How Startup Parachute Health Is Bringing E-Commerce To Your Crutches

What if ordering an oxygen tank was as simple as getting a new blender online?

After a back surgery in 2013, David Gelbard's 78-year-old father was discharged from the hospital with instructions to use a walker. It was supposed to get to his house the same day he did, but instead it took weeks until eventually, he fell and hurt himself again.

That event, Gelbard says, sparked an idea that has since become Parachute Health, which raised $5.5 million in venture capital funding in March. While hospitals and other healthcare facilities have migrated patient records into a digital format in the last decade, the system used to order patients' durable medical equipment (like his dad's walker) has apparently remained a slow paper-and-fax operation. Parachute's purpose is to streamline that process, bringing insurance companies, medical equipment vendors, and the healthcare facilities together into one digital hub.

A problem Gelbard found, is that sometimes when hospitals submit—usually via fax or snail mail— requests for an oxygen tank or a wheelchair, the claim can be denied by insurance companies, and the patient doesn't find out until much later why they didn't get the equipment they needed. (Parachute estimates that over 15% of medical equipment orders are never delivered.)

So, Gelbard and his team developed an algorithm to stay on top of changing insurance criteria and to expedite insurance approvals and denials. That algorithm, according to Parachute, keeps an eye on the criteria for thousands of insurance plans and some 20,000 products and continues to evolve as it processes additional patients. The system, which functions as either a cloud-based website or a direct integration into a facility's electronic medical records, also lets case managers track orders from physician or nurse to vendors to billing to patient, the way you'd track a new pair of shoes from a warehouse to your home through FedEx FDX +0.52% or Amazon.

"There's a lot of paper flying around in a lot of different directions and all of this has got to happen very quickly," says Glenn Garrison, senior director of prosthetics and orthotics at New York City's Hospital For Special Surgery, on ordering equipment for patients when they're discharged. HSS implemented Parachute in January to order discharged patients their walkers, canes and crutches. Previously, all durable medical equipment orders were processed on paper (despite having electronic medical records for patients through Epic) and could include having to literally track down one of the hospital's 350 doctors, physician's assistants or residents in-person for a sign-off.

"I've been here at the hospital for 30 years, and the way we made deliveries and the way

we charted and shared information hadn't changed very much. Well, now all the sudden we're going down to our roots and foundation, and we are reworking how we're doing everything," Garrison says. Now, Parachute is integrated directly into their Epic EMR, and doctors just get a message on their smartphone requesting a signature.

"We're sort of the guinea pigs," Garrison says, noting that it's too early to determine exactly how much time or money Parachute is saving HSS. And, the system is still evolving. Garrison says he hopes he can one day places orders for the prosthetics division that he manages at HSS too.

Durable medical equipment vendors like Landauer-Medstar, which supplies equipment to HSS, have also noted increased efficiencies since using Parachute. Order abandonment has gone from 40% to less than 5%, co-pay collection rates have increased 25-30% and technical denials (for something like an improper insurance code on a product) are down 20%.

Beyond hospitals, Parachute is being used at a number of nursing homes and home health agencies like Visiting Nurse Service of New York. After trying out Parachute with a small group of the organization's physical therapists treating patients in upper Manhattan last year, VNSNY decided to roll it out to the rest of their business. According to a study VNSNY conducted during the fourth quarter of 2017, medical equipment delivery time went from on average 21 days using their old system to 4 days using Parachute. Fox Rehabilitation, an outpatient therapy-provider based in New Jersey, started using Parachute last October to help their clinicians, who are on the road visiting patients every day, save time too.

Since Gelbard first launched Parachute with an alpha product in 2016, it has served over 100,000 patients. Salvatore Bastardi, vice president of corporate administrative services at VNSNY, says that he's been working in the durable medical equipment business for 35 years and, "nobody had ever figured out a solution to this problem."

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