AAHOMECARE
American Association for Homecare

DME Industry Positions on DMEPOS/Home Health Proposed Rule (CMS-1828-P)

OVERVIEW

On June 30, 2025, the Centers for Medicare & Medicaid Services (CMS) posted the **CY 2026 Home Health and** Durable Medical Equipment, Prosthetics, Orthotics & Supplies **(DMEPOS) Proposed Rule** that includes sweeping changes to the DMEPOS Competitive Bidding Program. Alarmingly, the proposal rolls back many of the critical guardrails that were established to ensure the program's long-term sustainability. The proposed rule, if finalized as written, would devastate the DME industry and severely restrict Medicare beneficiaries' access to medically necessary equipment and supplies. Ultimately, these proposed policies threaten not only the stability of the DME sector but also the health and independence of the millions of Medicare beneficiaries who rely on these essential items every day.

The DME community seeks to work with the Administration and Congress to improve the Proposed Rule and the Competitive Bidding Program to ensure strong access to high quality equipment, supplies and related services while increasing our capability to deliver clinically proven and cost-efficient care.

DMEPOS INDUSTRY POSITIONS

Competitive Bidding Program

- **CMS' proposed competitive bidding regulations appear to be in direct conflict with the Trump Administration's Executive Orders ("EOs") 14192 and 14267.** EO 14192, **"Unleashing Prosperity Through Deregulation**," aims to alleviate unnecessary regulatory burdens placed on the American people, and EO 14267, **"Reducing Anti-Competitive Regulatory Barriers**," aims to eliminate regulations that reduce competition, entrepreneurship and innovation, as well as the benefits they create for American consumers.
- **CMS should maintain the bid ceiling at the unadjusted 2015 fee schedule.** The proposal to set the bid ceiling based on single payment amounts (SPAs) established from a flawed bidding program will continue to depress prices to unsustainable levels, jeopardizing the viability of the DMEPOS industry and access to care.
- **CMS must pay contractors at the amount they bid as commercial payors do.** If CMS moves ahead with a uniform payment amount for all bidders, CMS should maintain the current methodology for determining the SPA at the clearing price – and not move forward with the proposal to establish the SPAs for lead items based on 75th percentile of winning bids. Any reduction will jeopardize beneficiary access and will not reflect true market pricing, which is counter to CMS' emphasis throughout the Proposed Rule.
- **CMS should discontinue the use of lead item bidding and allow bidders to bid on individual HCPCS codes to better reflect market pricing.** The fundamental flaw with the lead item bidding/pricing methodology is that it assumes there is a rational relationship in the relative Medicare payment amounts for items within a single product category. This is simply not true. The lead item bidding results in disproportionate cuts to non-lead items. While we supported the concept of lead item bidding previously years ago, that was before CMS established the non-lead item payment methodology and our members experienced it.

- **CMS must consider DME supplier experience in a geographic area and product category, capacity, and whether the bids are bona fide when awarding contracts.** CMS must require bidders to have sufficient cash flow to expand to fulfill contracts. Failing to maintain the safeguards put in place due to lessons learned from earlier rounds of the CBP risks a return to the problems of unrealistically low bids that were submitted without viable plans or experience with specific products to serve beneficiaries. To ensure bidders bids are sustainable, CMS should conduct its bona fide bid analysis to lead and non-lead item SPAs.

- **CMS' proposed method for determining the number of contractors is arbitrary and designed solely to eliminate most DMEPOS suppliers from the market.** The proposal looks to claims history to determine who supplied the largest volume and does not take into account beneficiary demand and supplier capacity.

Product Categories in the DME Competitive Bidding Program

- **CMS has exceeded its authority by proposing to include certain medical supplies such as ostomy, urological, and tracheostomy supplies in the bid program, potentially impacting patient choice for these products.** CMS inappropriately relies on legal justifications that disregard fundamental principles of statutory construction and inappropriate information to support the revised interpretation. Ostomy and urological supplies are carefully tailored to meet each patient's unique and often complex medical needs. Limiting the number of contract suppliers would limit patient choice and compromise continuity of care. In addition, a prior bidding demonstration that included urological supplies found that medical supplies are not suited for competitive idding.

- **CMS should exclude supplemental oxygen from the Competitive Bidding Program.** Liquid oxygen is exceedingly costly to provide. The supply chain and patient access were dramatically reduced through the Competitive Bid Program and cannot be restarted through the bid program.

- **CMS should exclude continuous glucose monitors ("CGMs") as this is relatively new technology with very limited number of manufacturers.** The addition of CGMs will introduce access barriers, administrative burden on suppliers, and stifle innovation.

- **CMS should exclude moving forward with reintroducing insulin infusion pumps to the bid program.** CMS previously included insulin infusion pumps and determined that they were not suited for competitive bidding, especially considering the fragile patient population that requires such therapy.

- **CMS should not reclassify CGMs and insulin infusion pumps and supplies to the "frequent and substantial servicing" payment category.** The items do not meet the legal requirements or definitions for such a change.

Re-Accreditation and Provider Enrollment/Revocation

- **Annual re-accreditation is unwarranted, overly burdensome, and simply not feasible or practical.** The accreditation process is designed to determine compliance with Medicare Quality Standards; it is not a Medicare regulatory compliance process.

- **Provider enrollment and revocation proposals are unduly punitive.** The proposals seek to expand its unilateral revocation authority for a number of reasons that are unwarranted and without allowing the supplier to provide explanatory or corrective information.

The DME industry calls on CMS to pause consideration of the DMEPOS Competitive Bidding provisions included in the CY 2026 proposed rule to prevent irreversible harm to suppliers and Medicare beneficiary access. This approach will allow CMS and the Administration more time to collaborate with DME stakeholders and patient advocacy groups to produce an effective framework to improve the DMEPOS Medicare benefit.

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