



## **Restore Appropriate Payment for Complex Rehab, which Preserves Beneficiaries' Independence**

The American Association for Homecare urges Congress to **restore the 9.5 percent across-the-board fee schedule payment cut for the reimbursement of the complex rehabilitative power wheelchairs and accessories (complex rehab)** product and service category. The cut went into effect January 1, 2009, affecting 10 separate home medical equipment categories, mandated by the Medicare Improvements for Patients and Providers Act of 2008. Providers of complex rehab products and services cannot absorb a payment reduction of this magnitude. Eliminating the 9.5 percent reduction for group 3 complex rehabilitative wheelchairs will result in a cost of less than \$10 million per year to the federal government over the 2010-2019 budget window.

**If not reversed, this cut in reimbursement will have a serious impact on the quality of equipment and the level of services necessary to furnish these items to rehab beneficiaries.** The Association requests that Congress reverse the payment cut.

### **Background: Those with Severe Disabilities Are Harmed Most from Reimbursement Cut**

Medicare beneficiaries who have severe disabilities and who are in greatest need of complex rehab products and services are the ones who are harmed most from a reduction in reimbursement rates. Consumers of complex power wheelchairs have conditions such as:

- Paralysis,
- Lou Gehrig's disease,
- Muscular dystrophy,
- Multiple sclerosis, and
- Other neuromuscular and spinal disorders or spinal cord injuries.

A wide range of advocacy organizations from the rehab community recognize the link between appropriate Medicare payments for complex rehab power wheelchairs, mobility independence, the reduced risk of secondary medical complications, and the overall savings to the Medicare program.

### **Medicare Beneficiary Impact of the 9.5 Percent Fee Schedule Cut**

The provision of a complex rehab power wheelchair to a Medicare beneficiary is a team effort that may take six months from the initial visit to the delivery of a complex rehab power wheelchair. A thorough evaluation of the individual and his or her specific needs is performed by licensed certified medical professionals prior to the delivery of any highly customized product to ensure it meets all aspects of the individual's needs. **Those with severe physical disabilities rely on their wheelchairs as their only mode of mobility. It helps them with every aspect of their daily lives and their ability to remain independent.** The complex rehab provider may need to visit that beneficiary at least once per month for follow-up after the consumer receives the equipment.

Under the payment cut, Medicare beneficiaries' access to the full range of high-quality products and services that meet the unique needs of those with these types of disabilities will be severely jeopardized as complex rehab providers are forced to decrease essential services and limit the selection of products available. For example, a beneficiary with a spinal cord injury is fully dependent on a complex wheelchair and in need of a

variety of features for basic mobility needs.

Specifically:

- Essential services will decrease. Parts and accessories required to repair complex wheelchairs are subject to the 9.5% payment reduction; and it has become cost-prohibitive for many providers to continue to provide these essential services.
- Access to demonstration/trial and simulation equipment will decrease. There is no “one size fits all” approach to complex rehab. Each power wheelchair is customized to the individual patient to meet his/her specific needs. Due to this cut, complex rehab providers are reducing overhead, and they are not able to provide adequate demonstration and trial power wheelchairs in order to find the most appropriate chair for the consumer’s needs. These services are not reimbursed under Medicare and thus are being reduced in an effort to decrease overhead and costs.
- Beneficiary access to the full range of products to meet their needs will decrease. When product costs meet or exceed acquisition and service costs, the range of products within the same code will no longer be available to beneficiaries.
- Inadequate payment rates that lead to a reduction in beneficiary access to products and services will lead to medical complications that increase health care costs elsewhere in Medicare.

### **Impact on Providers of Complex Rehab**

The Medicare reimbursement rate for the provision of a complex power wheelchair covers the following facets of care for each beneficiary: intake, qualification and certification of appropriate staff, evaluation, demonstration, trial and equipment specification, documentation, home evaluation, purchasing, receiving, assembly of multiple components and delivery, fitting, adjusting, and equipment modification for individual use. This is in addition to service and repair, operational, administrative, and support costs. Little is left for providers to cover the costs of complex rehab healthcare services to Medicare beneficiaries with disabilities, especially those with severe disabilities in need of complex rehab. A 2007 University of Rochester study found that the average pre-tax profit for this sector is 4.9 percent. Note that the complex rehab community has incurred the following policy changes in recent years:

- The CPI updates for all durable medical equipment have been frozen since 2004.
- The fee schedule prices were decreased by 3.28 percent in 2005.
- CMS specified new codes and coverage criteria in order for beneficiaries to qualify for a complex power wheelchair effective November 15, 2006, resulting in higher provider compliance expenses.
- CMS fee schedule changes cut reimbursement rates by an average of 27 percent effective November 15, 2006.

### **Impact on Medicare Expenditures**

In 2007, Medicare paid for 9,600 new complex rehab power wheelchairs, which cost the program \$40,682,782. These expenditures do not include the costs of repairing existing complex rehab wheelchairs or customizing a new wheelchair for individual use, which is estimated to be approximately \$80,000,000 annually. The financial impact of restoring previous reimbursement rates for complex rehab power wheelchairs and related accessories (eliminating the 9.5 percent reduction) is less than \$7,600,000 annually over 5 years. However, the impact on the providers and the beneficiaries they serve is immeasurable.

### **Recommendation**

The American Association for Homecare urges Congress to restore the 9.5 percent payment cut to complex rehabilitative power wheelchairs and accessories so beneficiaries may continue to have access to quality and dependable complex rehab power wheelchairs to remain independent.