



Caring that Feels Right at Home

Press Release

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

American Association for Homecare Alarmed by Provisions in Health Reform Law that Will Harm Homecare Patients and Providers

ARLINGTON, VA, March 23, 2010 --- The American Association for Homecare expressed alarm about provisions in the new health reform law that will harm homecare patients and providers. The cumulative impact of the provisions aimed at the home medical equipment sector will reduce the ability to provide the level of services that homecare patients and physicians expect in Medicare.

“Unfortunately, this health reform bill contains several provisions that will hurt homecare providers and patients,” said Tyler J. Wilson, president of the American Association for Homecare. “We will continue to work with Congress in the weeks and months ahead to correct these problems.”

The home medical sector is paying a disproportionate price in terms of funding healthcare reform. For example, the new health reform law:

- Expands Round Two of the misguided “competitive” bidding for durable medical equipment and accelerates implementation of the pricing timetable.
- Eliminates the first-month purchase option for standard power wheelchairs.
- Imposes an excise tax on medical device manufactures (\$20 billion over 10 years).
- Eliminates the two percent increase for Round One bid items in 2014.
- Requires a face-to-face exam for all home medical equipment items and services.
- Includes a yet to be defined “productivity adjustment” that would lower future CPI-Urban payment updates to the home medical equipment fee schedule which will lower the annual HME update by about one percentage point annually.

Specific Provisions that Harm Homecare

“The bill accelerates the controversial ‘competitive’ bidding program for durable medical equipment, which simply creates a race to the bottom in terms of quality of care for Medicare seniors and people with disabilities,” said Wilson. “This bid program will actually reduce competition by putting most providers out of business, even if they agree to rock-bottom reimbursement rates.”

American Association for Homecare
2011 Crystal Drive, Suite 725, Arlington, VA 22202
703-836-6263 www.aahomecare.org

The Association, along with many consumer and disability groups, supports H.R. 3790, a bipartisan bill to eliminate the bidding program and replace it with a fiscally responsible alternative that reduces Medicare spending for durable medical equipment and services. At the same time, the bill preserves the ability of qualified medical equipment and service providers to continue serving Medicare beneficiaries. H.R. 3790 currently has 184 cosponsors and has been endorsed by the ALS Association, the American Association of People with Disabilities, International Ventilator Users Network, Muscular Dystrophy Association, National Emphysema/COPD Association, National Spinal Cord Injury Association, and Post-Polio Health International.

At a time when the government is working to create jobs, the bidding program is a job killer. In the first round of the program in 2008, up to 90 percent of qualified providers were barred from serving Medicare beneficiaries for the bid-upon items. The way this program is set up triggers a race to the bottom in terms of quality. And because losing the bid means going out of business, providers must engage in suicide bidding that coerces them to bid at economically unsustainable rates. This will increase Medicare spending in hospitals and ER visits.

The healthcare bill also eliminates the option that allows a Medicare beneficiary to purchase a power wheelchair in the first month the product is prescribed. The elimination of the first-month purchase option will make it difficult for patients to have their power wheelchairs customized to their individual needs since providers will have difficulty covering the overhead and wheelchair costs up front, but receive payment over a 13-month period. Instead, patients will be forced to rent ill-fitting wheelchairs that can lead to pain, pressure sores, and loss of mobility.

“While Congress may be happy with the very small cost reduction in Medicare, this short-sighted policy would come at an alarmingly high cost to Americans’ quality of life,” said Paul Tobin, President of the United Spinal Association.

A wide range of advocacy organizations support preserving the first-month purchase option, including the ALS Association, American Association of People with Disabilities, Association of Program for Rural Independent Living, Consortium for Citizens with Disabilities, Easter Seals, Independence through Enhancement of Medicare and Medicaid Coalition, National Council on Independent Living, National Spinal Cord Injury Association, and Paralyzed Veterans of America.

Power wheelchairs—unlike most standard manual wheelchairs, which are intended for temporary use—are prescribed to those with lifelong medical needs and therefore require a high degree of customization to ensure the individual’s quality of life, mobility and independence. Nearly all beneficiaries elect the purchase option because they live with long-term, debilitating conditions that require customized equipment to meet their specific life-long needs.

Finally, the Association opposes the excise tax on medical devices. The tax will have a negative impact on manufacturers of home medical equipment whose devices allow patients to recover from illness or facilitate patients’ ability to remain in their homes. The American Association for Homecare believes that the tax should not be applied to home medical equipment. It is very unlikely that expanded insurance coverage will result in a windfall for home medical device manufacturers because these items are predominantly provided to Medicare beneficiaries for use in the patient’s home. The tax will

cost American jobs and will cut research and development for new technologies that contribute to cost-effective care at home.

The home is already the most cost-effective setting for post-acute care. As more people receive good equipment and services at home, Americans will spend less on longer hospital stays, emergency room visits, and nursing home admissions. Home medical equipment is an important part of the solution to the nation's healthcare funding crisis and represents less than two percent of total Medicare spending.

The American Association for Homecare represents durable medical equipment providers, manufacturers, and others in the homecare community that serve the medical needs of millions of Americans who require oxygen equipment and therapy, mobility assistive technologies, medical supplies, inhalation drug therapy, and other medical equipment and services in their homes. Members operate more than 3,000 homecare locations in all 50 states. Please visit www.aahomecare.org/athome.