Competitive Bidding Will Dampen Sales Growth for Home Care Products

New Medicare policies have resulted in reduced growth in the U.S. market for home care products such as wheelchairs and oxygen systems, according to Kalorama Information. The healthcare market research publisher stated that U.S. home care product revenues exceeded $5 billion, and will grow at a compound annual growth rate of 4% for the next five years, according to its report, US Market for Home Care Products, 7th Edition [1].
Growth is lower than expected, according to Kalorama, but still positive. The report indicates that demand for home care devices rose due to an ongoing shift of chronic care patients from hospitals to the home. An estimated 20 million people received home health care from either professional or unpaid caregivers, and most of these individuals also used associated home care products such as home medical equipment, infusion and oxygen therapy products, and miscellaneous general supplies. The counter to this demand is pricing pressure from payors, which will mitigate expected growth for manufacturers.

“A few years ago, we had anticipated 7% growth, but CMS competitive bidding policies have dampened the increase in revenues,” notes Bruce Carlson, Publisher of Kalorama Information.

Medicare changed its policy on reimbursement of home care devices in 2009. Where beneficiaries normally could choose any supplier for home care products, Medicare officials instead invited bids and awarded contracts to suppliers of medical equipment in nine metropolitan areas, including Cleveland, Miami-Fort Lauderdale, Riverside, CA, Dallas and other cities. The Obama administration said last month that it would vastly expand the use of competitive bidding to buy medical equipment for Medicare beneficiaries after a one-year experiment saved money for taxpayers and patients without harming the quality of care. Another 70 metro areas will begin competitive bidding in 2013. Kalorama Information says that most categories will be impacted by CMS competitive bidding, which will significantly decrease reimbursement rates.

“Still, there are some areas that will beat that growth rate, and we detail these in the report,” Carlson notes.

Kalorama Information’s report, US Market for Home Care Products, 7th Edition [1], details segments within the home care market with expected growth rates, and reviews key trends and companies operating in the market.

About Kalorama Information
Kalorama Information, a division of MarketResearch.com, supplies the latest in independent medical market research [2] in diagnostics, biotech, pharmaceuticals, medical devices and healthcare; as well as a full range of custom research services.

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