

## **Impact of Round 2 of DME Competitive Bidding**

### **Overview**

July 1, 2013, the Centers for Medicare and Medicaid (CMS) implemented Round 2 of the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program, without addressing serious access and licensure problems. As predicted based on the Round 1 experience, the average cut of 45 percent for DME items in 91 areas and 72 percent cut for diabetic testing supplies in the national mail-order program led to immediate access problems for seniors. The numbers of complaints received by providers during week-one will outpace the number of complaints about the program during the month of June.

Congress needs to take immediate action to stop the flawed bidding program from causing further access problems. If the program continues, patients will have to deal with restricted access to care, service cuts, and for some—no equipment or services at all.

### **Stories**

#### **California**

“On July 11, 2013 I received a call from a hospital requesting we provide a bed and other items to a patient’s home so he could be discharged. The discharge planner had already tried 3 other DME companies. To the best of my knowledge the patient was not discharged that night.

Our pricing was ok to receive a contract. However, the CBIC has a record of receiving the envelope but lost the financials. So I did not receive a contract for wheelchair. Yes I did an appeal and they confirmed that the envelope was received, but they could not find the financials. D&B (Dunn & Bradstreet) was an extra \$240 and the cost for my CPA to review the financials was another \$600. And CBIC lost them.

Spoke to a company that we will be subcontracting CPAP and CPAP supplies. They informed me and our r.t. that they will be supplying only one mask in only one size because the manufacture is pushing that mask. That is a lot of CPAP patients in a medium mask.

I have heard that other providers who had subcontracts did not have the equipment available. The equipment from the contractor was not providing before the July 1 date or even July 10 dates.” – Barbara Delapenha, Respicare

#### **Illinois**

“We are getting calls regarding beneficiaries not getting their enteral nutrition which is their only source of calories because the supplier who was the winner of the bid could not get their food for at least two weeks, XXXX which was on backorder. Also there was another patient of ours who went with a bid winner and the winning bid company delivered after two weeks of on waiting pump and bags. The pump and bags which they received were not compatible and leaking all over. **They were told to use painters tape to secure feeding bag connection to patient g tube.** We left our feeding pump with patient to use with the extra bags they had from us until the other company was able to provide the compatible feeding bags.”

## **Round 2 Impact**

“This past week was a mess. Patients wanting to go home from the hospital and couldn't get the equipment delivered to them they had to go to the winning bid company place and pick up their walkers.”

There was a call today (7.9.13) from one of our referrals who called the winning bid supplier for a wheelchair and was told that they had no wheelchairs in stock to deliver to them waiting for the manufacturer to ship the equipment to them. The referrals are really getting upset about this also, even the winning bidders cannot take care of their patients. – Deborah Baar, Baar Home Medical Equipment, Inc.

“We are a DME company that specializes in sleep therapy. We have been in business for 10 years. We are a small company but have a large referral base. Up until now our patients were able to "stop by" and pick up supplies or we would ship them out within 1-2 days of their request. Now, we have to obtain so much paperwork from the doctor it is taking over a week just to get the paperwork. We had to send a patient away from our office the other day and told him he had to wait until we got all the paperwork to our subcontractor. How is this efficient? The reimbursement for subcontracting is so low. There is so much paperwork involved that we barely break even. We may need to reevaluate our ability to subcontract. That will mean less access to care for the patients in our bidding area.

Since I wrote to you I have had a conversation with our subcontractor. He says he has 75 orders for supplies and only 1 has gone out due to paperwork. Our patients are going on 3 weeks without their needed supplies.” – Caryn Mcardle, Advanced Sleep Therapy, Ltd.

### **Michigan**

“I know competitive bidding will be detrimental to me and my business. There is already talk of selling the business. Although I am not the owner of where I work, I am a believer in [the] home care company that I work for. It has been owned by the same two people (husband and wife) for over thirty years and to see the pain in their faces when competitive bidding comes up is heartbreaking for all of us. I believe we are the best small company in the world for home care. There are only three people that work [in] the office during the day.

We depend on our paychecks for our families. If I was to lose my job, and I can speak for all of us, I would lose my home and my world as I know it. I know five people won't amount much to a large government, but have whoever passed this competitive bidding say that to my son, my three daughters, or my wife. You see we have built a life with this company and Doug and Robbin that own the company have had my back since day one. My daughter just had a brain tumor taken out and has a rare form of cancer. I have to keep my job and home in place. I don't think I can deal with the extra stress. If this passes so be it. I will drive on like I always have. I am not trying to tell you a sob story; I'm telling you about my life. It took a long time to get where we are all at and I sure hope it doesn't take a couple weeks to tear it down because that's what will happen if this passes. So next time you if ever come to Highland, Michigan pass by Huron Valley Home Care it will no longer be that; just a large company there that does not care. Please, I am a hard-working voting American. Do not implement this program.” – James Combs, Huron Valley Home Care Supply, Inc. (Highland, MI)

**Minnesota**

“One specific customer is someone who comes to our showroom for mask replacements. He and I had a long conversation about how important it is to him to be able to have the face to face support of his equipment over the years. He is 85 years old and does want to change companies, drive long distances and does not use the internet. His needs have changed over the years but we have gone to his home to set up his cpap and made changes and sometimes, if he is feeling well, he comes in to the office. He expressed frustration at being ‘forced’ to change companies after being with one vendor for many years. We have new issues daily and continue to work to take care of our customers through hospital and clinic billing when possible. We have found that the companies that we had to refer to are not responding timely.” – Roberta Retting, LRT, Allina Health Home Oxygen & Medical Equipment

**New York**

“I own a medical supply company in Rochester, NY. I have been a provider for 28 years and business owner for 10 years. Here are the problems we have seen first and foremost. Note we only won support surfaces and nothing else.

1. A customer wants a full electric bed for special transfers for their loved one and the competitive bid companies will not provide this only a semi electric. The consumer is now paying privately from us as no winning bidder and there is truly only one DME company who won bids in Rochester. This is not right as this customer who qualifies should only be paying an up charge for the full electric feature. This is how Medicare will save money as the consumer is paying more not less.
2. Many of the ordering physical therapists are not even aware of competitive bidding and this is making their jobs harder and it is and will slow the process of the patient getting equipment.
3. Another patient wanted a walker. They were told by us that we could provide it but we can't bill their ins. They ended up buying it as the local companies didn't have the vast selection we have.
4. Another customer bought their walker from Wal-Mart who would not deliver or adjust it to her size. She ended up returning it and paid privately from us as Wal-Mart will not service their equipment. Again the consumer is paying more and Medicare is paying less at the beneficiary's expense. Call me or email me anytime.” Ron Nettnin, President, Westside Medical Supply

**Ohio**

“Just a note to inform you of an incident yesterday (7-24-13) which reflects another example of the negative impact of competitive bidding. Patient referred to my office for updated BiPAP (sleep equipment) and supplies. Patient long-time user of sleep equipment covered by Medicare. Patient has summer home in Lancaster (her childhood and familial home), and is now retired and lives 7 months per year in the Fort Myers, Florida area. Comes to Lancaster every summer to spend the summer here. Her sleep physician is also here.

Patient needed an updated BiPAP unit and supplies. Due to competitive bidding, and her residence in Florida, patient is unable to obtain sleep equipment or supplies in Ohio (to be covered by Medicare), but must obtain all sleep equipment and supplies in Florida. So as Ohio providers, we lose business. The patient is unfairly treated. Medicare does not save money, since Medicare COULD modify the program to allow any participating provider to provide needed services at Medicare allowable rates. Just another

example of a program which is driven totally by the CMS agenda; the patient's needs and convenience are unimportant.

Again, how long will Congress allow this flawed program to continue?

Thank you for your continued interest and help.” – Tim J. Good, CRT, CPFT, RPFT, GoodCare by CPCI

### Pennsylvania

“I have contacted my DME provider for a power wheelchair - who was the closest to our facility and is one of the few Medicare-approved providers from the competitive bidding process and was told they do not provide power wheelchairs even though they won the bid and are listed with CMS. I asked why they were on the list if they could not provide power chairs and they said I could call their sister company in Florida for a power chair. I asked how I would be able to have a rep help us from Florida and was told they sub-contracted. I called the sister company in Florida and was told they did not sub-contract and would not have anyone available to come out and help us fit the chair or see the resident. I was told they would contact the doctor and take his mobility assessment and they would then get approval through Medicare and ship the chair to us from Florida. I asked about the time frame and was told it would depend how quickly they heard back from the doctor, but they had 45 days to process and the shipping from Florida would take 2-3 weeks. (I have never waited more than 1 week with my local DME providers). This is absolutely ridiculous. There is no one to assist with seeing the resident, no one to inspect the chair upon delivery except our own facility staff, and no one to provide service locally if there is a problem with the chair. The rep refused to give me her name and stated all information should be faxed. That sounds extremely suspicious to me. I then placed a call to the next closest DME provider. I was told by the rep that the ATP would be contacted, but they were not sure he would drive to Honey Brook. They will get in touch with him and get back to me. Meanwhile, I have a resident who cannot ambulate to the dining room to access meals or activities because his oxygen levels drop into the low 80s. The rep did not even know what I was talking about with oxygen levels. I am out of Pennsylvania options and if someone will not make the trip to Honey Brook, I suppose I will start trying the DME companies in NJ. I do not understand how any of this is going to save money with shipping and most likely incorrect equipment being provided. If it is wrong will we need to pay shipping to return? Who will cover our costs for inspection and repair in the next year or am I expected to ship the chair back and forth to Florida? This is a poorly thought out process and will not only hurt our seniors (as we expected) but has left much opportunity for fraud and gross misconduct. There is no way I would ever fax confidential information to a provider in Florida when I cannot even get a first and last name for a contact person. I believe that would be in direct conflict with HIPPA regulations since it would contain confidential resident information.” – Christine Fritzen, physician

### Rhode Island

“Last week we had a referral for a reclining wheelchair with a July date of service. We referred it to a contracted provider who 1) knows what the obligation is, but 2) refused to accept the order. We referred it to another contracted provider who fulfilled the request.” – Anonymous

“On July 1, 2013 we received a call from a customer looking to obtain service on a(n) XXXX brand Wheelchair that she owns and we advised the Medicare beneficiary to contact 1-800 Medicare for a contract provider. **The beneficiary called us back stating she called Medicare and was provided with three companies to call for service. After she called all three DME companies and explained**

her repair problem she was told by all of the DME companies that ‘they do not service wheelchairs and would not be able to help her for service.’ The beneficiary was very upset and asked us what to do and we suggested that she call back 1-800 Medicare and explain this information and verify if other DME providers are available. We also advised the beneficiary to contact her congressman.

We did not receive the actual provider names from the beneficiary, however we did contact her today (7.9.13). **It's been over a week and her wheelchair is still not repaired.**” – Kenneth W. Charette, Jr., Alpha Surgical Inc.

### South Carolina

We also have patients calling stating that when they call the other providers that are listed as their company now (due to the new Competitive Bidding program) to ask for the supplies required for their machines they will not help them because they don't have the necessary documents and aren't willing to help the patient go through the steps to get them. The customer service the patients are receiving is horrible putting it nicely. Our patients need and require the products that we supply them with and to turn them away because of these changes that have been made is very discouraging. – Vickie W. Harris, Resource Medical Group

### Texas

“Saenz Medical Pharmacy has seven locations in the Rio Grande Valley of South Texas and we are already an underserved area with physicians and services. We will be cutting back on staff due to competitive bidding. Staff is being laid off. This company has been in operation for about 25 years and is proof that an independent pharmacy can service its community best. It knows who the patients are and what they need. It is very hard to lay staff off in an area that is already having difficult economic times. We are getting calls from vendors we have never heard of requesting our information on serving our clients. These are national major corporations and an independent service like ours is being forced out. We submitted a bid and were not able to compete when bidders submit 40% lower bids. It is a situation where the independent has no chance of being able to compete. This process does not help this already bad situation in any way.” – Ramiro J. Rodriguez, Jr., Saenz Medical Pharmacy in South Texas

“I have received over 50 calls from beneficiaries regarding Round 2. Most that called CMS didn't get a hold of anyone that could address their issues. I've had a dozen patients that have experienced delays or were not serviced by contracted suppliers (because they lived too far).” Maricel Lising-Pham, Merc Medical Supply Company