

75/25 IMPACT REPORT

Selected Respondent Excerpts from the July 2024 Nationwide Survey of DME Suppliers Assessing the Impact of the Medicare FFS 75/25 Rate Cuts for Non-Bid, Non-Rural Areas

“As the owner, I have taken out personal loans to keep things going. Currently the business has borrowed 30,000 from me, and I see no immediate way to pay myself back. I have also cut my salary to mitigate the losses. I will have to consider closing. I am only one of two DME companies in our entire county. This area would be devastated.”

“We have had to reduce staff and outsource overseas for help in order to reduce costs... We are to the point if reimbursement doesn't increase soon, we will be shutting our doors and leaving 15,000 patients without a provider.”

“This reduction has forced us to re-evaluate whether or not we will be able to remain in business in 2024. We also have incurred greater debt than during any time in our 45 years of business. We have not been able to get traditional loans due to decreased revenues.”

“The rates have cost our company an average of \$55,000 per month and going up as more and more payors are using the new rates, both rural and non-rural patients. This is putting us into the red instead of being slightly profitable.”

“We will likely be exiting the market for all mobility DME because of this within the next 6 months... Our hesitation for exiting the market is because there is no one to fill the void. Patients will simply go without.”

“Devastating. My costs have escalated, and reimbursement decreased. This is not sustainable... It is becoming impossible to stay in business. Margins are not there.”

“I have had to take out loans just to stay in business long enough to hope for change. The loan money is also used to be able to take care of our patients. I have had to let staff go and eliminate all benefits. I have had to sell assets just to stay in business... We need relief now before it's too late. We can't keep up with the demand with such low reimbursement.”

“Reduced staff, reduced coverage area, reduced revenue. We have been in business for over 23 years, and it seems like the durable medical equipment business cannot get a win. Medicare Advantage plans and commercial plans go by the Medicare allowable, so when they reduce rates, everyone reduces rates. We cannot sustain at the current rates.”

“Due to the rate cuts, we have had to make significant reductions in volume of services and staff, with the fear of possibly having to shutter our doors completely if the rates are not restored. We have been and are on track to lose large amounts of money each week because of the volume of customers we have on FFS Medicare whose payments have been impacted by the reduction... we serve a large amount of the local population, and without us, many residents would completely lose access to care.”

“Cut close to 50 staff to date with more coming, reducing a couple of locations, outsourcing work for the first time overseas, going deep into the credit line and owner financing. We are not sure what the other side looks like as we still have a ways to go to right side the business.”

“Reimbursements are so low now that it is hard to keep up with expenses and payroll. We may have to close. Medicare Advantage plan reimbursements are based on the extremely decreased traditional Medicare rates. We have been in business for 24 years and have never had this type of terrible treatment.”

“Our staff is depleted, and we have had to cut in several areas that have impacted customers.”

“I as an owner have had to put in 500,000 to keep the business running and meet payroll obligations. We have closed 1 location due to the extreme cuts due to lack of profitability. Now we are having to look daily at what cuts are possible so we don't have to shut the entire business down.”

“I have been in business 31 years, and we love our community and to serve our Medicare population, but sadly it has come to a breaking point.”

“Fee schedule pricing being too low to cover the cost of products, so turning customers away.”

“We have had to turn people away for the fact that equipment/supplies their doctor orders cost our company more than our reimbursements.”

“There is no fat in DME. By cutting these rates, you are bringing companies to a breaking point of getting out of this business. It has gone too far. I have been in this industry for over 35 years, and I am not encouraging my children to continue with it.”

“The cost of goods has exceeded the reimbursement, staff reductions due to low reimbursement, and as one of the owners of our company, I have had to go into personal assets to finance purchase of equipment, meet payroll, and routine expenses.”

“The cost of delivery has increased tremendously as well; we are not able to provide the services to patients which creates another hardship especially on the elderly.”

“It has reduced the type of products I am able to deliver. It has caused me to reduce my staff. I am no longer able to respond to weekend or after hour calls or even attempt same day deliveries... It is seriously causing me to contemplate leaving the Medicare market as the reimbursement rates are unsustainable.”

“Our costs have continued to go up while reimbursement has gone down. With this massive cut, we have decided to close a few locations. We have implemented a hiring freeze, and we are doing selective layoffs in certain locations. We have had to change our business and cut back to make ends meet and are continuing to do so with no relief in sight.”

“We are considering exiting many categories and potentially closing a few locations. There is not a pathway to even break-even at this point.”

“We are a small one location DME in business since 2002. We used to bill Medicare for all the items we carry however, due to reimbursement cuts and audits, we only bill Medicare for a few items... All other items we are not accredited and no longer bill Medicare patients have to pay cash and try to bill Medicare themselves.”

“This rate reduction has over a \$500k negative impact to our business. In an industry that already faces many headwinds and runs on tight margins, this just throws another wrench into the equation, making it even harder to serve our patients.”

Find the full report at aahomecare.org/impact