



# Special Alert

July 17, 2002

## Report Warns of Complex New Bureaucracy If Congress Passes National Medicare Competitive Bidding Program

WASHINGTON, D.C. – Implementing a national Medicare competitive bidding program for medical equipment, services and technology will require a 35 percent increase in the Centers for Medicare & Medicaid Services (CMS) workforce—creating an expansive bureaucracy that “will threaten the well being of Medicare beneficiaries”—a new report released today states.

The report entitled “Regulatory Mandates Imposed Under the New Medicare Competitive Bidding Program – Section 511 of the Medicare Modernization and Prescription Drug Act of 2002 (H.R. 4954)” was prepared for the new Coalition for Access to Medical Services, Equipment and Technology (CAMSET) by Multinational Business Services Inc., a Washington-based policy research firm.

“Not only will Medicare patient access to medical services and technology suffer from a national competitive bidding program,” said Tom Connaughton, president and CEO of the American Association of Homecare, “This reports shows that Congress and CMS will surely experience migraines trying to figure out how to structure the program and hire the additional bureaucrats to run it.”

The report states that a national competitive bidding program, such as the one passed in H.R. 4954, would require CMS to hire 1,626 additional full-time employees to manage the program. CMS’ current workforce is approximately 4,630.

Much of the new staffing requirements is the result of the complex mandates required to establish multiple Competitive Acquisition Areas (CAAs) throughout the country, each of which would need its own bureaucracy in addition to increases in the bureaucracy in CMS regional offices and in CMS’s headquarters. Based on the demonstration, the most likely scenario is that a CAA would be established in each metropolitan area, or over 260 across the country.

A national competitive bidding program would “create a substantial and cumbersome federal administrative bureaucracy that would impose significant new burdens on Medicare and the home medical equipment market,” the report states.

CMS Administrator Thomas Scully said at a June 12 congressional hearing on competitive bidding, “the reality is it’s going to be extremely expensive to do...that if you want us to do more things and competitive bidding to save money for the trust funds, we just don’t have the capability to do it right now.”

The report concludes that a national program should not be adopted until:

- CMS completes the two ongoing demonstration projects;

- Results of these projects have been fully analyzed, including administrative, financial and outcomes data;
- Additional demonstrations are conducted to provide data about how competitive bidding would work in more diverse areas of the country and a significantly broader sample of products and product distribution channels;
- Valid assessment has been undertaken by an independent agency or the Congressional Budget Office of the likely savings (or loss) to the Medicare program; and
- Public comment on a plan for nationwide competitive bidding is solicited in the *Federal Register* and is received and reviewed.

The report is available on the coalition's Web site at: <http://www.protectaccess.org/reports.htm>

Connaughton also noted that the National Association for the Advancement of Orthotics and Prosthetics and the United Ostomy Association have joined CAMSET, and that several other organizations have expressed interest in the Coalition's efforts.

The Coalition for Access to Medical Services, Equipment and Technology (CAMSET) is currently comprised of 22 consumer advocacy organizations and trade associations, and growing, who are concerned that the expansion of competitive bidding from two ongoing demonstration projects to a national policy is premature and threatens to undermine quality of care, restrict patients' choice of suppliers and service providers, stifle the development of new technology, and drive suppliers out of operation.

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For more information about CAMSET visit: [www.protectaccess.org](http://www.protectaccess.org)  
Coalition members include:

- American Association for Homecare
- American Association of People with Disabilities
- Advanced Medical Technology Association
- Advancing Independence Modernizing Medicare & Medicaid
- Coalition of Respiratory Care Manufacturers
- Coalition of Seating and Positioning Manufacturers
- Coalition of Wound Care Manufacturers
- Consortium for Citizens with Disabilities Health Task Force
- Diabetic Product Suppliers Coalition
- Health Industry Distributors Association
- Indiana Medical Device Manufacturers Association
- National Association for Home Care
- Home Medical Equipment Association of America
- Medical Device Manufacturers Associations
- National Alliance for Infusion Therapy
- National Association for the Advancement of Orthotics and Prosthetics
- National Association for the Support of Long Term Care

- National Spinal Cord Injury Association
- Paralyzed Veterans of America
- Power Mobility Coalition
- United Cerebral Palsy Association
- United Ostomy Association

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