



Medicare Home Oxygen Reimbursement

Changes that may affect you

Competitive Bidding

What's the Issue?

In 2008, Congress passed a law that changes the way Medicare will pay for many types of supplies that beneficiaries receive at home. The law phases in a program called 'competitive bidding' starting January 1, 2011 in 9 different geographic regions (see below). The supplies impacted by competitive bidding, called durable medical equipment (DME), include oxygen concentrators, walkers, wheel chairs, prosthetic limbs, hospital beds, and mail order diabetes products among many others. A complete listing of items is available on www.medicare.gov, however as a COPDer you are probably most concerned with how the changes in Medicare reimbursement could affect the oxygen supplies you receive at home.

The new competitive bidding program means companies that provide your oxygen equipment will have to submit bids to Medicare reflecting the lowest price they can provide for the supplies. Medicare will then choose approved companies (called contract suppliers) and set the price based on the bids that were submitted. If you live in one of the first 9 regions where competitive bidding will be implemented, you will have to get your oxygen equipment from one of the contract suppliers approved by Medicare, with a few exceptions described in detail below.

Medicare claims that the new competitive bidding program, which will eventually expand to 91 regions in mid-2012, will help lower costs of the system by 32%. Since patients pay up to 20% of the costs of durable medical equipment, if Medicare sets lower prices than the consumer also pays less. You may ask, "What is the issue?"

Changes always raise questions and require information and education. Some small and medium size companies may not get approved as contract suppliers, and the trade associations representing these companies claim that they will not be able to keep providing the same services at the lower rates. Even if access is guaranteed for all, there will certainly be a period of transition causing patients and their families confusion over how and where they will receive their oxygen services.

What's the Background?

Medicare currently pays for durable medical equipment based on prices that are considered "market based" and use very relaxed criteria on who qualifies as an approved Medicare supplier. As a result, prices tend to vary widely by region. Fraud in this category of Medicare reimbursement has been a constant concern. To lower costs, reduce fraud and more stringently certify the companies that are

providing vital services, the Centers for Medicare and Medicaid Services (CMS) proposed that Congress mandate the switch to a competitive bidding program.

What is scheduled to happen?

There are many efforts underway to ask Congress to repeal the piece of the law (called the Medicare Improvements for Patients and Providers Act of 2008 or MIPPA) that mandated competitive bidding. As a result of advocacy efforts by patient groups and home health companies, Congress delayed the start of the program to allow for review of 'who' was qualified to provide beneficiary services. It is important for the community to be prepared for these changes while not giving up hope that advocacy may successfully reverse their impact. Visit the COPD Action Center and join us in taking action.

Who will be impacted?

There are 9 geographic areas that were selected for the initial phase of competitive bidding due to their size. Check out the list Medicare's Resource Locator on www.medicare.gov to verify if you live in an impacted area.

The 9 geographic areas:

- Charlotte-Gastonia-Concord (NC-SC)
- Cincinnati-Middletown (OH-KY-IN)
- Cleveland-Elyria-Mentor (OH)
- Dallas-Fort Worth-Arlington (TX)
- Kansas City (MO-KS)
- Miami-Fort Lauderdale-Pompano Beach (FL)
- Orlando-Kissimmee (FL)
- Pittsburgh (PA)
- Riverside-San Bernardino-Ontario (CA)

Types of supplies that will fall under Competitive Bidding

- Oxygen, oxygen equipment, and supplies
- CPAP, BiPAP, and other respiratory assist devices, supplies, and accessories
- Standard power wheelchairs, scooters, and accessories
- Complex rehabilitative power wheelchairs and accessories
- Mail-order diabetic supplies
- Total Parenteral nutrients (TPN or liquid feed), equipment and supplies
- Hospital beds and accessories
- Walkers and accessories
- Support surfaces

How will you know if your supplier is chosen as a Contract Supplier?

In September 2010, Medicare will announce 'who' they have chosen to be contract suppliers in the 9 regions. While this information will be online and community organizations will spread the word, you may not hear from your supplier right away.

Medicare will send notification to all beneficiaries currently receiving service from suppliers who were NOT chosen to participate as contract suppliers.

Your current company must also notify you directly if they were not chosen as a contract supplier. You can also call them directly before hearing from them to verify.

What do I do if my current company was not chosen as a Contract Supplier?

Research your options and communicate with the company!

- If you rent your equipment and have an agreement that started before January 1, 2011 ask your current company if they have elected to be considered a grandfathered supplier.
- A grandfathered supplier is a company that did not get approved as a contract supplier but that has agreed to accept the lower payment rate from Medicare for the remainder of your rental contract.
- If your current company elects to be a grandfathered supplier, you will need to decide if you want to keep getting your equipment from them and find out if your co-pays will change. If you decide to switch to a new company that is an approved contract supplier your rental term may start over resulting in another 36 months of co-pays and extending your time to ownership of your equipment
- If you own your equipment, or if your current company will not agree to be a grandfathered supplier, then you will have to find a new company.

How do I find a new Contract Supplier?

- Visit Medicare's Resource Locator feature on www.medicare.gov and search for "medical equipment and supplies."
- Call 1-800-MEDICARE and ask a phone specialist for a list of approved companies.
- Contact the new company and arrange for your new equipment to be delivered.
- Contract your current company and give them the information on 'who' your new supplier will be and 'when' you will get your new equipment. This will allow them to coordinate the pick-up time to make sure you never go without your equipment.

What are my current company's obligations to Me if they are not approved?

- They must notify you that they did not receive a contract from Medicare.
- They must notify you if they will participate as a grandfathered supplier, if you are eligible.
- Before they pick-up your equipment they must notify you, 30 days prior in writing and by phone with verbal confirmation, that you understand they will pick up the equipment 10 days prior to the scheduled date and again 2 days before the actual pick-up.

- They should help coordinate directly with your new supplier to ensure uninterrupted service and an easy transition for you.

Are there any exceptions?

YES!

- Grandfathered suppliers (see “what do I do if my current company was not chosen as a contract supplier”).
- Walkers that are given out during doctors office visits or hospital stays.
- If you get mail-order diabetic supplies from a company that was not chosen, you can still go to the company’s physical location to get your supplies , if you do not want to switch mail-order providers.
- Some beneficiaries who are enrolled in multiple plans like Medicare and Medicaid (Dual Eligibles) may be exempt so if this applies to you make sure you contact your supplier or 1-800-MEDICARE to verify.

What if I experience problems with my current company or have trouble with a new Contract Supplier?

Oxygen and other durable medical equipment are critical supplies that allow you to have quality of life and the ease of at home living. A company, a policy, and/or a person should never come in the way of you receiving and maintaining your oxygen equipment.

If you experience any difficulties here is what to do:

- First, file a complaint directly with the supplier. They have 5 days to acknowledge receipt of the complaint and 14 days to respond with an answer.
- You can also file a complaint with Medicare by calling 1-800-MEDICARE.
- Call the Toll-free C.O.P.D. Information Line (1-866-316-2673) and a trained volunteer patient associate will help file your claim with Medicare right on the phone.

Some good terms to know:

- **Advanced Beneficiary Notice:** A statement of costs for a specific item or service that Medicare will not cover. It must be given to you by the company providing the service and you must sign it or you cannot be held responsible for the uncovered costs.
- **Approved Medicare Contract Supplier:** A company that has submitted successful bids and been certified by Medicare to provide covered products and services to beneficiaries at home.
- **Dual Eligible:** An individual who is enrolled in Medicare and their state’s Medicaid Program.
- **Durable Medical Equipment (DME):** A variety of medical support products such as oxygen equipment, wheel chairs, walkers and hospital beds.
- **Grandfathered Supplier:** A company that has elected to accept the lower contracted Medicare rate for rented oxygen and other equipment for the remainder of the beneficiaries rental agreement.
- **Medicare Beneficiary:** An individual enrolled in Medicare Part A and/or Part B.

- **Medicare Advantage/Medicare Part C:** An individual who elected to enroll in a Medicare approved managed care plan to receive all services covered under Part A and B; plus, additional services like preventative care and prescription drugs.
- **Medicare Part D:** Optional Medicare plans to help cover some of the costs of your prescription drugs. To enroll in Part D you must be enrolled in Part A and/or Part B.