



Issue Paper

Improve the Home Oxygen Benefit to Focus on Beneficiaries' Needs

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Issue

The American Association for Homecare (AAHomecare) and the New England Medical Equipment Dealers Association (NEMED) urge Congress to enact legislation to help more than one million Medicare home oxygen patients breathe easier by reducing the burdens placed on them by the Deficit Reduction Act of 2005 (DRA) and making improvements to strengthen the home oxygen benefit.

AAHomecare and NEMED support the enactment of legislation that would amend the DRA by restoring Medicare home oxygen payments for the period of medical need. **The Associations supports key improvements to the home oxygen benefit including linking reimbursement to beneficiary need and adding patient protections while sparing oxygen payments from further reductions. It is also crucial that oxygen legislation recognize critical services and 24/7 around-the-clock care that homecare providers furnish to patients.** Services are integral to effective, quality home-based oxygen therapy, which allows patients with severe lung disease to remain at home rather than in institutional care.

Background

Millions of Americans live with chronic diseases that require them to receive home oxygen therapy to help them breathe, mitigate the symptoms of their disease and slow disease progression. When properly prescribed and combined with education and monitoring, home oxygen therapy reduces adverse symptoms and improves quality of life. Medicare covers this therapy for the vast majority of patients for whom oxygen is a necessity.

In 2009, Medicare providers of home oxygen therapy absorbed payment cuts of 27 percent. In fact, the average Medicare payment for home oxygen therapy is now less than half of what it was in 1997. Medicare has compounded the impact of these cuts by stopping payments for emergency and other non-routine services as well as necessary disposable supplies for patients on home oxygen longer than 36 months.

The DRA capped reimbursement for Medicare home oxygen at 36 months. This artificial cap prevents oxygen providers from receiving reimbursement to cover costs related to services for the entire period that medical necessity dictates beneficiaries are to receive oxygen. The cap on reimbursement is imposing severe financial hardships on homecare companies and is resulting in job losses. **Moreover, the policy of capping payment jeopardizes Medicare beneficiary access to the quality of care that they require.** AAHomecare, NEMED, the American Lung Association, and other patient and physician/clinician organizations and provider stakeholders vigorously oppose the capping of home oxygen payments in Medicare policy.

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The current oxygen benefit is fundamentally flawed and is negatively affecting patient care. Today's benefit does not address the three key issues necessary for high quality of care: 1) length of need for the beneficiary; 2) ongoing maintenance and service; and, 3) quality of life and the ability to be a productive member of society.

Under the current system, payments are based on oxygen equipment rather than the services that are inherent in the provision of oxygen therapy, and those payments are arbitrarily capped after 36 months while providing virtually no payments for vital services and supplies beyond the 36-month period. ***No other benefit under the Medicare program is capped while therapy and services continue.*** A comprehensive study examining costs related to oxygen therapy found that equipment costs account for only 28 percent of reimbursement while 72 percent of a provider's costs are due to ongoing patient service and overhead costs. A reformed benefit would be designed to focus on patient need and quality of life rather than only on equipment costs.

Request

To protect Medicare patients, AAHomecare and NEMED urge policymakers not to impose additional cuts on care provided to patients on home oxygen therapy, which would lead to further reductions in services. The associations also recommend improvements to Medicare's home oxygen benefit.

Recommended Improvements

We urge Congress to improve the oxygen benefit in a fiscally responsible manner, linking Medicare reimbursement to patient need, increasing transparency regarding cost and quality, and recognizing that a strong service component is essential to providing effective home oxygen services. Importantly, improvements to the benefit can be made without further reductions to home oxygen payments, while eliminating the 36-month cap.

Oxygen stakeholders including organizations representing both large and small home oxygen providers, manufacturers, physicians and clinicians, and home oxygen patients believe an improved home oxygen payment system would accomplish the following:

1. Eliminate the 36-month cap on home oxygen equipment and restore payments for home oxygen therapy through the patient's period of medical need.
2. Establish a uniform level of patient services that includes but is not limited to:
 - An initial evaluation of the patient.
 - Routine evaluation of the patient's ability to operate the oxygen equipment safely and appropriately.
 - Patient and caregiver education about home oxygen therapy, equipment, safety and infection control.
 - Equipment delivery, set-up, and maintenance, including checking oxygen system purity levels and flow rates, changing and cleaning filters, and assuring the integrity of alarms and back-up systems.
 - Reports to physicians when the home oxygen service supplier becomes aware of changes that occur in patients' compliance with the plan of care.
 - Provision of 24-hour on-call coverage as well as supplies and equipment (including back-up systems).
 - Assistance with coordination of equipment, services, and suppliers associated with patient travel.
3. Establish retesting requirements to ensure that only those who need oxygen therapy receive it.
4. Maintain standards for qualified home oxygen service suppliers, including holding accreditation from at least one CMS-approved accrediting body and complying with the Medicare Supplier Enrollment Safeguards and the Medicare Quality Standards regulations.

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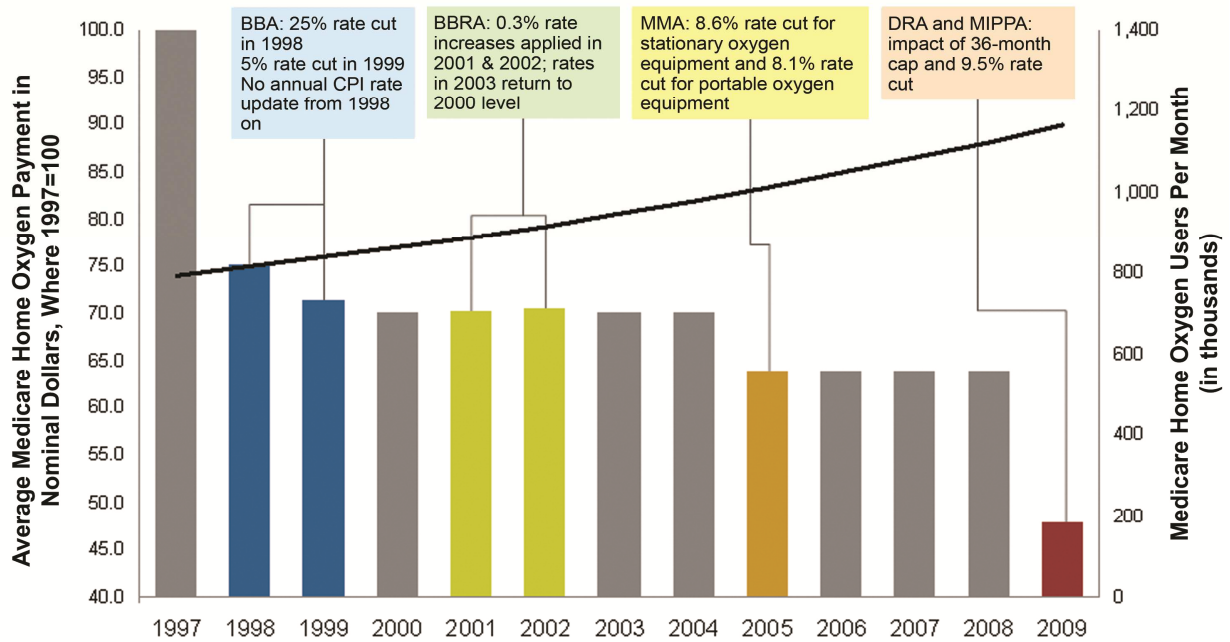
5. Create cost transparency by requiring a representative sample of suppliers to submit annual cost surveys to CMS.
6. Specify rights of the beneficiary to, among other things:
 - Choose or change home oxygen service suppliers,
 - Be informed about and participate in all aspects of the oxygen therapy services being provided,
 - Be informed about all treatment modalities and categories of equipment offered by the provider,
 - Be informed of the right to consult with his or her physician about changes to equipment or services, and
 - Be informed of the provider's internal and external complaint processes.
7. Create a Home Oxygen Services Advisory Committee within the Department of Health and Human Services that includes representatives from all stakeholders in the home oxygen community to, among other things, advise on the creation of a quality improvement program, comparative effectiveness analyses, and enhanced program integrity policies.

***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.*

Medicare Reimbursement Rates for Home Oxygen Have Been Cut by More than 50 Percent over the Past 10 Years

Cumulative Impact of Medicare Home Oxygen Payment Rate Reductions, 1997-2009ⁱ



ⁱ The values shown for 2009 include the estimated combined effects of 1) payment rate reductions from the MIPPA 9.5 percent reductions and 2) decreases in total Medicare spending for home oxygen resulting from the first impact of the 36-month rental cap in January 2009 (policy took effect on January 1, 2006).