



Caring that Feels Right at Home

Press Release

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Federal Study on Power Wheelchairs 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 these items. 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 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.”

Nor does the report 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.

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 and get the same level of care, service, and professionalism that an accredited home medical provider would furnish for 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 (CRMC), 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 - which have increased operating costs - that did not exist in 2007.”

Over the past five years, Congress has reduced power wheelchair pricing by 37 percent. These cuts include the following:

- 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;
- Inflation updates for power wheelchairs payment were eliminated in years from 2004 to 2009;
- Reimbursement fell an average of 27 percent as a result of fee schedule changes in November 2006; and
- There was an approximately a three percent reduction to fee schedule prices in 2005.

These cuts have resulted in layoffs and contractions in the home medical equipment sector.

The Association believes that it is inappropriate for the OIG to infer that providers are making significant high profits. We stand ready to work with the OIG to complete a comprehensive 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.