

## MEDICARE COMPETITIVE BIDDING & THE CURRENT HOME RESPIRATORY PATIENT

by Jim Stegmaier, RRT-NPS, RPFT, CCM



Medicare competitive bidding for durable medical equipment has become a reality with the announcement of the first ten Metropolitan Statistical Areas (MSA) to begin the bidding process this summer. The cities selected for the first phase of implementation are:

- Charlotte-Gastonia-Concord, North Carolina-South Carolina
- Cincinnati-Middletown, Ohio-Kentucky-Indiana
- Cleveland-Elyria-Mentor, Ohio
- Dallas-Fort Worth-Arlington, Texas
- Kansas City, Missouri-Kansas
- Miami-Fort Lauderdale-Miami Beach, Florida
- Orlando-Kissimmee, Florida
- Pittsburgh, Pennsylvania
- Riverside-San Bernardino-Ontario, California
- San Juan-Caguas-Guaynabo, Puerto Rico

The process is expected to be implemented nationwide by 2010. This competitive bidding program was mandated by Congress with the passage of the Medicare Prescription Drug, Improvement and Modernization Act of 2003. The current Medicare fee schedule for certain durable medical equipment, prosthetics, orthotics and supplies will be replaced with competitive bids to supply these products and/or services. Medicare's goals for competitive bidding are to reduce the patient's out-of-pocket expenses, save Medicare program money and ensure the patient's access to quality equipment and services from qualified suppliers. Current estimates are that competitive bidding can save Medicare up to 1 billion dollars annually when in place nationwide. Respiratory care products included in the competitive bidding process are continuous positive airway pressure devices, respiratory assist devices and oxygen therapy. Other products and services included in the competitive bid include: manual wheelchairs, complex power wheelchairs, mail order diabetic supplies, enteral nutrients and supplies, hospital beds, walkers and negative pressure wound therapy products. The providers within the first ten MSAs will be submitting their bids this summer. Medicare expects to announce the bid winners in early December 2007 and implementation of the new reimbursement structure in April 2008. Durable medical equipment providers must be accredited through a Medicare approved agency by August 31, 2007 to be eligible to participate in the bid

process in the MSA cities. Medicare announced a listing of eleven approved accreditation organizations from which a durable medical equipment provider can utilize for accreditation in 2006.

While there has been a lot of discussion on the effect of competitive bidding on future home respiratory care patients there has been minimal discussion on how competitive bidding will effect *current* patients. The cap on reimbursement at thirty six months for home oxygen and thirteen months for continuous positive airway pressure therapy and respiratory assist devices will remain in effect for all current and future home respiratory patients. Under the competitive bidding guidelines current respiratory care patients will have the option to remain with their current provider even if that provider is not selected through the competitive bidding process. If the patient chooses to continue to have their services supplied by their current non selected provider, the provider will be reimbursed at the winning competitive bid rate until the cap is reached. This will only apply to patients who maintain their permanent residence within the MSA at the time competitive bidding was implemented. Suppliers not selected in the bid process have the option not to participate with Medicare in which case the patient will be required to select a new contracted durable medical equipment supplier to furnish their equipment. The patient may select to change providers to an organization that is selected in the competitive bid process. The following will occur even if their current provider agrees to the reduced reimbursement fee:

- All equipment made available by the former provider will be returned by the patient to that provider
- Reimbursement will be made to the new provider up to the capped number of months at the awarded bid rate
- The new provider will receive a minimum of ten months reimbursement at the bid amount

Once equipment reaches the end of the capped rental period it becomes the property of the patient. The home respiratory care equipment supplier is responsible for providing repairs and requested maintenance for a period of up to five years from the initial date of service to the patient. After the equipment reaches its reimbursement cap, the provider will be reimbursed by Medicare for any necessary repairs or requested maintenance at a yet to be determined amount. Additionally, stated in the regulations is a requirement that equipment cannot be downgraded to a less expensive product as the end of the cap rental period approaches.

Many questions still exist regarding the Medicare competitive bidding process and the effect it will have on patient care in the future. Providing home respiratory care under competitive bidding will require the provider to become more efficient while maintaining quality services to the patient and it will be a learning experience for the patient, physician, respiratory clinician and the durable medical equipment provider.

*Jim Stegmaier RRT-NPS, RPFT, CCM is the Director of Operations for Allegiant Medical Equipment Corporation in Lorraine, Ohio and can be reached at [stegmaierjp@aol.com](mailto:stegmaierjp@aol.com).*

