Diabetes Care Club Acquires Priority Diabetes Supply, Obtains CMS Contract to Distribute Diabetic Supplies

The Associated Press

FRANKLIN, Tenn.--(BUSINESS WIRE)--May 16, 2013--Diabetes Care Club, a leading provider of mail-order diabetic testing supplies, has acquired Priority Diabetes Supply, Inc. As a result of the acquisition, Diabetes Care Club is now one of 18 providers in the nation with a contract from the Centers for Medicare and Medicaid Services (CMS) national mail-order competitive bidding program to distribute diabetic testing supplies to Medicare beneficiaries. The contracts go into effect July 1, 2013.

“The acquisition of Priority Diabetes Supply allows us to continue serving our current patients, while also offering a new home to patients who must move from their existing provider to one that has been approved and contracted through the competitive bidding program,” said Doug Hudson, chairman and CEO of Diabetes Care Club’s parent company Simplex Healthcare.

“We’re very excited about participating in the competitive bidding program,” Hudson added. “The program is a great opportunity for our business, and it will benefit Medicare and its beneficiaries through lower costs.” In conjunction with the acquisition, Diabetes Care Club announced it has entered into an agreement with Roche Diagnostics Corporation to distribute its line of ACCU-CHEK products to Medicare recipients, ensuring that patients affected by the competitive bidding program are still able to find these supplies and receive uninterrupted service.

“Without question, Medicare patients who are not receiving supplies from a CMS-approved provider will face a lot of upheaval in the next several months as they search for a new company that offers all the supplies they need,” said Hudson. “By partnering with Roche, we are giving these patients confidence that there is a provider that can take care of their long-term needs and offers a wide range of high-quality products.” Added Gary Van De Laarschot, vice president of sales and marketing for Roche Diagnostics Corporation: “Roche is pleased to partner with Diabetes Care Club to provide Medicare patients with continued access to high-quality ACCU-CHEK diabetes testing supplies through mail-order distribution.” A provider of diabetic testing supplies since 2007, Diabetes Care Club acquired Priority Diabetes Supply as part of a precise and comprehensive business strategy the company developed following the decision by CMS to implement the Competitive Bidding program for Durable Medical Equipment, Prosthetics/Orthotics, and Supplies in 2011. The program was designed by CMS to significantly reduce healthcare costs by requiring providers to bid for contracts to distribute medical equipment and supplies, including mail-order diabetic testing supplies.

Recognizing the significant cost savings and quality improvements that competitive

bidding presents for patients, Diabetes Care Club prepared for the program's implementation by improving internal processes, increasing efficiencies and lowering product costs. When CMS announced the bid prices in early 2013, Diabetes Care Club was not initially awarded a contract due to a high bid. However, the company determined that it was in a position to effectively serve the market at the required price and implemented its contingency plan, which lead to the purchase of Priority Diabetes Supply, one of the contract winners.

"As one of the largest diabetic testing supply providers in the country, Diabetes Care Club has the capacity and flexibility to immediately welcome millions of new patients with Type 1 and Type 2 diabetes," Hudson added. " Diabetes Care Club is poised to start serving these patients today as they seek other providers. As always, Diabetes Care Club will handle beneficiaries' paperwork, ship their supplies for free and will help patients navigate this new Medicare environment." "We're pleased to be involved with this transition to Diabetes Care Club, a world-class organization that has the operational infrastructure and expertise to offer millions of patients the supplies and services they need," said Buddy Tatum, President of Priority Diabetes Supply. "This sale will allow us to focus on our other businesses, centered on providing sleep apnea sufferers with diagnostics, CPAP equipment and supplies, monitoring and education services." About Diabetes Care Club Diabetes Care Club, a Simplex brand, has grown to become the third largest mail-order supplier of diabetic testing supplies for seniors. The company provides home delivery of medical supplies for patients with diabetes and a social network that offers help, support and information for people living with the disease. For additional information, visit www.DiabetesCareClub.com.

About Simplex Healthcare
Simplex Healthcare is based in Franklin, Tenn., and provides home delivery of medical supplies to help patients with diabetes. Simplex secured $50 million in venture capital from New Enterprise Associates and acquired Diabetes Care Club in September 2007. For more information about Simplex Healthcare, visit www.SimplexHealthcare.com.

The diabetes epidemic in the United States has continued to accelerate with over 1.6 million new cases being diagnosed annually. By 2050, an estimated 48 million Americans will have Type 2 diabetes.

About Priority Diabetes Supply, Inc.
Priority Diabetes Supply is a leading mail-order supplier of diabetic testing supplies for seniors. The company provides home delivery of medical supplies for patients with diabetes as well as offers education and support services for people living with the disease.

About Roche
Headquartered in Basel, Switzerland, Roche is a leader in research-focused healthcare with combined strengths in pharmaceuticals and diagnostics. Roche is the world's largest biotech company with truly differentiated medicines in oncology, virology, inflammation, metabolism and CNS. Roche is also the world leader in in-vitro diagnostics, tissue-based cancer diagnostics and a pioneer in diabetes

management. Roche's personalized healthcare strategy aims at providing medicines and diagnostic tools that enable tangible improvements in the health, quality of life and survival of patients. In 2011, Roche had over 80,000 employees worldwide and invested over 8 billion Swiss francs in R&D. For more information: www.roche.com or www.roche-diagnostics.us.

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