

*****Talking Points*****

Medicare's "competitive" Bidding Program Will Ruin the DME Marketplace

February 14, 2013

What's the issue?

- On January 30, 2013 CMS announced the Round 2 prices for the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program.
- The prices amounted to an average cut of 45% for DME items in 91 competitive bidding areas (CBAs) and diabetic testing supplies under a national mail-order program will be cut by an average of 72%.
- If the program is not stopped, these cuts will go into effect on July 1, 2013 and have a devastating effect on quality and access to durable medical equipment and providers who furnish these items and services to Medicare beneficiaries.

What's wrong with CMS' bidding program?

1. Arbitrary Pricing Process

- Any provider can submit a bid and if awarded a contract they can refuse to accept it.
- Bids from contract winners who refuse to sign are included in the calculation for the payment amount. This keeps the payment rates artificially low.
- The payment rate developed by this program sets the reimbursement rate at the median of the provider's bids.
- This process encourages unethical manipulation of the bidding system by submitting a "low ball" bid in order to increase the probability of being awarded a contract.
- At least half the "winners" receive a contract for a payment rate below their bid and will lose money if they accept it.

2. No transparency

- CMS continues to deny industry and congressional requests for information pertaining to the methodology and specific factors used not only for Round 2, but for the Round 1 rebid which has been in place for over two years!
- This begs the question: Why all the secrecy if CMS has nothing to hide?

3. No appeal process

- Providers have no means to appeal payment rates.
- Providers have no means to appeal not winning a contract.

What problems has CMS' bidding program caused?

- How do Round 2 prices impact your business?
 - Talk about the area(s) you serve, how many years you've been in business, are you a small or family owned company, and how many employees you have.
- How do Round 2 prices impact your patients?
 - Give specific examples.

Is there an alternative?

- Yes. The homecare industry supports the Market Pricing Program (MPP), which has been developed by experts in the field of government auctions. The MPP would address all of the critical problems while still setting fair market prices.

ASK: Lawmakers to stop Round 2 prices from going into effect.

- Request that lawmakers contract their respective leadership in the House and Senate and tell them that this program will hurt beneficiaries and providers and it needs to be stopped.
- If the lawmaker is on the House Ways & Means, House Energy & Commerce or the Senate Finance Committee, ask the lawmaker to express concerns with his/her respective Chairman or Ranking Member.