



*Caring that Feels Right at Home*

## Press Release

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### **American Association for Homecare Backs Bipartisan Bill to Eliminate Medicare Bidding Program for Home Medical Equipment**

*H.R. 3790 Will Reduce Spending, Preserve Patient Access to Quality Care, and Save Thousands of Small Businesses; Flawed Bid Process Begins on October 21 in Charlotte, Cincinnati, Cleveland, Dallas-Fort Worth, Kansas City, Miami, Orlando, Pittsburgh, and Riverside, Calif.*

ARLINGTON, VA, October 20, 2009 ---- The American Association for Homecare praised a bipartisan group of lawmakers in the House of Representatives for backing introduction of H.R. 3790, a bill to eliminate the controversial, deeply flawed “competitive” bidding program for durable medical equipment and services in Medicare.

Durable, or home medical equipment, such as oxygen, wheelchairs, diabetic supplies, and hospital beds, enables seniors and people with disabilities to receive quality care at home. Home-based care represents a cost-effective alternative to institutional care, and seniors prefer to receive care at home rather than in an institution.

To ensure that seniors and taxpayers receive the savings projected for the bid program, the bill would reduce Medicare reimbursements to home medical equipment providers in 2010, 2011, 2012, 2014, and 2015. At the same time, the bill will allow thousands of home medical providers to keep their doors open to serve the millions of Americans who require home-based care and will allow patients to continue to receive services from the providers of their choice.

The bill, introduced by Rep. Kendrick Meek (D-Fla.), is cosponsored by Jason Altmire (D-Pa.), Steve Austria (R-Ohio), John Boccieri (D-Ohio), Bruce Braley (D-Iowa.), Jo Ann Emerson (R-Mo.), Sam Farr (D-Calif.), Alcee Hastings (D-Fla.), Eddie Bernice Johnson (D-Tex.), Ron Klein (D-Fla.), Dan Maffei (D-N.Y.), John Murtha (D-Pa.), Tim Ryan (D-Ohio), Heath Shuler (D-N.C.), Glenn Thompson (R-Pa.), Patrick Tiberi (R-Ohio), and Debbie Wasserman Schultz (D-Fla.).

The introduction of the legislation comes just days before the scheduled start-up of the bidding process for the bid program for home medical equipment. The Medicare bidding process will begin on October 21 in nine metropolitan statistical areas (MSAs) across the U.S. – Charlotte, Cincinnati, Cleveland, Dallas-Fort Worth, Kansas City, Miami, Orlando, Pittsburgh, and Riverside, Calif. The bid prices and bid winners would be selected in 2010 and the new prices would become effective

January 1, 2011. Another round of bidding would begin shortly after that in 100 MSAs across the U.S.

“We recognize the need to control costs in Medicare. However, the home medical equipment sector has seen far more than its share of reimbursement cuts over the past 10 years,” said Tyler J. Wilson, president of the American Association for Homecare. “This bidding program is designed to selectively contract with a small fraction of the nation’s home medical equipment providers and put the vast majority of them out of business even if they agree to new, lower reimbursement rates. That’s not good for the seniors and people with disabilities who depend on quality home medical equipment and services in order to remain independent.”

Categories subject to the bid program include medical oxygen, which is a highly regulated prescription drug, complex rehabilitative power wheelchairs, enteral nutrients (used in tube feeding), and hospital beds, among other categories.

“A strong community of home medical equipment providers across the U.S. will help keep seniors at home instead of going into nursing homes and help move them out of hospitals for post-acute care more quickly,” Wilson said. “In short, home-based care is part of the solution to the nation’s healthcare problem.”

K. Eric Larson, executive director of the National Spinal Cord Injury Association, said, “A ‘competitive’ bidding program that relies solely on the price of a winning bid simply cannot guarantee quality of, and access to the care our members need. Home medical equipment providers offer quality items and service to beneficiaries living with paralysis and complex conditions such as amyotrophic lateral sclerosis (ALS), muscular dystrophy, and spinal cord injuries who rely on customized mobility equipment, life-dependent oxygen, and other life-preserving medical equipment, service, and care. This bidding program needs to be repealed before the program creates human tragedies across the country.”

Paul J. Tobin, president and CEO, United Spinal Association, said, “Congressman Meek and other bipartisan leaders in the House have recognized that wheelchairs and a host of other home medical devices are essential tools which, when properly configured for each individual patient, can liberate a person and maximize their quality of life. Unfortunately, the competitive bidding process will eliminate the home medical equipment provider’s ability to individually customize equipment based upon each patient’s medical needs and restrict the patient’s ability to work face-to-face with a local provider. If implemented, competitive bidding will have tragic, unintended consequences for seniors and people with disabilities.”

The initial roll-out of the bidding program in 2008 produced disastrous results for home medical equipment patients and for providers (mostly small businesses) who were excluded from Medicare as a result of the first round of bidding. During the 2008 implementation, serious problems were encountered, such as:

- **Disruption to patient services** – Patients were forced to go to multiple, unfamiliar providers for different items and services. Informal surveys showed that some winning providers were unable to provide care to beneficiaries.

- **Greater costs to Medicare due to longer hospital stays** – Confusion about the restricted list of contracted home medical providers delayed hospital discharges and triggered unnecessary emergency room visits.
- **Non-local providers** – Providers with no history of servicing a geographic area or no operations in a bidding area were awarded contracts.
- **Inexperienced/unlicensed providers** – Companies were awarded Medicare contracts to provide equipment and services for which they were not licensed in their states and for which they had no previous experience providing.
- **Desperation bidding** – Structural flaws in the bidding program caused providers to submit artificially low bids because they were faced with the threat of losing their businesses if not awarded a contract. Winning contracts also were viewed as commodities that could be sold once a bid was won.

Due to these problems, Congress delayed the bid program when it enacted the Medicare Improvements for Patients and Providers Act of 2008, in hopes that the federal Centers for Medicare and Medicaid Services would substantially improve and reform the program. However, the fundamental problems still remain in the bid program. The congressional action last year to delay the bidding program also required that the home medical equipment sector accept a 9.5 percent reimbursement cut effective January 1, 2009 to pay for the savings the bid program would have reaped.

“Competitive bidding will produce a bureaucratic, anti-competitive system that will have the unintended consequences of reducing quality and access to care for patients,” said Wilson. “The result would be similar to a closed-model HMO and will have the effect of government-mandated consolidation in homecare. There are far better ways to save money than destroying the home medical sector.”

Home medical equipment and care is already the most cost-effective, slowest-growing portion of Medicare spending, increasing only 0.75 percent per year according to the most recent National Health Expenditures data. That compares to more than 6 percent annual growth for Medicare spending overall. Home medical equipment represents only 1.6 percent of the Medicare budget.

Visit [www.aahomecare.org/competitivebidding](http://www.aahomecare.org/competitivebidding) for details about the bid program.

*The American Association for Homecare represents durable medical equipment providers and manufacturers serving the medical needs of millions of Americans who require medical oxygen, wheelchairs, medical supplies, inhalation drug therapy, home infusion, diabetic supplies, and other medical equipment and services in their homes. Association members operate more than 3,000 homecare locations in all 50 states. Visit [www.aahomecare.org](http://www.aahomecare.org).*