



Government Relations

A Government Divided: The Good, The Bad, and The Helpful

1

YOU MAY HAVE HEARD THE NEWS?



2

THANK YOU FOR YOUR INDULGENCE



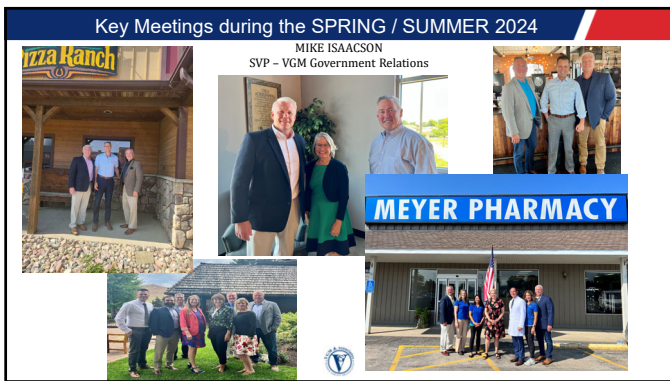
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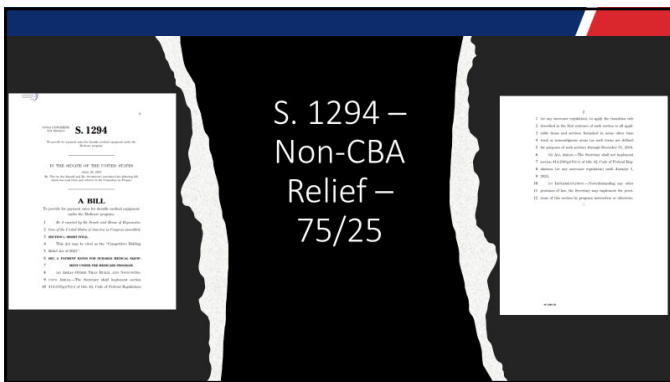
Discussions today include:

- FY 2023 Continuing Resolution "CR" Bill (End of Year Package)
- Success of Industry Relief Efforts ~ HR.5555 / S.1294
- Political Landscape for 118th Congress / 2nd Session
- 2024 Federal Legislative Priorities & Focus
- Non-bid/non rural area relief for 2025

* Competitive Bidding Program = 2025 /2026




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S. 1294 -Legislation to Extend the 75/25 Relief



Support S. 1294 - Legislation to Continue Relief for Durable Medical Equipment in Non-Competitive Bidding Areas

Issue
The Home Care Industry Association (HCIA) also currently relies on the Home Medical Equipment (HME) exemption to ensure that durable medical equipment (DMEPOS) is available to patients in non-competitive bidding areas (NCBA) at all times of the year and to ensure that patients in NCBA areas are not subject to the financial penalties of the 75/25 rule. The 75/25 rule requires that DMEPOS items in NCBA areas be purchased at a 75% discount to the market price. This rule is currently set to expire on September 30, 2024.

On April 10, 2024, Senators Thune and Schlotter introduced S. 1294, which will extend the 75/25 relief to September 30, 2025, and will also extend the 75/25 relief to all DMEPOS items in NCBA areas.

Background
The 75/25 rule was established in 2016 as a temporary measure to reduce the cost of DMEPOS items for patients in NCBA areas. The rule requires that DMEPOS items in NCBA areas be purchased at a 75% discount to the market price. This rule is currently set to expire on September 30, 2024.

The Solution
The 75/25 rule is a temporary measure to reduce the cost of DMEPOS items for patients in NCBA areas. The rule requires that DMEPOS items in NCBA areas be purchased at a 75% discount to the market price. This rule is currently set to expire on September 30, 2024.

Our Ask
We are asking you to support legislation that will extend the 75/25 relief to September 30, 2025, and will also extend the 75/25 relief to all DMEPOS items in NCBA areas.

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HR. 5555
Rep. Miller-Meeks (R-IA) & Rep. Paul Tonko (D-NY)








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2024 Legislative Priorities •

S. 1294 Further extending 75/25 blended non-rural, non-CBA Medicare reimbursement rates. These rates influence other payers who peg reimbursements based on these rates, including Medicaid rates in 21 states as well as TRICARE rates.

HR. 5555 Further extending 75/25 blended Non-Rural, Non-CBA rates


- Work with Congress to encourage CMS to provide clarity on their plans for the Competitive Bidding (CB) program. If CMS indicates it plans to move forward, we will work with Congress on legislation that would codify into law important guardrails that are currently in place, including clearing price methodology and using the unadjusted fee schedule as bid ceiling. If the CB moves forward, we will work with Congress to require CMS to accept higher rates if that is the result of the bidding process.



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2024 Legislative Priorities - Continued

- Work with Congress on oversight and transparency of Medicare Advantage plans to ensure Medicare beneficiaries have to the same access to care as in Part B.
- Work with Congress and industry stakeholders on legislation to establish oxygen criteria via critical data elements (CDE).
- Work with CMS and Congress to prevent competitive bidding program from expanding to include CGM, ostomy, and urological products.
- **HR. 5372** – Legislation to allow within code for titanium/carbon fiber upgrades for mobility products as a Medicare benefit.
- Monitor Federal legislation on “right to repair” issues and potential impacts on mobility providers, manufacturers, and patients



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Future of Competitive Bidding

The Competitive Bidding Program (CBP) was paused in 2018 to address fundamental design flaws that created unsustainable payment rates and jeopardize patient access to care.

- The Ask: Ask Members of Congress to require that should CMS move forward with additional rounds of Competitive Bidding, it must:
 - Preserve existing safeguards added to the program:
 - Use clearing price methodology
 - Keep the unadjusted 2015 fee schedule as the ceiling
 - Preserve the surety bond requirement
- Ensure that CMS move forward with CBP rates if they are higher than 2016 rates and set the Single Payment Amounts accordingly



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INDUSTRY Focuses for 2024

Grassroots Activities and Opportunities

- Meetings with Incoming Congressional Freshman - 80+
- Build relationships with new and returning Congressional members and staff on Key Committees
- GAP (Grassroots Accountability Project) we need you!
- Press Opportunities
- SPRING / SUMMER / August of Action!
- 2024 Elections are 8 Short Months Away!



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RELATIONSHIPS...



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VIRGINIA CONGRESSIONAL DELEGATION 118th Congress

| Office | Name | Party | Date assumed office | Date term ends |
|---------------------------------|---------------------------|------------|---------------------|-----------------|
| U.S. House Virginia District 1 | Robert J. Wittman | Republican | January 3, 2007 | January 3, 2025 |
| U.S. House Virginia District 2 | Jennifer Kiggans | Republican | January 3, 2023 | January 3, 2025 |
| U.S. House Virginia District 3 | Robert C. Scott | Democratic | January 3, 1993 | January 3, 2025 |
| U.S. House Virginia District 4 | Jennifer McClellan | Democratic | March 7, 2023 | January 3, 2025 |
| U.S. House Virginia District 5 | Bob Good | Republican | January 3, 2021 | January 3, 2025 |
| U.S. House Virginia District 6 | Benjamin Lee Cline | Republican | January 3, 2019 | January 3, 2025 |
| U.S. House Virginia District 7 | Abigail Spanberger | Democratic | January 3, 2019 | January 3, 2025 |
| U.S. House Virginia District 8 | Donald Stenooff Beyer Jr. | Democratic | January 3, 2015 | January 3, 2025 |
| U.S. House Virginia District 9 | H. Morgan Griffith | Republican | January 3, 2011 | January 3, 2025 |
| U.S. House Virginia District 10 | Jamaine Wesher | Democratic | January 3, 2019 | January 3, 2025 |
| U.S. House Virginia District 11 | Garrett Edward Connolly | Democratic | January 3, 2009 | January 3, 2025 |

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VIRGINIA CONGRESSIONAL DISTRICTS Virginia's congressional districts for 2024

Independent Cities: 1. Alexandria, 2. Falls Church, 3. Fairfax, 4. Fairfax City, 5. Fairfax Station, 6. Herndon, 7. Manassas, 8. Manassas Park, 9. Northern Virginia, 10. Potomac, 11. Reston, 12. Rosslyn, 13. Springfield, 14. Arlington, 15. Arlington County, 16. Burke, 17. Centreville, 18. Chantilly, 19. Clarks Summit, 20. Culpeper, 21. Dumfries, 22. Emporium, 23. Galax, 24. Giles, 25. Gordonsville, 26. Henric, 27. Hurtsville, 28. Independence, 29. Jacksonville, 30. Lakeview, 31. Lynchburg, 32. Mechanicsville, 33. New Market, 34. New River, 35. Orange, 36. Orangeburg, 37. Orange Grove, 38. Pamplin, 39. Pottsboro, 40. Remond, 41. Rocky Hill, 42. Rocky Mount, 43. Rocky Mountain, 44. Rockyvale, 45. Salem, 46. Shenandoah, 47. Shenandoah Shores, 48. Shenandoah Shores, 49. Shenandoah Shores, 50. Shenandoah Shores, 51. Shenandoah Shores, 52. Shenandoah Shores, 53. Shenandoah Shores, 54. Shenandoah Shores, 55. Shenandoah Shores, 56. Shenandoah Shores, 57. Shenandoah Shores, 58. Shenandoah Shores, 59. Shenandoah Shores, 60. Shenandoah Shores, 61. Shenandoah Shores, 62. Shenandoah Shores, 63. Shenandoah Shores, 64. Shenandoah Shores, 65. Shenandoah Shores, 66. Shenandoah Shores, 67. Shenandoah Shores, 68. Shenandoah Shores, 69. Shenandoah Shores, 70. Shenandoah Shores, 71. Shenandoah Shores, 72. Shenandoah Shores, 73. Shenandoah Shores, 74. Shenandoah Shores, 75. Shenandoah Shores, 76. Shenandoah Shores, 77. Shenandoah Shores, 78. Shenandoah Shores, 79. Shenandoah Shores, 80. Shenandoah Shores, 81. Shenandoah Shores, 82. Shenandoah Shores, 83. Shenandoah Shores, 84. Shenandoah Shores, 85. Shenandoah Shores, 86. Shenandoah Shores, 87. Shenandoah Shores, 88. Shenandoah Shores, 89. Shenandoah Shores, 90. Shenandoah Shores, 91. Shenandoah Shores, 92. Shenandoah Shores, 93. Shenandoah Shores, 94. Shenandoah Shores, 95. Shenandoah Shores, 96. Shenandoah Shores, 97. Shenandoah Shores, 98. Shenandoah Shores, 99. Shenandoah Shores, 100. Shenandoah Shores.

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Virginia Geographical Classification


| State | Rural vs. Non-Rural | Population | % of Total Population |
|-------|---------------------|------------|-----------------------|
| VA | CBA Zip | 6,331,124 | 71.03% |
| | Non-Rural Zip | 1,432,887 | 56.60% |
| | Rural Zip | 1,067,626 | 12.37% |

| Classification | Oxygen concentration (atmosphere) (MI in 2010) | Oxygen concentration (atmosphere) (MI in 2019) | Percentage change |
|----------------|--|--|-------------------|
| Rural | \$190.92 | \$191.22 | +0.1% |
| Non-rural | \$180.92 | \$173.86 | -42.6% |
| CBA | \$190.92 | \$174.65 | -8.8% |

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WEST VIRGINIA CONGRESSIONAL DELEGATION 118th Congress

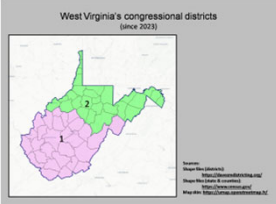


| Office | Name | Party | Date assumed office | Date term ends |
|-------------------------------------|----------------------------------|------------|---------------------|-----------------|
| U.S. House West Virginia District 1 | Carol Miller | Republican | January 3, 2023 | January 3, 2025 |
| U.S. House West Virginia District 2 | Alexander Mooney | Republican | January 3, 2015 | January 3, 2025 |



"CAROL MILLER"
U.S. HOUSE OF REPRESENTATIVES

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WEST VIRGINIA CONGRESSIONAL DISTRICTS WV's congressional districts since 2023

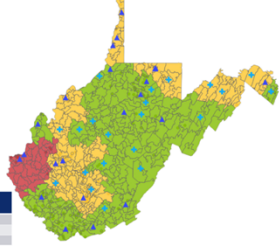




Carol Miller
Ways & Means

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West Virginia Geographical Classification

| State | Rural vs. Non-Rural | Population | % of Total Population |
|-------|---------------------|------------|-----------------------|
| WV | CBA Zip | 211,964 | 11.58% |
| | Non-Rural Zip | 938,905 | 51.29% |
| | Rural Zip | 678,708 | 37.13% |



| Classification | Oxygen Concentration (ppm) (2015) | Oxygen Concentration (ppm) (2022) | Percentage Change |
|----------------|-----------------------------------|-----------------------------------|-------------------|
| Total | \$105.92 | \$106.22 | +0.3% |
| Non-rural | \$105.92 | \$102.73 | -3.0% |
| CBA | \$105.92 | \$74.16 | -30.0% |

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NORTH CAROLINA CONGRESSIONAL DELEGATION
118th Congress

| Office | Name | Party | Date assumed office | Date term ends |
|---------------------------------------|------------------|------------|---------------------|-----------------|
| U.S. House North Carolina District 1 | David Chase | Democrat | January 3, 2023 | January 3, 2025 |
| U.S. House North Carolina District 2 | Deborah Ross | Democrat | January 3, 2021 | January 3, 2025 |
| U.S. House North Carolina District 3 | Gregory Murphy | Republican | September 17, 2019 | January 3, 2025 |
| U.S. House North Carolina District 4 | Victoria Foushee | Democrat | January 3, 2023 | January 3, 2025 |
| U.S. House North Carolina District 5 | Victoria Foy | Republican | January 3, 2025 | January 3, 2025 |
| U.S. House North Carolina District 6 | Sally Mannix | Democrat | January 3, 2021 | January 3, 2025 |
| U.S. House North Carolina District 7 | David Rousselle | Republican | January 3, 2015 | January 3, 2025 |
| U.S. House North Carolina District 8 | Joe Nathan | Republican | January 3, 2023 | January 3, 2025 |
| U.S. House North Carolina District 9 | Richard Hudson | Republican | January 3, 2023 | January 3, 2025 |
| U.S. House North Carolina District 10 | Daphne Williams | Republican | January 3, 2005 | January 3, 2025 |
| U.S. House North Carolina District 11 | Chuck Edwards | Republican | January 3, 2023 | January 3, 2025 |
| U.S. House North Carolina District 12 | Alma Adams | Democrat | November 12, 2014 | January 3, 2025 |
| U.S. House North Carolina District 13 | Walter Jones | Democrat | January 3, 2023 | January 3, 2025 |
| U.S. House North Carolina District 14 | Jeff Jackson | Democrat | January 3, 2023 | January 3, 2025 |



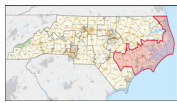
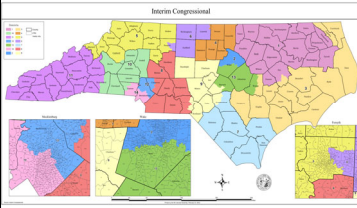
[Gregory Murphy](#)
U.S. House North Carolina District 3



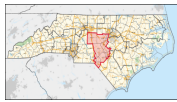
[Richard Hudson](#)
U.S. House North Carolina District 9

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NORTH CAROLINA CONGRESSIONAL DISTRICTS
NC's congressional districts from 2023



[Gregory Murphy](#)



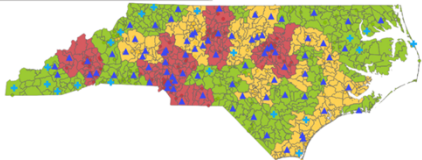
[Richard Hudson](#)

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North Carolina Geographical Classification

| State | Rural vs. Non-Rural | Population | % of Total Population |
|-------|---------------------|------------|-----------------------|
| NC | CBA Zip | 4,944,628 | 46.95% |
| | Non-Rural Zip | 3,606,108 | 34.24% |
| | Rural Zip | 1,981,797 | 18.81% |

| Classification | Oxygen concentration (mg/L) in 2011 | Oxygen concentration (mg/L) in 2015 | Percentage Change |
|----------------|-------------------------------------|-------------------------------------|-------------------|
| Rural | \$190.92 | \$199.22 | +4.37% |
| Non-rural | \$190.92 | \$193.96 | +1.60% |
| CBA | \$190.92 | \$84.43 | -55.83% |




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VIRGINIA Senate Delegation 118th Congress

| Office | Name | Party | Date assumed office | Date term ends |
|--------------------------------------|-----------------------------|------------|---------------------|-----------------|
| U.S. Senate Virginia | Tim Kaine | Democratic | January 3, 2013 | January 3, 2025 |
| U.S. Senate Virginia | Mark Warner | Democratic | January 3, 2009 | January 3, 2027 |



*U.S. SENATOR
TIM KAINES



*U.S. SENATOR
MARK WARNER

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WEST VIRGINIA Senate Delegation 118th Congress

| Office | Name | Party | Date assumed office | Date term ends |
|---|--------------------------------------|------------|---------------------|-----------------|
| U.S. Senate West Virginia | Shelley Moore Capito | Republican | January 3, 2015 | January 3, 2027 |
| U.S. Senate West Virginia | Joe Manchin III | Democratic | November 15, 2010 | January 3, 2025 |



*U.S. SENATOR
SHELLEY MOORE CAPITO



*U.S. SENATOR
JOE MANCHIN III

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NORTH CAROLINA Senate Delegation 118th Congress

| Office | Name | Party | Date assumed office | Date term ends |
|--|-----------------------------|------------|---------------------|-----------------|
| U.S. Senate North Carolina | Ted Budd | Republican | January 3, 2023 | January 3, 2029 |
| U.S. Senate North Carolina | Thom Tillis | Republican | January 3, 2015 | January 3, 2027 |



*U.S. SENATOR
TED BUDD



*U.S. SENATOR
THOM TILLIS

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SENATE DELEGATION - Freshman 118th Congress

| | | | | | | |
|-----------------------|--|---------------------|--------------------------------------|--|------|-----|
| Alabama | | 7th (110th overall) | Open seat, replaced Public Swift (D) | CEO of the Business Council of Alabama Chief of staff to Senator Richard Shelby | 1982 | (D) |
| Missouri | | 6th (55th overall) | Open seat, replaced Crisp (R) | Missouri Attorney General 19th Governor of Missouri Missouri Senator | 1976 | (R) |
| North Carolina | | 3rd (56th overall) | Open seat, replaced Redmond (R) | U.S. House of Representatives | 1971 | (R) |
| Ohio | | 9th (55th overall) | Open seat, replaced Nicastro (R) | Vice President U.S. Marine Corps Corporal | 1984 | (R) |
| Oklahoma | | 2nd (55th overall) | Open seat, replaced Mullin (R) | U.S. House of Representatives | 1977 | (R) |
| Pennsylvania | | 4th (57th overall) | Open seat, replaced Fetterman (D) | Lieutenant Governor of Pennsylvania Mayor of Braddock | 1989 | (D) |
| Vermont | | 1st (54th overall) | Open seat, replaced Peter Welch (D) | U.S. House of Representatives President pro tempore of the Vermont Senate | 1947 | (D) |





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NEW COMMITTEE ASSIGNMENTS House Ways & Means

House Republicans tapped **ten** new members to join the Ways and Means Committee this year

These committee members have significant influence over the tax code, trade policy, Medicare, Social Security and social services programs

Rep. Mike Carey (R-OH)
Rep. Randy Feenstra (R-IA)
Rep. Michelle Fischbach (R-MN)
 Rep. Brian Fitzpatrick (R-PA)
 Rep. Nicole Malliotakis (R-NY)
Rep. Blake Moore (R-UT)
 Rep. Michelle Steel (R-CA)
 Rep. Greg Steube (R-FL)
 Rep. Claudia Tenney (R-NY)
 Rep. Beth Van Duyne (R-TX)

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WAYS AND MEANS COMMITTEE

| | |
|--|--|
| <p>Majority</p> <p>Jason T. Smith, Missouri, Chair Tommy Tuberville, Florida, Vice Chair Adam Smith, Nebraska Mike Kelly, Pennsylvania Dan Claitor, Arizona Dan Latta, Ohio Dan Claitor, Ohio Jordan Amodeo, Texas Tom Amodeo, Georgia Ben Ray Lujan, Kansas Markwayne Mullin, Pennsylvania Kevin Cramer, North Carolina Matt Fitzpatrick, North Carolina Scott Lipton, Tennessee Scott Lipton, Tennessee Mike Amodeo, Florida Claudia Tenney, New York Michelle Steel, Minnesota Mike Amodeo, Utah Michelle Steel, California Beth Van Duyne, Texas Randy Farnsworth, Iowa Nicole Malachuk, New York Mike Carey, Ohio</p> | <p>Minority</p> <p>Richard Neal, Massachusetts, Ranking Member Albio Sires, Texas Mike Thompson, California John B. Larson, Connecticut Neal Mahajan, Oregon Bill Pascrell, New Jersey Charles W. Elwell, Illinois Linda Sánchez, California Brian Babin, New York Tommy Tuberville, Alabama Tom Amodeo, Washington Judy Chu, California, Vice Ranking Member David Bonior, West Virginia Dan Claitor, Michigan Don Royce, Virginia Charles Elwell, Pennsylvania Brad Schneider, Illinois Thomas Pappalardo, California</p> |
|--|--|

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NEW COMMITTEE ASSIGNMENTS House Energy & Commerce

House Republicans added **nine** new members to the powerful Energy and Commerce Committee, including a handful of members with significant health policy experience.

This committee has **broad jurisdiction over telecommunications, consumer protection, environmental quality, energy policy and interstate and foreign commerce.** It's also one of the main health care committees in the House with jurisdiction over Medicaid, mental health, substance abuse, health insurance, medical research, the FDA and pandemic preparedness issues.

- Rep. Randy Weber (R-TX)
- Rep. Rick W. Allen (R-GA)
- Rep. Troy Balderson (R-OH)
- Rep. Russ Fulcher (R-ID)
- Rep. August Pfluger (R-TX)
- Rep. Diana Harshbarger (R-TN)
- Rep. Marianne Miller-Meeks (R-IA)**
- Rep. Kat Cammack (R-CA)
- Rep. Jay Obernolt (R-CA)



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ENERGY & COMMERCE COMMITTEE

| Majority | Minority |
|---|---|
| <p>Carla Eskandari-Beggs, Vice-Chair</p> <p> <ul style="list-style-type: none"> Richard C. Shelby, Texas Scott L. Lujan, Ohio Paul Lujan, Pennsylvania Wendell Smith, Virginia John Blumenthal, Florida Tom Homan, Ohio Lucy Burghardt, Indiana Richard Manning, North Carolina Jim Wrenning, Michigan Ben Ray Lujan, Georgia Jeff Duncan, South Carolina Scott Amodeo, Arkansas Markwayne Mullin, Utah Clifford Bullock, Indiana Spencer Bachus, Alabama Cliff Linder, Texas John Ratcliffe, Pennsylvania Clayton L. Kopp, North Dakota Clayton Kopp, Texas John Allen, Georgia John Ratcliffe, Ohio James Comer, West Virginia Scott Lujan, Texas Clayton Kopp, Tennessee Tommy Tuberville, Florida Way Culleton, California </p> | <p>John Garamendi, New Jersey, Ranking Member</p> <p> <ul style="list-style-type: none"> Anna Escobedo Cabral, California Paul C. Costa, California John Schalick, Illinois Tom McClintock, California Markwayne Mullin, Florida John Garamendi, Maryland John Garamendi, New York Clayton Kopp, New York John Garamendi, California Richard Blumenthal, California Scott Peters, California Clayton Kopp, Michigan Markwayne Mullin, Texas Clayton Kopp, New Hampshire Clayton Kopp, Illinois Clayton Kopp, California Clayton Kopp, Colorado Clayton Kopp, Florida Clayton Kopp, Minnesota Clayton Kopp, Washington Clayton Kopp, Massachusetts Clayton Kopp, Texas </p> |



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NEW COMMITTEE ASSIGNMENTS SENATE FINANCE

| Majority ^{LIA} | Minority ^{LIA} |
|---|---|
| <ul style="list-style-type: none"> Ron Wyden, Oregon, Chairman Debbie Stabenow, Michigan Maria Cantwell, Washington Bob Menendez, New Jersey Tom Carper, Delaware Ben Cardin, Maryland Sherrod Brown, Ohio Michael Bennet, Colorado Bob Casey, Pennsylvania Mark Warner, Virginia Sheldon Whitehouse, Rhode Island Maggie Hassan, New Hampshire Catherine Cortez Masto, Nevada Elizabeth Warren, Massachusetts | <ul style="list-style-type: none"> Mike Crapo, Idaho, Ranking Member Chuck Grassley, Iowa John Cornyn, Texas John Thune, South Dakota Tim Scott, South Carolina Bill Cassidy, Louisiana James Lankford, Oklahoma Steve Daines, Montana Todd Young, Indiana John Barrasso, Wyoming Ron Johnson, Wisconsin Thom Tillis, North Carolina Marsha Blackburn, Tennessee |



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COMMITTEE ASSIGNMENTS SENATE HELP Committee 118th Congress

| Majority ^[2] | Minority ^[2] |
|---|--|
| <ul style="list-style-type: none"> Bernie Sanders, Vermont Chairman Patty Murray, Washington Bob Casey Jr., Pennsylvania Tammy Baldwin, Wisconsin Chris Murphy, Connecticut Tim Kaine, Virginia Maggie Hassan, New Hampshire Tina Smith, Minnesota Ben Ray Lujan, New Mexico John Hickenlooper, Colorado Ed Markey, Massachusetts | <ul style="list-style-type: none"> Bill Cassidy, Louisiana, Ranking Member Rand Paul, Kentucky Susan Collins, Maine Lisa Murkowski, Alaska Mike Braun, Indiana Roger Marshall, Kansas Mitt Romney, Utah Tommy Tuberville, Alabama Markwayne Mullin, Oklahoma Ted Budd, North Carolina |



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| Senate Finance Committee | | |
|--------------------------|--------------------|-------|
| REPUBLICAN | DEMOCRAT | CLERK |
| Chris Coons | Tim Wainwright | |
| Elizabeth Warren | Michael Bennet | |
| Tim Wainwright | | |
| Jon Ossoff | Richard Blumenthal | |
| Sen. Tim Wainwright | | |
| Sen. Tim Wainwright | | |
| Sen. Tim Wainwright | | |
| Sen. Tim Wainwright | | |

118th CONGRESS COMMITTEE ASSIGNMENTS

| House Energy and Commerce Committee | | |
|-------------------------------------|------------------|-------|
| REPUBLICAN | DEMOCRAT | CLERK |
| Mike Kelly | Frank Lautenberg | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |

| Senate Health, Education, Labor & Pensions Committee (HELP) | | |
|---|------------------|-------|
| REPUBLICAN | DEMOCRAT | CLERK |
| Mike Kelly | Tommy Tuberville | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |

| House Ways and Means Committee | | |
|--------------------------------|------------------|-------|
| REPUBLICAN | DEMOCRAT | CLERK |
| Mike Kelly | Tommy Tuberville | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |

| Senate Appropriations Committee | | |
|---------------------------------|------------------|-------|
| REPUBLICAN | DEMOCRAT | CLERK |
| Mike Kelly | Tommy Tuberville | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |

| House Appropriations Committee | | |
|--------------------------------|------------------|-------|
| REPUBLICAN | DEMOCRAT | CLERK |
| Mike Kelly | Tommy Tuberville | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |
| Mike Kelly | | |

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Nationally, the number of DME brick-and-mortars have dwindled in the past decade, 41% of which have left the business.

HME Rooftop Historical Trend

By SITA (Physical Location)


Yearly Trend

| State | Nov. 2010 | Jul. 2013 | Jul. 2017 | Jan. 2018 | Jan. 2019 | Jan. 2020 | Jan. 2021 | Jan. 2022 | 2010-2020 Reduction | 2010-2020 Reduction% |
|-------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------------|----------------------|
| VA | 180 | 167 | 125 | 111 | 109 | 100 | 98 | 91 | -89 | -49% |
| WV | 89 | 83 | 87 | 73 | 68 | 63 | 64 | 63 | -26 | -29% |
| NC | 321 | 278 | 227 | 207 | 197 | 195 | 186 | 191 | -13 | -40% |
| | | | | | | | | | 0 | |

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**Summary for 2024:
What needs to happen this year**

- 1) Passage of **S.1294 & HR. 5555**- Extension of Non-Rural rates (75/25 Blend) January 1 - Dec 31, 2024.. Currently in Continuing Resolution (CR) – votes on March 1st & March 8th.
- 2) Sequestration 2% and potential for additional "Pay Go" cuts of an additional 4% in 2025
- 3) Push for CMS Announcement on a CBP 2024/25?
- 4) CRT – **HR.5371** – Titanium & Carbon Fiber Wheelchair Upgrades & Right to Repair
- 5) AUDITS
- 6) Medicare Advantage Plans
- 7) MCO's & State Issues



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Bipartisan Efforts
Our efforts must be supported by both Democrats and Republicans



38

Old Soldiers Never Die.....




.....They Just Fade Away!!



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This old soldier Continues to work for you!





**At your service,
John Gallagher**

VP, VGM Government Relations

john.gallagher@vgm.com

www.vgmgov.com





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CONNECT WITH US!

Additional Resources

-  vgm.com/industrymatterspodcast (Podcast)
-  vgm.com/news (Blog)
-  Legislative, Regulatory, Reimbursement, and Payer Updates from VGM Government

Follow us on social media!

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-  twitter.com/vgmassociates
-  linkedin.com/company/vgmassociates

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Sign up at vgm.com/portal to access exclusive resources like:

- Discussion Boards
- Events and Webinars
- Vendors and Products
- Forms and Documents
- Exclusive Content
- Playbooks

VGM & Associates Communications

 Connect with your account manager to be sure you're signed up for email communications from VGM & Associates



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NC Medicaid DME/POS: 2024 Winter Update

John Vitiello, PT, MCP
Program Manager
February 21, 2024

1

Current DME Unit Staff

- John Vitiello, PT, MCP – program manager**
- Brenda Allen, RN – nurse consultant**
 - Policies 5A-2, 5A-3
- Sheri Spainhour, PT – physical therapy consultant**
 - Policies 5A-1, 5B

2

2

Topics

- Medicaid Expansion
- Policy updates
- Known Systems Issues Trackers
- LME/MCO Consolidation
- Managed Care Tailored Plans

3

3

Medicaid Expansion

Session Law 2023-7, House Bill 76

- **Highlights:**
 - Signed into law by the governor 3/27/2023
 - Approximately 600,000 additional state residents will become eligible (2/1/24: 346,408 have enrolled)
 - Adults aged 19-64 with incomes up to 138% of federal policy level, not pregnant, not Medicare eligible
 - Enrollment process same as current Medicaid
 - Same benefits and copays as non-expansion enrollees
 - **Launched Dec 1, 2023**

<https://medicaid.ncdhhs.gov/blog/2023/12/01/more-600000-north-carolinians-newly-eligible-nc-medicaid-today>

4

4

Policy Updates

Clinical Coverage Policy 5A-3

- **Highlights:**
 - Added coverage for replacement BP cuffs coded A4663 for beneficiary owned monitors
 - Subsection 5.3.11, PA not required if medical necessity criteria met, lifetime expectancy 3yrs
 - Added coverage and monthly quantity limits for infusion supplies coded A4221, A4222, A4224, A4225, no changes to medical necessity criteria
 - Amended 1/15/2024, effective 12/1/2023

<https://medicaid.ncdhhs.gov/blog/2024/02/09/updates-clinical-coverage-policy-5a-3-nursing-equipment-and-supplies>

5

5

Policy Updates (cont'd)

Clinical Coverage Policy 5B

- **Highlights:**
 - Subsection 5.3.3, criteria for cranial remolding orthoses updated to align with current standards of practice
 - Attachment B, code A6545 replaced with A6583
 - Attachment B, lifetime expectancies/quantity limits corrected for diabetic shoes and inserts coded A5500 through A5507
 - CMS annual HCPCS code update affecting four codes

<https://medicaid.ncdhhs.gov/meetings-notice/proposed-medicaid-policies>

6

6

Managed Care Standard Plans

Known Systems Issues Trackers:

AMHC:
<https://www.amerhealthcaritasnc.com/assets/pdf/provider/known-system-issues-tracker.pdf>

BCBS:
<https://provider.healthyluenc.com/north-carolina-provider/home>

CCHE:
<https://network.carolinacompletehealth.com/>

UNHC:
<https://www.uhcprovider.com/content/dam/provider/docs/public/commplan/nc/resources/NC-Known-Issues-Log.pdf>

WCHP:
<https://www.wellcarenc.com/providers/medicaid/claims.html>

7

LME/MCO Consolidation

Feb 1, 2024

- Sandhills Center was dissolved with most of its counties reassigned to Trillium Health Resources
- Eastpointe Human Services merged with Trillium Health Resources
- Trillium Health Resources named as surviving entity
- Davidson county -> Partners; Harnett county -> Alliance; Rockingham county -> Vaya

<https://medicaid.ncdhhs.gov/blog/2024/02/01/ncdhhs-consolidates-local-management-entity-managed-care-organizations-ahead-tailored-plan-launch>

8

Managed Care Tailored Plans

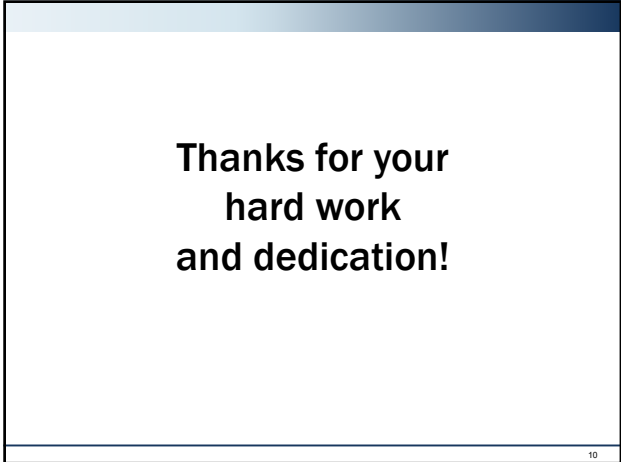
Planned TP Launch Scheduled for July 1, 2024

- Focus on behavioral health; approx 150k will cross into Tailored Plans
- Alliance Health (SP partner, WCHP)
- ~~Eastpointe (SP partner, WellCare)~~
- Partners Health Management (SP partner, CCHE)
- ~~Sandhills (SP partner, AmeriHealth)~~
- Trillium health Resources (SP partner, CCHE)
- Vaya Health (SP partner, WCHP)

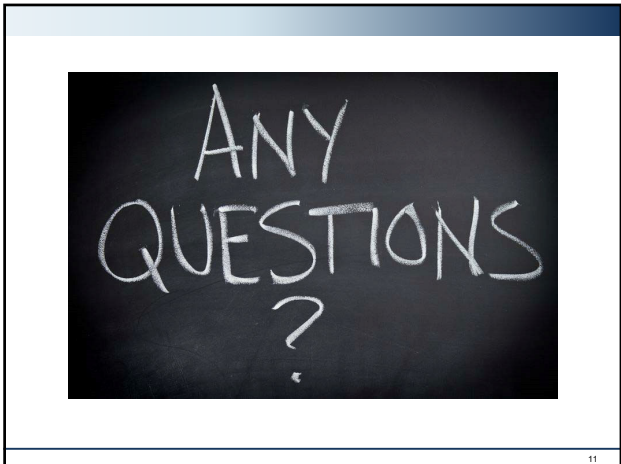
<https://medicaid.ncdhhs.gov/blog/2024/02/01/ncdhhs-consolidates-local-management-entity-managed-care-organizations-ahead-tailored-plan-launch>

<https://medicaid.ncdhhs.gov/transformation/health-plans#behavioral-health-idd-tailored-plans>

9



10



11



Durable Medical Equipment

ACMESA Meeting & Exhibit Show

February 21, 2024

1

Durable Medical Equipment

Coverages:

- Respiration Equipment
- Orthotic & Prosthetics
- Compression Therapy
- Diabetes Equipment
- Burn Garments
- Wheelchairs
- Pumps
- Wound Care
- Breast Pumps

Our clinical policy can be found on our WellCare's Provider site:
www.policies-wellcare.com/content/dam/centene/wellcare/Medicare/clinicalpolicies/CP.MP.107.pdf

2

Medicaid Standard Benefits

Covered Services
Core Benefits and Services
 Below is a partial listing of (Covered Services) provided to WellCare's North Carolina Medicaid members:

| | |
|--|---|
| Allergies Ambulance Services Anesthesia Auditory Implant External Parts Burn Treatment and Skin Substitutes Cardiac Procedures Certified Pediatric and Family Nurse Practitioner Services Chiropractic Services Dietary Evaluation and Counseling and Medical Lactation Services Durable Medical Equipment (DME) Early and Periodic Screening, Diagnostic and Treatment Services (EPSDT) Family Planning Services | Federally Qualified Health Center (FQHC) Services Freestanding Birth Center Services (when licensed or otherwise recognized by the state) Hearing Aids Home Health Services Home Infusion Therapy Hospice Inpatient Hospital Services Inpatient Psychiatric Services for Individuals Under Age 21 Laboratory and X-ray Services Limited Inpatient and Outpatient Behavioral Health Services Maternal Support Services Provider Office Visits Transportation to Medical Care |
|--|---|

A full listing of our plan benefits can be found at WellCare's Benefit site:
www.WellCare.com/North-Carolina/member/benefit/medicaid

3

WellCare Provider Portal – Public (Unsecured)

Providers have access to a variety of easy-to-use reference materials on our website without the use of a user ID or password. The information on our website is the most up-to-date and should be referenced often, including:

- Covered Benefits, Provider Bulletins and Resource Guides related to claims, authorizations, electronic funds transfer and how to contact us
- Provider Manual: This is an extension of the Provider Contract. The Member/Provider Rights and Responsibilities as well as other useful information can be found
- Clinical Practice Guidelines and Clinical Coverage Guidelines
- Provider and Pharmacy look-up
- Quick Reference Guide that provides contact information for specific departments and authorization information, provider dispute/appeals/grievance information as well as Provider Support Services contact information
- Provider Education/Training
- Provider Directory

4

Secure Provider Portal - Registering

By registering for our secure, online Provider Portal, providers have access to:

- Member eligibility and co-pay information
- Authorization requests
- Claims status and inquiry
- Provider training
- A WellCare specific message inbox

5

Authorization Look-up Tool- Unsecure Portal

6

Provider Relations Contact Information

PR serves as the liaison between the provider and WellCare

| Department | Contact Information |
|--------------------|---|
| Provider Relations | NCPProviderRelations@WellCare.com Voice Mail; 984-867-8637 Fax: 813-283-3045 Fax and voicemail requests will roll to the mailbox above and is monitored daily. Also, you may contact your PR Rep. |

7

Need More Information?
—
Please stop by our table!

8

**HME Paradigm Shift:
Change to Survive!**


Steve Cela
President, Strategic Office Support



ACMESA Winter Meeting 2024
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1



Steve Cela
President, Strategic Office Support

Steve Cela, President of Strategic Office Support, brings over two decades of experience in owning and operating DME companies and diagnostic centers. He is the owner and co-founder of Aprix Sleep Diagnostics, as well as Aprix CPAP Equipment and Supplies. He also owns a manufacturing business in Houston, Texas. Steve holds degrees in Biology and Business from Baylor University and the University of Texas in Dallas, respectively. A speaker, business owner, and consultant, he is renowned for transforming business operations and strategy, leveraging his extensive expertise in efficiency optimization. His practical insights and strategic management advice have shaped the growth trajectories of numerous businesses in the healthcare sector.

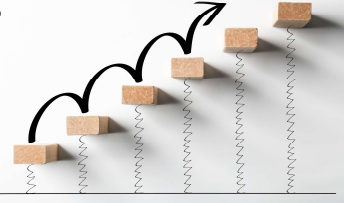

Steve founded Strategic Office Support, a revenue cycle management and remote staffing company, specifically to help HME and DME providers become more efficient, more profitable, and more patient-focused. Together with Strategic Office Support, Steve is on a mission to help all clients reclaim their time and focus on growth!



2

AGENDA

- Demonstrate HME is unlike any other business
- Establish the goal of business
- Present the case for an optimal process
- Identify legacy inefficiencies that must stop
- Action steps: **Change to survive!**

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3

HME is unlike any other business.

In our industry, increasing the value that we provide to the patient does NOT give us the ability to increase prices.

There are forces at play working against HME profitability.

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4

Who is our customer?

Who are we creating value for?

- *The patient?*
- *The referral source?*
- *The payor?*

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5

There is no industry like ours.

The force that sets your worth is negatively impacted by paying you your worth.

You must accept the game and play it well to survive.

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6

Let's talk business.

| | |
|---|--|
| Milton Friedman | Peter Drucker |
| <p>Shareholder Theory</p> <p>"The social responsibility of business is to increase its profits."</p> | <p>Innovate or Die</p> <p>"The purpose of the business is to create and keep a customer."</p> |

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7

Creating value

$$\frac{\left(\frac{\text{Dream Outcome}}{\text{Time Delay}} \right) \times \left(\frac{\text{Perceived Likelihood of Achievement}}{\text{Effort and Sacrifice}} \right)}{=} \text{VALUE}$$

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8

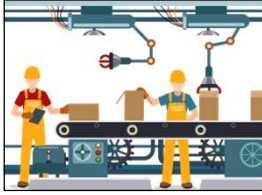
**How do we maximize profit in this game?
How do we not just stay alive, but thrive?**

Optimize your process.

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9

Henry Ford: Specialization of labor



- Each individual in the line can be **managed for productivity** because they are doing one function
- Each individual **will become extremely good** at doing their one task
- The **onboarding of the position is much quicker** and more simple than a person that makes an entire car

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10

The case for optimization in HME

- ☑ With specialization of labor, you know the optimal staffing per department.
- ☑ With defined KPIs, you can manage each person from a scorecard on a daily or weekly basis.
- ☑ With simplification, your onboarding process is more efficient and less costly.
- ☑ With standardization, you can capture the 400% growth of this industry.

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Put yourself in position to capture the market growth!

There are 30% less rooftops today than a decade ago.

For every \$1 spent per rooftop pre-consolidation:

- \$2.50 is spent today
- \$10 is projected by 2040

For every senior each rooftop cared for a decade ago:

- Today's locations care for 1.85 seniors
- And nearly 4 seniors per location projected by 2040



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12

Put yourself in position to capture the market growth!

In 2023, more than half of companies experienced revenue growth, with nearly 30% of you in this room experiencing double-digit growth...
Which means 40% of you were flat or declined!!

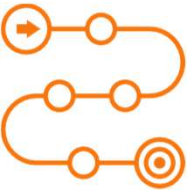
“When opportunity comes, it’s too late to prepare.”
- John Wooden

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13

The HME Process




- Receive an order
- Enter order into system to start tracking it
- Validate the order
- Patient eligibility and payor requirements
- Ensure the patient wants the service
- Collect patient portion
- Schedule service
- Render the service
- Confirmation
- Monitor rejection reports
- Post payment
- Work any denial
- Manage the AR

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Each step requires a distinct skillset



- Receive an order
- Enter order into system to start tracking it
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- Patient eligibility and payor requirements
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- Render the service
- Confirmation
- Monitor rejection reports
- Post payment
- Work any denial
- Manage the AR

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Process Optimization Framework

Optimizing a process is a process!

- An **as-is process** is the existing way of doing things; it describes the current tasks and procedures in the process you're studying.
- **Key performance indicators (KPIs)** quantitatively describe the improvement you'd like to see. There's no room for vagueness in business process optimization; KPIs give you the metrics you need to evaluate success.
- The **to-be process** is the new way of doing things. It's your end goal, an optimized process, and you reach this state by implementing the process improvements you uncover during an optimization exercise.

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Process Optimization Framework

STEP ONE: Document the existing process

Start by analyzing the structure of your "as-is" process in detail.

- **Tasks:** What's each step in the process? Create a workflow map to organize tasks into broader processes.
 - Example: Intake, order validation, eligibility, PAR check, etc.
- **Procedures:** For each task on your list, how does the work get done? Be as granular as series of keystrokes or mouse clicks that move data throughout the process.
 - This is key as it will shed first light onto cumbersome and convoluted steps being used, as well as the huge possibility that people are doing it differently.

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Process Optimization Framework

STEP ONE: Document the existing process

- **Systems:** You need to know what tools your team uses to complete each task in the process, and how those tools work with each other. For most processes today, these will be digital: web-based applications or portals, desktop applications like Excel or Outlook, EMRs, accounting software, etc.
- **People:** Who's completing each task? What sorts of verifications are in place at each step? How many Full-Time Equivalent (FTE) hours do you spend on each step? Are all staff following the exact same procedures, or is there a lot of variance?
- **Visibility:** How does reporting work at every stage of the process? Are you able to collect the data you need to evaluate success or reveal inefficiencies?

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Process Optimization Framework

STEP TWO: Process Analysis

- **Identify target KPIs:** You probably have an idea of the areas you would like to improve. No we zero in on the KPIs you can adjust to improve the process outcomes. It could be productivity or throughput, error rates or defects, FTE hours, process turnaround time, and operational cost, just to name a few.
- **Identify model process:** Study your "as-is" report to see which elements of the process are affecting your chosen KPIs. Establish ideal goals for adjusting these KPIs by modifying discrete elements of the process. It helps to have standard productivity measures or time analysis on each process when evaluating your processes.

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Process Optimization Framework

STEP THREE: Raise your belief lid

- Belief is a powerful source of energy that your entire company can feel.
- Amplify and elevate your own level of thinking.
- Create ambitious goals and have a high level of expectation for achieving them.
- Raise the bar for what's possible within your organization.



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20

Legacy inefficiencies must end!

- Do not give away for free. Do not overlook errors.
- Set up your system correctly so you know your margins.
- Always collect the patient portion.
- Reject orders at the earliest possible step & educate referral sources.
- Do not be penny-wise and pound-foolish.
- Do not let the good times spoil you.

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21

Legacy inefficiencies must end!

1. Do not give away for free. Do not overlook errors.

- Do not write off due to timely filing. Keep your AR tight.
- Feed denials back to operations so swift action can be taken.
- Error example:
The average HME company net margin is 10% to 13%. Your staff makes an error and sends out a \$120 mask that you won't get paid on. For that mask, your net margin is \$12. You now need to sell 10 more masks to get back to break even. The margin is so slim, you must process orders without error.

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22

Legacy inefficiencies must end!

2. Set up your system correctly so you know your margins.

- You must know what is making you money and what is losing you money.
- Your EMR/Billing system needs to be setup properly. Then, you can regularly run a report to show what you are getting paid and what your cost is. If you are losing money, you have four choices:
 - You can stop selling it because you are losing on every sale of that item
 - You can find an alternative that is more cost effective
 - You can go to the payor and attempt to get higher reimbursement
 - You can go to the vendor and negotiate lower pricing

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23

Legacy inefficiencies must end!


3. Always collect the patient portion

- All of your profit lies in the patient portion. You must collect it.

4. Reject orders at the earliest possible step & educate referral sources.

"There is nothing so useless as doing efficiently that which should not be done at all. "
Peter Drucker

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24

Legacy inefficiencies must end!

- 5. **Do not be penny-wise and pound-foolish.**
 - Utilize technology to reduce human error and reduce processing times.
- 6. **Do not let the good times spoil you.**
 - Remember the good ol' times of uncapped rentals on CPAP and O2? When then the sun is shining, put your focus on optimization because the cut is coming.

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Actions you can take TODAY!

- **Time study:** How long does it take to do a type of task?
- **Productivity study:** How many orders per person are getting completed?
- **Sales training** for everyone that is in contact with a patient
- **Setup system** to accurately calculate gross margin
- **Educate your referral sources** on order requirements
- **Train your staff** and build into your process to always collect the patient portion

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Thank you!

Steve Cela
 President, Strategic Office Support
 stevec@strategicofficesupport.com



| | | |
|---|-------------------------------|--|
| Artificial Intelligence in HME | HME Summit 2023 Takeaways | What you should know about the HME insurance work... |
| Scan to access more resources! | | How to Hire the Right People |

27

Leadership for Business Growth

Sarah Newby
Director of Sales & Marketing

Steve Cela
President



ACMESA Winter Meeting 2024
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1



Sarah Newby
Director of Sales & Marketing, Strategic Office Support

Sarah Newby joined SOS as Sales & Marketing Director in July 2022. With her strategy, guidance, and leadership, SOS experienced 400% growth from YE22 to YE23 and is on track to repeat that success in 2024.

Sarah holds degrees in Materials Engineering and Mandarin Chinese from Penn State University. Sarah joined SOS after six years experience in engineering, branding, and product management with ExxonMobil.

Through watching the incredible transformation clients experience when partnering with SOS, Sarah passionately believes SOS offers the best solution to the HME/DME industry. She is on a mission to help all clients scale seamlessly and grow exponentially!



2

AGENDA


Section I: Build the Foundation

- **Discover:** The most powerful lever for explosive growth
- **Learn:** How to get leaders to work for you
- **Identify:** Why you're not as successful as you want to be

Section II: Scaling Principles

- **Three** Transformational Lids
- **Seven** Forces of Impact
- **Seven** Business Breakpoints
- **One** Constraint Theory

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3

But first... let's get personal.



A story about a time that I failed in leadership.



4



Date: March 2022
Role: Synthetics Product Management
Assignment: Kill a grade of synthetic basestock

5



Date: March 2022
Role: Synthetics Product Management
Assignment: Kill a grade of synthetic basestock

Previous Accolades

ExxonMobil Global Business Award 2018
• Driving and achieving optimization of polypropylene production slate

ExxonMobil Global Technology Award 2019
• Outstanding customer service and market growth in rigid packaging

ExxonMobil Global Business Award 2020
• Led product execution and global team at largest plastics international trade show

Founding member MARC program
• Pitched to President for company-wide roll-out; Gained approval.

President-level potential rating and ranked in top cohort every year

...I failed in killing the grade, ultimately failing the manufacturing site and the PM group.

6

Section I: Build the Foundation



7

Discover:
The most powerful lever
for explosive growth

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8

The most powerful lever for explosive growth

“After decades of studying thousands of successful and failed companies, we have found that the one factor accounting most for organizational failure is not flawed strategy, insufficient capital, lack of government bailouts and protections, bad luck, corruption, or technology. **More important than all these factors combined is the failure to embed sufficient talent in the organization.** The ability to hire and promote the best people available at every salary level is what distinguishes premier companies, large and small, from mediocre ones.”

Dr. Bradford Smart, *Topgrading*

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9

First who, then what

Jim Collin's *Good to Great* expected to find that the first step in taking a company from good to great would be to set a new direction and strategy, and then get people committed and aligned... but discovered that the opposite is true.

First get the right people on, the wrong people off, and then figure out where to drive.

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10

First who, then what

- If you begin with who, the **team will more easily adapt to changing direction.** They're there because they like who is on the bus, not necessarily the direction.
- If you begin with who, you don't need to motivate and manage. The right people are **self-motivated by the inner drive to produce excellent results.**
- If you have the wrong people, it doesn't matter whether you discover the right direction. **Great vision without great people is irrelevant.**

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| | |
|---|---|
| <p>Good-to-Great Companies</p> <p>Level 5 Leader</p> <p>↓</p> <p>First Who Get the right people on the bus. Build a superior executive team.</p> <p>↓</p> <p>Then What Once you have the right people in place, figure out the best path.</p> | <p>Comparison Companies</p> <p>"Genius with a thousand helpers"</p> <p>↓</p> <p>First What Set a vision for where to drive the bus. Develop a road map for driving the bus.</p> <p>↓</p> <p>Then Who Enlist a crew of highly capable "helpers" to make the vision happen.</p> |
|---|---|

12

First who, then what

Company A:
Mediocre talent
Strategy will take 3 years

Company B:
Same strategy as Company A
Replace 20% of average talent with great talent
If 400% more productive, strategy will take <2 years
If 800% more productive, strategy will take <1 year

High performing employees are 4x to 8x more productive than normal, average employees.

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First who, then what

For unskilled and semi-skilled jobs:
Top 1% is 3x more productive

For middle complexity jobs:
Top 1% are 12x more productive

For high-complexity jobs:
The differential is so large it can't be quantified

The difference is more remarkable when comparing bottom 1% to top 1%.

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First who, then what

"Go after the cream of the cream. A small team of A+ players can run circles around a giant team of B and C players."

- Steve Jobs


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15

Learn:
 How to get leaders
 to work for you

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16

What does top talent want?

1 You must create a vision so large and exciting that leaders would rather join you than do their own thing or seek a different opportunity.
Their vision for themselves must fit inside your vision.

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What does top talent want?

1 **Action Tip:** Utilize PPF goals with everyone in your organization

- Personal - Focused on passions (travel, hobbies, relationships, health)
- Professional - Focused on accomplishment (new skills, awards, positions)
- Financial - Focused on motivations (net worth, paying loans, family care)

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What does top talent want?

2 There is nothing an A player hates more than working with B and C players. Your C and B players are preventing you from attracting and developing your next leaders. You must coach up or out.

Master the art of getting someone to change and grow not out of fear, but out of desire.

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What does top talent want?

2 **Action Tip:** CEO = CAO (*Chief Accountability Officer*)

- Tactical Accountability
- Developmental Accountability

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What does top talent want?

3 **You must be a great leader.**

No personnel strategy or recruitment process can improve the quality of people you recruit compared to improving yourself.

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Who you attract is not determine by what you want;
it's determined by what you are.

Your leadership is the lid on your organization's success.

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22

The McDonald brothers and Ray Kroc

By 1948, McDonald had created one of the most profitable restaurants in the country. 1952 started franchising McDonalds but was a failure.



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23

The McDonald brothers and Ray Kroc

1954 enters Ray Kroc.



Kroc saw vision of taking McDonald's nationwide, formed McDonald's systems Inc with them. Before Kroc, the brothers sold to 15 buyers, only 10 of which opened restaurants.


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24

The McDonald brothers and Ray Kroc


Between 1955 and 1959, Kroc opened 100 McDonald's restaurants.
Four years after that, there were 500 McDonald's restaurants.
Today, McDonald's has 38,000 restaurants in 120 countries



ACROSS THE WORLD

Countries with McDonald's
Countries without McDonald's


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25


Identify:
Why you're not as successful
as you want to be

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26

What makes a leader great?



27

What makes a leader great?

character intuition sacrifice empowerment commitment process navigation clarity competence

influence



28




influence

I failed because:

- I lacked influence in that business line.
- The opposing party did not trust my character.
- I was not committed to the result.

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Section II: Scaling Principles



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Three Transformational Lids

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Three Transformational Lids

Belief Lid:
Belief is a powerful source of energy. It's belief that drives growth. Your "belief lid" is the degree to which you believe something is possible.

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Three Transformational Lids

Belief Lid:
Belief is a powerful source of energy. It's belief that drives growth. Your "belief lid" is the degree to which you believe something is possible.

Operational Effectiveness Lid
Creating a duplicable process from best practices will aid in overall impact, thus operating effectiveness.

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33

Three Transformational Lids

Belief Lid:
Belief is a powerful source of energy. It's belief that drives growth. Your "belief lid" is the degree to which you believe something is possible.

Operational Effectiveness Lid
Creating a duplicable process from best practices will aid in overall impact, thus operating effectiveness.

Leadership Lid
Everything rises and falls on your ability to influence others.

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SEVEN FORCES OF IMPACT

- 1 Process Documentation** → Creating SOP for each function in the business.
- 2 Performance Measurement** → Creating measurable key performance indicators for each role in the business.
- 3 Best Practice Duplication** → Providing duplicable documented processes measured at the highest level of impact.

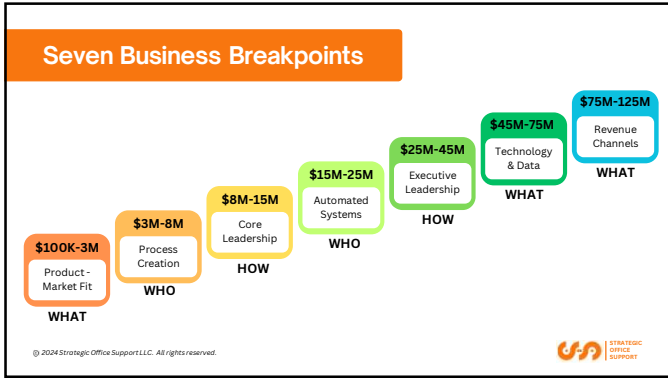
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- 4 High Accountability Standards** → Providing the picture of success for each person and being disciplined to hold them accountable to that level of performance.
- 5 Peer-to-Peer Benchmarking** → Providing transparency to the comparative performance for everyone.
- 6 Financial Alignment** → Understanding how each person's contribution can directly impact the bottom line via performance-based incentive plans.
- 7 Market Opportunity** → Understanding the opportunity to dominate your market.

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One Constraint Theory

A system will grow until it is constrained.

Once you remove the constraint, it will continue to grow until it reaches another constraint.

Put all your effort into identifying and solving the one constraint.

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In Summary...

Section I: Build the Foundation

- **Discover:** The most powerful lever for explosive growth
- **Learn:** How to get leaders to work for you
- **Identify:** Why you're not as successful as you want to be

Section II: Scaling Principles

- **Three** Transformational Lids
- **Seven** Forces of Impact
- **Seven** Business Breakpoints
- **One** Constraint Theory

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Credit for this presentation goes to extraordinary giants that paved the way:

- John C. Maxwell, *The 21 Irrefutable Laws of Leadership*
- Jim Collins, *Good to Great*
- Bradford Smart, *Topgrading*
- Brandon Dawson, *10x360*
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Thank you!

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