



Issue Paper

No More Cuts to Home Medical Equipment in Deficit Reduction Legislation

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Issue

The Budget Control Act of 2011 (BCA) requires the creation of a 12-member, bipartisan joint House-Senate committee to recommend cuts in federal spending, including Medicare. AAHomecare and NEMED strongly urge committee members not to include any further cuts to home medical equipment and services (HME) in their recommendations. The HME (or durable medical equipment) has been targeted for significant payment reductions to reduce Medicare spending over the past seven years and cannot withstand additional cuts. Reducing HME payments will threaten the ability of the health care sector to save money by allowing patients to stay in their homes rather than in more costly settings like hospitals and nursing homes.

During the recent deficit reduction negotiations, conducted by the White House and congressional leaders, cuts to Medicare reimbursement for HME were included in the list of options. The list of cost-cutting targets included reductions to HME payments that totaled \$5.4 billion over 10 years by making cuts to Medicaid HME payment rates by basing pay on competitive bidding rates and prepayment review for power wheelchairs.

The American Association for Homecare and NEMED strongly oppose these two provisions because they will hamper access to quality home medical equipment and services. Further, these provisions will unnecessarily reduce the services that beneficiaries require.

Prepayment Review of Power Wheelchair Claims

- Require prepayment or earlier review for all power wheelchair claims.
- Allow the Centers for Medicare and Medicaid Services (CMS) to conduct prepayment or earlier review on power wheelchair claims to ensure they meet the existing criteria for coverage and, according to the proposal, reduce improper payments and prevent fraud.

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Limited Medicaid Reimbursement of HME Based on Flawed Competitive Bidding Medicare Rates

- Limit federal reimbursement for a state's aggregate Medicaid spending on certain HME services to what Medicare would have paid in the same state for the same services.

Position on Prepayment Review of Power Wheelchair Claims

Homecare providers make every effort to comply with complicated and subjective Medicare documentation rules and regulations. However, unlike other Medicare providers, HME providers are dependent not only on compliance with detailed policy requirements, but also on the level of detail and accuracy of documentation of medical necessity provided by physicians.

The Medicare documentation rules have become so complicated in an effort to stamp out fraud that compliance by legitimate providers has become extraordinarily difficult and are subject to Medicare contractor interpretation. The lack of clarity within the documentation policy is evidenced by Medicare contractors' varied widespread audit results. Congress should work with the homecare community to formulate recommendations for early review of documentation, and develop clear and concise rules so that physicians, therapists as well as claim reviewers understand what documentation is required for the provision of a power wheelchair.

While the HME sector opposes "pre-payment" review for power wheelchairs, the Associations have an alternative proposal that moves Medicare away from its current pay-and-chase system to one that provides for real-time documentation analysis.

Position on Limiting Medicaid Reimbursement of HME based on Flawed Medicare Competitive Bidding Rates

The Administration and congressional budget negotiators considered a proposal that would reduce Medicaid payment rates for competitively bid items to the Medicare rates set by bidding. This proposal has two fundamental flaws. First, it is unclear whether the bidding program is sustainable over the longer term. Independent studies called for by Congress to evaluate the program's effectiveness have not been completed. Therefore, applying these Medicare payment rates before these studies are complete would be premature and potentially harmful to seniors and persons with disabilities.

Also, Medicaid programs are structured very differently from Medicare. Many states discount their payment rates by a certain percentage off the Medicare rate. For example, a state Medicaid program may pay 80 percent of the Medicare payment rate for items and services. In addition, other states waive the 20 percent beneficiary co-payment because Medicaid patients cannot afford co-payments. Still other states combine these two provisions (i.e., the 20 percent reduction off the Medicare payment rate and waive the 20 percent beneficiary copayment amount). Therefore, if this provision were enacted by Congress, many state Medicaid payment rates would be up to 40 percent below the Medicare payment rates established by competitive bidding. **Homecare providers will simply not be able to furnish items and services at such payment rates and be unable to accept and treat Medicaid patients if this proposal is adopted.**

The American Association for Homecare and NEMED urge Congress to oppose any further cuts to homecare.

***The American Association for Homecare** represents durable medical equipment providers, manufacturers, and others in the homecare community that serve the medical needs of millions of Americans who require oxygen equipment and therapy, mobility assistive technologies, medical supplies, inhalation drug therapy, and other medical equipment and services in their homes. Members operate more than 3,000 homecare locations in all 50 states. Please visit www.aahomecare.org/athome.*

***The New England Medical Equipment Dealers Association** is the regional trade association representing providers of home medical equipment and supplies, home oxygen therapy and respiratory equipment, custom wheelchairs and assistive technology, and home infusion therapy in the six New England states. Approximately 80% of Medicare and Medicaid beneficiaries receive their home medical equipment and related services from a NEMED member. Visit www.nemed.org.*

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