



April 15, 2016

The Honorable John Thune
United States Senate
511 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Heidi Heitkamp
United States Senate
110 Hart Senate Office Building
Washington, DC 20510

Dear Senators Thune and Heitkamp:

On behalf of the National Federation of Independent Business (NFIB), the nation's leading small business advocacy organization, I am writing in support of S. 2736, *the Patient Access to Durable Medical Equipment Act of 2016*. This bill would delay the problematic expansion of the Medicare competitive bidding program reimbursement rates for durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) in non-competitively bid areas until October 1, 2017, and would require the Centers for Medicare & Medicaid Services (CMS) to take into account cost factors when the agency reissues the payment regulation in 2019.

The Medicare Modernization Act required that CMS implement a competitive bidding process to contract with suppliers and other providers for certain types of equipment and supplies. Initial implementation was flawed, and resulted in non-binding, suicide bids that disadvantaged small suppliers. Congress, with the support of NFIB, delayed an expansion of the process because of fundamental problems with the regulatory design of the program. However, this delay did not stop CMS from re-launching the bidding process. Reimbursements to providers in non-competitively bid areas were cut on January 1, 2016, and further cuts are scheduled to take effect these areas beginning July 1, 2016.

Small businesses provide specialized services to beneficiaries and their presence is critical to ensuring that healthcare services remain accessible in their communities, especially in rural areas. According to CMS, approximately 85 percent of registered DMEPOS suppliers are small businesses. Small suppliers typically know their customers personally, are familiar with their unique needs, and often go out of their way to assure that those needs are being addressed. The next round of competitive bidding program cuts threaten the viability of these small businesses.

This legislation to delay further expansion of the DMEPOS competitive bidding reimbursement rates in non-competitively areas is critical to providing the certainty necessary for America's small suppliers and providers to continue to meet the needs of the communities who depend on their services. NFIB commends you for introducing S. 2736 and we look forward to working with you on this important issue.

Sincerely,

Amanda Austin
Vice President
Public Policy