

Donald J. Spence

CEO, Home Healthcare Solutions
Philips Healthcare
Murrysville, PA

THE NEW CEO

Replacing an established CEO and heading a global corporation during these economic times are not tasks for the feint hearted. Six months ago, Don Spence decided to tackle these challenges when he took over the reins of Philips Home Healthcare Solutions from industry veteran John L. Miclot (who headed the company from 2003 to 2008). Before stepping into the CEO role, Spence served as Respironics' president of sleep and home respiratory in the midst of the company's acquisition by Philips in last year's \$5.1 billion deal.

While products still carry the Respironics name, the moniker of Philips Home Health Solutions is the business entity responsible for the company's familiar line of sleep and respiratory equipment. Spence oversees the four major businesses under this banner. The first is the well known sleep business that includes sleep disordered breathing and is broadening to areas such as insomnia and other circadian rhythm disorders. While Spence admits that the insomnia segments are relatively small, he believes they are chock-full of potential. The second business is home respiratory, which includes oxygen delivery and home ventilation. The third is respiratory drug delivery, which covers asthma and conditions such as COPD that benefit from direct, aerosol delivery methods. Philips home monitoring (Philips Lifeline medical alert system is one example) rounds out the list.

BACK TO BASICS

Spence reports that that the company's focus on these products is similar to past years. "It comes back to basics, and whether the economy is good or bad, patients still need this therapy," says Spence. "There is always the question of whether patients are willing to pay for therapy, and will insurance pay for it. We always have to look at ways to drive awareness, because sleep apnea is an important disease that must be addressed. We must show this importance even in tough economic times."

SLEEP APNEA AWARENESS

With so many dollars attached to government reimbursement, and the real possibility that even more federal money will flow to health care in the new administration, Spence believes there is no better time to stress sleep apnea's impact. He reasons that if physicians and legislators know sleep apnea's connection to prevalent comorbidities, they may realize that PAP therapy ultimately saves money. "Driving that awareness is good for patients, and clearly good for overall health care costs because patients are getting treated, and hopefully will have fewer complications and better control of comorbidities," says Spence. "It creates business opportunities for customers and for us."

EDUCATION TOOLS FOR CLINICIANS

Spence receives clinical advice from David Pollard White, MD, Philips Home Healthcare Solutions' chief medical officer. In 1995, White began the clinical side of the sleep disorders program at Harvard-affiliated Brigham & Women's Hospital (BWH). The American Academy of Sleep Medicine recently named BWH's Division of Sleep Medicine as a Comprehensive Academic Sleep Program of Distinction—an honor shared by just one other program at the University of Louisville.

Despite the bounty of top notch sleep doctors at BWH, White informs Spence that medical students typically hear just one sleep lecture during their entire stay at medical school. Boosting that meager educational dose usually falls to corporations such as Philips, and Spence encourages a wide range of programs to do just that. With the help of Dr. White, Philips has developed educational tools to help physicians understand the link between sleep disordered breathing and cardiovascular disease, diabetes, chronic pain, and obesity. These tools take the form of educational grants, sponsored symposiums, and break-out sessions in national and regional meetings.

With estimates continuing to show that as much as 90% of sleep apnea is still undiagnosed in America, education among physicians and prospective patients is more important than ever. "If you go to a primary care physician and say you don't sleep well, he or she may give you a sleeping pill," says Spence. "But will physicians sit down and start asking you questions? If you come in with high blood pressure and you are overweight, will they ask you if your spouse complains about your snoring? There is so much more that can be done."

Spence is a firm believer that awareness in the provider communities should also include instruction about device selection and treatment protocols for sleep technicians who work with different forms of PAP therapy. Webinars, onsite lectures, and online training are all ways that Philips makes this instruction a reality. Spreading knowledge throughout the care continuum will eventually lead to more efficient diagnostics and better therapy. Ultimately, Spence says these priorities will lead to better business practices when combined with ongoing monitoring and appropriate resupply.

Philips Respironics is preparing for increased demand with its historically strong sleep diagnostic product line, which covers all major segments. "More than a year ago, we purchased a company called ProTech, which also gets us into many of the sensors that are used in the diagnostic process," says Spence. "The Alice®5 Diagnostic Sleep System has been a strong system for years and we introduced the Alice®LE Sleep System as more of a midrange product."

FLEX TECHNOLOGY IMPROVING ADHERENCE

Murrysville, Pa-based Philips Respironics' claim to fame has long been its Flex technology, and Spence says that focus will not change for the foreseeable future. With all providers trying to drive therapy adherence, largely due to CMS guidelines, Spence believes the company's Flex line is the perfect fit. "Our Flex technology, combined with our auto products, have been strong sellers because patient adherence has been so strong,

and the flexibility of the auto algorithm allows that product to change as required with the patient," says Spence. "The other major area is the patient interface. We introduced our full face gel mask less than a year ago. The interface is an important element in getting that adherence."

PATIENT MONITORING

During and after therapy, ongoing patient monitoring is crucial, and Philips Respironics' Encore product is one way to address these needs. By enhancing these capabilities with the even newer EncoreAnywhere, Spence hopes to spark more flexibility among home care providers, sleep physicians, and all clinicians involved in critical aspects of care.

EncoreAnywhere is a web-based system that allows all those with proper credentials to gain easy access to data through a secure Web portal. Good patient followup after therapy ensures that patients receive new interfaces, filters, supplies, and hoses, while not getting lost in the shuffle after the initial setup. "These patients will likely be many years on the therapy, and it's important to get them adherent early and keep them adherent," emphasizes Spence. "We cover the entire care cycle, from diagnostics to therapy, to ongoing monitoring and ultimately resupply—with strong products in all categories."

SOLUTIONS FOR A VARIETY OF SLEEP DISORDERS

Fortunately, most business basics apply to patients around the world, because Philips Respironics is global. As it continues to thrive beyond American borders, it is also looking to go beyond typical sleep disordered breathing. The year-old acquisition of a company called Apollo Health is part of this mission to expand into the areas of insomnia and circadian rhythm disorders.

Spence admits that more research is needed to answer the fundamental question of how to tell if a person needs light therapy. Does the patient have jet lag or age-related medical problems that are preventing sleep? Spence vows to answer these questions, and once the understanding is there, he believes Philips will be uniquely prepared to respond with what

he deems to be a comprehensive understanding and "deep technological capability."

When it comes to home sleep testing, Spence again shows his penchant for preparation. He has seen the home testing phenomenon take firm root in other countries, and says the same thing may yet take hold in the states. "There is still some doubt about how much testing will ultimately be done in the home, and the level of reimbursement associated with that," muses Spence. "I don't think that there is any doubt that there is room for home testing in a proper care cycle. It is an area that we have, and always have had, good products available."

MARATHON, NOT A SPRINT

In an effort to spread awareness and reinforce the healthy merits of sleep, exercise, and diet, Philips Respironics will sponsor the half marathon portion of the 2009 May 3 Pittsburgh Marathon. Spence reports that employees volunteered en masse to help out with the run, and more than 150 Philips Respironics employees will actually participate. "I will be running too," says Spence with a laugh. "Or let me put it this way...I am going to cover the distance."

While Spence may find a continuous 13-mile jog a bit daunting, his take on the Philips acquisition to this point is decidedly more positive. As proof of the relatively painless transition, he enthuses that the product pipeline is as strong as it has ever been in the company's history. Much of this innovation, he says, is fueled by vibrant R&D and clinical research goals that focus squarely on understanding comorbidities. For Spence, the focus on comorbidities is part of a winning strategy among both sleep professionals and legislators wielding federal purse strings.

"We must clearly demonstrate that treating patients and keeping them adherent actually saves money to the health care system," emphasizes Spence. "I would like to think that a patient who is getting CPAP is looked at not as a cost, but as an investment in reduced cost of care. For someone who has hypertension and taking medications, and may have other symptoms that can be reduced, it can easily pay for itself. Factor in the costs of reduced work productivity and even auto accidents, and it's a sound argument."