

## Summary of Report Findings: Analysis on the Impact of Competitive Bidding on Medicare Beneficiary Access to Durable Medical Equipment

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The Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003 authorized the Centers for Medicare and Medicaid Services (CMS) to establish a competitive bidding (CB) program for Medicare Part B durable medical equipment, prosthetics, orthotics, and supplies (DME). The stated goals of the CB program for DME are to:

- assure Medicare beneficiaries access to quality DME products and services;
- reduce the amount Medicare pays for DME under a payment structure that is reflective of a competitive market;
- limit the financial burden on beneficiaries by reducing out-of-pocket expenses, and;
- contract with providers that conduct business in a manner that is beneficial for the program and its beneficiaries.<sup>1</sup>

CB has been interpreted as fulfilling this requirement for a market-based solution; however, the program is highly controversial. This study concludes that the CB process appears to have numerous unintended consequences.

### Survey

Dobson | DaVanzo conducted a survey of beneficiaries, case managers, and suppliers of DME to analyze the effects of the CB program.<sup>2</sup> Through the survey, respondents provided input via fixed “yes or no” response questions and added nuance and depth via free-text comments. It was disseminated via email and social media channels, with a telephone option available to those who preferred to share their feedback in person.

As a primarily electronic survey, numerous responses were received quickly from a diverse range of stakeholders. Internet-based surveys are an effective method of obtaining qualitative and quantitative data in health services research, and are “more rapid and cost efficient than other interview modes” within epidemiologic studies in a geographically varied population.<sup>3</sup> Furthermore, crowdsourcing via social media is “an efficient and appropriate alternative to standard research methods” compared to traditional participant pools.<sup>4</sup>

### Results

There were 1,064 respondents to the survey. Of these 437 were beneficiaries, 361 were case managers/discharge planners, and 266 were DME suppliers. Respondents are generally representative of various geographical (e.g. urban bid, and urban non-bid, rural) and demographic profiles compared to CMS data. Due to the volume of responses received in each of the three categories, our high-level results are statistically significant at the 0.05 level.

Key findings are as follows:

- Beneficiaries and case managers are experiencing a wide range of quality and access issues, and many suppliers are strained to the point where beneficiaries question their capability to meet their needs.
  - 52.1% beneficiaries report problems accessing DME and/or services
  - 88.9% of case managers report an inability to obtain DME and/or services in a timely fashion
- Beneficiaries and case managers reported difficulties in locating suppliers to provide DME and services, resulting in unnecessary medical complications and expenses. This was

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<sup>1</sup> Centers for Medicare and Medicaid Services. (2007). 42 CFR Parts 411 and 424 | Medicare Program; Competitive Acquisition for Certain Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) and Other Issues; Final Rule. (Federal Register, Vol. 72, No. 68). Washington, DC.

<sup>2</sup> Dobson | DaVanzo was commissioned by the American Association for Homecare (AAHomecare) to conduct the survey.

<sup>3</sup> Rankin, M. et al. “Comparing the reliability of responses to telephone-administered vs. self-administered web-based surveys in a case-control study of adult malignant brain cancer.” *Cancer Epidemiol Biomarkers Prev.*, 17, no. 10 (2008): 2639-2646. doi: 10.1158/1055-9965.EPI-08-0304

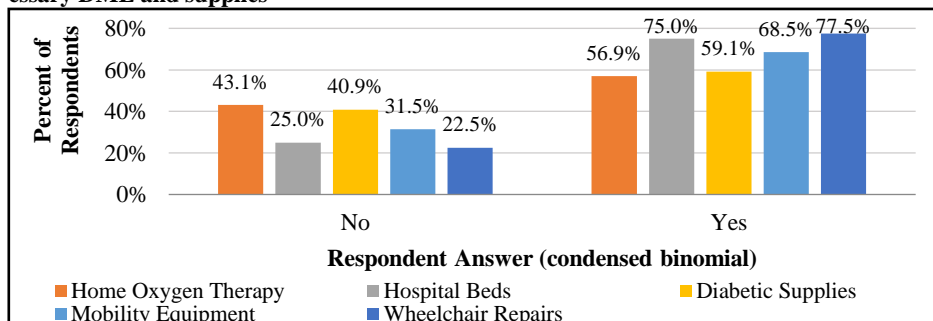
<sup>4</sup> Behrend, T., Sharek, D., Meade, A., and Wiebe, E. “The viability of crowdsourcing for survey research.” *Behav Res.*, no. 43 (2011): 800-813. doi: 10.3758/s13428-011-0081-0

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- reported to be especially troubling for beneficiaries who receive oxygen therapy with 74.3% reporting some sort of disruption to their service.
- Beneficiaries are experiencing anxiety over their ability to get needed DME and at times are choosing to leave the Medicare market and pay for their equipment privately out-of-pocket in order to avoid delays, receive better quality items than those supplied by recipients of a CB contract, and exercise their choice of supplier.
    - 36.9% of patients reporting an increase in out-of-pocket expenses related to their DME.
  - Case managers noted that the program has complicated the discharge process and that delays in obtaining DME have often resulted in or contributed to Medicare beneficiaries' need for emergency care or a hospital re-admission.
    - 70.8% of case managers report discharge delays of 1-7 days
    - 61.7% of case managers say patients are having medical complications some of which result in readmission to the hospital
  - Most suppliers (65%) report having to reduce the number of items supplied or are fearing for their company's viability due to unsustainable payment rates. Smaller firms noted that they face significant pressure that may force them to close or be acquired.
  - These problems are particularly prominent in rural areas. Rural beneficiaries noted significant increases in stress and anxiety due to decreased frequency of deliveries on non-route days; they increasingly felt as if they had to demonstrate more of a "need" to receive medically necessary items.

Figure ES-1 below shows that beneficiaries reported access issues in obtaining DME which is indicative of the broader sentiment of the results.

**Figure ES-1: Binomial frequency of beneficiary self-reported experience of access issues in obtaining medically necessary DME and supplies**



### Implications

Our findings indicate that the CB program has negatively affected beneficiaries' access to DME services and supplies, adversely impacted case managers' ability to coordinate DME for their patients, and placed additional strain on suppliers to deliver quality products without delay. While transitions are by their nature disruptive, the degree to which survey respondents identified negative impacts with CB suggests that the program is in need of mid-course corrections. If timely adjustments are not made, there is little doubt that beneficiaries, case managers, and suppliers will continue to face adverse outcomes, particularly in rural areas.