AAHOMECARE
American Association for Homecare

Protecting Access to Durable Medical Equipment for Medicaid Patients

Issue

As policymakers consider Medicaid budget adjustments, ensuring continued Medicaid access to durable medical equipment (DME) is critical for millions of vulnerable Americans. Medicaid serves over 72 million individuals,[1] including low-income families, children, seniors, and people with disabilities, many of whom experience higher rates of chronic illness. DME plays a vital role in managing medical conditions safely at home, where care is both cost effective and patient preferred.

Reductions in Medicaid reimbursement or coverage for DME will jeopardize access to essential medical equipment and supplies, leading to increased hospitalization, emergency department (ED) visits, and institutional care – ultimately driving up overall health care costs. Protecting Medicaid coverage for DME supports patient health, independence, and taxpayer savings.

Background

Medicaid's Role in Health Care

21% of the US population is covered by Medicaid/CHIP. Medicaid covers 2 in every 5 children and over 40% of adults with disabilities.[2] It is also the primary payer for long term services and support (LTSS); 7 out of 10 seniors require long term care in their lifetime[3] as Medicare only covers short term skilled facility stays.

While Medicaid is managed at the state level, its funding structure ensures that federal policy decisions have a direct impact on states' ability to maintain essential benefits such as DME. Medicaid accounts for nearly $1 in every $5 spent on health care.[2] States receive at least 50% of funding from the federal government under the Federal Medical Assistance Percentage (FMAP). Additionally, 40 states and the District of Columbia have expanded Medicaid, extending coverage to individuals with incomes up to 138% of the federal poverty level, with the federal government covering 90% of the cost.

Cost Effectiveness Home-Based Care

For individuals with chronic medical conditions and co-morbidities, Medicaid is a lifeline, providing long term care services and supports (LTSS). Over half of Medicaid spend is for long-term care,[2] with 72% of those services provided exclusively in home and community-based settings (HCBS).[4] Home-based care not only improves patient quality of life but saves taxpayer dollars by preventing costly institutional care.

CMS data shows that Medicaid's LTSS spending declined by 15% from 1998 to 2018 due to initiatives promoting more cost effective HCBS.[5] According to Genworth (2023), a private nursing home room costs $116,800/year while home care costs significantly less at $75,504.[6] Protecting access to DME is vital to keeping individuals at home and reducing unnecessary health care expenditures.

Benefits of HME Coverage & Access

It is essential for individuals with health conditions to maintain their Medicaid coverage for DME, supplies, and services to prevent costly medical complications from lack of access. For example:

- **PAP Therapy to Treat Sleep Apnea** – Only 6% of the 30 million people with sleep apnea have been diagnosed.[7] Untreated, this condition costs $149.6 billion annually in the United States. Positive Airway Pressure (PAP) therapy such as CPAP and BiPAP costs just a fraction of that and prevents expensive medical interventions and complications, providing a 67% cost savings over those who go untreated.[8]

- **Continuous Glucose Monitors to Manage Diabetes** – Diabetes disproportionately affects those in poverty,[9, 10] and adults on Medicaid with diabetes have the highest per capita spend of illnesses analyzed by Kaiser Family Foundation.[11] Continuous Glucose Monitors (CGMs) reduce hypoglycemia-related ED visits and hospitalizations, making them a cost-effective investment in preventive care.[9, 12]
- **Home Oxygen Therapy and/or Ventilators to Manage COPD** – Chronic Obstructive Pulmonary Disease (COPD) is three times more prevalent for those making less than $25,000/year;[13] it is the 6th leading cause of death in the United States.[14] Hospitalizations due to COPD exacerbations cost over $19,000 on average,[15] while home oxygen therapy and/or home mechanical ventilation help manage the condition affordably and effectively at home.

The Urgent Need to Protect DME Access for Medicaid Beneficiaries

For millions of Americans, Medicaid is the only path to accessing critical medical equipment and supplies that enable them to manage their health needs at home.

- 46.6% of uninsured adults go without medical visits compared to 14.2% of Medicaid adults.[2]
- 22.6% of uninsured adults forgo needed care due to cost vs 7.7% of Medicaid adults.[2]

Lack of coverage and access leads to poorer health outcomes. Cutting coverage policies or reimbursement rates for DME would likely increase preventable hospital admissions and ED visits, worsen health outcomes for vulnerable populations, and put greater financial strain on state and federal budgets. Protecting coverage ensures Medicaid remains a sustainable, cost-effective program that supports patient care at home.

Our Ask:

AAHomecare urges legislators to protect Medicaid beneficiaries' access to DME by preserving Medicaid coverage policies and maintaining adequate reimbursement rates. Ensuring access to DME strengthens patient care, reduces overall Medicaid expenditures, and supports individuals in managing their health at home—where they want to be.

SOURCES: 1) Medicaid.gov, Oct '24 2) Kaiser Family Foundation, Feb '25 3) LongTermCare.gov, Feb '20 4) Kaiser Family Foundation, Aug '23 5) CMS Report, Jan '21 6) CareScout.com 7) American Medical Association, Apr '22 8) Frost & Sullivan Report, '16 9) American Diabetes Association Report, Sept '23 10) American Diabetes Association, Diabetes Care Jan '21 11) Kaiser Family Foundation, Nov '12 12) Journal of Managed Care & Specialty Pharmacy Article, Nov '24 13) COPD Foundation 14) National Institute of Health 15) CMS Report, '23