

## Medicare DMEPOS Market Pricing Program Act of 2013

Rep. Tom Price (R-Ga.) and Rep. John Larson (D-Conn.) introduced H.R. 1717, the *Medicare DMEPOS Market Pricing Program Act of 2013* with 25 original cosponsors. Dr. Price introduced the bill last year as H.R. 6490, and won strong bipartisan support from 94 cosponsors. H.R. 1717 establishes a market-based pricing system for durable medical equipment (DME) in Medicare. Known as the market pricing program, MPP would replace the current poorly designed bidding program. The unsustainable pricing created by CMS' program has led to high job losses and company closings, which in turn has negatively impacted patients. H.R. 1717 establishes a state-of-the-art bid system that is based on sound economic principles and is consistent with Congress' original intent—to set up a competitive acquisition program that saves taxpayer money while preserving patient access to quality equipment and care.

### Continued Cost Savings for Medicare

The market pricing program was designed to be budget-neutral. It will reduce Medicare DME spending by the same amount as the current bidding program.

### Realistic Market Areas

The areas that providers bid for will be smaller and more homogeneous than the Metropolitan Statistical Areas used in the current program. They will reflect the real markets currently served by DME providers.

### Expert Design, Implementation, and Monitoring—Plus Transparency

The Department of Health and Human Services will contract with an auction expert to design and implement the program, and with an evaluation expert to report on the design, implementation, and functioning of the program. The complete program design and evaluation methodologies will be made public, as will financial requirements and other qualifications for bidders.

### Bidding Integrity and Price Determination

Bids will be binding and cash deposits will be required to ensure that only serious bidders participate. Auctions will have multiple bidding rounds that end when total bidder capacity is sufficient to fulfill total expected demand for the DME item being bid on. The bid that completes the demand is the clearing price. The capacity of each bidder will be based on the bidder's historical supply levels.

### Bidder Accountability and Small Businesses

Providers whose bids are at or below the clearing price will be offered two-year contracts for their market area; they must accept and perform their responsibilities under the contract. Any qualified provider may supply non-auctioned items at the reimbursement rates determined by auctions in other areas. Small businesses will represent at least 30 percent of the providers awarded contracts in each market area.

### Products

MPP will include the same DME items as the current program, but will bid only two product categories per market area. Eight more categories in that same area will have reimbursement rates determined by auctions conducted simultaneously in comparable market areas.

### Timetable

H.R. 1717 allows Round 1 contracts to expire on December 31, 2013, and ends Round 2 immediately after enactment. MPP reimbursement rates will become effective after successful completion of the auction.