



March 24, 2009

Re: Who is on your side?

Dear Independent HME Provider,

We, as independent HME Providers, are under attack. Our businesses, which we have struggled and worked to build and which we have invested ourselves and our family's resources in, are in imminent danger. I wish it were not so and that I could report that "all is well", but we must face reality.

We are endangered by misguided and hostile government policies, and it is getting worse. There is no excuse or even a reasonable explanation for these actions other than ignorance and political expediency. Combining these factors with unstoppable demographic shifts, a misunderstanding by Congress of the implications of offering anything "free" and the known propensity of those seeking political office to make promises that they simply cannot keep in a real world...leaves us where we are...and it's not a nice place to be.

We are also endangered by one prominent national provider which has engaged in practices and followed policies that have brought this government backlash onto all the rest of us. This same national organization is now actively advertising enlarged operations that will have even more locations and more products. They are even advertising to hire away your key personnel (See: HME News March 2009 page 44 and HOMECARE February 2009 page 5). The company I am referring to is, of course, The SCOOTER Store, which is also the owner of the new company Alliance Seating & Mobility. Alliance is touted on their Web site as offering high-end rehab products. (Note: In preparation for writing this letter, I had one of our VGM Associates stop by the Alliance Seating location in Indianapolis, Indiana, and he found the door locked and a sign on the door directing customers to call "The SCOOTER Store". Won't that reflect well on us when CMS finally gets around to visiting?)

We can understand The SCOOTER Store trying to execute a market share grab using size and the confusion and disarray that they helped cause as cover and opportunity. What I have trouble understanding is why we don't seem to be able to take any effective actions to protect our own business interests and the welfare of our main customer group, Medicare and Medicaid Beneficiaries.

In a way, it is as if we are at war. And, in this situation we have to quickly determine who is on our side and who is not on our side. It is clear that you are either part of the solution or you are part of the problem. I am writing this letter to all VGM Group Members to express my opinion on the current state of affairs and suggest that each of us keep a sharper eye on the actions of others in the industry to better determine their side in the order of battle before us.

You BELONG with US!

Who is supplying the trouble-makers? Those who skirt the edges of the regulations (and maybe sometimes go over the edge...who agrees to a 17 million dollar “settlement” if they haven’t done anything wrong?) and are low-bidders even in areas they don’t have a location? Are some of the industry’s key manufacturers really not aware of the supportive and enabling nature of their actions? Are they key players in making this situation possible? You may be interested in the fact that every SCOOTER Store we’ve visited displays nearly 100% of a single manufacturer’s product. Why don’t we try to find out what is going on and share that information with others who care?

If you go into a SCOOTER Store or an Alliance location, you sure don’t see Invacare products and you don’t see Permobil products. I am happy to say that these manufacturers obviously ‘get it’. However, there is a well known manufacturer who either doesn’t ‘get it’ yet or doesn’t care about what is happening to independent providers. Did Invacare and Permobil give up sales by taking the position they have? You bet they did. We all know that any manufacturer can sell product if they are willing to discount enough, but we also understand that discounting is really a shifting of costs to other providers.

We are pleased that Invacare and Permobil have decided not to make these sales at our expense and are thereby not supporting a vendor that is harming the industry and bringing down the wrath of the regulators on us. The manufacturer I refer to above is Pride Mobility Products.

Here are a few things you may want to consider and/or investigate about the situation yourself:

1. Is The SCOOTER Store...which would apparently be delighted to put you out of business...getting market acceptable name-brand inventory from the same company that has a sales rep call on you every month? Ask them...or visit a store yourself...and make that manufacturer prove to your satisfaction that they are not part of the problem before ordering another thing from them.
2. Is the usual discount price that this manufacturer offers to the company that is trying to capture your business, is advertising to hire away your rehab staff and is one of the major companies responsible for our current situation in Washington D.C. greater than the discount you get? Ask anyone who wants to sell you product to prove to your satisfaction that they are not part of the problem and are not shifting the costs of this discount to you.
3. Is the provider that insists on using advertising and sales tactics that angers the regulators getting better support and service from a manufacturer than you are? More and better loaners and trial equipment? What terms? Better advertising and marketing support? Ask...and make them prove to your satisfaction that you are not inadvertently using a vendor who is fighting for the other side.



Consider the additional costs we all have had to bear lately due to these aggressive marketing practices and regulatory backlash in an environment where our net reimbursement received decreases regularly. Think..... added documentation costs, audit risks, surety bonds, mandatory accreditation, lobbying time and expense, etc. etc. Most of this could have been avoided if just a few companies had heeded common sense and refrained from figuratively “poking the tiger with a sharp stick”. But why should they worry? These costs may be spread over more than eighty locations. Their economy of scale and the price benefit they receive from their suppliers (who must shift that cost to someone...who do you think?) allow them to have more and better attorneys, hire away the best employees (who you have trained and nurtured), do more marketing and advertising than you ever will and even pay a \$17 million False Claims Act “settlement” now and then. It is a rigged game, and we are in great jeopardy if we don’t recognize what is happening and do what we can about it now.

If you don’t think anything I have said is accurate or fair, I would welcome the chance to talk with you directly. If I were back in the HME business, I know who I would be buying my Rehab products from, and more importantly, who I wouldn’t be buying from.

Thanks for listening.

Very truly yours,



Van G. Miller
CEO and Founder
VGM Group, Inc.

