



Caring that Feels Right at Home

Press Release

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AMERICAN ASSOCIATION FOR HOMECARE CRITICIZES RELEASE OF CONTROVERSIAL MEDICARE BIDDING RULE IN FINAL HOURS OF BUSH ADMINISTRATION

CMS Bidding Program is Anti-Competitive and Not Answer for Patients & Seniors

ARLINGTON, VA, January, 15, 2009 – Calling the release of the CMS “competitive” bidding rule in the final hours of the Bush Administration, “a disservice to America’s seniors and all patients who receive care in their homes,” AAHomecare President Tyler Wilson criticized the decision by the agency leadership to issue this interim final rule for this controversial program.

Earlier today, CMS issued the interim final rule for “competitive” bidding for homecare durable medical equipment to establish regulations as required by the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA). The new rule will allow the program to take effect 30 days after the January 16 publication—on February 15, 2009. The bidding program was initially reformed and delayed in July 2008 in the Medicare Improvements for Patients and Providers Act of 2008 in order to allow CMS time to make the program more transparent and to reduce numerous errors and operational problems.

“This flawed bidding rule, released in the very final hours of the Bush Administration, will have a negative impact on virtually every senior citizen and disabled homecare patient across America,” said Tyler J. Wilson, president of the American Association for Homecare. “This bidding program will actually reduce competition, diminish access to care for seniors, reduce patient choice, reduce quality, and put good providers out of business. It is a bad deal for every patient who opts to receive care in their homes instead of a nursing home or a hospital.”

“Competitive” bidding in Medicare is a proposal that *sounds* good. But, in fact, it will actually reduce competition along with healthcare quality and access to care for patients and seniors. Home medical equipment and care (durable medical equipment) is already the most cost-effective slowest-growing portion of Medicare spending, increasing only 0.75 percent per year according to the January-February 2009 issue of *Health Affairs*. That compares to more than 6 percent annual growth for Medicare spending overall. Home medical equipment represents about 1.6 percent of the Medicare budget.

The Bidding Program Will Lower Quality & Access to Care for Seniors & Disabled

This program would allow the government to selectively contract with only a restricted group of providers, based solely and exclusively on lowest-cost, forcing out providers who utilize high-quality equipment or provide critical patient services. It would have negative impacts, including:

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- ✓ Longer, more costly hospital stays since hospitals could no longer choose to use a single homecare provider to equip patients returning home, but instead would have to contact as many as 10 different providers for basic items needed by patients.
- ✓ Lower-quality less durable medical equipment made as cheaply as possible.
- ✓ Fewer home visits in rural areas where providers can travel an hour plus to reach the patient.
- ✓ Less access to 24-hour equipment service for patients who depend on oxygen to breathe. Without this service, patients will dial 911 when problems arise.
- ✓ Reduced access to commonly prescribed products. For example, the bidding initiative discourages use of the most commonly prescribed testing strips for diabetes patients.
- ✓ Reduced access to diabetes patient call centers, which answer key medical questions.
- ✓ Fewer resources to properly set up and adjust wheelchairs, walkers, and hospital beds.
- ✓ Restricted ability to properly repair home medical equipment items in a timely manner.

Program is Actually Anti-Competitive

This controversial bidding program results in lowest-common-denominator health care for seniors and homecare patients. A program that selectively contracts with a small group of providers to care for seniors based primarily on price is fundamentally flawed. Not only does the program sacrifice the quality of, and access to, care for patients, it has the opposite affect intended: It clears the marketplace of competition by reducing the number of eligible providers. During a trial period of enactment in 2008, of the more than 4,000 providers in the initial bidding areas, only 376 were deemed to have met the bidding program requirements, which were not clearly defined. So 90 percent of the marketplace was closed out of the bidding program, proving that the program depresses competition and limits patient access and choice.

Will Drive Up Medicare Costs When Homecare is Already a Cost-Effective Healthcare Solution

Cutbacks in homecare services will increase the length and cost of hospital stays as the number of home medical equipment providers shrinks. Hospital discharge planners depend on a reliable supply of home medical providers who compete on the basis of quality of service and speed so patients can quickly transition from hospital to home. Long hospital stays increase costs to Medicare and taxpayers. The average Medicare cost for one day in the hospital is more than \$5,500 according to the Social Security Administration. It is much cheaper to allow seniors to receive post-acute care at home. For instance, the average Medicare cost for one day of medical oxygen therapy at home to treat COPD is less than \$7.

For more information on competitive bidding, please visit:

<http://blog.aahomecare.org/2009/01/george-wills-column-on-medicare-bidding.html>.

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.
