

### **“Competitive” Bidding Program Statistics**

A total of 2.9 million eligible beneficiaries would be impacted in the first 10 markets. Excluding Puerto Rico during the next round one, the total is 2.6 million.

- A total of 4,529 suppliers currently serve the 10 markets. Excluding Puerto Rico, it is 4,127.
- A total of 1,335 contracts were awarded in Round One, representing an average 71% of all suppliers eliminated from participating in the program. This includes providers large and small.
- Due to the 71% elimination of suppliers, a corresponding average increase of 339% in the ratio of beneficiaries per supplier resulted. This will greatly overwhelm the patient referral system, reduce access to care and result in increased hospital stays since winning suppliers may be unable to handle the increased volume.
- A total of 223,900 beneficiaries on oxygen would be impacted.
- A total of 143,400 diabetics could be forced to switch providers and use a lower-quality glucose monitoring device.
- A total of 214,000 patients on tube feeding could be forced to switch providers, and the winning supplier list is likely too small to accommodate a large influx of transitioning patients.
- Of 133 referrals made to winning suppliers for various product categories in six CBAs:
  - Over half of referrals to contracted suppliers resulted in those suppliers turning down the order for various reasons related to their inability to service the patients.
  - Over 60% of referrals that were made to contracted suppliers resulted in those suppliers stating that they could not provide service in a timely manner (same-day as expected by referral agents.)
  - Over 50% of referrals could not be serviced due to contract supplier’s inability to service patient’s zip code or not answering the telephone at all.

### **Charlotte, North Carolina**

- Of the 279 Medicare suppliers for the covered product categories, only 100 contract offers were made by CMS. Therefore, at least 64% of local suppliers were eliminated from participation.
- There were 174,319 Medicare beneficiaries in greater Charlotte who could be impacted by competitive bidding.
- With the 64% reduction in Charlotte-area suppliers who could participate in Medicare, a corresponding 179% increase in the number of beneficiaries per eligible supplier would occur, thus creating serious access-to-care issues for patients and referral agents.
- An estimated 31,400 Charlotte-area Medicare beneficiaries who require home oxygen therapy would be impacted. This is the third highest number of beneficiaries of the initial 10 markets.
- Only 11 suppliers were selected to provide oxygen to this area -- the lowest number of any of the 10 markets.

- Approximately 19,600 Medicare patients who need tube feeding to maintain their nutrition status could be forced to switch away from their current supplier to one of the 13 winning suppliers. This ratio would greatly overwhelm some winning suppliers and limit access-to-care.
- CMS suspiciously changed the number of winning suppliers after supposedly receiving rejected contracts from initial winning bidders. There was zero transparency to CMS' process, the formulas used to select suppliers, etc.
- Long-standing Charlotte-area providers who serve large numbers of Medicare beneficiaries were shut out of the winning supplier pool based solely on speculative bid prices submitted by unscrupulous or out-of-town suppliers.
- In Charlotte, of 23 referral calls made to winning suppliers for various product categories:
  - **14 (61%) either turned down the referral or did not answer the phone**
    - 9 of 23 did not answer the telephone or have an answering machine (39%) -- a basic Medicare Supplier Standard
    - 4 said they were not licensed to provide oxygen, CPAP or enteral nutrition in the state of NC (17%)
    - 28% said they did not have the required product in-house or decided not to provide liquid oxygen anymore, despite Medicare's program requirements that a winning supplier be able to provide all HCPCS codes in a product category
    - 100% of out-of-state winners for continuous positive airway pressure (CPAP) said they would drop-ship the devices to patients -- a clear violation of the North Carolina State Respiratory Care Board.

#### **Cincinnati/Middleton, OH-KY-IN**

- Of the 305 Medicare suppliers in the area, only 101 contract offers were made by CMS. Therefore, at least 67% of local suppliers were eliminated.
- There were 251,400 eligible Medicare beneficiaries in this marketplace who could be impacted by competitive bidding.
- The 67% reduction in the number of suppliers would result in a corresponding 202% increase in the ratio of beneficiaries per supplier, which would overwhelm winning suppliers and limit timely access to care.
- An estimated 12,800 Cincinnati-area patients on oxygen would be impacted.
- An estimated 13,700 patients on tube feeding could be forced to switch to one of only 11 contract suppliers.
- Long-standing, local providers were excluded from the winners' pool, while out-of-state, inexperienced providers were offered contracts based solely on low bid prices.

#### **Cleveland-Elyria-Mentor, OH**

- Of the 325 Medicare suppliers in greater Cleveland, only 112 contracts were offered. Therefore, at least 66% of local suppliers were eliminated.
- There were 287,500 eligible Medicare beneficiaries who could be impacted by the program.

- A 66% reduction in the number of suppliers resulted in a 190% increase in the ratio of beneficiaries per supplier.
- An estimated 47,500 Cleveland-area residents who rely on home oxygen therapy would be impacted -- the highest number of any of the 10 competitive bidding markets by far.
- An estimated 29,900 patients who require tube feeding could be forced to switch away from their reliable supplier to one of only 14 selected winners -- again an untenable ratio.
- Tenured local providers with extensive experience serving greater Cleveland's seniors were excluded from the program, while out-of-state, speculative bidders with no product or market experience were awarded contracts.

### **Dallas-Fort Worth-Arlington, Texas**

- Of the 580 Medicare suppliers in the area, only 196 contract offers were made. Therefore, at least 66% of local suppliers were eliminated.
- There were 481,800 eligible Medicare beneficiaries in greater Dallas who could be impacted.
- A 66% reduction in suppliers resulted in a 195% increase in the ratio of beneficiaries per supplier.
- An estimated 27,100 Dallas-area beneficiaries on oxygen therapy would be impacted -- the fourth highest of the first 10 markets.
- An estimated 4,300 patients who require standard power wheelchairs to maintain mobility would be impacted -- the highest of all 10 markets.
- An estimated 30,450 patients on tube feeding -- the third highest number of all 10 markets -- could have to switch away from their provider to one of only 13 winning suppliers.
- Patients who require CPAP and/or hospital beds represent 2,600 and 3,800 total beneficiaries per year -- again the highest number of any of the 10 initial markets.
- Of 13 referrals for liquid oxygen or enteral nutrition that were made to winning contract suppliers for these categories, 69% turned down the referral:
  - 6 said they could not accept the referral (46%)
  - 3 did not answer the phone or accept a voicemail message (23%)
  - Of those who refused the referral:
    - 3 said they did not have the products at the present time
    - 1 said they could not service the town specified
    - 2 out-of-state providers said they could drop-ship the enteral nutrition in two days, thus delaying the hospital discharge by two days
    - 3 of the 13 winning suppliers were from out-of-state -- and all three said they could not process the referral!

### **Kansas City, Mo-KS**

- Of the 248 suppliers in this market, only 104 contracts were awarded. This resulted in at least 58% of local suppliers being eliminated.
- Providers with 25 years of local experience and extensive local market share and the capacity to serve the entire CBA were excluded from the winning pool.

- There were 223,500 Medicare beneficiaries in greater Kansas City who could be impacted.
- A 58% reduction in suppliers translates to a 138% increase in the number of beneficiaries per supplier.
- An estimated 15,000 local residents are Medicare patients on home oxygen therapy.
- In Kansas City, 27% of referrals placed for walkers, enteral, oxygen or CPAP resulted in the contract winners turning down the referrals because they could not service the area or did not have the equipment.
  - Five (5) of the 11 contract winners contacted had no local office in the Kansas City CBA and this was the reason for two of the turndowns. The remainder stated they would have to drop-ship the products and that it would take several days to up to two weeks -- thus delaying hospital discharges and causing access to care issues.
  - Local providers were excluded, while CMS awarded contracts to providers who have locations only in Florida, Indiana, California, Tennessee and Texas.
  - An out-of-state contract supplier from California told Kansas City and Pittsburgh referral sources that they were not sure they could supply a walker to patients there, but if so, it would be shipped by UPS and take 10-12 days to deliver.
  - One enteral nutrition contract winner said they only supply nursing homes – no homecare.
  - One winner for the walkers product category said they only service one small town in Kansas and cannot accept referrals across the KC metro area (as required by the program).

### **Miami-Fort Lauderdale-Palm Beach, FL**

- Of the 1275 suppliers in this large geographic area, only 262 contracts were awarded, or a reduction of 79% of all suppliers. This resulted in the single largest increase in beneficiaries per supplier of the domestic markets -- 487%.
- There were 514,500 eligible beneficiaries in this tri-county area.
- An estimated 35,400 area residents rely on home oxygen therapy to treat their illness -- the second largest patient base of the initial 10 competitive bidding areas.
- An estimated 71,700 Medicare patients rely on home tubing to treat their cancer, stroke, Alzheimer's or other illness at home -- the highest number by far of all 10 markets.
  - Yet, because CMS chose to not allow grandfathering for these very sick patients, a majority of them would be forced to switch to one of only 21 winning enteral nutrition providers.
  - Another 5,100 beneficiaries require a hospital bed at home -- again the highest number of all impacted markets.
  - Medicare selected only five (5) winning suppliers to provide complex rehabilitative power wheelchairs and accessories to the entire tri-county area.

- In Miami, pulmonologists report being told that oxygen services could not be delivered for two to three *days* by winning contractors, when today they are provided to patients in two to four *hours*.
- Miami-area seniors were given misinformation from 1-800-MEDICARE agents who told them they had to switch their oxygen supplier, *despite the fact that their current supplier was a winning bidder*. CMS' implementation and training flaws caused great angst among seniors and lost business for providers.

### **Orlando, FL**

- Of the 331 suppliers in this market, only 159 contracts were awarded, or a reduction of 52% of all suppliers.
- This resulted in an increase in beneficiaries per supplier of 208%.
- There were 246,900 beneficiaries in this market.
- An estimated 21,000 local Medicare patients rely on home oxygen therapy, while another 17,500 require home tube feeding and might be required to switch to one of 16 winning suppliers.

### **Pittsburgh, PA**

- Of the 289 suppliers in this market, only 132 contracts were awarded, translating to a reduction of 63%.
- This translates to an increase in beneficiaries per supplier of 273%.
- There were 265,600 eligible beneficiaries in this area.
- An estimated 18,300 local residents rely on home oxygen therapy.
- A large number of residents -- 30,200 -- require home tube feeding to stay alive, yet they might be forced to switch to one of only 10 winning suppliers in the area.
- Medicare patients who require hospital beds at home in Pittsburgh total 3,500 -- the third largest of the 10 initial bidding areas.
- A number of winners in this marketplace serve only small sections of the bidding area and refused to accept referrals beyond their service area, yet a basic requirements of the bidding program is that a winner shall be able to service the entire marketplace.
- Longstanding, experienced providers were excluded from the winners' pool.
- Even area hospitals who operate their own homecare programs were omitted and thus would not be able to assure continuity of care for the patients discharged from their own hospitals.

### **Mail-Order Diabetic Supplies**

- An estimated 143,500 U.S. residents with diabetes would be impacted by the bidding program.
- Because CMS chose to not allow grandfathering for these patients, all or a portion of this group could be forced to switch to one of only a small number of winning suppliers.
- Miami/Ft. Lauderdale/Palm Beach, FL; Riverside/San Bernadino, CA and Dallas/Ft. Worth, TX represent the three largest groups of impacted beneficiaries who are diabetic.

- There is no logic to Medicare's decisions about the number of winning suppliers for this category: it ranges from only seven (7) in Riverside/San Bernadino, where there are 32,600 area residents impacted, to 17 in Miami/Ft. Lauderdale/Palm Beach, where there are 71,800. There is no transparency to Medicare's use of supplier-stated "capacity to serve and expand."
- The significantly low average winning prices indicate that bidders planned to use the least expensive and clinically unreliable glucose meters and strips available on the international market, with most of their supplies being produced in Korea and China. As a result, most patients would have been forced to switch from their current glucose meter to another one, thus increasing the risk of non-compliance and complications from diabetes.