A Brief History of DME

History of Cuts to Home Medical Equipment*

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Year	Reduction
1997 - Balanced Budget Act of 1997 (BBA)	**30% reduction** in Home Oxygen Therapy
2003 - Medicare Modernization Act of 2003 (MMA)	**$7 billion reduction** in HME over 10 years
2005 - Deficit Reduction Act (DRA)	**$500 million reduction**, Reduced rental period on Certain HME
2008 - Medicare Improvements for Patients & Providers Act of 2008 (MIPPA)	**$3-4 billion (9.5%) reduction** in HME nationwide, Required implementation of Competitive Bidding
2010 - Patient Protection & Affordable Care Act	**$6-8 billion reduction** in HME over 10 years
2011 - Competitive Bidding Program: Round 1 Re-Bid	**$8.4 billion (32%) reduction** over 3 years in nine metropolitan areas
2013 - Competitive Bidding Program: Round 2	**$12.84 billion (45%) reduction** over 3 years in 100 metropolitan areas, **72% reduction** over 3 years in diabetic testing supplies nationwide
2014 - Competitive Bidding Program: Round 1 Re-Compete	**$12.9 billion (37%) reduction** over 3 years in select HME in nine metropolitan areas

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Year	Reduction
2014 - Competitive Bidding Program: Nationwide Expansion	**$4.4 billion reduction** over 5 years in select HME nationwide starting January 2016
2015 - Competitive Bidding Prices for Complex Rehab Technology Accessories	**Up to 40% reduction** for Complex Rehab Technology accessories starting January 2016
2015 - CMS Notice on Web site: Changing Codes & Reimbursement for Ventilators	**33.5% reduction** on positive pressure support and volume ventilators starting January 2016
2015 - Omnibus Bill	**$4.3 billion reduction** over 10 years in HME State Medicaid programs by limiting the federal portion of Medicaid funding to the Competitive Bidding rates for Medicare starting 2019
2016 - 21st Century CURES Act	**$370 million reduction** over 1 year in advancing Medicaid cuts
2017 - TRICARE Cuts to HME	**30-60% reduction** on select HME driven by Medicare reimbursement changes to which TRICARE is statutorily tied

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Year	Reduction
2017 - Home Oxygen Therapy "Double Dip"	**9% less on average in reimbursement** for stationary concentrators in non-rural areas
2018 - Interim Final Rule for Competitive Bidding	**$360 million increase** over 7 months in reimbursement in extending the 50/50 blended transition period for "rural" and "non-contiguous" non-bid areas in the nationwide expansion of Competitive Bidding; temporary relief expires December 31, 2018.
*Information Provided by American Association for Homecare	

Medicaid Cuts – March 16, 2018

43% - 74%

(across key items)

Provided to the Department by Major Medical

Estimated Number of DME Suppliers from Nov 2010 until Jan 2019*

State	November 2010	January 2018	January 2019	Difference Between Nov 2010 and Jan 2019
Arizona	243	176	176	-27.6%
California	1136	636	625	-45.0%
Nebraska	122	102	92	-24.6%
Oklahoma	274	177	172	-37.2%
Oregon	139	109	108	-22.3%
Wyoming	55	48	47	-14.5%
Colorado	209	189	170	-18.7%
Nationally	14,066	9,716	9,195	-34.6%
*Information Provided by American Association for Homecare				

Provided to the Department by Major Medical

One Price Pays for Everything

- Reimbursement is based on a HCPCS Code
- The HCPCS Price Includes:
  - Cost of Product (Which includes yearly price increases)
  - Freight
  - Overhead (Buildings, Vans, Computers, Staff, Utilities, Accreditation, Licenses, etc.)
  - Any Repairs Needed if Rented
  - After Hours on Call
  - Paperwork/Authorizations
  - Billing
  - Collecting
  - Servicing clients in the home, including rural areas that may be 2-3 each way from a providers location

DME Provider Ask of the Committee

- Do **not** recommend lowering the Medicaid Fee Schedule
- Because the Department is bound by legislation for the 244 HCPCS codes subject to the Upper Payment Limits (UPL's), we recommend a service component to help offset the huge reduction in the fee schedule
- The Department worked hand in hand with the provider community on trying to establish a service component last year and we hope to continue to do so.