



*Caring that Feels Right at Home*



## Issue Paper

# **Preserve Beneficiaries' Option to Purchase Power Wheelchairs in the First Month**

### Issue

**The New England Medical Equipment Dealers Association (NEMED) and the American Association for Homecare (AAHomecare) urge Congress to preserve Medicare beneficiaries' option to purchase power wheelchairs when initially prescribed. Many providers will be unable to furnish power wheelchairs to beneficiaries if this purchase option is eliminated.**

The current House and Senate healthcare reform bills (H.R. 3962 and H.R. 3950) would eliminate the purchase option for most power wheelchairs and have a significant impact on the ability of providers to continue providing high quality items and services to Medicare beneficiaries. Power wheelchair providers will not be able to cover their total business operating costs and the cost of purchasing a power wheelchair while they wait to be paid by Medicare over a 13-month period.

### Preserve Access to Care for Patients, Preserve Access to Capital for Providers

Many providers will be unable to furnish power wheelchairs to Medicare beneficiaries with the elimination of the purchase option. To meet additional up-front expenses, providers would need to secure lines of credit to ensure proper capitalization. Financial institutions are unlikely to lend to businesses whose assets are unsecured Medicare claims. Providers who serve rural and underserved areas are at an even greater disadvantage since their transportation and other operational expenses are higher while serving fewer beneficiaries, thereby foregoing opportunities to lower costs through economies of scale.

Lacking access to capital, small businesses will be forced to restrict service areas, purchase lower quality products from overseas and impose other cost-cutting measures that will impact quality of, and access to care. Ultimately, beneficiary access in these communities will have limited options other than institutionalization as providers close their doors and no other businesses enter the marketplace.

### Preserve American Jobs

American manufacturers of power wheelchairs and related accessories provide thousands of jobs in areas including Pennsylvania, Ohio, Florida and California. Elimination of the purchase option would encourage manufacturers to move plants overseas. As a result, domestic manufacturers of power wheelchairs would have to cut back their labor force, cut expenses and contract operations to remain competitive and stay in business. This will further disrupt local economies and the tax base for numerous communities where power wheelchair manufacturers are the largest employers.

### Background

Medicare beneficiaries who have been prescribed a power wheelchair currently have the choice of purchasing the equipment in the month it is first prescribed or renting it for 13 months at which time ownership transfers to the beneficiary. Given the chronic, long-term conditions of power wheelchair consumers, the vast majority of Medicare beneficiaries elect to purchase their power wheelchair in the first month. The provision of power

wheelchairs to Medicare beneficiaries saves the program millions of dollars a year by allowing vulnerable beneficiaries to remain independent and in their homes. Without access to power wheelchairs, thousands of beneficiaries would face increased hospitalizations, home health visits and other clinical services for falls or other injuries that happen to those with compromised mobility. In addition, power wheelchairs often delay or alleviate the need to place a person in an institutional long-term care facility.

Key reasons to support preservation of the first-month purchase option:

- **The first-month purchase option is supported by a wide group of advocacy organizations** including the American Association of People with Disabilities, Easter Seals, the National Council on Independent Living, the National Disability Rights Network, the National Multiple Sclerosis Society, the National Spinal Cord Injury Association, Paralyzed Veterans of America, United Cerebral Palsy, and the United Spinal Association.
- **More than 95 percent of Medicare beneficiaries elect the purchase option** because they suffer from long-term, debilitating conditions such as congestive heart failure (CHF), chronic obstructive pulmonary disease (COPD), paralysis, cerebral vascular accident (CVA), multiple sclerosis, paralysis and other conditions and injuries that require customized equipment to meet their specific needs.
- **Congress has cut reimbursement rates for power wheelchairs by more than 35 percent over the past five years** while provider costs for set-up, delivery and documentation have increased. Cuts include the following: inflation updates for power wheelchair payments were eliminated from 2004 to 2009; a 9.5 percent cut to reimbursement was included in the Medicare Improvements for Patients and Providers Act of 2008; reimbursements fell an average of 27 percent as a result of Medicare coding and fee schedule changes in November 2006; and fee schedule prices were cut by approximately three percent in 2005.
- **Mortality rates of more than 77,000 power wheelchair consumers demonstrate that 87.2 percent live longer than the 13-month rental period.** Policymakers who support the elimination of the purchase option incorrectly believe that a significant percentage of beneficiaries pass away within the 13-month rental period.
- **Medicare would spend 105 percent of the Medicare fee schedule if the item is rented rather than purchased.** Under the current fee schedule, a standard power wheelchair (HCPCS Code K0823) costs Medicare and the beneficiary \$3,641.40. If the purchase option is eliminated, the same item would cost Medicare \$3,823.52 – a five percent increase.

### Request

**The New England Medical Equipment Dealers Association and the American Association for Homecare recommend that Congress preserve the first-month purchase option for power wheelchairs to ensure appropriate beneficiary access and lower costs for both Medicare beneficiaries and the Medicare program.**