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**TODAY'S CHALLENGES:
RECALLS, SUPPLY SHORTAGES,
COVID-19 & LABOR...BUT WHAT
COMES NEXT?**

The last few years seem like a blur to many of us. It seems like the only constant is change – an understatement, am I right?

Competitive bidding led to margin compression and market consolidation. A once in a century (we hope) pandemic forced us to change how we did business, and what was expected of us from our referral sources, and from our patients.

IN THE NEWS

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The Philips recall was unprecedented and added to the challenges, not just in terms of managing for our patients already under care, but how best to service our new patients.

Supply chain issues, related to a worldwide "recovery" from being shut down has resulted in component shortages for all manufactures and allocations.

"Change"? – yeh, an understatement to be sure.

No matter what the industry, however, the companies who think ahead are the ones that win big when the next change comes - DME is no different.

So, while we, as an industry, grapple with today's challenges, it behooves us to not forget that tomorrow will bring new and different challenges.

Tomorrow's challenges are what I would like to focus on today.

A good place to start is to consider what we know. So here are a few assumptions that I make when considering the future for sleep therapy:



HIGHLIGHTS

- 1.** THE PATIENTS ARE NOT GOING AWAY
- 2.** INFLATION IS REAL - BUT NOT EQUAL
- 3.** SOME THINGS WILL NEVER BE THE SAME

1. The patients are not going away.

While the industry deals with today's problems, one result is that our (collective) ability to service patients has been negatively impacted. Estimates that I hear is, conservatively, patient set up's have decreased by 40% in the last 6 months. While we can debate what the real number is, one thing is true --- The patients are not going away.

When the supply chain issues are finally resolved, the patients will be waiting for us and expecting quality service. For the providers who manage this well, this will be an opportunity the likes of which we have not seen in sleep in 20 years!



2. Inflation is real - but not equal.

Since 2010 inflation has averaged 1.75% annually. 2021 inflation rate was 7%. 2022 promises to be even higher given the geopolitical environment and its impact on energy costs. We already see the impact of this in labor costs and labor shortages. As these costs increase, reimbursement will increase to cover these new expenses just as fast, right? Yeh, I didn't think so either.

3. Some things will never be the same.

“THE MORE THINGS CHANGE THE MORE THEY SAY THE SAME” – WELL NOT ALWAYS.

The pandemic has changed a few things. For one thing, it has forced us all to get more comfortable with technology and virtual services. Not just as providers, but our patients too. So much so that, for a large swath of the population, it has now become the preferred approach to many services previously thought to be out of bounds.

Our fellow team members want to live where they want and work from home. Don't like this? I understand...but get used to having a much more difficult time hiring great employees because your competitor is embracing this, and it is becoming the norm rather than the exception.

If you believe the 3 points that I just mentioned, then the logical conclusion is as follows:

1. ***This PAP market, is not going away.*** In fact, it is preparing for explosive growth!
2. ***The dominant PAP therapy providers of tomorrow will develop (& perfect) processes and strategies that support the following objectives:***
 - a. Are highly scalable: more patients serviced by less people
 - b. Low cost AND quality outcomes: Quality service always wins the market share grab to come.
 - c. Flexible work environment: Adopt processes that support remote, efficient interaction between patient and provider.
3. ***Now is the time to act.*** If you wait for the change, then you are doomed to be chasing the curve – always reacting! Look for sensible, scalable options and be willing to be different!

So my question for you is this: Are you ready for what is to come or just distracted by yesterday's problems?