



Call-to-Action!

Competitive Bidding Developments

KMESA Urges Congress to Suspend Round One, Legislative Changes Developing on Tanner/Hobson Bill

There have been many developments over the past week on Medicare competitive bidding. State, regional, national industry organizations and advocates have been working feverishly to solidify the HME industry's message based on these rapidly-changing activities. A great deal of this change centers on two key activities:

- 1) recent release of an economic study on DME competitive bidding and;
- 2) rescoring the cost of the Tanner-Hobson bill (legislation we've been actively lobbying to reform the bidding program is now projected to cost \$12 billion over ten years).

This is an extremely important time on Capitol Hill as hundreds of providers from across the country will be in Washington DC next week at the AAHomecare Legislative Conference and Congress is poised to make major decisions on the Medicare program. It is critical we have a unified and updated message while information and situations continue to fluctuate from day-to-day. The following is a summary of these developments, where we stand today on the bidding program both in the regulatory and legislative arena, and the next steps on this important issue.

February 18 - DME Competitive Bidding Economic Study Released by PAMS

On February 18 the Pennsylvania Association of Medical Suppliers (PAMS) held a press conference where an important new study was released by a team of economists from Robert Morris University. The study calls CMS's soon-to-be-implemented "competitive bidding" program for durable medical equipment and supplies (DME) into serious question and finds that numerous unintended consequences will result from this flawed program. You can find that study on our website under Downloads, Legislative, titled "DME Economic Impact Study Final". Please review it. These include:

- The CMS "competitive bidding" program is actually an **anti-competitive** sale of franchises to low bidders who will most likely be the largest national suppliers to the exclusion of small and medium-sized local businesses.
- The program will dismantle very healthy and competitive markets in favor of regional oligopolies for the sale of DME. Two hundred years of economic experience dictates that such market concentration results in **higher**, not lower, long-term prices.

- The basis of most competition in the DME market is quality of service. In an absence of real competition – and as a means of recouping lost revenues – the quality of service provided to Medicare beneficiaries is likely to suffer.
- Small and medium-sized DME suppliers are likely to close shop as a result of losing, on average, about 40 percent of their business. Tens of thousands of job losses are expected to follow.
- There is no evidence that competitive bidding will eliminate fraud, as CMS has suggested "or, for that matter, that the level of any existing fraud justifies the increased costs and inefficiency that will occur when the remaining DME suppliers are given market power."

At the press conference, PAMS announced its intent to demand that CMS immediately suspend the signing of Round One bidding contracts scheduled in March and restore free-market principles by repealing the competitive bidding mandate. You can view the "DME Economic Impact Study" and statistical graphs on the KMESA website, www.kymesa.org. Again, click on Downloads, Legislative and see "AAHC PAMS Charts" as well as "Patient and Economic Risks."

Based on these points, the KMESA Board made the decision to join PAMS and ask Kentucky's Congressional delegation to urge CMS to suspend Round One of DME competitive bidding until the study and its economic findings can be examined by health care and industry experts. Round Two of the bidding should be delayed at this time as well. Given the potential for such profound impacts on the important and cost-saving healthcare services provided by HME companies, the KMESA Board believes it is critical that Congress act immediately in order to allow for a new and proper vetting of the potential problems by the appropriate congressional committees.

February 22 – AAHomecare Sends CMS Letter Urging for Suspension of Round One

Late Friday afternoon, the American Association for Homecare sent a letter to Health and Human Services Secretary Mike Leavitt urging CMS to immediately suspend the implementation of Round One of Medicare competitive bidding in order to review the "DME Economic Impact Study". The letter states "the issues raised in the report need to be examined and analyzed by health care experts and industry experts on the Medicare Program Advisory Oversight Committee." KMESA is preparing its own letter to be sent immediately to HHS and CMS with the same "ask".

February 25 – AAHomecare, VGM, Invacare Send Update on Legislative Change

The American Association for Homecare, VGM and Invacare Corporation released a joint letter titled "Legislative Changes to the Competitive Bidding Program" on February 25. This letter provides insight to the nuances of the industry's collective thinking and strategizing on the competitive bidding issue from a legislative standpoint. We strongly encourage members to read the one-page letter, also found on www.kymesa.org. under Downloads, Legislative and "VGM AAHC Update."

KMESA staff is in the process of emailing the study and the AAHomecare letter referenced above to each of the Health Legislative Aides at Kentucky's six(6) Congressional offices. This will be completed by the end of the day on Wednesday, February 27. We want the study and our "ask" to be heard BEFORE we go to Capitol Hill during the AAHomecare Legislative Conference next week and certainly prior to contracts being signed for Round One. This will give the Kentucky

offices time to review the study and hopefully garner their support for suspending Round One immediately.

February 28 - KMESA Call to Action – Members Contact Congress for Follow-up

We need KMESA members to follow-up on the KMESA email to reinforce the magnitude of this problem from the perspective of Kentucky's providers/small businesses. Even though you are not in a current bidding area, we hope you get involved. Competitive bidding as a payment model for health care services is not good public policy and this economic study provides the facts and historical evidence to substantiate those claims made repeatedly by the HME industry in recent years.

In order for competitive bidding to be halted, lawmakers on Capitol Hill and the agency heads at HHS and CMS will have to be convinced that the problems associated with competitive bidding are real and immediate. Anything short of immediate 100% commitment to this effort will undoubtedly result in competitive bidding sailing forward. Time is of the essence given that contracts for Round One of the bidding program are scheduled to be signed in March so please act NOW!

What to Do:

Contact your legislator beginning Thursday Feb. 28 – this will allow time for KMESA email to be received and offer the best timing to make an impact.

What to Say:

- ask your Congressional representative to review the economic study;
- ask for their support to suspend Round One implementation of the bidding program and make contact (call or write) Secretary Leavitt at HHS and Administrator Weems at CMS – Your message: "*We urgently ask that you take a leadership role on behalf of the many impacted Medicare beneficiaries, business owners and employees in your district who stand to be harmed by this program. Please urge Health and Human Services Secretary Mike Leavitt and CMS to immediately suspend this troubled program.*"
- contact KMESA at info@kymesa.org and let us know when you make contact and offer any feedback.

Who to Contact:

Please see the KMESA website for a complete list of Kentucky representatives with Health Legislative aides and their contact information.

March 4-6 - Go to Washington To Lobby Congress

Join the large turn-out at the Washington Legislative Conference next week! More than 300 homecare providers and advocates are registered to lobby for stronger homecare policy at the AAHomecare 2008 Washington Legislative Conference March 4-6 at the L'Enfant Plaza Hotel in Washington, D.C. AAHomecare will provide attendees with talking points and background materials for this critical, industry-wide lobbying event. Confirmed speakers at the conference

include U.S. Senator Pat Roberts (D-Kansas), Senator Ken Salazar (D-Colorado), White House Budget Director Jim Nussle, Ms. Wheelchair America, and Laurence Wilson, a senior official from CMS. Go to www.aahomecare.org for details and registration information.

If you do make last minute plans to attend, please contact Judy Bunn at the KMESA office at info@kymesa.org so we can track all Kentucky participants. We are tentatively planning a dinner on the evening of March 5th and hope all can attend.

• **March 5, 7:30 pm – KMESA Dinner at local restaurant** – An informal dinner with Kentucky colleagues. Meet in lobby of the L'Enfant Plaza Hotel

We'd like to recognize and thank the following KMESA members who are attending the conference to carry the HME industry's important message to Capitol Hill:

Wayne Knewasser Premier Home Care
Donny Knight, Premier Home Care
David Yates, Premier Home Care
Thad Connally, First Choice Home Medical
Steve Paul, All American Oxygen
Rebecca Girdler, Pulmonary Home Care
Alma Embry, Embry Medical Supply
Aaron Embry, Embry Medical Supply
Thomas Terrell, Ashland Community Medical Equipment
Tammy Johnson, AbleCare
David Chesnut, Pennyrile
Judee Hale, Oxygen Plus
Mike Downing, RSVP
Judy Bunn, Executive Director KMESA

If you have any questions about this bulletin, the legislative strategies, the economic study or need assistance in contacting your member of Congress, please do not hesitate to contact Judy Bunn, Executive Director at the KMESA office at (866) 817-2964 or info@kymesa.org, or Wayne Knewasser at (502) 491-5243 or via email at wknewasser@premierhomecareinc.com.

As you can see from this extensive report, this has been a busy time and we've come to a critical crossroad in the competitive bidding fight. We thank our colleagues from the Pennsylvania Association of Medical Suppliers (PAMS) for their hard work in commissioning the study and generously sharing it with the industry nationwide. We greatly appreciate AAHomecare's leadership and professionalism during this flurry of activity along with the dependable support of associate members Invacare Corporation and VGM. We will continue to keep you posted as strategies develop.