



## Talking Points on Home Oxygen Therapy

- This is a time of great uncertainty for home oxygen patients and providers. Sweeping policy changes already in place, enacted by the Deficit Reduction Act of 2005 and the Medicare Modernization Act of 2003, will cut benefits for home oxygen by nearly \$1.5 billion in the next two years.
  - These cuts will equate to nearly 18.8 percent, totaling approximately \$710 million in 2009 and \$855 million in 2010.
- The home oxygen community is scheduled to experience additional cuts in funding – cuts resulting from competitive bidding policies and a 36-month cap on Medicare payments enacted in previous legislation. At the same time, beneficiaries will be forced to take ownership of their oxygen equipment after 36 months. Together these policy changes will have a lasting and potentially devastating impact on both patients and providers.
- While oxygen is virtually the smallest part of the Medicare budget, the benefit has taken some of the largest cuts of any sector of Medicare.
- Approximately 22 percent of Medicare beneficiaries on home oxygen use it for more than 36 months. It is unclear how these patients will fare once patients reach the cap.

### **Home oxygen therapy is a critical care service that more than 1.4 million Americans depend on for enhanced quality of life.**

- Medical oxygen is classified as a drug under the Federal Drug Administration (FDA) and can only be administered under a physician's care.
- Today, more than one million Medicare patients depend on the Medicare oxygen benefit for quality of care and quality of life in the home environment.
- Chronic Obstructive Pulmonary Disease (COPD) is a slowly progressive, incurable disease that causes irreversible loss of lung function, obstructs airflow to the lungs and interferes with the ability to breathe properly. Nationwide, as many as 15 million Americans have been diagnosed with COPD. It is currently the fourth leading cause of death in the United States and is on the rise nationwide. Experts predict it will become the third leading cause of U.S. deaths by 2020. Home oxygen therapy can slow or stop lung degeneration.

### **Cuts to the home oxygen benefit will jeopardize any thoughtful payment reform.**

- Reforming the payment system means creating a payment system based on patient need.
- Simply cutting payments for home oxygen without thoughtful analysis does not lead to reform and can lead to an unintended disruption in important and necessary patient services.
- Home oxygen therapy costs the Medicare program less than \$8/day versus as much as \$4,600/day in the hospital. In 2002, there were 673,000 hospitalizations for COPD with an average length of stay of 5.2 days.
- A recent government study by the Agency for Healthcare Research and Quality shows that long-term use of home oxygen therapy reduces hospitalizations and, when hospitalizations do occur, reduces the length of hospital stay.