Understanding Competitive Bidding Impact on Home Medical Equipment & Supplies

What is Competitive Bidding?

The "Competitive Bidding Program" (CBP) is a Medicare policy that sets payment rates for home medical equipment (HME) – like oxygen, wheelchairs, hospital beds, & more – by asking companies to bid on how little they'll accept to provide these products & related services. While it may sound like a way to save money, the program's flawed design rewarded unrealistic, unsustainable bids that aren't reflective of what it takes to properly access, care for, & support end users. Hundreds of economists warned this would fail, & they were right. In past rounds of the program, nearly 75% of HME companies were excluded from the program, & 37% of HME locations across the country have since closed, leaving end users with fewer choices, longer wait times, or no access at all.

Medicare paused the program in 2018 when it realized the impact on patient access. Now, they want to restart it with rules that would make things even worse, affecting more types of products & removing critical safeguards. This matters to everyone, not just people on Medicare. Many state Medicaid programs & private insurance plans use Medicare's rates as a benchmark. When Medicare sets prices too low, its ripple effect causes access issues across the entire health system.

If the program moves forward as proposed, this will have a devastating impact for everyone who needs HME, supplies, & services across America.

How Does Competitive Bidding Affect Me?

The proposed revamp and expansion of the Medicare Competitive Bidding Program (CBP) for home medical equipment (HME) & supplies introduces sweeping changes that threaten access, limit end user choice, & destabilize care for medically vulnerable populations. Under the proposed rule, the continuity of care is upended, abandoning trusted supplier relationships & important supportive services for the lowest-bid companies who bid for a limited number of contracts to serve Medicare beneficiaries. This results in a race to the bottom, putting end users' health, safety, & independence on the line.

AAHOMECARE American Association for Homecare

SPINA BIFIDA ASSOCIATION

UOAA United Ostomy Associations of America, Inc. ostomy.org

United Spinal Association

Fewer Contracted Suppliers Means Less Choice and Access

Fewer contracted suppliers is a cost cutting move, not a care-centered model to meet the needs of communities.

This proposal deliberately and artificially caps the number of suppliers allowed to serve Medicare beneficiaries in bid areas. Based on historic contracts offered with the new guidance to lower that number further, an estimated 81% of companies who submit bids will be shut out. Further, as few as two companies may be awarded a contract for an area's entire product category. If one company goes out of business or disaster strikes, there may be no backup. This model is built for collapse, not continuity of care.

How this Affects You:

Fewer companies serving your community

Lose the ability to choose the company that best meets your needs – only the lowest-bid companies remain

No backup plan to support you if a supplier exits the market

Unrealistic Prices Force Unsustainable Tradeoffs in Care

The program drives prices below what it actually costs to provide quality products and services.

Instead of a program that finds the true market price for an item as Congress intended, Medicare plans to artificially cap bid prices allowed using outdated 2016 payment rates with a small 10% adjustment – far below current market costs. Inflation alone has increased 33% since then. Even worse, 25% of contract offers will be below the prices a company offered a contract actually bid. This will force companies to strip away support services, reduce quality of products offered, & cut product choice options. It also accelerates industry closures – more than 37% of HME locations have already closed since the program initially began. Once they're gone, they're gone for good.

How this Affects You:

Diminished quality & variety of products available to support your condition

Reduced support, customer service, & timely deliveries/repair services, which increases risk of negative health outcomes & the ability to live at home

Increased demand on hospitals, ERs, doctors' offices, and skilled nursing facilities due to decreased home-based care infrastructure and support

Reduced manufacturer product innovation, thwarting new advancements in care

Manufacturers may be forced to discontinue product lines that market prices cannot bear

More HME companies close, leaving fewer options for care for everyone

No backup plan to support you if a supplier exits the market

No Safeguards Against Inexperienced or Unqualified Bidders

Guardrails were removed that ensured bidders had product experience or local presence.

New rules allow for companies with no experience in a product category or in a geographic area to count toward the bid area's "capacity" – even if they've never served that population. This opens the door to speculative bidders who lack the knowledge or infrastructure to provide safe, effective care. They're selected because they're cheap, not because they're qualified or with a proven history of service.

How this Affects You:

Lower-quality services from companies unprepared to support you

Your care may be managed by companies who aren't experts in your products

Not having a company that understands how to meet your needs

Less reliable care and greater burden on end users and caregivers

High-Risk Products Included Under Untested Program Model

This expands product categories into an unproven, risky, Competitive Bidding Program.

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How this Affects You:

Heightened risk of untested bid program design having failures impacting timely access to care

Increased stress & burden on end users & caregivers navigating a broken system

Risk of program driving low-cost products that may not meet one's specific medical needs.

> ***"People with disabilities and chronic conditions should be at the center of policy decisions that affect their care. The Competitive Bidding proposal cuts costs on life-sustaining, medically necessary tools. Competitive Bidding puts costs over care — and that puts lives at risk."***
>
> - Sara Struwe, President/CEO of Spina Bifida Association

Loss of Local Suppliers Means Loss of Trusted Support in Natural Disasters

This disrupts the continuity of care with local companies who serve their communities.

Contracted suppliers are often hundreds or thousands of miles away, with limited ability to provide real-time help in emergencies or natural disasters. What happens when a wildfire, hurricane, or power outage hits? With many local companies not receiving contracts, they may no longer be in an area to assist. Local, reliable support matters.

How this Affects You:

Fewer places to turn during emergencies for local, timely support

Delays in receiving equipment or replacements during crises

Lose personal relationships with local teams who understand your care plan

Competitive Bidding is Not a Tool to Fight Fraud & Abuse

The program is designed to cut costs, not prevent fraud.

The proposed rule falsely frames the bid program as a way to crack down on fraud, but it isn't a fraud enforcement mechanism & doesn't target the real problem. Instead, it contracts with a few of the lowest bidders, limiting how many companies can serve you. This makes it harder for honest, quality-focused suppliers who follow rules & deliver real care to receive contracts & stay in business. Fighting fraud should be handled by targeted oversight programs, not a system that cuts costs at the expense of service, quality products, & long-term stability.

How this Affects You:

Fewer choices of companies who can provide your equipment/supplies

Lose the ability to work with the company you trust, even if they've served your needs for years

Experience delays, reduced service, or lower quality products with less product support if local, reliable suppliers can't compete with the lowest bidders

Proposed Changes Erodes Access for All, Not Just Medicare Beneficiaries

This affects all payers who follow Medicare, resulting in fewer suppliers & choices for everyone.

Medicare sets the benchmark that many Medicaid programs & private insurers follow. When Medicare locks in prices that don't cover the real costs of products & services, it triggers a domino effect affecting millions of Americans across the entire health system. Earlier rounds of Medicare's program already resulted in 10-20% fewer claims submitted, heightening concerns about reduced access to care. Although the program was paused for years out of concerns, its faulty pricing was left in place – & rippled across other insurance payers as well. The new proposed program's design is even worse, which will further exacerbate HME closures & access issues across America.

How this Affects You:

Reduced access for everyone across all insurance types

Strain on hospitals, skilled nursing facilities, and family caregivers driven by the loss of HME infrastructure

Growing health care deserts without access to products & supportive services, affecting entire communities