



## **Key Facts about Medicare Oxygen Policy**

### **More Than One Million Medicare Beneficiaries Receive Oxygen Therapy at Home**

- More than one million Medicare beneficiaries suffer from respiratory illnesses such as chronic obstructive pulmonary disease (COPD) and require oxygen therapy for their long-term survival. Approximately 12 million Americans have been diagnosed with COPD. An estimated 12 million more have undiagnosed COPD. It is the fourth-leading cause of death in the U.S. and is growing in prevalence.

### **Service Costs for Home Oxygen Therapy Exceed the Cost of Equipment by Three to One**

- For every dollar providers spend on oxygen equipment, they spend about three more on costs related to services such as 24-hour on-call support. Like other medical therapies performed in conjunction with medical devices, 72 percent of the costs required for providing home oxygen therapy are related to services and operation (intake, delivery, maintenance, patient assessment and education, regulatory compliance, and other costs). The equipment cost is only a small portion of the overall cost – 28 percent – associated with the provision of home oxygen therapy.
- While there is broad language in the Deficit Reduction Act of 2005 (DRA) regarding “payments for oxygen” (the oxygen itself) and “maintenance and service” after the title transfer of the equipment, there are no specifics or assurances regarding availability of 24-hour emergency service and other services, supplies, and emergency back up required by home oxygen patients.
- In the Medicare system today there are no codes or policies governing the maintenance and services for oxygen technologies. The DRA provides no guidance for the myriad service components currently required and incorporated into the Medicare oxygen rules and payment, including all patient training, deliveries, disposable accessories, billing, clinical professional support, 24-hour emergency service and equipment replacement.

### **Home Oxygen Therapy Costs Medicare \$7.62 Per Day vs. \$4,600 Per Day in the Hospital**

- Oxygen is the only current treatment or drug scientifically proven to extend the life of patients with chronic lung disease.
- In 2002, there were 673,000 hospitalizations for COPD. Their average length of stay was 5.2 days. The average Medicare cost for one day in the hospital is \$4,606.
- The current average annual cost for home oxygen therapy is \$2,784 or \$7.62 per day, far less than the average cost for one day in the hospital. Home oxygen therapy is the most cost-effective and clinically effective treatment for those with COPD and low blood oxygen.

### **Oxygen Is a Prescription Drug: Unregulated Use Poses Dangers and Burdens for Seniors**

- Medical oxygen is a drug and can only be prescribed by a physician specifically for individual patient use. Oxygen is heavily regulated by both the Food and Drug Administration and the Department of Transportation. It can be dangerous if not administered or used properly.
- Homecare companies currently provide 24-hour, emergency on-call service to assist patients with trouble-shooting equipment problems, improper use, or equipment failures.
- The new policy for home oxygen equipment enacted in the DRA forces beneficiaries to own and assume responsibility for oxygen equipment after a 36-month rental period— a policy that will impact as many as 230,000 patients. The Children’s Health and Medicare Protection Act (CHAMP Act), H.R. 3162, would worsen the policy by forcing ownership after 18 months, which would increase the number of beneficiaries impacted to nearly half of beneficiaries requiring oxygen therapy. No demonstration projects or impact studies regarding this policy change have been performed by any government agency.
- With the transfer of ownership of the medical device to the patient, important preventive maintenance mandated by manufacturers and currently performed by oxygen providers shifts to the patient. This increases the risk of patients either self-medicating or desaturating due to equipment malfunction. This is an unreasonable burden and worry for seniors who are very ill.

### **Members of Congress Did Not Have Time to Review the Oxygen Policy Changes**

- Some of the provisions, such as the rental cap on home oxygen equipment, were added by conferees for the Deficit Reduction Act just hours before the final vote with no opportunity for Members of Congress to review the language or consider the consequences to the beneficiaries who would be affected.

### **Changes Are Clinically and Fiscally Unwise**

- Homecare is preferred by seniors, and homecare is by far the most cost-effective setting for healthcare in America, as recognized by U.S. Health and Human Services Secretary Mike Leavitt. The changes to homecare policy in the DRA and CHAMP Act are clinically and fiscally unwise given the value of homecare for patients, families, and taxpayers.

### **Policy Changes Weaken the Nation’s Homecare Infrastructure**

- The American Association for Homecare (AAHomecare) and its members oppose the provisions in DRA and the CHAMP Act that could endanger homecare patients and further weaken the nation’s homecare infrastructure and safety net.

***Please do not allow further reductions to oxygen reimbursement and the support The Home Oxygen Patient Protection Act, H.R. 621 and S. 1484, which repeals the oxygen changes enacted in the Deficit Reduction Act. Your help in strengthening homecare to ensure safe, effective professional care for older and disabled Americans in their own homes is greatly appreciated.***