



Subject: Expenditures for Personal Protective Equipment (PPE) by DMEPOS ¹ Companies.

Compiled by: Mark J. Higley, Vice-President – Regulatory Affairs, VGM & Associates.

- Estimates of annual PPE expenditures are derived from public government data and a recent survey of actual DMEPOS companies. The period of the estimate is from December 2020 to December 2021.
- Annual DMEPOS expenditures are included with the annual historical and projected National Health Expenditure Data Files. <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsProjected> [NHE Projections 2019-2028 - Tables \(ZIP\)](#). See Table 15, Durable Medical Equipment total 2021 projected Medicare expenses are about \$10.2 billion.

¹ DMEPOS = Durable Medical Equipment, Prosthetics, Orthotics and Supplies.

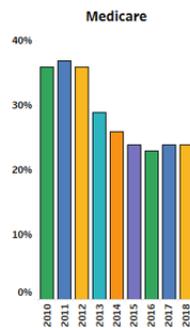
For Medicare purposes, durable medical equipment (DME) means equipment that:

- Can withstand repeated use
- Is used primarily and customarily to serve a medical purpose
- Generally is not useful to a person in the absence of illness or injury
- Is appropriate for use in the home

DME includes a wide range of products, such as:

- Alternating pressure pads and mattresses (also known as support surfaces)
- Blood glucose monitors or meters
- Canes
- Commodes
- Continuous positive airway pressure (CPAP) devices
- Crutches
- Hospital beds (for home use)
- Infusion pumps
- Intermittent positive pressure breathing machines
- Negative Pressure Wound Therapy (NPWT)
- Oxygen equipment
- Traction equipment
- Vaporizers
- Ventilators
- Walkers
- Wheelchairs

- Fifteen years of data from industry publication *HME News* via its annual “Benchmarking Survey” indicates Medicare consistently makes up about 25-30% of traditional DMEPOS suppliers’ payer sourcing.



- Extrapolating this percentage, traditional DMEPOS suppliers maintain an annual spend of about \$30 billion. (*Note:* The NHE document, cited above, indicates an overall spend of about \$60 billion; note that we are attempting to estimate the actual spend of “traditional” suppliers who enter patient homes, institutions (e.g., hospice or nursing homes), or have patients present themselves in their respective offices. These situations generally require the use of PPE. Mail order, “big box” (e.g., Walmart), and other retail transactions and/or patient co-pays – which make up the remainder of the annual projection generally do NOT require the use of PPE.)
- The number of DMEPOS suppliers is a public record, available upon request from Palmetto GBA, the “PDAC” <https://www.dmepdac.com/>, or the Medicare Contractor for Pricing, Data Analysis and Coding of DMEPOS. The number of DMEPOS supplier locations approximated 10,000. (*Note:* These represent actual physical locations where patients may present themselves for treatment, products, and services.)

Data on Suppliers with Specific Supplier Type
 Sorted by Primary Supplier Type Code, Supplier ZIP Code
 Suppliers with Active Med IDs Only
 Primary Supplier Type Codes: 51, 52, 53, 54, 58, A6, B1

Supplier Type Code	Supplier Type Code Description	Count of Suppliers with Active Med ID (09/08/2020)
54	MEDICAL SUPPLY COMPANY NOT INCLUDED IN 51, 52 OR	7,075
A6	MEDICAL SUPPLY COMPANY WITH RESPIRATORY	1,496
53	MEDICAL SUPPLY COMPANY WITH PROSTHETIC/ORTHOTIC PERSONNEL CERTIFIED BY AN ACCREDITING	730
51	MEDICAL SUPPLY COMPANY WITH ORTHOTIC PERSONNEL CERTIFIED BY AN ACCREDITING ORGANIZATION	306
52	MEDICAL SUPPLY COMPANY WITH PROSTHETIC PERSONNEL CERTIFIED BY AN ACCREDITING	179
58	MEDICAL SUPPLY COMPANY WITH REGISTERED	64
B3	MEDICAL SUPPLY COMPANY WITH PEDORTHIC	34
B1	OXYGEN & EQUIPMENT	35
		10,039

- Taking the estimated \$30 billion spend and dividing by the number of DMEPOS locations suggests an average spend, per location, of about \$3 million. (*Note:* This is an average, not the mode. The mode is closer to \$1 million due to the relatively large number of smaller DMEPOS suppliers.)
- VGM contacted over 40 DMEPOS suppliers within this range to inquire as to their most recent (December to December) annual expenditures for PPE.
- While the range for the expenditures varied from \$5000 to \$25,000, there existed a concentration of spend hovering between \$12,000 and \$15,000 per location.
- Accordingly, our best estimate of the annual expenditure for the DMEPOS industry is (\$13,500 * 10,000), or \$135,000,000.

If you have questions or require further analysis, please contact me at your convenience at mark.higley@vgm.com or 319.504.9515.

Thank you.