American Association for Homecare
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DME Matters

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Medicare Patients Face Hurdles Trying to Obtain Liquid Oxygen

WASHINGTON – Seniors and people living with respiratory ailments, such as COPD, are having a difficult time obtaining liquid oxygen for their breathing problems because of Medicare regulations that make it unfeasible for many suppliers to continue providing oxygen in liquid form to beneficiaries.

As the Center for Medicare & Medicaid Services (CMS) expands its controversial bidding program for durable medical equipment (DME), Medicare patients in these areas are running into hurdles trying to get liquid oxygen. The providers are unfairly placed in the middle: many patients prefer liquid oxygen to concentrate or gas forms, but the government reimbursements don't cover the higher costs associated with liquid oxygen.

"What's happening to beneficiaries and providers is unfair," said Thomas Ryan, president of the American Association for Homecare (AAHomecare). "Because of the flawed bidding program, reimbursements have been cut so low for oxygen that the government fee does not cover the costs and expenses for providing and maintaining liquid oxygen for Medicare beneficiaries, even though many patients prefer the liquid form."

Oftentimes, liquid oxygen can be best for active patients. As a liquid, patients can transport oxygen easier because it can be carried in lighter, portable containers that weigh less than larger oxygen gas tanks. With liquid oxygen, a large volume is storied inside the home and portable units are refilled from it. It's great for active patients because once the portable units are filled patients can leave their homes with a large supply of oxygen.

While some innovative home systems are not liquid oxygen, these portable systems can take much longer to fill – two hours versus 90 seconds, and they only allow a patient to be away from home a few hours. By contrast, portable liquid oxygen can last much longer, up to even 17 hours. There are also other benefits to liquid oxygen: it is frequently called the best system for COPD patients with active lifestyles. Studies show that active advanced COPD patients have a higher quality of life and can delay progression of the disease.

"It's very difficult for HME providers to operate under the current fee schedule for oxygen and provide a high level of service to Medicare patients, while keeping their doors open," said Steve Yaeger, the COO of the Calox Inc. in Los Angeles. A family owned business since 1936, Yaeger said the company has stopped servicing Medicare patients, citing the low reimbursement rates associated with the bidding program.

Dan Buck, Co-Chair of a California group known as the PEP Pioneers, maintained that Medicare has "all but abandoned" an estimated 24 million people with COPD (12 million have been diagnosed) who at some point are likely to need portable oxygen. The PEP Pioneers are a group from Los Angeles County suffering from COPD, who band together for exercise sessions and other healthy activities, as they advocate for better COPD treatments.

"I'm on a new effort to fight for liquid oxygen because we're losing it in our rehab," Buck said. "We frequently have 25-40 patients that need it 3-times a week to exercise with us. They borrow our portable oxygen when they exercise because the tanks on wheels won't travel. They need liquid oxygen to do their exercises and errands and make it back home."

Buck, whose medical care comes under the Veterans Administration, continues to receive his liquid oxygen, but he said that many members of the PEP Pioneers are on Medicare and losing access to their liquid oxygen. "Many of their providers are discontinuing it," Buck said. "There is no supplier in Los Angeles County who will provide new liquid oxygen orders to Medicare beneficiaries. They are not accepting new patients."

The reason is pure mathematics; CMS clearly puts cost-cutting ahead of patient wellbeing. Before the bidding program, providers received $200 a month to provide oxygen to beneficiaries regardless of the technology used. With the price cuts from the bidding program, monthly reimbursements are down to $114 or less. When the co-pay is factored in, the Medicare portion is about $90. Liquid oxygen requires an initial equipment investment of about $2,500 per patient, with a monthly cost of about $180 for refilling patient tanks. So each liquid oxygen patient puts providers in the red a minimum of $66 a month.

An additional cost for providers is for drivers with "hazardous material licenses" to refill the home-based, liquid oxygen systems that advocates maintain can be better for patents. The systems run quieter and avoid the additional electric costs of other forms of oxygen.

Buck insists the government does the wrong calculations. Before the bidding program, he said that there were an estimated 1 million Medicare patients on in-home oxygen at a cost of $3 billion a year, or $3,000 per patient.

He said that exercise and mobility keep COPD patients healthier. By limiting liquid oxygen, he said there are likely to be more hospitalizations and they cost the government much more than $3,000 per patient.

“It’s foolish to enact policies that kill liquid oxygen,” Buck said.

Furthermore, Buck argued that liquid oxygen should not even fall under the CMS bidding program for home medical equipment.

“DME is canes, wheelchairs, beds and other physical equipment,” Buck said. “Oxygen is a drug. Why is oxygen classified as equipment?”

Under Medicare regulations, providers are supposed to supply liquid oxygen when a doctor’s prescription specifically calls for it. In addition, there are strict rules that govern when a provider can switch a patient from liquid oxygen to another form.

But Ryan said the reality is that the bidding program, as well as other Medicare regulations and policies, such as rampant audits, are forcing companies supplying oxygen to make cutbacks and some are going out of business.

“The prescriptions can’t be filled if oxygen providers aren’t around to fill them,” Ryan said. “The oxygen situation is yet another reason why the bidding program needs to be substantially revised to prevent beneficiaries and providers from suffering further.”

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DME Matters **is published periodically to inform Congress, the administration, policymakers, consumer organizations, and the media about the dangers of Medicare’s bidding program for home medical equipment. To learn more about the effort to end this dangerous and defective procurement process, visit www.aahomecare.org or contact Jay Witter at 202-372-0751 or jayw@aahomecare.org.**

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