

November 3, 2015

The Honorable Sam Johnson
Acting Chairman
Committee on Ways and Means
1102 Longworth HOB
Washington D.C. 20515

The Honorable Sander Levin
Ranking Member
Committee on Ways and Means
1102 Longworth HOB
Washington D.C. 20515

Dear Chairman Johnson and Ranking Member Levin:

We write to ask for your support in seeking more appropriate rates for home durable medical equipment and services. The rate the Centers for Medicare and Medicaid Services (CMS) finalized in the Federal Register on November 6, 2014, promulgates plans to dramatically and suddenly reduce payments by 45% or more for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) in vast areas that were never intended to be subjected to the Competitive Bidding Program (CBP). Members with significant rural populations are gravely concerned about the potential impact these cuts will have on Part B beneficiaries in rural areas of the country and their constituents' ability to receive treatment, therapy and related equipment and services through the DMEPOS program.

On January 1, 2016, the home oxygen and sleep benefit, along with other DMEPOS, will see a substantial cut when the final rule applying urban competitive bid rates to rural, non-Competitive Bid Areas (CBA) takes effect. Between January 1 and July 1, 2016, reimbursement rates for DMEPOS providers in non-CBAs will decrease by well over 50% for many items.

While CMS did adjust these rates slightly - 10% over the regional single payment amount - this adjusted amount still does not cover the cost of providing services, especially when you factor in the additional time and distance traveled to deliver DMEPOS to these areas, as detailed by industry analyses. Moreover, it is not yet clear that this additional 10% will apply in all of the non-CBAs. This rural hardship is the reason why Congress specifically excluded these very areas from competitive bidding. There is already a larger barrier to access for home health services in rural parts of the country, and decreasing compensation for the services required to deliver equipment to this area reduces the likelihood that providers will continue to operate there.

The timeline on which CMS is imposing this draconian cut is equally unrealistic as the massive decrease in reimbursement rates. Previously, CMS has granted multi-year phase-ins for reimbursement rate cuts much smaller than this one; however, in this instance, CMS is imposing the totality of the decrease in just six months. This will provide essentially zero time for businesses to adjust their business models and will likely force many suppliers to focus their business solely in the areas where they know they will

be profitable. This does not bode well for patients in rural areas reliant on DMEPOS equipment and services.

The new rates will take effect at a time when both the CMS Office of the Inspector General and the Government Accountability Office continue to actively evaluate the results of the CBP program. The OIG alone is set to release two reports over the course of 2016 that should provide much greater clarity on the results of the CBP thus far and whether the program should be continued at all, let alone expanded to areas where it is unlikely to yield any meaningful savings without completely choking off DMEPOS equipment and services to the patients who need it.

In order to keep their doors open after the beginning of 2016, companies are preemptively laying off employees in anticipation of this reduction in reimbursement rates. It is critical that Congress provide certainty for our constituents and the businesses that are providing them these valuable services, and we urge the committee to evaluate all available legislative remedies to prevent these draconian cuts and ensure access to DMEPOS for those individuals and families in rural areas.

Sincerely,

Scott Tipton
Member of Congress