



Supporting Quality Health Care Services at Home

Special Alert

July 11, 2001

Immediate Action Requested

The Senate will mark-up a Medicare package the week of July 23rd. Our current intelligence indicates that this bill will include prescription drugs as well as Medicare reform provisions and administrative reforms on HCFA/CMS process.

If you are a DME supplier, it is imperative that you contact Senate leadership and members of the Senate Finance Committee immediately and urge them to support an increase in the CPI for DME and oxygen and the restoration of the CPI update for oxygen in 2002 and subsequent years. If you are a provider of home health services, we urge you to contact the Senate leadership and members of the Senate Finance Committee to ask for the elimination of the 15% cut to Medicare home health reimbursement.

We have attached a list of the Senate Finance Committee members and talking points for your reference. If your Senators are not members of the Finance Committee, ask them to contact Committee members in turn and express support for AAHomecare positions.

To telephone U.S. Senate offices in Washington, D.C., call the Capitol Hill switchboard at **202-224-3121**. Please ask to speak to the health legislative assistant in the respective Senate office.

Thank you. Please do not hesitate to contact AAHomecare's Government Relations department at 703-836-6263 with any questions.



ATTACHMENTS

SENATE FINANCE COMMITTEE LIST

REPUBLICAN

DEMOCRAT

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**To directly access and forward comments to your representative, please visit
the U.S. Senate Finance Committee Web Site at:**

<http://www.senate.gov/~finance/fin-comm.htm>



ATTACHMENTS

Talking Points

Restore the Full CPI Update for DME, Including Oxygen and Oxygen Equipment

1. The Balanced Budget Act of 1997 (BBA) imposed a 30% cut on Medicare reimbursement rates for oxygen and oxygen equipment.
2. BBA '97 froze the CPI update for DME and oxygen indefinitely.
3. Under the Benefits Improvement and Protection Act (BIPA) Congress approved a 3.7% increase for DME in 2001. However, oxygen was not included in the update. Oxygen and oxygen equipment received only small temporary updates of less than one percent- .3% and .6% for 2001 and 2002 respectively.
4. The modest updates for DME and even smaller updates for home oxygen services are not sufficient to keep pace with increasing fuel and labor costs. The average cost of gasoline went from \$1.28 in June 1997 to \$1.66 in June 2000. *Since the BBA went into effect average labor cost has risen almost 12%.*
5. Small and mid-sized independent HME providers bear a disproportionate share of the impact of cost increases because they cannot achieve the economies of scale that larger companies can achieve.
6. The HME industry underwent a significant restructuring following the BBA. Companies that survived this landmark legislation were forced to implement significant employee reductions. Employment in the HME industry fell through 1998 and remained level during 1999 and 2000. In sharp contrast, employment in the overall health services sector increased by 22% and total private employment in the U.S. economy grew by 14% in the same period.

**For more information contact the Government Relations staff of AAHomecare
at (703) 836-6263 or visit our web site at www.aahomecare**



Talking Points

Reasons Why Additional 15% Cut In the Home Health Benefit Must Finally Be Eliminated

7. Medicare spending on home health services has been cut by more than 55% in three years—fiscal years ending 1998, 1999, and 2000.
8. Approximately one third of home health providers have been eliminated because of low or inadequate reimbursement due to the 15% cut to the home health provision of the Balanced Budget Act of 1997.
9. Approximately one quarter of home health beneficiaries (more than 1 million patients) no longer has access to provider services and Medicare benefits since the initial.
10. Many of the patients eliminated from the Medicare benefits are the most vulnerable—those who are the sickest and who reside in rural areas.
11. The cuts have occurred during a period when home health agencies have had to implement the overnight switch to PPS and the massive data collection effort under OASIS.
12. These drastic cuts coupled with the threat of an additional 15% cut have made it impossible for most home health agencies to invest in the staff and technology necessary for efficient implementation of PPS, thereby limiting the quality of service delivered to home health patients.
13. The overall cost to eliminate the 15% cut is more than the proposed of projected savings. The House and the Senate have reserved \$13.9 billion in the Budget Resolution to fund the elimination of the 15% cut.
14. Bills to eliminate the 15% cut have been introduced in the House and the Senate—S. 326 and H.R. 975

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