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Home Medical Equipment Group Supports Bipartisan Bill to Repeal the Controversial Medicare “Competitive” Bidding Program for Homecare

WASHINGTON, DC, March 15, 2011 ---- The American Association for Homecare strongly endorses bipartisan legislation to repeal the misguided and deeply flawed Medicare “competitive” bidding program for home medical equipment and services (durable medical equipment). The bill, H.R. 1041, was introduced by Congressmen Glenn Thompson (R-Pa.) and Jason Altmire (D-Pa.) on March 11, 2011 and is titled the “Fairness in Medicare Bidding Act.”

Tyler Wilson, president and CEO of the American Association for Homecare, commented, “We appreciate the bipartisan leadership of Congressmen Thompson and Altmire who recognize that the Medicare bidding program is a severely flawed approach to providing care to seniors and people with disabilities. Home-based care is already the most cost-effective setting for post-acute care, and this bidding system is merely a badly designed solution in search of a problem.”

The bidding program was implemented on January 1, 2011 in nine metropolitan areas across the U.S. and will expand to an additional 91 areas later this year. Medicare beneficiaries who live in Charlotte, Cincinnati, Cleveland, Dallas-Fort Worth, Kansas City, Miami, Orlando, Pittsburgh, and Riverside, California are affected by this program now. The bidding applies to medically required oxygen therapy, enteral nutrients (tube feeding), continuous positive air pressure (CPAP) and respiratory assistive devices, power wheelchairs, walkers, hospital beds and support surfaces, and mail-order diabetic supplies.

The American Association for Homecare has received hundreds of complaints about the bidding program from beneficiaries, physicians, case managers, and homecare providers. These complaints will increase exponentially as the program progresses because the payment rates established under this system are unsustainable over the long term. These payment rates are leading to the provision of lower-quality medical equipment and reduced services associated with home medical equipment.

A number of patient advocacy and consumer groups also support H.R. 1041 – the ALS Association, the International Ventilator Users Network, the Muscular Dystrophy Association, the Brain Injury Association of America, National Emphysema and COPD Association, the Christopher and Dana Reeve Foundation, and the National Council on Independent Living, among others.

The American Association for Homecare opposes the program for three key reasons:

It Sacrifices Care for Seniors and People with Disabilities

The program restricts access to and choice of home medical equipment and services. It triggers a race to the bottom in terms of quality. Less expensive items will be provided to patients. With fewer

providers, expedient delivery of items and services will be eliminated and Medicare costs will increase.

The Program Is Anti-Competitive and Kills Jobs

The bid program is anti-competitive. By design, the program severely and artificially restricts the number of companies that are allowed to provide the equipment and services that are subject to bidding. The Association estimates that this program will result in approximately 100,000 job losses nationwide.

Not Cost-Effective, Not a Solution for Health Care

The bidding program will increase Medicare costs. It disrupts the continuum and coordination of care between doctors, discharge planners, patients, and homecare providers. It will lead to longer, more expensive hospital stays and more physician office visits, nursing home admissions, and emergency room visits.

Since the January 1 implementation of the bidding program in nine areas in the U.S., the following types of problems and complaints have been reported:

- Difficulty finding a local equipment or service provider;
- Delays in obtaining medically required equipment and services;
- Longer than necessary hospital stays due to trouble discharging patients to home-based care;
- Far fewer choices for patients when selecting equipment or providers;
- Reduced quality; and
- Confusing or incorrect information provided by Medicare.

In November, 2010, 167 leading economists, including two Nobel laureates and auction experts who have experience in the design and application of auctions around the world, warned Congress that Medicare's bidding design for home medical equipment will fail. Those experts, who design market-based auction systems, found that this particular bidding program designed by Medicare has irreparable flaws that will prevent it from achieving its objectives of establishing accurate reimbursement rates while maintaining high quality equipment and related services. Under this system, the bidding companies are not bound by their bids, which undermines the credibility of the process and encourages "low-ball" bids that create an unsustainable process and threaten the long-term viability of the program.

Last year, a bipartisan group of 260 members of the U.S. House of Representatives supported legislation, H.R. 3790, to repeal the bidding program.

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/athome.