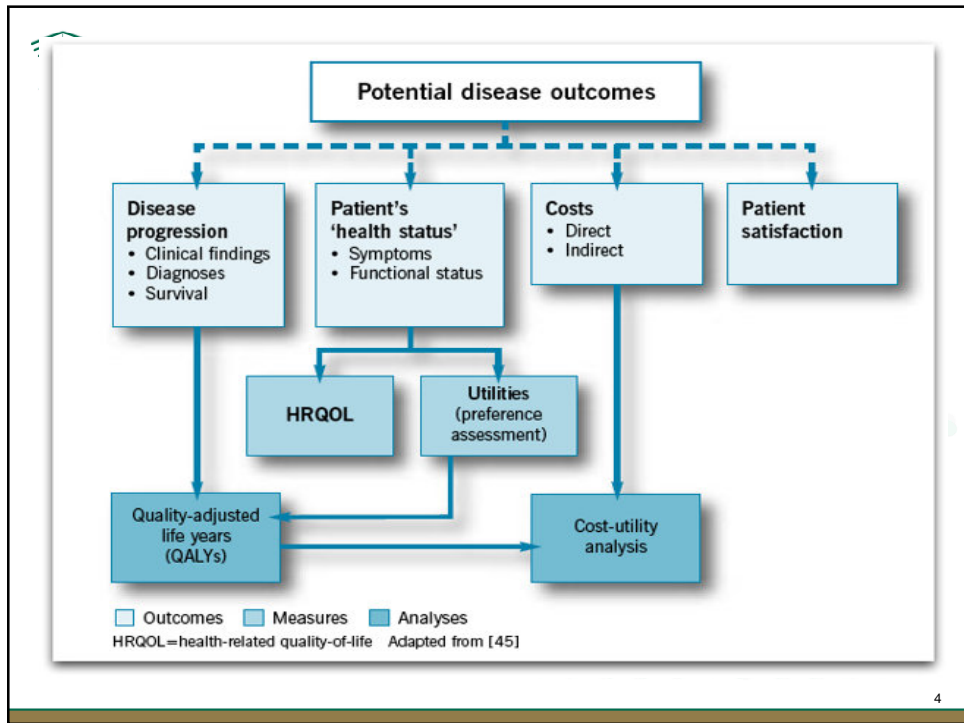
## History Lesson



- Tobacco Smoke Enemas (1750s – 1810s)
- The tobacco enema was used to infuse tobacco smoke into a patient's rectum for various medical purposes, primarily the resuscitation of drowning victims.
- A rectal tube inserted into the anus was connected to a fumigator and bellows that forced the smoke towards the rectum.
- The warmth of the smoke was thought to promote respiration, but doubts about the credibility of tobacco enemas led to the popular phrase "blow smoke up one's ass."



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## OUTCOMES

1. ACO's
2. Specialty Benefits Management (SBM)
3. Integrated Sleep Services Provider

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## ACO's

ACOs are groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high quality care to the Medicare patients they serve. Coordinated care helps ensure that patients, especially the chronically ill, get the right care at the right time, with the goal of avoiding unnecessary duplication of services and preventing medical errors. When an ACO succeeds in both delivering high-quality care and spending health care dollars more wisely, it will share in the savings it achieves for the Medicare program.

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## SBM's

These are an outtake of the pharmacy benefit management (PBM).

Managed care organization's have looked at a way to save on OSA and the co-morbidities associated with this condition. In doing so they have create these Specialty benefits programs

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## Integrated Care for OSA

In January, the AASM submitted a proposal to CMS titled "Innovative Care Delivery and Management Program for Patients with Obstructive Sleep Apnea" (ICDMPPO). The ICDMPPO program creates a new model of patient management with an emphasis on the following goals: improved care coordination, increased adherence to PAP therapy, reduced co morbidities, strengthened patient satisfaction, and realized, significant cost savings for CMS. The program will improve patient outcomes through treatment compliance by tracking, managing, and educating patients. The program requires coordinated patient care led by board-certified sleep medicine physicians (BCSMPs) and sleep center facilitators.

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## Integrated Care for OSA

Under this pilot program, all sleep care management, including evaluation, testing, and treatment for patients with OSA, will be coordinated by the BCSMP. All education, including continuing reeducation, and fitting (mask selection/machine selection/pressure delivery) will be provided by the BCSMP and their staff.

In addition, a new role is created, the "sleep center facilitator." Responsibilities of the facilitator will include providing patient education, assisting with treatment adherence, supporting the physician with patient monitoring and interface adjustment, importing data into the database including the CPAP/APAP adherence information, scheduling sleep studies, refitting masks for PAP devices, and aiding with interface adjustment

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## Stark Law and In-office Durable Medical Equipment (DME)

- CMS will need to waive Stark Law rules to permit a physician to bill Medicare and Medicaid for PAP equipment and supplies dispensed from the referring physician's own medical practice. The federal Stark law prohibits a physician's referral of Medicare or Medicaid PAP to an entity in which the physician has a financial interest. The prohibition currently extends to a physician's referral of Medicare or Medicaid PAP to their own patient for PAP from their own medical practice.
- CMS could limit its waiver on this point to integrated sleep programs that achieve and maintain an acceptable accreditation credential as an integrated sleep disorders center. This status could help safeguard against abusive overutilization of sleep services.

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## Data

Each organization must develop implement and maintain an ongoing outcomes compliance program for clients/patients with an order for a Positive Airway Pressure (PAP) / Respiratory Assist Device (RAD) device(s) that contains the following:

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## Data Collected ( Examples)

Weight change in the last six months  
Blood pressure and heart rate (if known)  
Hypertension medication  
Change in medication  
A1C level, if applicable  
Diabetes's medications, if applicable  
Number of hours a week PAP device is used  
Quality of sleep improved  
Has quality of life improved with use of therapy device  
Are you short of breath

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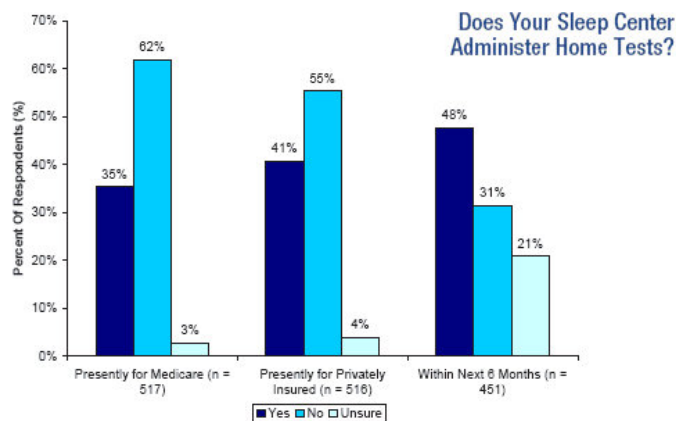
## Sleep Labs and the Future

- *Sleep Review* and Mizuho Securities USA conducted a survey of sleep centers. We sent the survey to ~12,500 sleep professionals, and 622 responded to one or more of the survey questions for a response rate of 5%. None of the questions were mandatory, therefore response rates varied from question to question. Of the 622 respondents, 464 (75%) completed the entire survey. The responses were collected between January 9 and January 23, 2012.
- We received responses from a range of sleep industry participants with registered polysomnographic technologists (34% of respondents) and sleep center directors/supervisors/managers (32% of respondents) representing the most common titles. Responses also covered every geographic region and all 50 US states with the Southeast (29% of respondents) and Midwest (29% of respondents) the most heavily represented regions

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## Sleep Labs



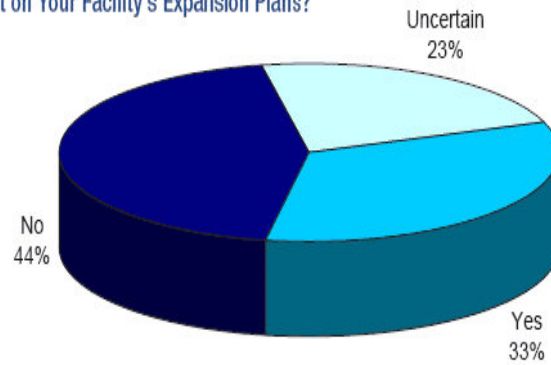
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# Sleep Labs

Has the Possibility of Increased Home Testing Had an Effect on Your Facility's Expansion Plans?

n = 522



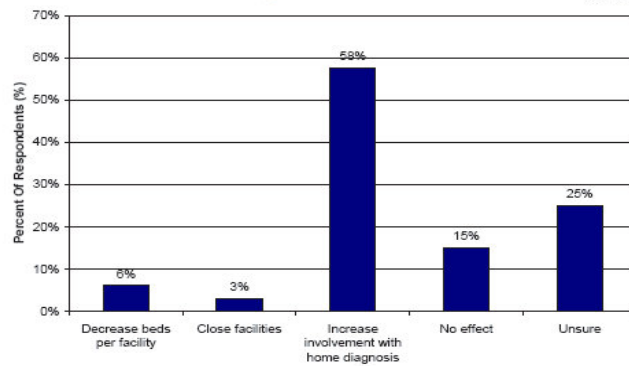
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# Sleep Labs

What Will Be the Effect on Your Facility of Increased Use of Home Testing?

n = 521



Source: Mizhuo Securities USA 1012 Sleep Center Survey

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## Competitive Bidding

In terms of competitive bidding, 50 percent of respondents indicate that other insurers have lowered their reimbursement levels based on Medicare's bid levels. Roughly half (52 percent) of respondents were located in a bidding area that is covered by Round Two of competitive bidding and the majority of these respondents (52 percent) bid on the CPAP category for this latest round.

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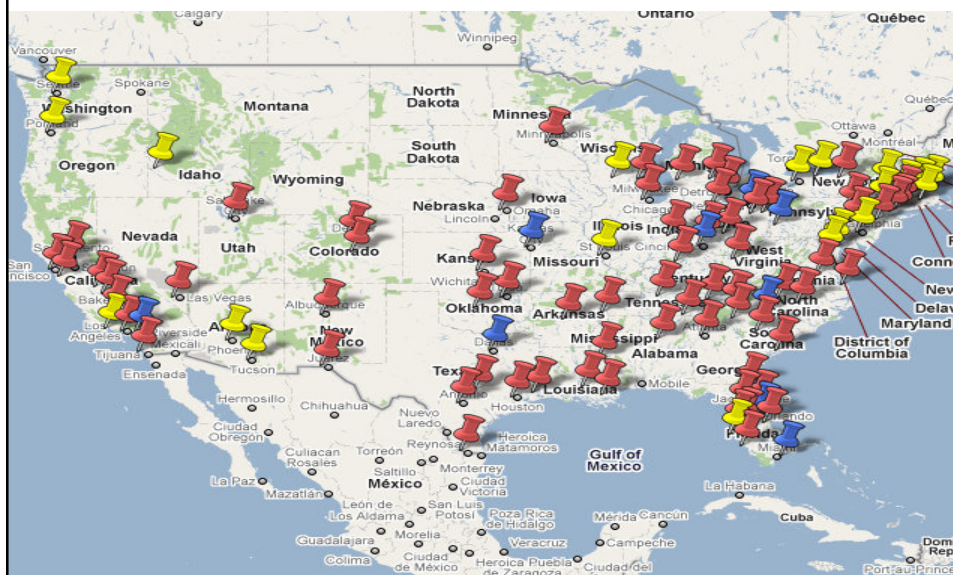


The Centers for Medicare & Medicaid Services (CMS) launched the first phase of the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program on Saturday, January 1, 2011, in nine different areas of the country

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Through supplier competition, the program set new, lower payment rates for certain medical equipment and supplies, such as oxygen equipment, CPAP Equipment, certain power wheelchairs and mail order diabetic supplies. CMS estimates that Medicare and beneficiaries will pay 32-percent less on average for these equipment and supplies. In most cases, Medicare beneficiaries who obtain these items in the nine competitive bidding areas will need to get them from the Medicare suppliers that were awarded contracts in order to have the items covered under Medicare. More than four million Medicare beneficiaries living in the nine competitive bidding areas can save money through this new program, while continuing to have access to quality medical equipment from accredited suppliers they can trust.





## In Other Words

**Healthcare of Patients to the Lowest Bidder**

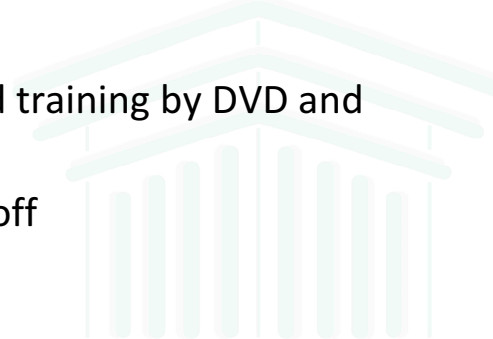


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## What has been removed

- Reduction in employees
  - Therapist and clinical staff ( only 6 states require face to face set up by clinical staff)
- Cheaper Equipment
- CPAP/RAD by Mail and training by DVD and Skype
- Will compliance drop off



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## The Winners

60% of the bid winners are either not in the state that the services will be delivered or have never done PAP therapy



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## Home Sleep Testing (HST)

While reimbursement rates may be steady, a change in the number of portable tests billed may drive some structural changes for in-lab programs in 2012.



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## Home Sleep Testing (HST)

United Healthcare in New Jersey and several of its East Coast affiliates announced a new coverage policy for reimbursement of Polysomnography and Portable Monitoring for Sleep Related Breathing Disorders. Central to the policy is a mandatory site-of-service preauthorization process. Because UnitedHealth believes portable sleep testing is more convenient and cost-effective, it will now pay for the full, in-laboratory PSG only if it first determines that the patient is ineligible for home sleep testing.

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## Home Sleep Testing (HST)

- The new policy is expected to push the number of home tests well beyond the number of in-lab PSGs for lives covered by participating United Healthcare plans. Of concern to local sleep labs is not only the loss of in-lab tests but also the loss of eligibility to provide the less-profitable home test to the UnitedHealth beneficiary.
- As of July, United Healthcare had contracted with VirtuOx to perform home sleep testing nationwide along with locally contracted sleep specialists. According to United Healthcare, VirtuOx will deliver the device to the patient's home, provide instructions and phone support, and deliver the test result using its network of board-certified sleep-medicine physicians.
- If a United Healthcare patient requires PAP therapy following the sleep test, the new reimbursement regime does away with the familiar in-lab titration test in favor of APAP therapy. Again, the United Healthcare program trims the source for PAP to a handful of national and locally contracted PAP vendors, including Lincare, American Homepatient, Walgreens, Rotech, and Apria Healthcare

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## Oral Appliance Therapy

The opportunities in sleep dentistry are real. Oral appliance therapy has been shown to be an effective treatment for mild or moderate OSA. Furthermore, both Medicare and many commercial insurance companies will reimburse the dentist for fitting and delivering the oral appliance. The principal code applicable to oral appliances for the treatment of obstructive sleep apnea is HCPCS E0486.

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## Oral Appliance Therapy

Oral appliance therapy can be a boost to treating underdiagnosed OSA in the general public. Persons who are PAP intolerant are likely to benefit from this dental-oriented therapy. Dentists and physicians can best benefit by respecting the boundaries of their respective licenses and taking the time and effort to work together toward the patient's sleep health care and ongoing management of the patient's OSA.

***Daniel B. Brown, Esq.*** is the managing shareholder of *Brown, Dresevic, Gustafson, Iwrey, Kalmowitz and Pendleton, The Health Law Partners, LLC, Atlanta.*

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## Sleep Labs and the Future Apnex Hypoglossal Nerve Stimulation (HGNS®) System

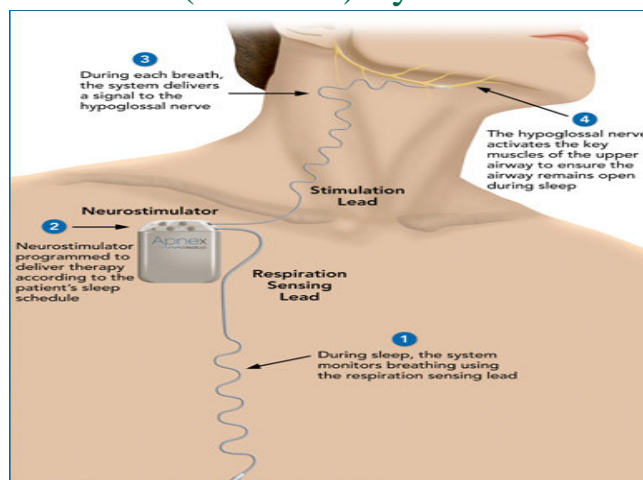
The Apnex HGNS System is designed to activate the muscles in the upper airway to ensure the airway remains open during sleep. The system monitors a person's breathing patterns and delivers mild stimulation to the hypoglossal nerve, the nerve that controls the key muscles of the tongue, to keep the airway open. The HGNS System is programmed to only work when a person is asleep, or it can be turned on and off as needed with a handheld controller. A surgical procedure is required to implant the HGNS System, which includes a device and leads (tiny insulated leads).

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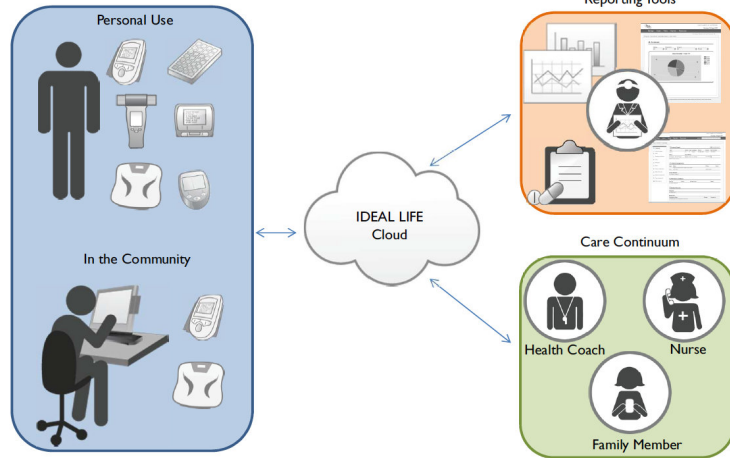
## Sleep Labs and the Future Apnex Hypoglossal Nerve Stimulation (HGNS®) System



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# Sleep Labs and the Future



# Sleep Labs and the Future

IDEAL LIFE Pod™







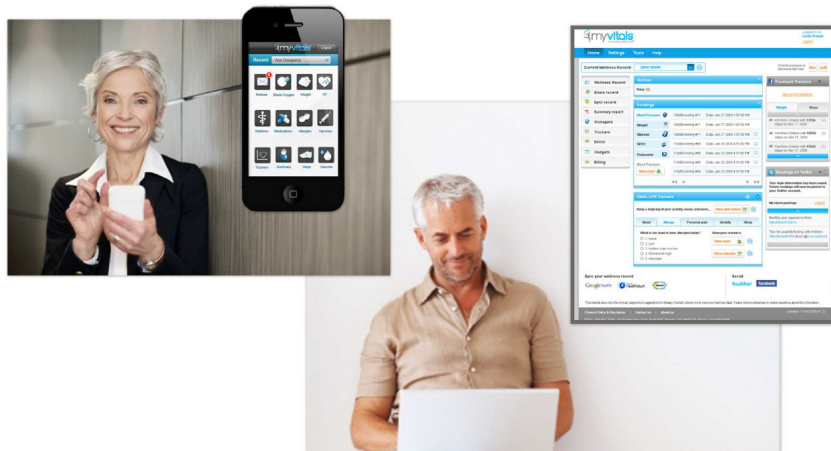
## Sleep Labs and the Future



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## Sleep Labs and the Future



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## Sleep Labs and the Future

### How it Works



Easy to Use Wireless Products



Scale



Scale



BP



Pedometer



Pulse Ox



Blood Glucose



Medication Adherence

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## Coordination of Care

### All about Outcomes

1. Know your labs- Labs that will thrive will hold on to their patients longer.
2. What co-morbidities are associated with the OSA patient that you are treating.
3. The data that the CPAP/RADS capture are just as much about billing as they are about care.
4. Are ACO or ISSP in your referral's future?
5. Working together for the Outcomes-Lab and Payor sources.

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## Questions?

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