



Caring that Feels Right at Home

Press Release

CONTACTS: Michael Reinemer, 703-535-1881, michaelr@aahomecare.org
Walt Gorski, 703-535-1894

Federal Study on Power Wheelchair Costs in Medicare Is Misleading and Ignores Costs of Required Services for Beneficiaries

ARLINGTON, VA, September 3, 2009 ----- In a study released yesterday, the Health and Human Services Office of Inspector General (OIG) ignored the substantial costs of services related to providing power wheelchairs, including complex rehab, to seniors and people with disabilities who require mobility assistance. The study is titled “Power Wheelchairs in the Medicare Program: Supplier Acquisition Costs and Services” and dated August 2009.

The American Association for Homecare believes the study is both disappointing and extremely misleading. The OIG admits that they did not account for services involved in providing and maintaining properly adjusted power wheelchairs to Medicare beneficiaries in their homes. The OIG study notes, “We did not determine the cost of performing these services or other general supplier business expenses, such as billing, accreditation, staff salaries, or facility maintenance.”

The OIG report does not account for the cost of the 26 federally mandated supplier standards that are required of home medical equipment firms that participate in Medicare. Compliance with those standards is a significant cost driver for providers of power wheelchairs.

Tyler Wilson, President of the American Association for Homecare, stated, “This study, unfortunately, perpetuates the myth that suggests one could order a power wheelchair and have it dropped at your front door. The study glosses over the level of care, service, and professionalism that an accredited home medical provider would furnish directly to a senior or person with a disability.”

Tim Pederson, CEO of WestMed Rehab in Rapid City, SD and chairman of AAHomecare’s Complex Rehab and Mobility Council, commented, “The data used in this August 2009 OIG report is from 2007. The economic reality for a rehab provider in 2009 has changed markedly since 2007. Reimbursement rates have dropped dramatically. As a result, it is becoming increasingly difficult for the rehab provider to continue to provide items and services to seniors and people with disabilities. It’s also worth noting that today there are new medical policies, updated quality standards, and surety bond and mandatory accreditation requirements in place that did not exist in 2007.”

Over the past five years, Congress has reduced power wheelchair pricing by more than 35 percent. These cuts include the following:

- Inflation updates for power wheelchair payments were eliminated from 2004 to 2009;
- A 9.5% cut to reimbursement was included in the 2008 Medicare Improvements for Patients and Providers Act of 2008, which delayed the bidding program;
- Reimbursement fell an average of 27 percent as a result of fee schedule changes in November 2006; and
- There was an approximately three percent reduction to fee schedule prices in 2005.

Economic conditions, rising prices, and lower Medicare rates have taken a heavy toll on the power mobility community, which have resulted in layoffs and contractions in the power mobility sector.

“The Association believes that it is inappropriate for the OIG to infer that providers are making significant high profits,” said Wilson. “We stand ready to work with the OIG to conduct a more thorough and useful analysis of the service-related costs of providing power wheelchairs to Medicare beneficiaries.”

The American Association for Homecare represents durable medical equipment providers, manufacturers, and other organizations in the homecare community. Members serve the medical needs of millions of Americans who require oxygen equipment and therapy, mobility assistive technologies, medical supplies, inhalation drug therapy, home infusion, and other medical equipment and services in their homes. The Association’s members operate more than 3,000 homecare locations in all 50 states. Visit www.aahomecare.org.