

Medicare Beneficiaries Access to DME Survey

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Presentation Overview

- **Purpose & Overview**
- **About Competitive Bidding**
- **Survey Methodology**
- **Statistical Validity**
- **Survey Results**
 - Beneficiaries
 - Case Managers
 - Suppliers
- **Conclusion**

Purpose and Overview

- **On July 1st, 2016, Medicare applied rates received from the results from Round 2 of the DMEPOS Competitive Bidding Program to rural and non-bid areas.**
- **The American Association for Homecare (AAHomecare) contracted Dobson DaVanzo & Associates (Dobson DaVanzo) to create and field three complementary surveys that would analyze the effects of the Competitive Bidding program on home medical equipment (HME) and supplies since July 1st, 2016.**
- **The survey examines beneficiary, case manager, and supplier experiences with the Medicare Competitive Bidding program as of August 2017.**
- **Respondents are representative of various geographical (e.g. rural, urban bid, and urban non-bid), demographic, and supplier profiles.**

Findings

- **The three complementary surveys concurrently demonstrate widespread dissatisfaction with many issues, indicating market failure.**
 - E.g. Access and availability, increased readmissions, delays of medically necessary equipment, and increased out-of-pocket expenses.
- **Beneficiaries and case managers have reported adverse changes to access and availability to oxygen therapy HME and supplies since July 1st, 2016.**
- **Beneficiaries self-report intentionally bypassing the Medicare HME system and paying for equipment/supplies out-of-pocket to avoid delays and inaccessible equipment, which is corroborated by case managers' reports on beneficiary complaints.**
- **Case managers and suppliers almost unanimously reported experiencing increases in complaints and availability issues since application of the Round 2 Recompete payments; the majority of case managers and suppliers reported increases in complications, emergency care, and re-admissions.**
 - This demonstrates that Competitive Bidding is creating a bottleneck for claims and services.
- **The survey reflects the conclusions of economics theorists who predicted that the design of this Competitive Bidding program would be problematic.⁶**
- **Given the short time of the survey field and the continued receipt of survey results, consumers felt strongly that they needed to express that the Competitive Bidding program is not working as intended and can be fixed.**

About Competitive Bidding

- **The DMEPOS Competitive Bidding program was authorized by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.**
 - DMEPOS, often referred to simply as DME, is defined as medical equipment that may be reused (e.g. hospital beds, walkers, respiratory equipment).
- **Contract suppliers must furnish all items in the product category under contract to any beneficiary who maintains permanent residence within or visits the respective competitive bidding area.**
- **The CB program uses a unique “median-price” bid system that sets the supplied price at the median price of the winning bids for the item at hand.**
 - This is different from the industry standard and experimentally proven “clearing-price auction,” which sets the supplied price at the first price above the last quantity-satisfying price.
- **CMS contends that the CB program meets its objectives in saving the Medicare program billions of dollars by reducing fraud and waste.**

Survey Methodology

- **With technical input and advice from AAHomecare, Dobson DaVanzo designed three complementary surveys to gauge experiences with HME since July 1st, 2016.**
 - Survey questions included a variety of qualitative and quantitative evaluations such as type(s) of equipment received/supplied, supplier changes, disruptions/delays in supply, etc.
- **Respondents were solicited through phone calls, individualized e-mail messages, and through social media postings.**
- **A series of statistical and content analyses were performed on quantitative and short-answer questions to identify distribution of experiences and distribution of major themes.**
 - Content analyses were performed on the open-ended questions.

Survey Methodology

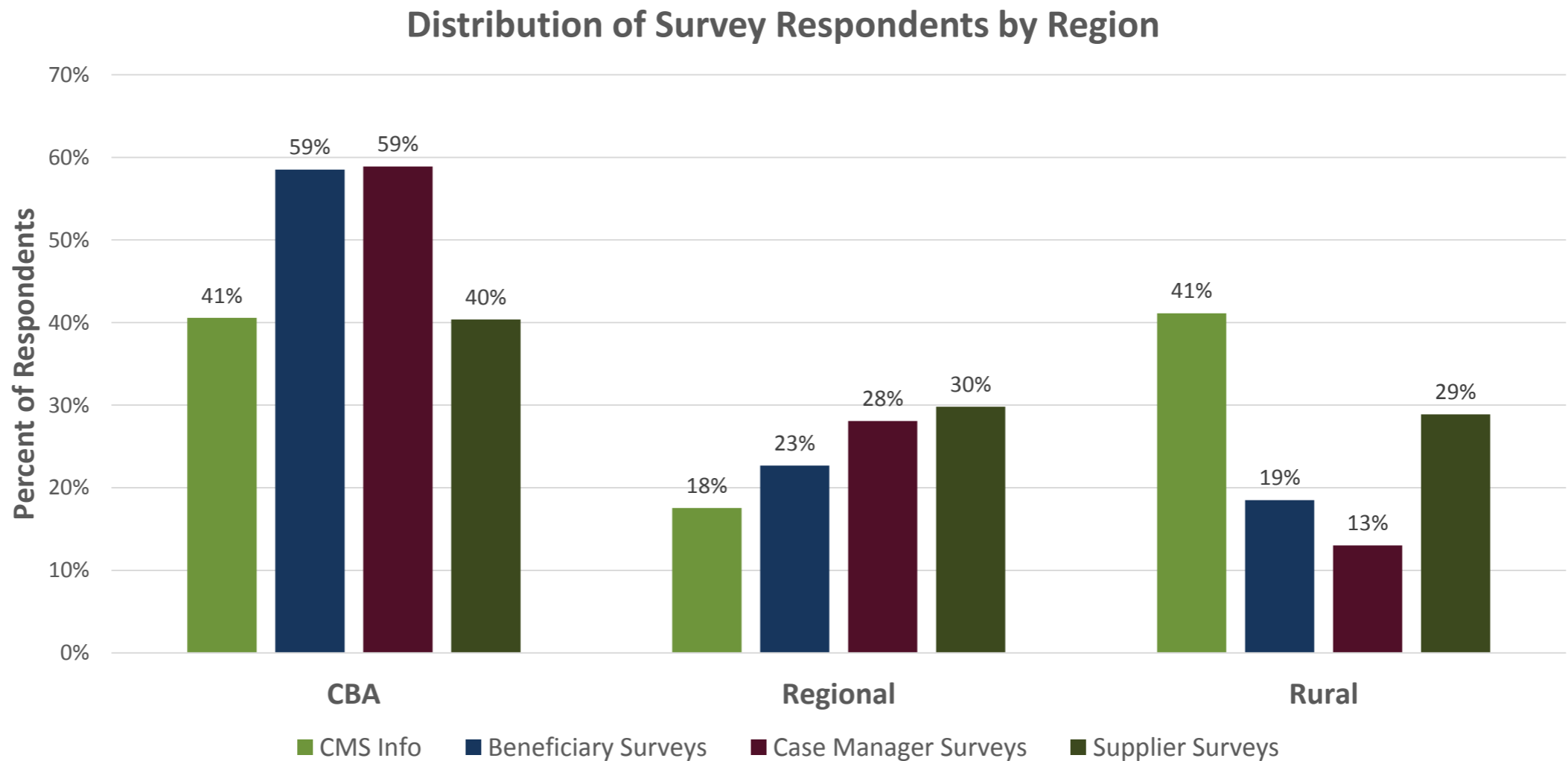
- **Self-administered online surveys have demonstrated similar feasibility and appropriateness as traditional mail-in or interview surveys.**
 - Internet surveys are “more rapid and cost efficient than other interview modes” within epidemiologic studies in a geographically varied population,¹ and Internet surveys have a faster response speed than normal pen-and-paper surveys.²
- **Facebook, the main platform through which social media respondents accessed the survey, has been demonstrated to be an effective method at reaching demographically diverse populations.³**
- **Crowdsourcing via social media is “an efficient and appropriate alternative” to standard research methods.⁴**
- **Open-access links provided by the social media accounts of consumer and professional organizations can facilitate surveys of hard-to-reach demographics such as older members of the population.⁵**

Survey Methodology

- **Total respondents from August 11th, 2017 through August 29th, 2017 include:**
 - 437 beneficiaries
 - 9 surveys completed via phone interviews
 - 1 survey completed via e-mailed survey with custom link
 - 427 surveys completed via social media/public sources
 - 361 case managers/discharge planners
 - 3 surveys completed via phone interviews
 - 23 surveys completed via e-mailed survey with custom link
 - 335 surveys completed via social media/public sources
 - 266 HME suppliers
 - 35 surveys completed via e-mailed survey with custom link
 - 231 surveys completed via social media/public sources

Survey Methodology

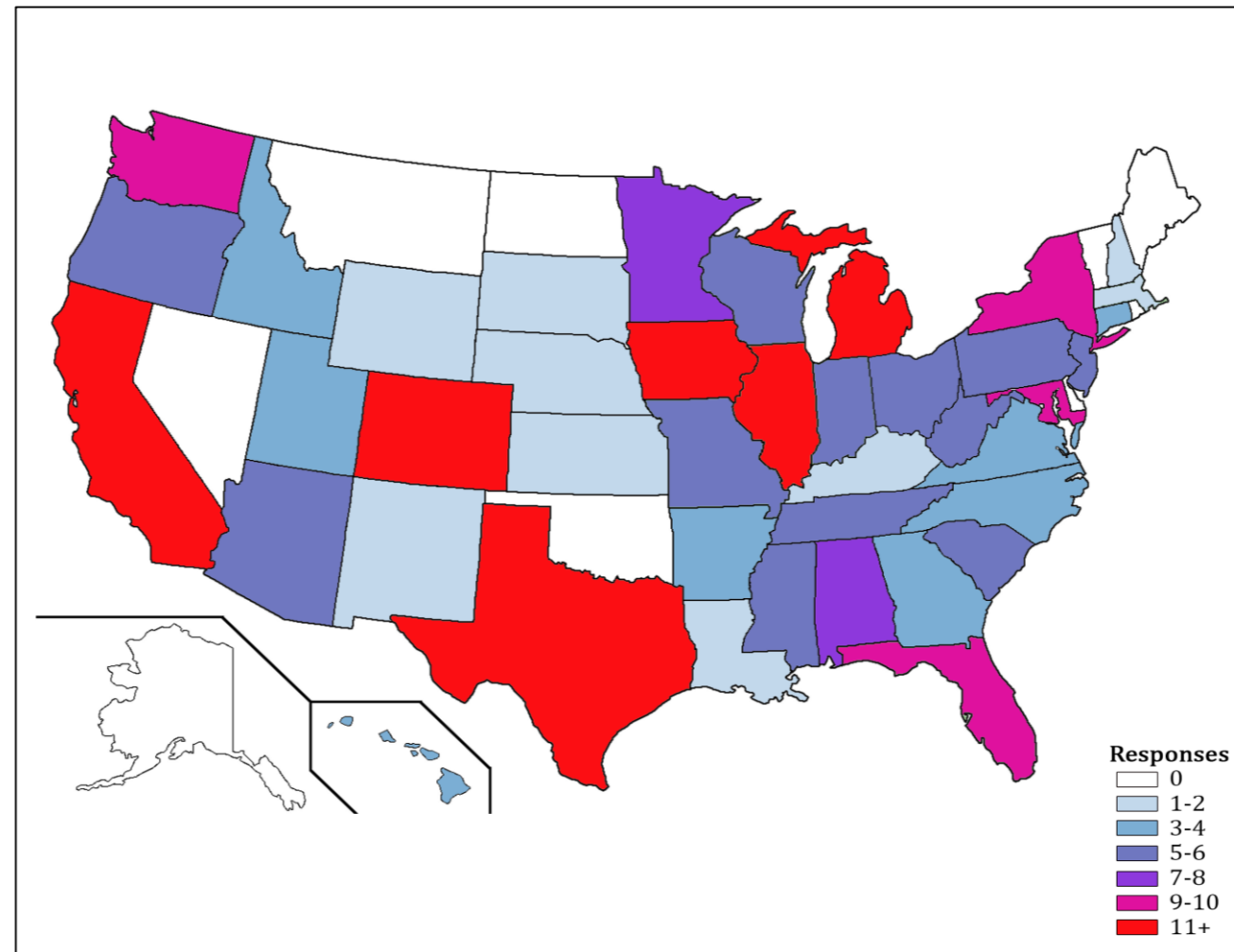
- Aside from rural, respondents are broadly representative of the geographical variation within the Competitive Bidding program.



Source: Dobson DaVanzo and AAHomecare analysis of survey data on DME/HME access.

Survey Methodology

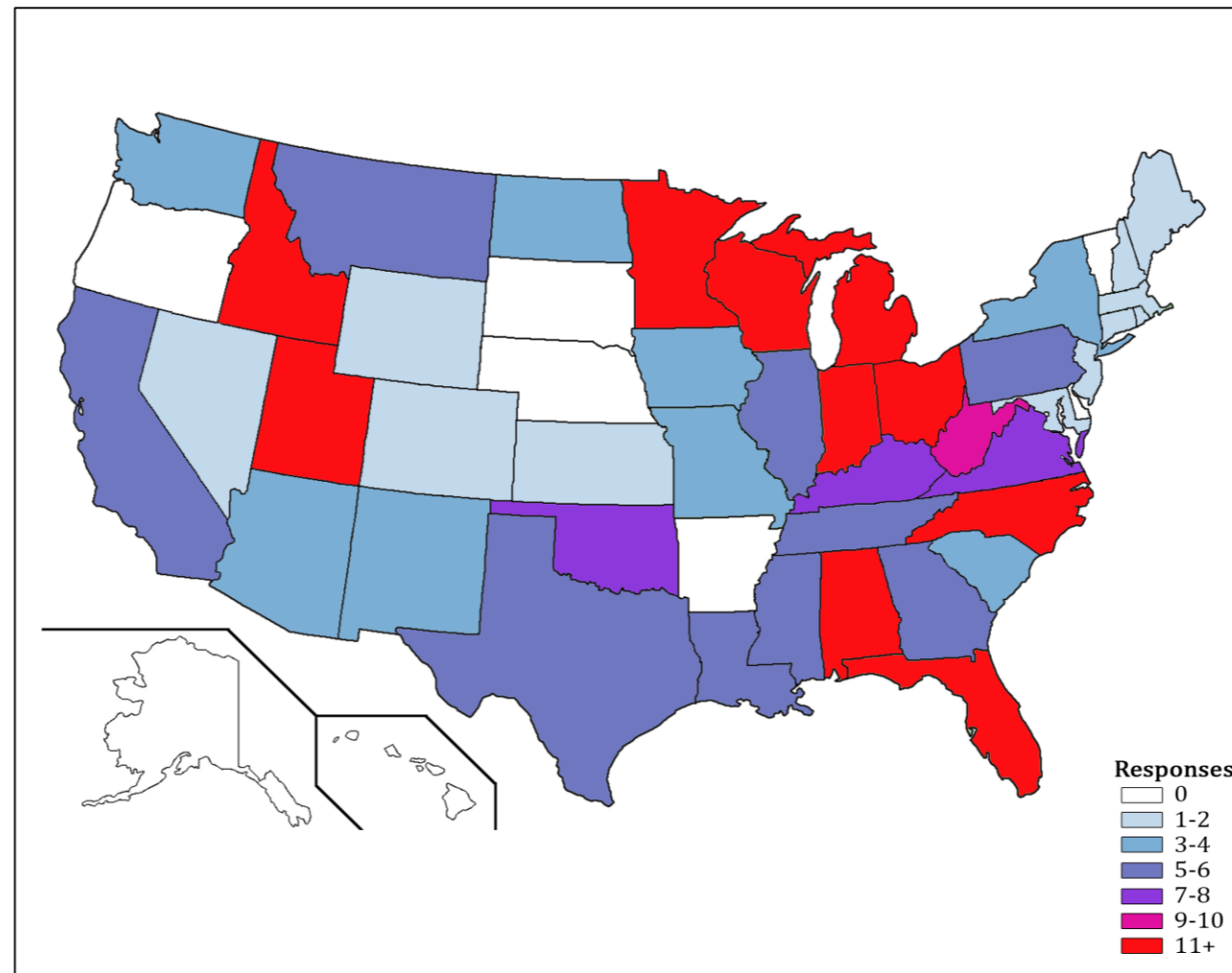
- The beneficiary respondent pool represents a wide distribution among geographic regions and represents population differences.



Source: Dobson DaVanzo and AAHomecare analysis of survey data on DME/HME access.

Survey Methodology

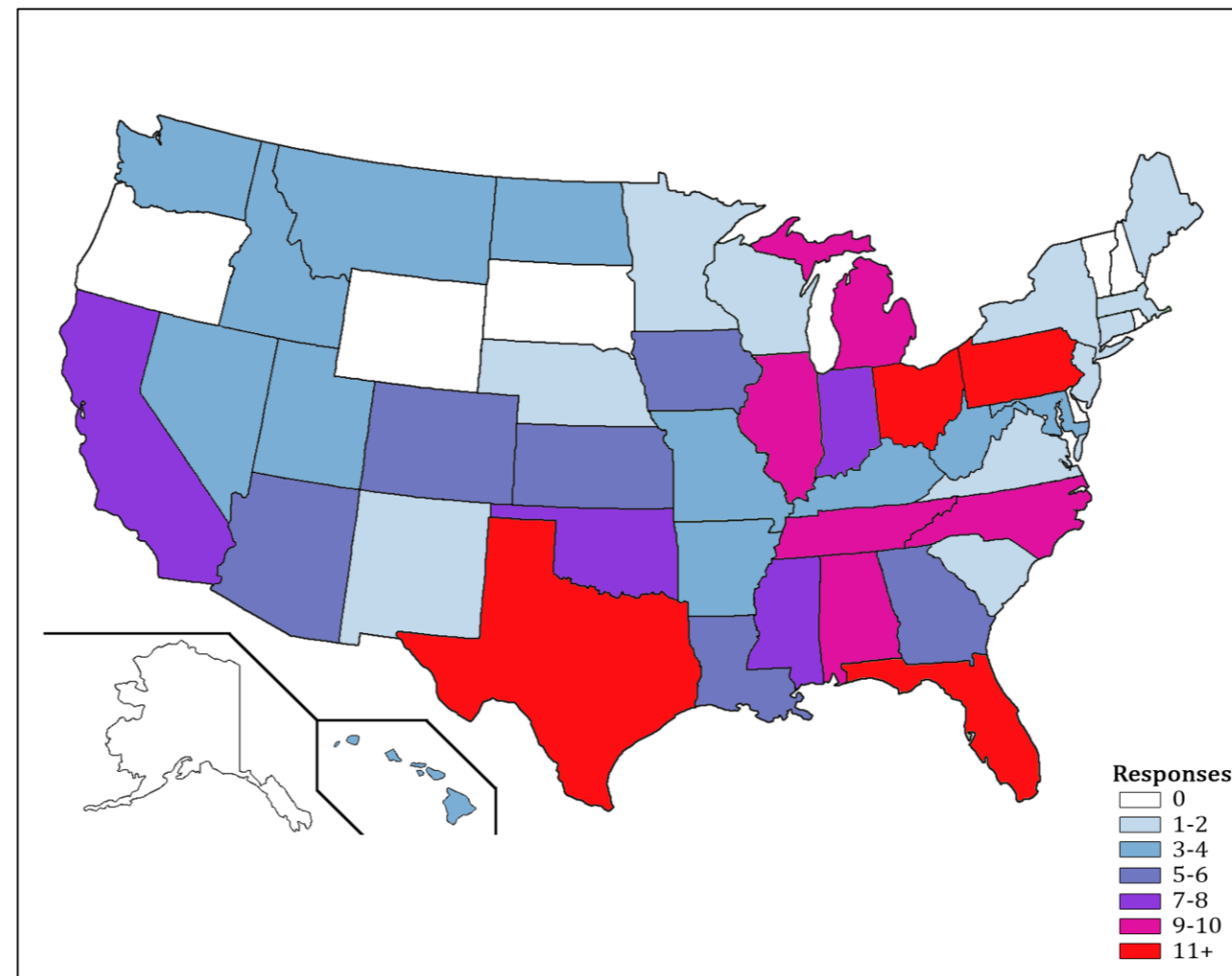
- The case manager respondent pool represents a wide distribution among geographic regions and represents population differences.



Source: Dobson DaVanzo and AAHomecare analysis of survey data on DME/HME access.

Survey Methodology

- The supplier respondent pool represents a wide distribution among geographic regions and represents population differences.



Source: Dobson DaVanzo and AAHomecare analysis of survey data on DME/HME access.

Statistical Validity

- With more than 200 observations per respondent category, the survey data is sufficient to produce estimates with relatively small 95% confident intervals.
- The right-hand table presents the numbers of observations needed to approximate a binomial distribution.

Minimum sample size for use of the normal approximation

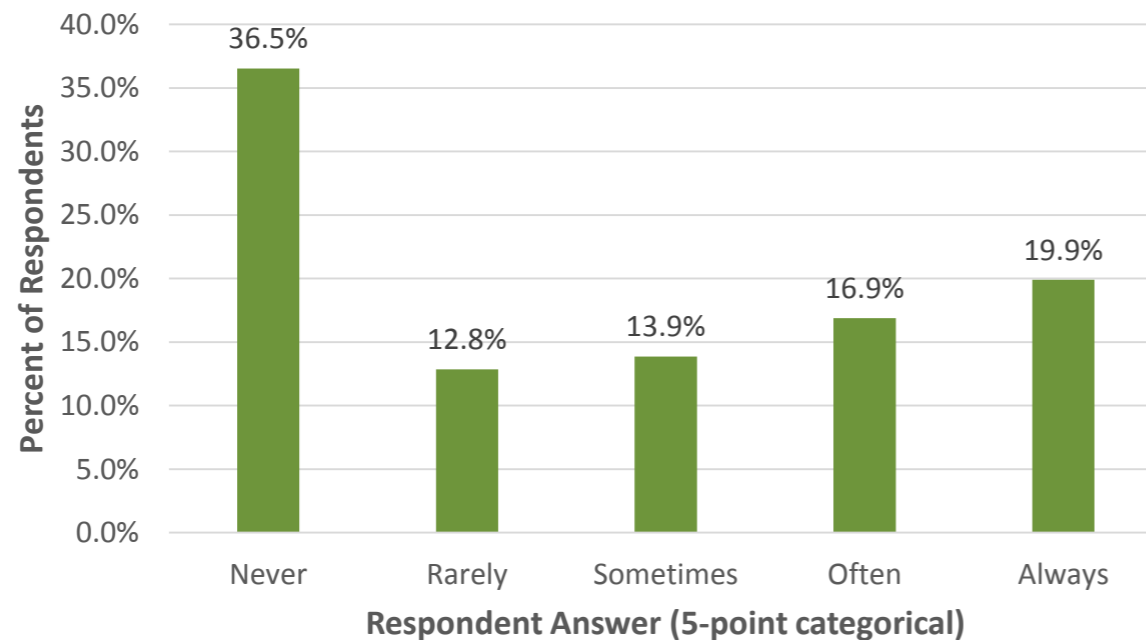
p	n=Number Observed in Class	N=Sample Size
0.5	15	30
0.4	20	50
0.3	24	80
0.2	40	200
0.1	60	600
0.05	70	1400
0	80	∞

Source: Cochran, William R. *Sampling Techniques: third edition*. John Wiley & Sons, Inc. USA. (1977).

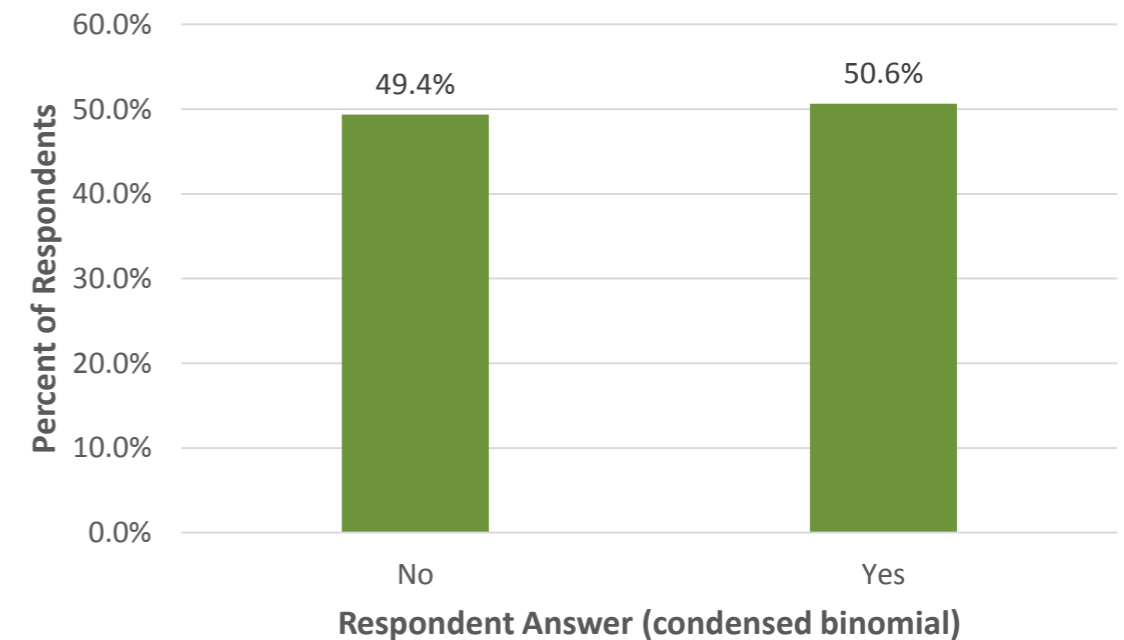
Statistical Validity

- 5-point categorical variables in the survey's self-reported data provided the initial variables for statistical analyses.
- In order to test the statistical validity of the samples, the 5-point categorical variables were converted into binomial variables.
 - "Never" and "Rarely" were converted into "No."
 - "Sometimes," "Often," and "Always" were converted into "Yes."

Frequency of Problems Faced by Beneficiaries in Finding a local HME Supplier (5-point categorical)



Frequency of Problems Faced by Beneficiaries in Finding a local HME Supplier (condensed binomial)



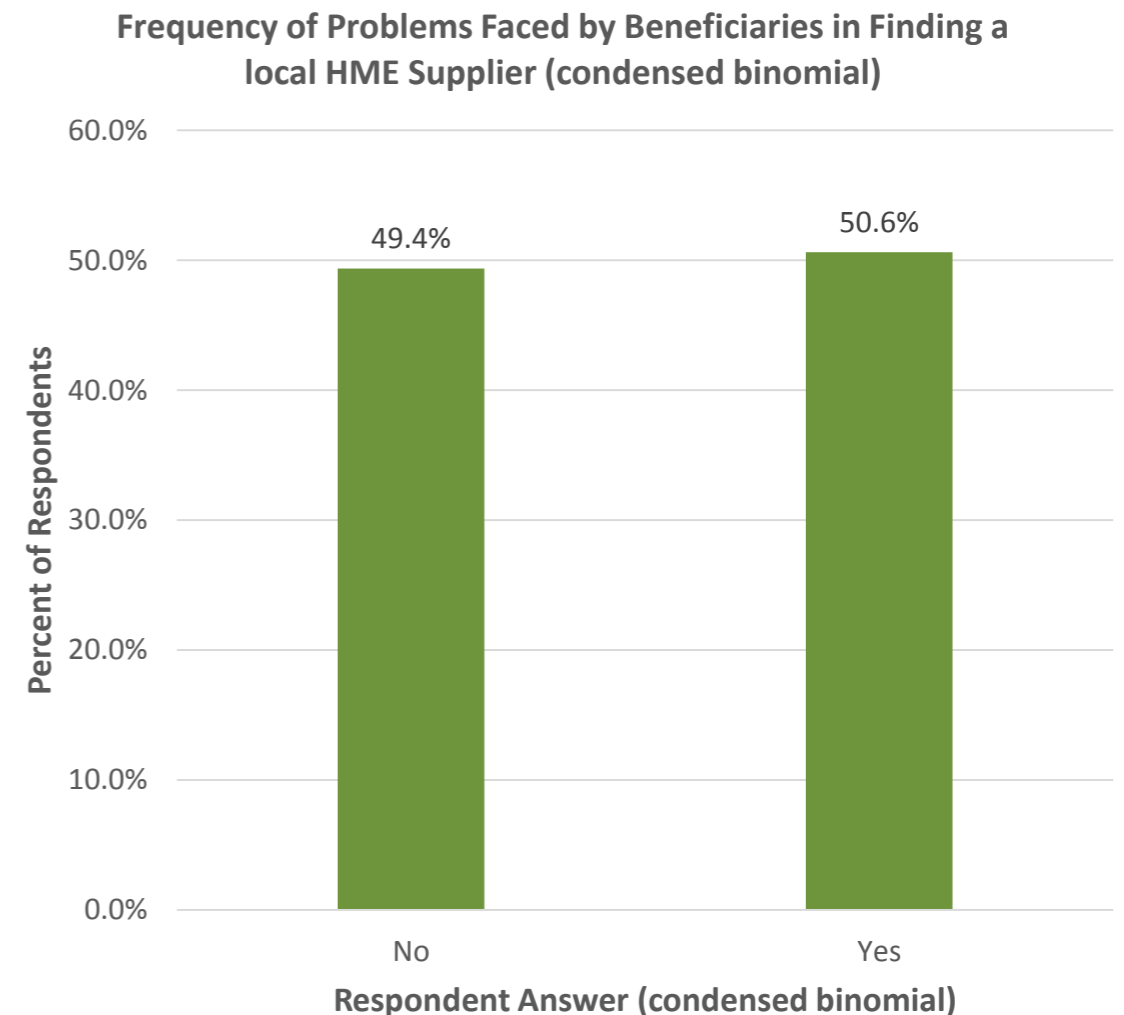
Statistical Validity

- The following equation¹ was used to approximate a 95% confidence interval from a binomial distribution:

$$C.I. = \frac{n}{N} \pm 1.96 \sqrt{\frac{p * (1 - p)}{N}}$$

- The example to the right demonstrates a 95% confidence interval of .555 to .457 for beneficiaries who experienced no difficulty in finding a local HME supplier(s).

¹Cochran, William R. *Sampling Techniques: third edition*. John Wiley & Sons, Inc. USA. (1977).



$$C.I. = \frac{201}{397} \pm 1.96 \sqrt{\frac{.506 * (.494)}{397}}$$

Source: Dobson DaVanzo analysis of survey data on DME/HME access.

Statistical Validity

- **SurveyMonkey provides a response size significance calculator described below to recommend ideal sample size for confidence:**

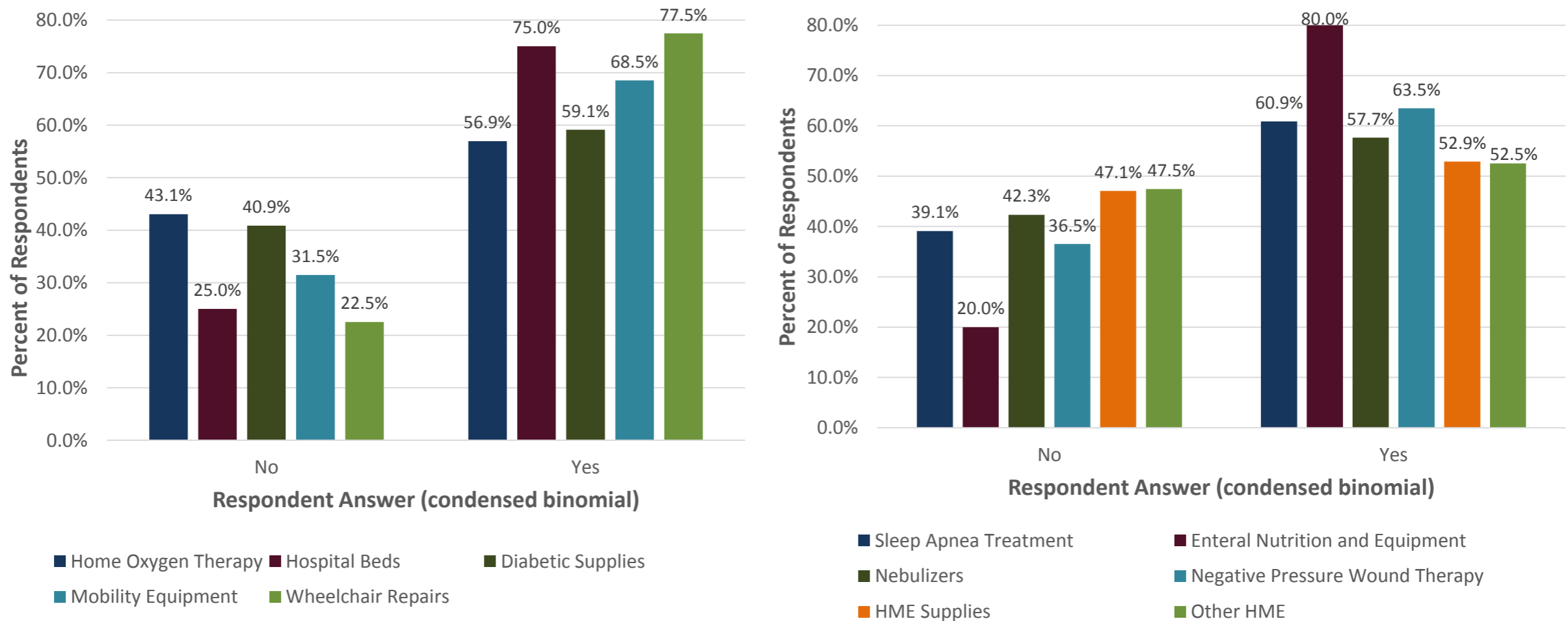
$$n = \frac{\frac{z^2 * p(1 - p)}{e^2}}{1 + \left(\frac{z^2 * p(1 - p)}{e^2 N}\right)}$$

- **The formula is similar to that presented on the previous slide, except it is solved for sample size instead of the confidence interval.**
- **Assuming that the Medicare population affected by Competitive Bidding is 8 million, a sample size of at least 200 respondents per category is sufficiently large to support conclusions at a 95% confidence interval.**

Survey Results: Beneficiaries

- Between 56.9 percent and 80.0 percent of beneficiaries reported “sometimes,” “often,” or “always” experiencing access issues in obtaining medically necessary HME for each HME category.

Frequency of beneficiaries experiencing access issues in obtaining medically necessary equipment

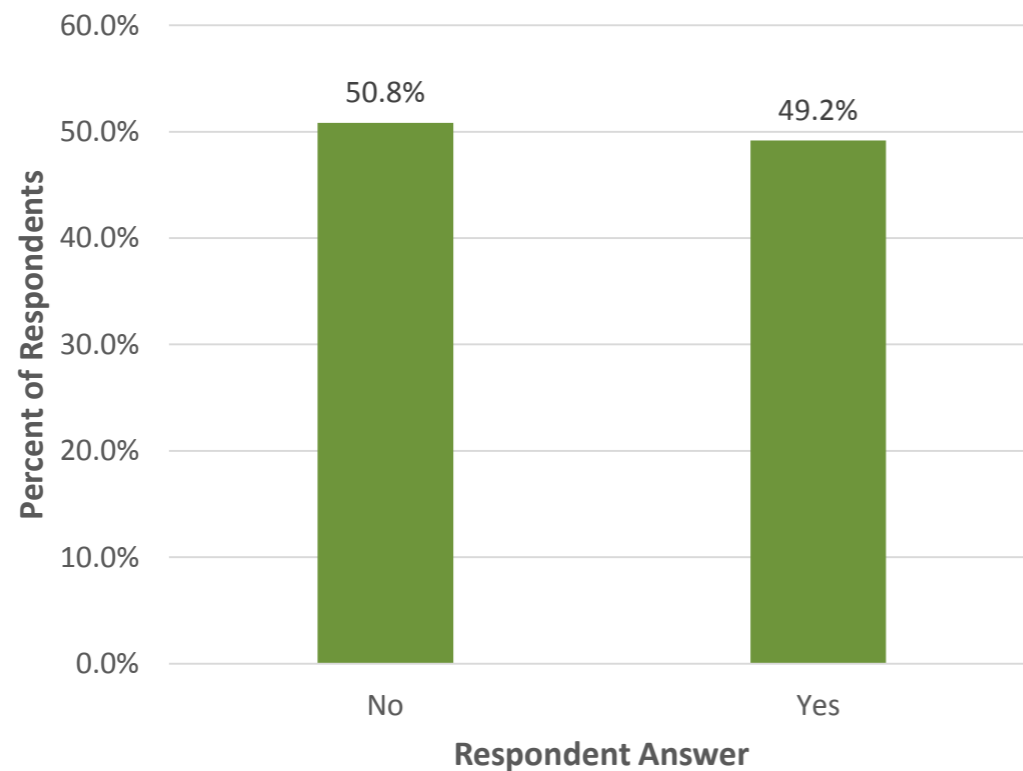


Source: Dobson DaVanzo analysis of survey data on DME/HME access.

Survey Results: Beneficiaries

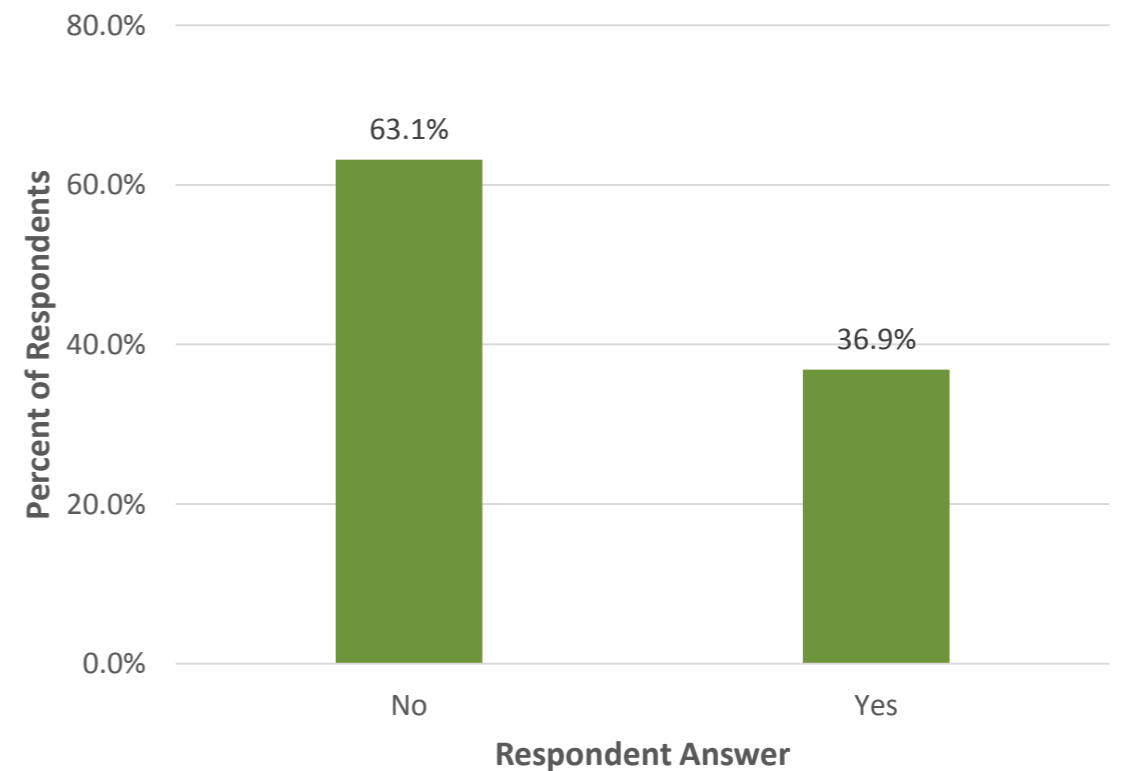
- **178 of 362 beneficiaries (49.2 percent) reported experiencing a delay(s) in receiving medically necessary HME and/or supplies.**

Beneficiary reports of a delay in receiving equipment at home



- **122 of 331 beneficiaries (36.9 percent) reported an increase in out-of-pocket medical costs regarding HME and/or supplies.**

Beneficiary reports of increase in out-of-pocket medical costs due to HME and/or supplies

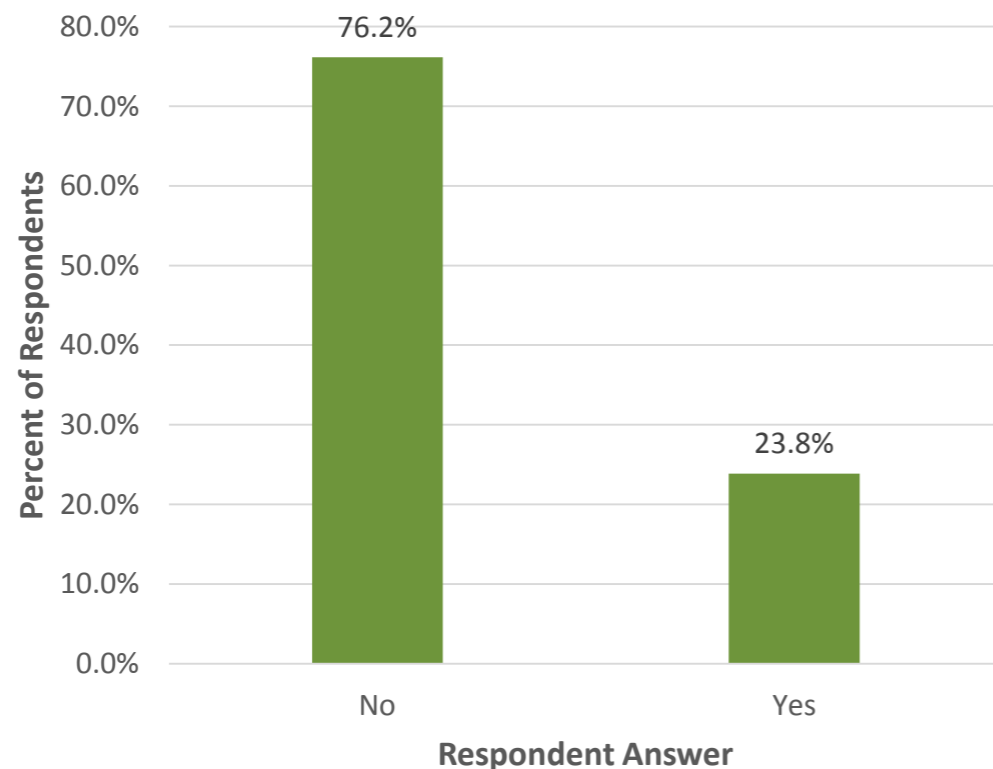


Different beneficiary counts reflect that all respondents did not answer all questions.

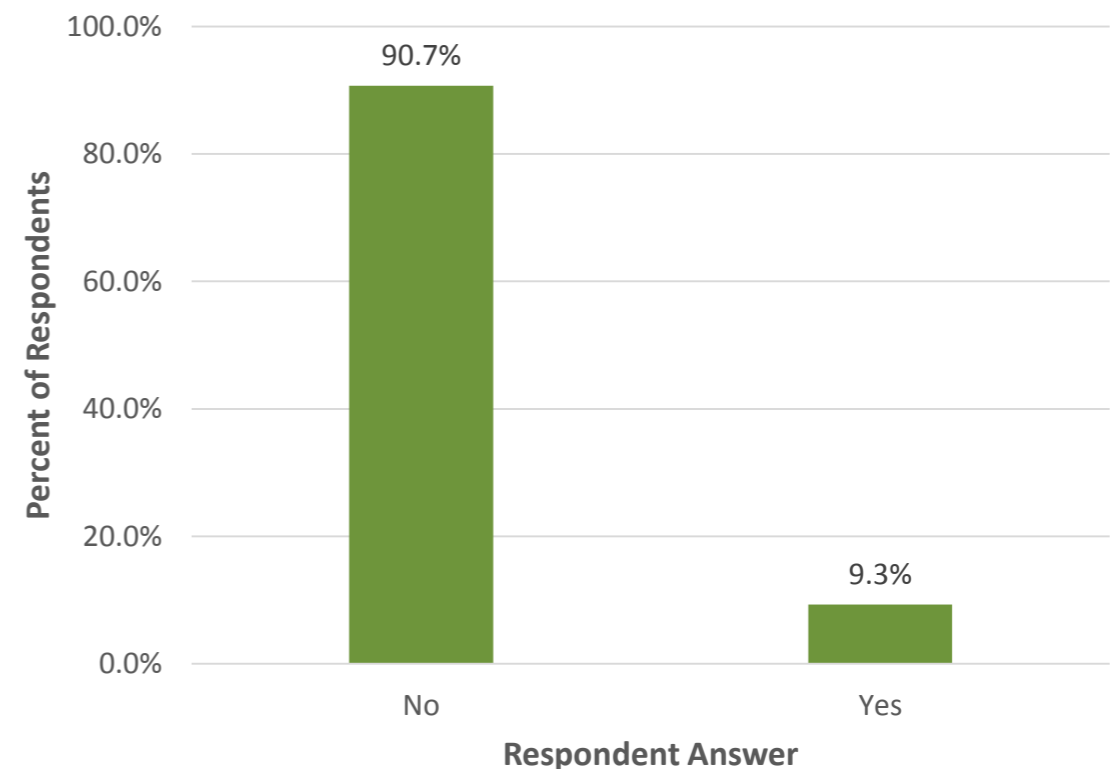
Survey Results: Beneficiaries

- **62 of 260 beneficiaries (23.8 percent) reported experiencing a delay(s) in a hospital discharge(s) due to a delay in HME and/or supplies.**
- **32 of 344 beneficiaries (9.3 percent) reported developing complications, receiving emergency care, or being re-admitted due to issues with HME.**

Beneficiary reports of a delay(s) in a hospital discharge (s) due to a delay of HME and/or supplies



Beneficiary reports of complications, emergency care, or re-admissions due to issues with HME

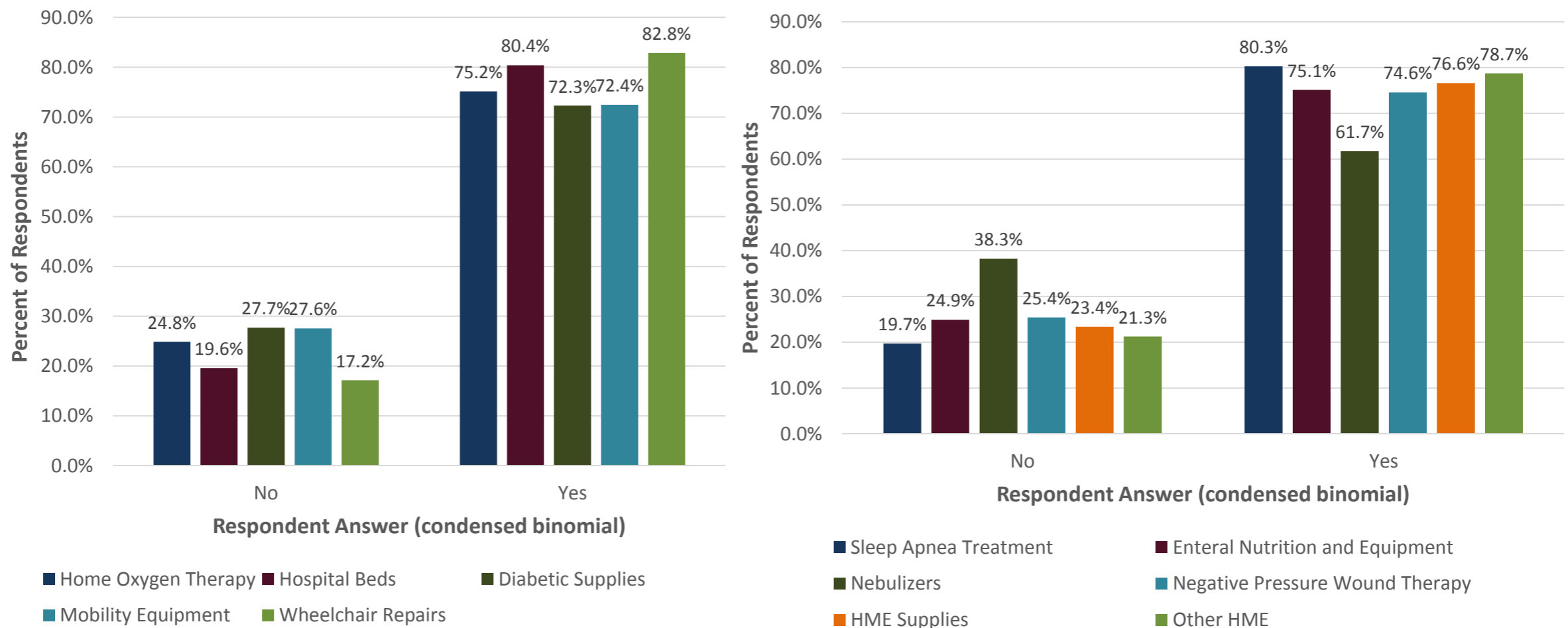


Different beneficiary counts reflect that all respondents did not answer all questions.

Survey Results: Case Managers

- Between 61.7 percent and 82.8 percent of case managers reported “sometimes,” “often,” or “always” experiencing access issues in obtaining medically necessary HME for each HME category.

Frequency of beneficiaries experiencing access issues in obtaining medically necessary equipment

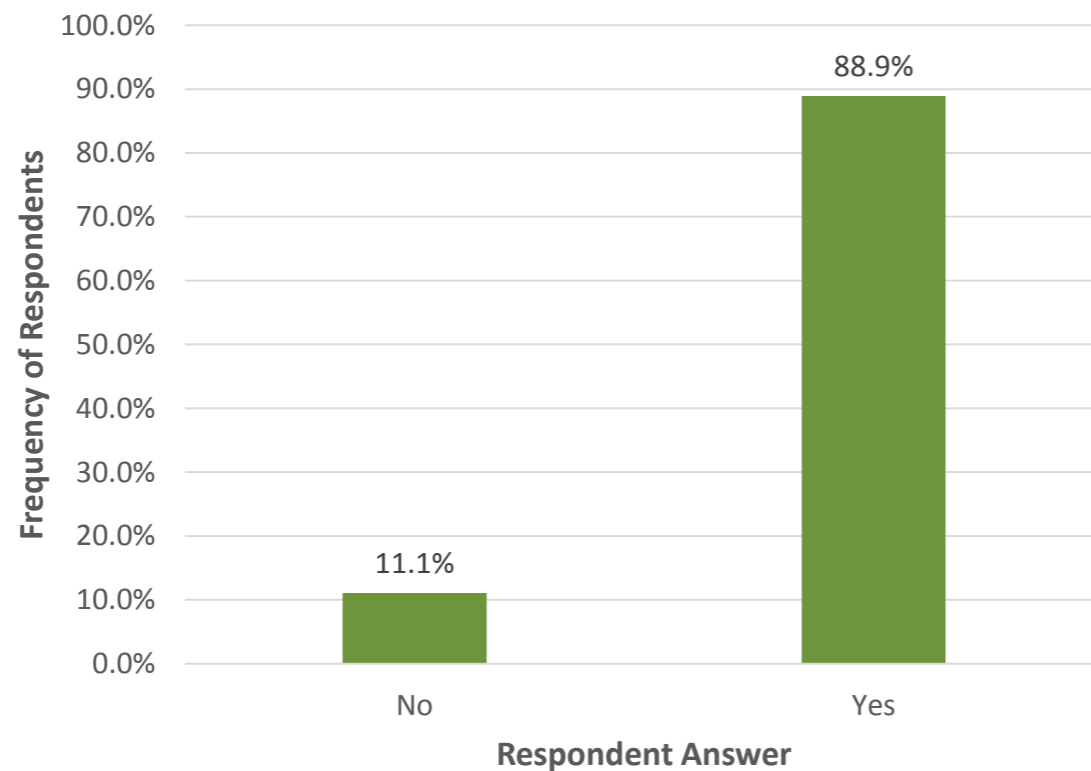


Source: Dobson DaVanzo analysis of survey data on DME/HME access.

Survey Results: Case Managers

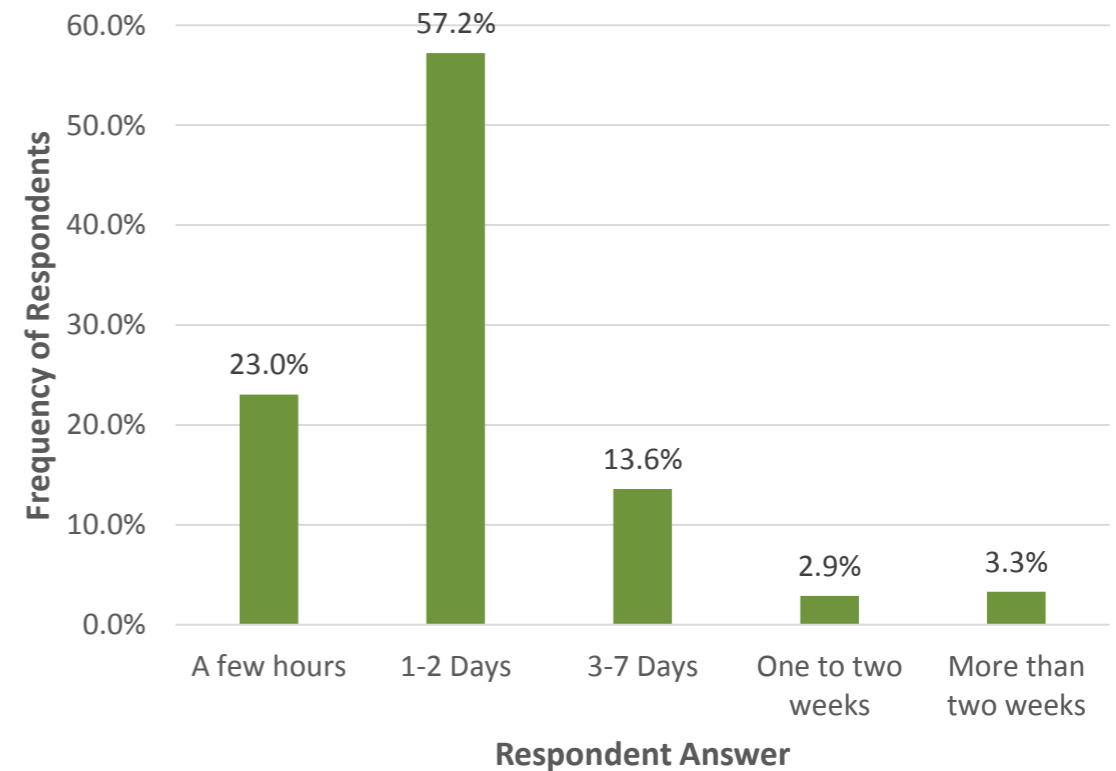
- 233 of 262 case managers (88.9 percent) reported their beneficiaries had experienced a delay(s) in a hospital discharge(s) or a delay in HME and/or supplies.

Case manager reports of a delay(s) or inability to obtain HME and/or supplies



- Of those who reported a delay(s), 57.2 percent reported the delay(s) lasting one to two days on average.

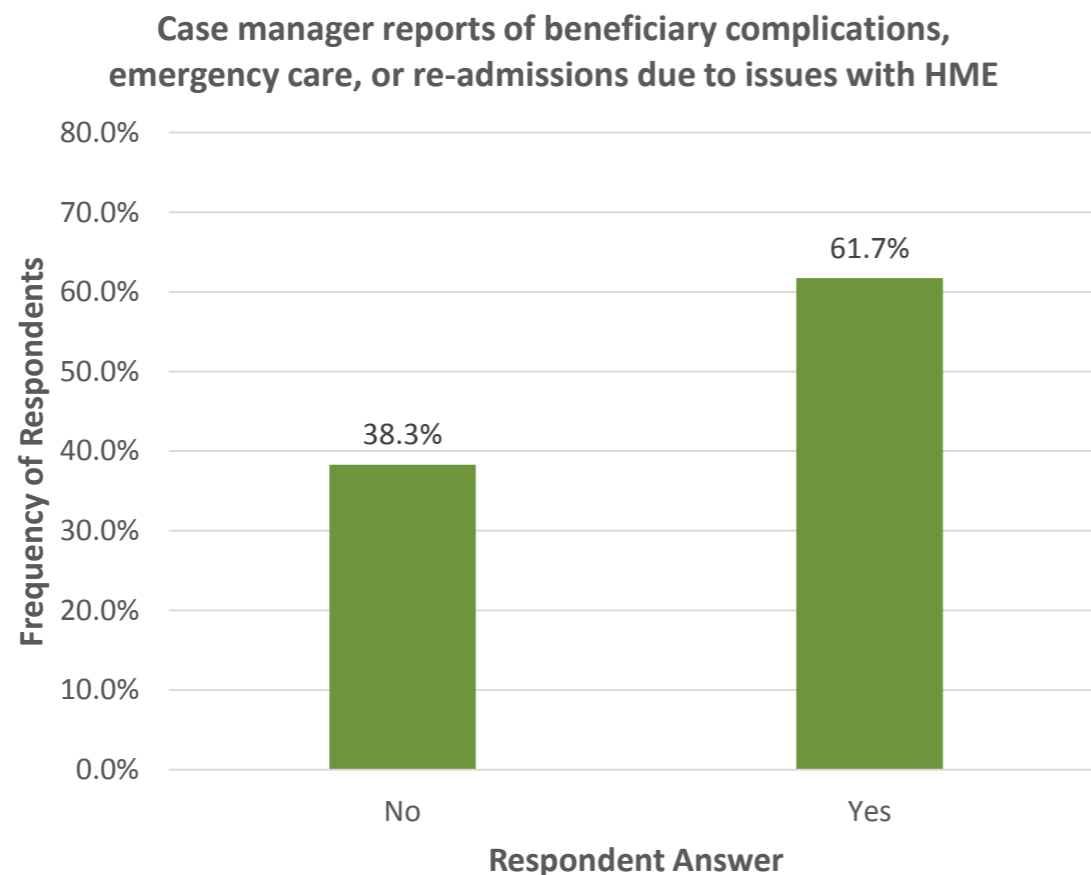
Case manager reports of average length of delay in discharge or obtainment of HME and/or supplies



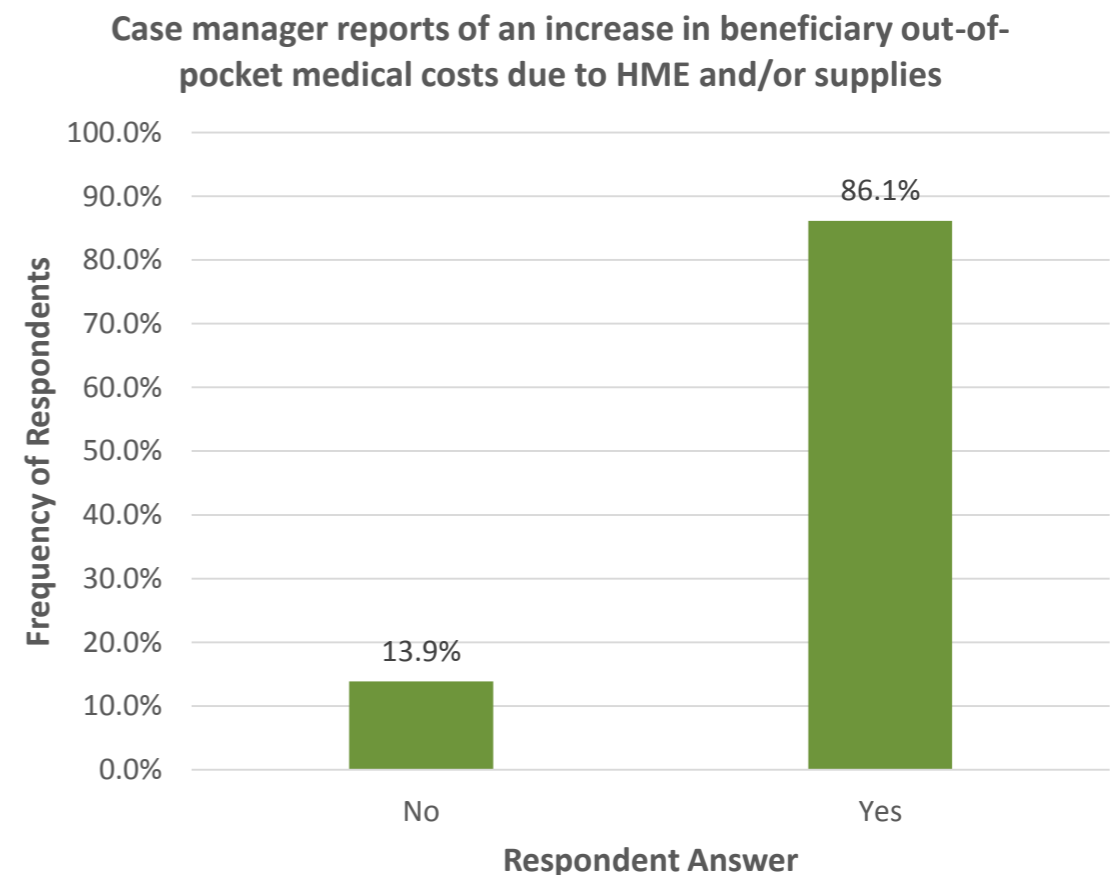
Different beneficiary counts reflect that all respondents did not answer all questions.

Survey Results: Case Managers

- 137 of 222 case managers (61.7 percent) reported beneficiary complications, emergency care, or re-admissions due to issues with HME.



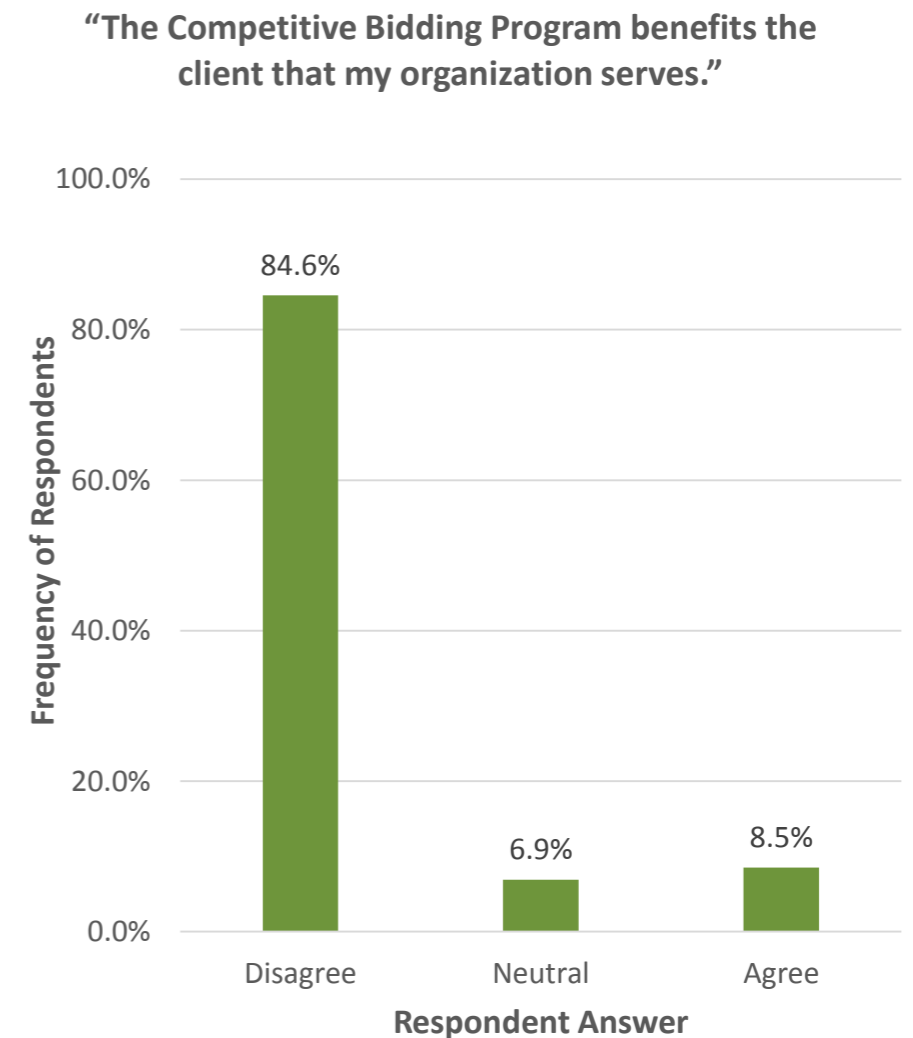
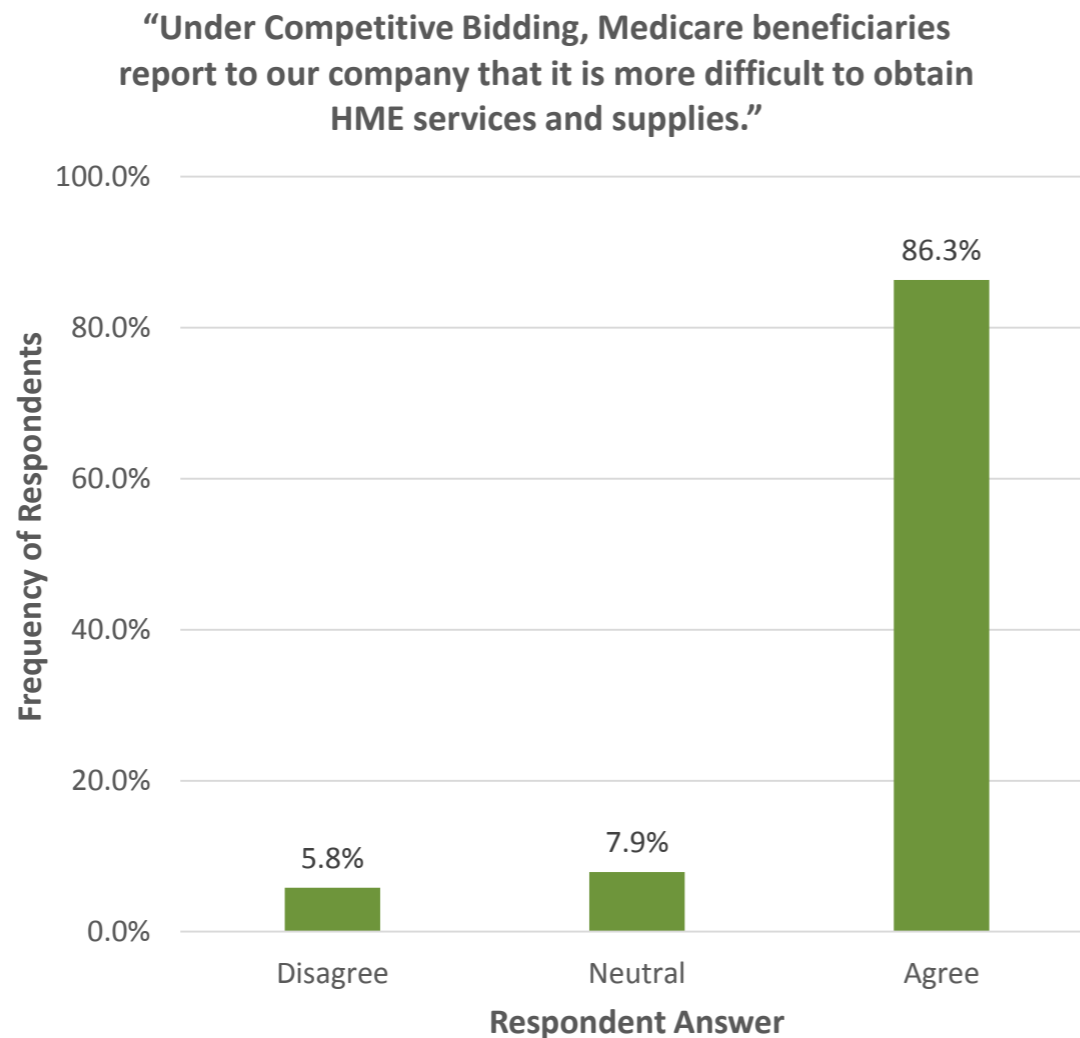
- 230 of 267 case managers (86.1 percent) reported an increase in beneficiary out-of-pocket medical costs regarding HME and/or supplies.



Different beneficiary counts reflect that all respondents did not answer all questions.

Survey Results: Suppliers

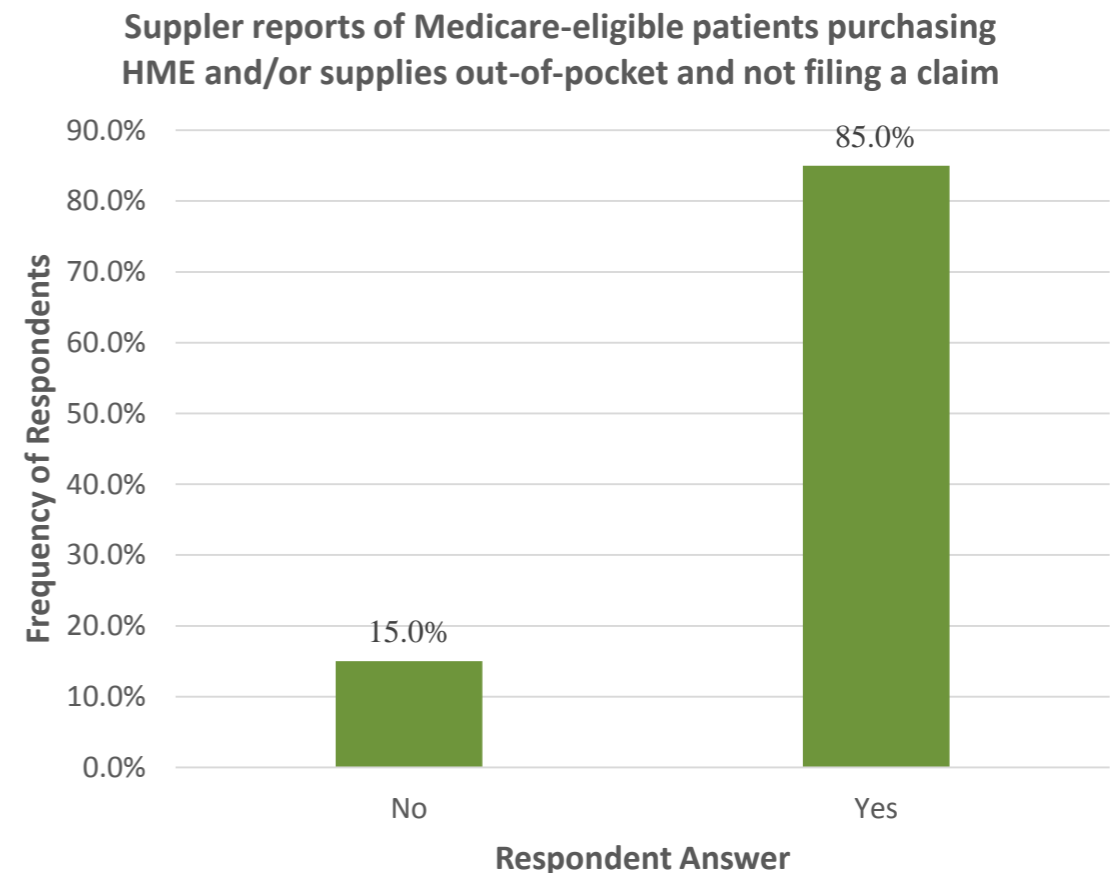
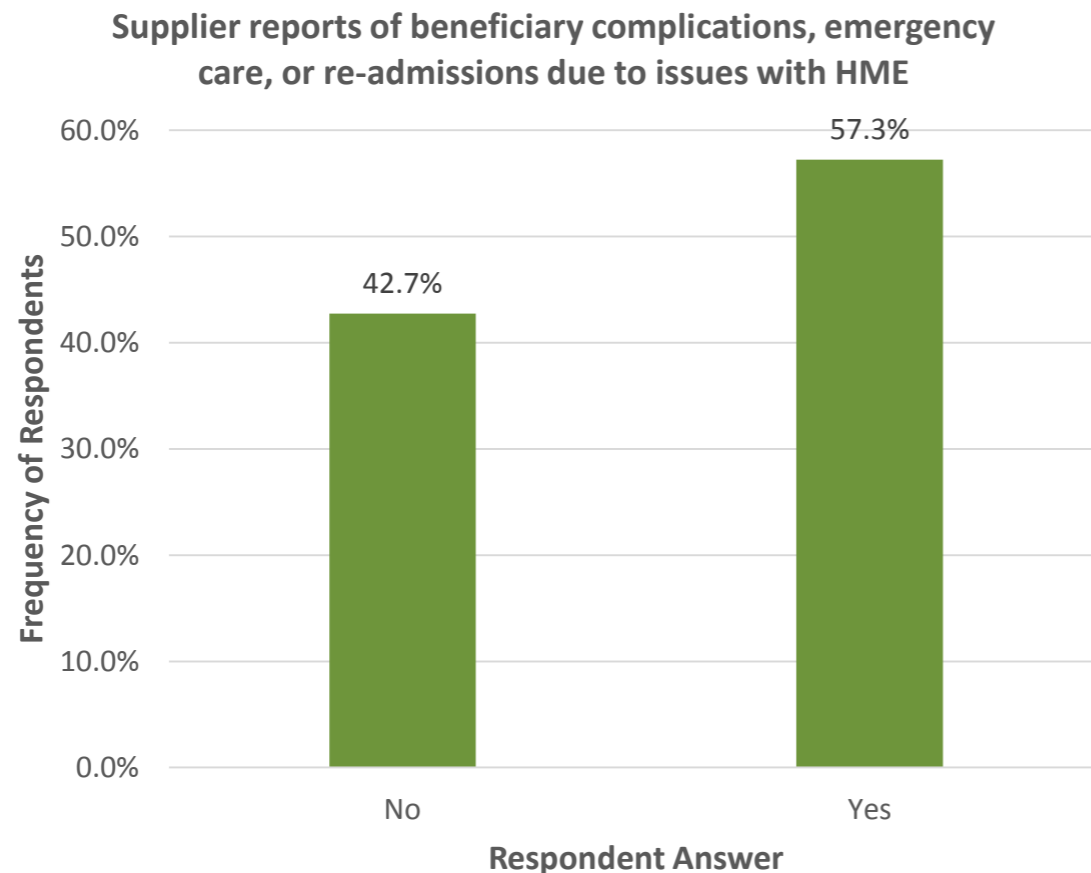
- Between 84.6 percent and 86.3 percent of suppliers reported increased difficulties in servicing beneficiaries with medically necessary equipment and reduced benefits for clients.



Source: Dobson DaVanzo analysis of survey data on DME/HME access.

Survey Results: Suppliers

- 75 of 131 suppliers (57.3 percent) reported beneficiary complications, emergency care, or re-admissions due to issues with HME.
- 164 of 193 suppliers (85.0 percent) reported Medicare-eligible patients purchasing items out-of-pocket and not filing a claim with Medicare.



Different beneficiary counts reflect that all respondents did not answer all questions.

Content Analysis: Beneficiaries

- Of the 112 beneficiaries who reported filing a complaint, 65 described decreased access to or delays in receiving equipment.

Self-reported nature of beneficiary complaints since July 1, 2016

Response Category	Number of Responses
Received wrong item	4
Issues with Medicare	8
Decreased access/availability	33
Issues with reimbursement	15
Delays	32
Communication/Documentation issues	7
Other	13
Total	112

Different beneficiary counts reflect that all respondents did not answer all questions.

- Of the 94 beneficiaries who reported their medical needs not currently being met, 25 reported issues in accessing oxygen supplies.

Self-reported reasons for beneficiary medical needs not currently being met by current access to HME and/or supplies.

Response Category	Number of Responses
Lack of or low frequency delivery of digestion/urinary supplies	6
Cannot access supplier	5
Problems with customer and equipment service	13
Issues with mobility equipment	12
Oxygen access issues	25
Low quality equipment	11
Severe delays	11
Access issues (not otherwise specified)	8
Other	3
Total	94

Content Analysis: Case Managers

- Of the 231 case managers who reported on changes to their ability to order HME and supplies, 223 stated it had become more difficult.

Self-reported changes in case managers' ability to order HME and supplies since July 1, 2016

Response Category	Number of Responses
Easier	1
More difficult - lack of supplier	41
More difficult - delays or non-delivery	48
More difficult - coordination, order, and/or acquisition issues	47
More difficult - documentation and/or qualification issues	38
More difficult - oxygen access issues	14
More difficult - reimbursement and/or coverage issues	10
More difficult (not otherwise specified)	25
Other	7
Total	231

- Of the 130 case managers who reported on beneficiary complications, etc., 58 referred to issues with oxygen supplies.

Nature of beneficiary medical complications, emergency care, and/or re-admission(s) as reported by case managers since July 1, 2016

Response Category	Number of Responses
Wounds	5
Drug delivery/nutrition	3
BiPAP/CPAP/NIV issues	15
Delayed mobility device	2
Bed/sling device issues	7
Fall and readmission	16
Oxygen issues	58
Skin issues	3
Complication, emergency care, or re-admission (not otherwise specified)	15
Other	6
Total	130

Different beneficiary counts reflect that all respondents did not answer all questions.

Content Analysis: Suppliers

- Of the 69 supplies who reported no longer taking assignment, 55 stated their decision was based on low Medicare reimbursement.

Supplier self-reported reasons for no longer taking assignment since July 1, 2016

Response Category	Number of Responses
Reimbursement too low	55
Did not win bids or is not participating in CB	3
Takes partial assignment	7
Other	4
Total	69

Different beneficiary counts reflect that all respondents did not answer all questions.

- Of the 193 suppliers who reported beneficiary complaints, 48 described out-of-pocket expenses or choosing to pay privately/go without.

Nature of beneficiary medical complaints as reported by suppliers since July 1, 2016

Response Category	Number of Responses
Supplier does not deliver to area or has reduced deliveries	15
Lack of continuity in care or forced to use supplier beneficiary does not want	12
Out-of-pocket expenses and co-pays	35
Cannot find supplier or no local supplier	24
Lack of or decrease in products and/or services	39
Delays or timeliness issues	38
Choosing to pay privately or go without	13
Access issues (not otherwise specified)	8
Other	9
Total	193

Quotes

- ***“The reduction in reimbursement rates due to the expansion of the competitive bidding program into non-bid areas has truly been a cost-shifting instead of a cost-saving program. The costs are shifted to the Medicare beneficiaries themselves. We have had instances where patients have refused medically necessary equipment ordered by a physician because they could not make non-assigned payments.”***
- ***“Competitive Bid legislation has not only adversely affected the quality of life of my patients, but has also hurt the DME community. DME companies are closing and more people are relying on Amazon since they are having to pay out of pocket.”***
- ***“1 in 5 oxygen patients are unable to obtain portable concentrators because the reimbursement is lower than cost of goods sold.”***
- ***“Competitive Bidding has created a bottleneck for claims according to what patients are telling us, and they are unable to get serviced in a timely manner. Once they do receive equipment, it is incredibly generic and basic due to the reductions in funding, and that impacts what options the patient has to receive equipment. [...] It's sad and frustrating not only for patients, but also providers, physicians, and the community, to see people get stuck in a situation they have no control over, and get shuffled around from company to company with very little information or understanding as to what their limitations are, and why they are unable to get the care they need.”***

Endnotes

- ¹ Rankin, KM et al. “Comparing the reliability of responses to telephone-administered vs. self-administered web-based surveys in a case-control study of adult malignant brain cancer.” *Cancer Epidemiol Biomarkers Prev*, 17(10): 2639-2646. October 2008.
- ² Truell, A., Bartlett, J., and Alexander, M. “Response rate, speed, and completeness: A comparison of Internet-based and mail surveys.” *Behavior Research Methods, Instruments, & Computers*, 34(1), 2002, 46-49. doi: 10.3758/BF03195422.
- ³ Brickman-Bhutta, C. “Not by the book: Facebook as a Sampling Frame.” *Sociological Methods & Research*, 41(1): 57-88. 21 March 2012.
- ⁴ Behrend, T., Sharek, D., Meade, A., and Wiebe, E. “The viability of crowdsourcing for survey research.” *Behav Res.*, 43, 2011: 800-813. doi: 10.3758/s13428-011-0081-0
- ⁵ Wiersma, W. “The validity of surveys: Online and Offline.” Oxford Internet Institute. 2013.
- ⁶ Crampton P., Ellermeyer, S., and Katzman, B. “Designed to Fail: The Medicare Auction for Durable Medical Equipment.” *Economic Inquiry*, Vol. 53 (1), pp. 469-485.