



Caring that Feels Right at Home

Press Release

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American Association for Homecare Sets the Record Straight About Recent Home Medical Equipment Issues in the News

ARLINGTON, VA, July 28, 2009 – In response to recent media stories that perpetuate misperceptions about the home medical equipment and services (durable medical equipment) in Medicare and about the competitive bidding program for medical equipment, the American Association for Homecare has developed a “Myth vs. Reality” checklist to help inform the public, the media and members of Congress.

The American Association for Homecare urges members of the media to consider all the facts on home medical equipment issues, such as the ones listed below. For more information, contact the Association for visit: www.aahomecare.org

Misleading News Accounts on Home Medical Equipment Issues

- **MYTH #1: Medicare overpays for durable medical equipment as compared to prices found on the Internet.** Media stories often incorrectly suggest that the cost of properly providing a wheelchair or oxygen therapy to a Medicare patient at home should cost no more than what one would pay on the Internet for the equipment alone.

REALITY: Serving frail seniors and people with disabilities in their homes requires services and other non-equipment costs. To ensure quality of care, home medical equipment (HME) providers must comply with a host of federal and state regulations and other standards of care. Costs reflect delivery, typically within hours of discharge from a hospital, set-up, maintenance, patient education, and compliance with all regulations. HME represents less than two percent of Medicare spending and is one of the slowest-growing segments in Medicare, increasing by just 0.75 percent annually according to the most recent National Health Expenditures data from Medicare.

- **MYTH #2: Congress killed the bidding program, costing the taxpayers more money.**

REALITY: The bidding program is moving forward. It was initially delayed last year in order to address the numerous flaws identified by Congress. The home medical equipment sector ended up paying for the delay through a nationwide 9.5 percent reimbursement reduction on all bid-upon items. That reduction saves taxpayers

billions of dollars that the initial round was projected to save. Medicare is restarting the bid process this Fall (2009).

- **MYTH #3:** The competitive bidding program for durable medical equipment is a good model.

REALITY: The “competitive” bidding program in Medicare sounds good, but as designed, the program eliminates most of the providers through selective contracting (even if providers agree to lower bid prices), and thereby reduces access to care, patient choice, and quality of care. The initial round of bidding would have eliminated as many as 90 percent of qualified home medical equipment and service providers. It is similar to a closed-model HMO and will have the effect of government-mandated consolidation in the home medical equipment and services sector. The bid program will increase costs by complicating the transition from hospital to home, lengthening expensive hospital stays and increasing the likelihood of rehospitalizations, a major cost driver in Medicare. The severe problems with the implementation of the competitive bidding program have not been adequately addressed.

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.