We need your support to help protect access to medically necessary Durable Medical Equipment (DME) products and services for Medicare beneficiaries.

Our ask is for you to provide support to maintain the adjusted/non-adjusted reimbursement "blends" for rural (50/50) and non-rural ZIPs (75/25) for DME reimbursement indefinitely after the declared Public Health Emergency (PHE) is over. We also ask for a similar 75/25 blend in the 130 large metropolitan areas (MSAs) that remain with low "competitive bid area" (CBA) reimbursement rates. CBAs make up slightly more than half of the Medicare population, and have been, arguably, most affected by the PHE. In addition, these areas are, frequently, underserved with respect to appropriate patient care.

This will not only assist DME suppliers to remain in business, but allow Medicare beneficiaries to obtain the quality products and services they need. These blended payments should last not just through the end of the PHE (as proposed by CMS-1738-P), but until the product categories can be re-bid under a program structured to reflect true market conditions.

DME suppliers are paid by a fixed fee schedule determined by the Centers for Medicare and Medicaid Services. The reimbursement amount is tied to the product HCPC code, and suppliers are paid for the amount of that product code alone. Suppliers deliver quality home medical equipment, give instruction to beneficiaries and their caregivers, servicing and repair, and provide all additional assistance as needed; however none of these services are reimbursed.

The product code reimbursement rates are determined by the patient's home ZIP code. The payment amount varies with rural, non-rural, and former "competitive bid areas" consisting of 130 of the largest U.S. metropolitan statistical areas (see Illinois example on reverse).

Since 2013, DME reimbursements have declined for the great majority of these products; some reductions have approached 70%. A recent DME delivery cost survey analysis indicated an average 33% increase in supplier delivery costs. This increase in cost, coupled with the decreasing reimbursement rates and higher product acquisition costs to during the PHE has created an unsuitable and unsustainable conditions for these businesses. The companies simply cannot continue supplying equipment at these drastically reduced rates with the current cost structure ever-increasing. Since 2010, approximately 40% of DME suppliers have exited the market.

In 2018, reimbursement rates for rural suppliers were increased through the "50/50 blend," a combination equaling the sum of 50% of the unadjusted fee schedule of 2015 (prior to large rate reductions resulting from the "competitive bidding programs") and 50% of the fee schedule after adjustments. Through the passage of the CARES Act, another reimbursement "blend" was implemented: a 75/25 for non-rural, non-competitive bidding area ZIPs (75% of reimbursement rates derived from adjusted rates plus 25% of the unadjusted rates).

This reimbursement methodology has been in effect for rural and non-rural ZIPs since then. These rates help maintain the critical DME industry. However, there is much uncertainty whether these reimbursements will continue to be in effect once the PHE is declared over.

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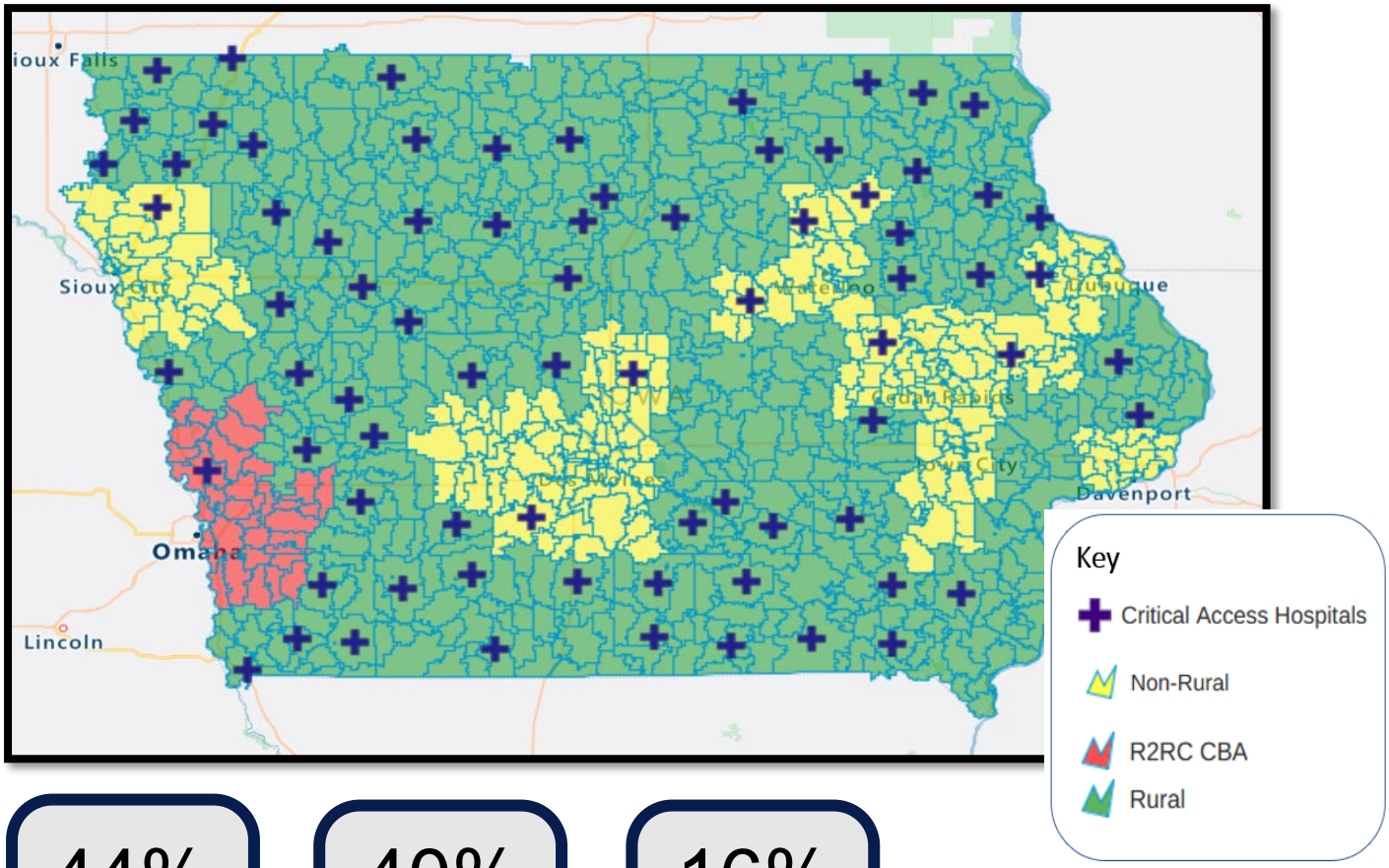
Again, our ask is for you to provide support to maintain the adjusted/non-adjusted reimbursement "blends" for rural (50/50) and non-rural ZIPs (75/25) for DME reimbursement indefinitely after the declared PHE is over, and to implement a 75/25 blend for the 130 MSAs. This will not only assist DME suppliers to remain in business, but allow Medicare beneficiaries to obtain the quality products and services they need.

Iowa DMEPOS Classification



44% Live rurally

40% Live non-rural

16% Live in CBAs

Classification	Oxygen concentrator reimbursement rate in 2015	Oxygen concentrator reimbursement rate during PHE	Percentage change
Rural	$180.92	$136.22	-24.7%
Non-rural	$180.92	$103.79	-42.6%
CBA	$180.92	$73.85	-59.2%

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