

Sleepcair buys competitor Spectrum Medical Equipment

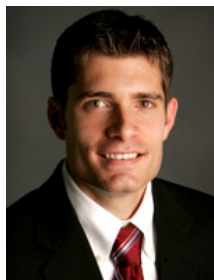
BY JAMES DORNBROOK | STAFF WRITER

Lenexa-based Sleepcair Inc. bought Spectrum Medical Equipment for an undisclosed amount on April 22.

The companies previously were competitors in the durable medical equipment industry, focusing on oxygen concentrators, and equipment for people with sleep apnea.

It's getting tougher for small companies in the industry," said Nick Noble, a former co-owner of Spectrum, based in Kansas City, Kansas.

"It mainly was due to changes in the industry with the way Medicare and insurance reimburse you for services," he said of the sale. "So you're seeing a lot of consolidation and merging going on."



Jeremy Simmons

Jeremy Simmons, managing director at Allied Business Group, the investment bank for the deal, said Kansas City was one of 10 test

areas nationwide for Medicare competitive bidding. Spectrum had the low bid and won contracts in several key product groups, making it one of only a handful of providers in the area allowed to supply medical products and get reimbursed from Medicare.

"If Sleepcair didn't do this deal, it would have had to get out of the Medicare supply business, which makes up a pretty big portion of their revenues on an annual basis," Simmons said.



With the acquisition of Spectrum's stock, Sleepcair can provide Medicare services, putting it in a strong position to compete with large national companies such as Apria and Lincare, which control about 70 percent of the Kansas City market, Simmons said.



"Sleepcair, after this transaction, is now the largest independently owned durable medical equipment player in the Kansas City market," he said. Sleepcair owner John Blevins did not respond to request for comment in time for publication.

Noble said he liked Sleepcair as a buyer because it is locally owned and was willing to keep his 15 former employees. Two employees left. Noble and Spectrum's two other owners, Cory Appl and Stacey Baker, won't stay.

"We all have new day jobs now, so we will just kind of see where things fall," Noble said.

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