AAHOMECARE
American Association for Homecare

Support H.R. 2005/S. 2951 to Provide Critical Relief for DMEPOS in Former Competitive Bidding and Non-Competitive Bidding Areas

OVERVIEW

Like many industries, durable medical equipment (DME – also commonly referred to as Home Medical Equipment) suppliers have experienced significant supply chain issues and increased operating expenses. However, DME suppliers are constrained under pre-determined, Medicare fee schedules that fail to factor in the increased costs of providing care. This has resulted in an unsustainable reimbursement environment that jeopardizes patient access to care and threatens the financial viability of the DME Industry in meeting our communities' needs.

Legislation in the 119th Congress was introduced to provide a 75/25 blended rate relief for DME items for non-bid, non-rural areas until the end of 2025. Similar DME relief was included in the 2020 CARES Act and 2022 Omnibus Appropriations bill.

CURRENT RATES DO NOT REFLECT MARKET REALITIES

Medicare Durable Medical Equipment, Prosthetics, & Supplies (DMEPOS) Benefit & Coverage Areas

The Medicare DMEPOS benefit covers medical products, supplies, and related services in a home-based setting including but not limited to home oxygen therapy, mobility assistive technologies, hospital beds, medical supplies, and more.

There are three distinct coverage areas across the country, with different participation rules and reimbursement payment methodologies. 100 of the largest, most densely populated metropolitan statistical areas were included in Competitive Bidding Areas (CBAs); they cover roughly 50% of the Medicare population. Rates from these areas set the reimbursement for non-CBAs in Medicare, as well as for 21 state Medicaid programs and TRICARE. The non-CBAs are broken up into two areas – rural and nonrural areas. Rural areas representing about 20% and non-rural areas represent about 30% of the Medicare population.

Background on Rate Adjustments

On October 31, 2014, CMS released a final rule which established the methodology for making national price adjustments to the fee-for-service payments of specific DME items. This methodology applies pricing derived from highly populated CBAs to all areas of the country and fails to consider the unique attributes of health care in rural America, which have distinct cost differences from their urban counterparts, and are stripping communities of DME resources.

On January 1, 2016, the first phase of the two-part reimbursement adjustment for suppliers serving patients outside of CBAs took effect. On July 1, 2016, the prices were fully phased in, slashing Medicare reimbursement by over 50% on average.

Due to mounting concerns about the impacts of cost-cuts on access to care, especially in non-CBAs and rural America, Congress intervened and included a provision in the 21st Century Cures Act to extend the reimbursement rates in effect on January 1, 2016 through December 31, 2016. This provided retroactive relief to DME suppliers, but on January 1, 2017, the full reimbursement cut went back into effect. Since the inception of competitive bidding, it is estimated that over 30% of traditional DME companies nationwide have either closed or are no longer service Medicare patients due to these unsustainable payment cuts.

At the urging of Congress, patients, and suppliers, CMS issued an Interim Final Rule on May 9, 2018, that provided emergency relief to rural areas until the end of 2018 at the 50/50 blended reimbursement rate. On November 1, 2018, CMS finalized the ESRD/DMEPOS rule which extended the rural relief until the end of 2020.

As a result of the increased cost and supply change issues, Congress provided additional DME non-CBA relief in the 2022 Omnibus Appropriations bill. This provision provided a 75/25 blended rate for non-rural, non-CBAs throughout 2023. In 2024, the relief expired and cuts of over 30% went into effort.

Effects of Rising Product and Operational Costs

Costs have continued to rise throughout the last 3 years because of supply chain issues, increased raw material and labor costs, and inflation. DME manufacturers and distributors cannot absorb the significant cost increases for raw goods, production, shipping, and labor, so they are passing them on to suppliers. These costs are being shouldered by DME suppliers who continue receiving price increase notifications from their vendor partners, as well as increased delivery and operational costs, while facing fixed reimbursement rates.

A July 2024 survey of DME suppliers underscores the strain on suppliers since the expiration of 75/25 blended rate relief at the end of 2023. The survey reports that 46% of respondents serving non-bid, nonrural areas have reduced their service area, while 17% have closed or are planning to close locations. Over 1-in-10 suppliers are considering shutting down entirely due to unsustainable reimbursement rates. More than half (53%) of the respondents have had to lay off staff or reduce their workforce. See aahomecare.org/impact for more.

From seniors to those with disabilities or chronic conditions, people across the country rely on DME to go about their daily lives and manage their medical needs in a cost-effective home environment. However, this equipment cannot save lives if it is not available to those who need it most, especially in rural communities where we know barriers to access health care already exist.

CMS acknowledged, in its 2018 Interim Final Rule, (CMS-1687-IFC), that its existing monitoring methods would not alert CMS to the present and imminent threats to beneficiary access. The GAO concurred, noting challenges monitoring delivery delays and resulting adverse health outcomes under CBP.[1]

The Solution

Congress' past relief via the 2020 CARES Act and 2022 Omnibus bill was vital to protecting Medicare beneficiaries' access to DMEPOS. This relief has expired and cuts of over 30% are now in effect. On March 10, 2025, Reps. Mariannette Miller-Meeks, Paul Tonko, Randy Feenstra, and Jimmy Panetta introduced H.R. 2005, which provide a 75/25 blended rate relief for DME items for non-bid, non-rural areas until the end of 2025. On September 30, 2025, Sens. James Lankford (R–OK) and Maggie Hassan (D–NH) introduced the companion bill, S. 2951. In the 119th Congress, a measure to extend this relief (H.R. 5555) was approved by the House Energy & Commerce Committee. Similar Senate legislation, S. 1294, was approved by the Finance Committee.

Our Ask

We ask you to cosponsor H.R. 2005/S. 2951 which would provide the 75/25 blended rate in non-rural, non-competitive bidding areas for DME items until the end of 2025. In the House, offices interested in supporting this bill should reach out to Representative Miller-Meeks or Tonko's staff. In the Senate, offices can reach out to Senators Lankford and Hassan's staff.

1) https://www.federalregister.gov/documents/2018/05/11/2018-10084/medicare-program-durable-medical-equipment-fee-schedule-adjustments-to-resume-the-transitional-5050

5/14/26