



HME Sector Legislation to Fix Medicare’s Competitive Bidding Program for Durable Medical Equipment (DME)

H.R. 1717 – Market Pricing Program FAQs

The *Medicare DMEPOS Market Pricing Program Act*, H.R. 1717, is a bipartisan bill introduced by Rep. Tom Price (R-Ga.) and Rep. John Larson (D-CT) that establishes a program that will ensure accountability, transparency, and market-based competitive pricing for DME items. H.R. 1717 will require CMS to make fundamental changes to ensure a financially sustainable program by using an auction system that is based on sound economic principles and will establish market-based reimbursement rates around the country. These changes are consistent with Congress’ original intent: to create a program that is based on competition while maintaining beneficiary access to quality items and services.

This objective cannot be met because CMS has designed a program that does not hold bidders accountable, does not ensure that bidders are qualified to provide the products in the bid markets, and produces bid rates that are financially unsustainable. More than 240 economic auction experts from around the world agree that the Medicare competitive bidding program is unsustainable in its current form. It creates significant barriers to access and destroys the DME infrastructure upon which our seniors and people with disabilities rely. To fix these serious problems, Dr. Price introduced H.R. 1717, the Market Pricing Program Act.

1. What Is the Market Pricing Program?

- a. H.R. 1717 would require CMS to make fundamental changes to ensure a financially sustainable program. It uses an auction system to establish market-based prices around the country.
- b. These changes are consistent with Congress’ original intent: to create a program that is based on competition and market prices while maintaining beneficiary access to quality items and services.

2. How Does MPP Prevent Lowball Bids?

- a. Bids are binding and cash deposits are required to ensure only serious bidders participate.

- b. The bid price is based on the clearing price, not the median price of winners.
- c. The capacity rules are improved to ensure that bidders with no local presence cannot overwhelm local bidders with a vested interest in the market.

3. What Are Some Key Features?

- a. Bid areas are smaller than metropolitan statistical areas (MSAs) and more homogeneous.
- b. Two product categories are bid per geographic area. Eight additional product categories in that same area would have prices adjusted based on auctions conducted simultaneously in comparable geographic areas.

4. Would it Cover the Same Areas?

- a. Yes, the same geographic areas that CMS has included in its bidding program would be included in MPP.
- b. As current law requires, rural areas would be exempted from the auction but would receive auction-based reimbursement rates no later than 2016.

5. Would it Include the Same Products?

- a. Yes, the same product categories CMS has chosen for the bidding program would be included in MPP.

6. How Much Will it Cost?

- a. AAHomecare is dedicated to working with Congress and the Congressional Budget Office to ensure H.R. 1717 is budget-neutral when compared to the current bidding program.

7. The Program Maintains but Improves Many of the Current Program's Features:

- a. Grandfathering is permitted to ensure beneficiary continuity of care.
- b. Providers' capacity is limited to historical utilization, with a ceiling of 20 percent.

8. Transparency Is Critical

- a. This includes financial and performance standards, capacity allocation, bidding rules, winning awards and performance accountability.