

Impact of Competitive Bidding on Medicare Beneficiary Access to Durable Medical Equipment

On July 1st, 2016, Medicare fully implemented cuts based on the results of Round 2 of the DMEPOS Competitive Bidding (CB) Program to rural and non-bid areas. Additionally, CB rates replaced traditional rates with CB rates as the sole factor in DMEPOS payments. These changes have resulted in 52% of Medicare beneficiaries reporting difficulty with access to DMEPOS since July 1st, 2016.

The American Association for Homecare (AA-Homecare) commissioned 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 September 2017.

Total survey respondents from August 11th, 2017, through September 13th, 2017, include:

- 428 beneficiaries
- 358 case managers/discharge planners
- 266 HME suppliers

The Internet-based survey utilized a variety of response mechanisms. Most respondents accessed the survey via social media links and individualized e-mails. Internet-based surveys are an effective method of obtaining qualitative and quantitative data in healthcare research. Internet surveys are “more rapid and cost efficient than other interview modes” within epidemiologic studies in a geographically varied population.¹ Crowdsourcing via social media is “an efficient and appropriate alternative” to standard research methods, and crowdsourced respondents tend to be “older, [are] more ethnically diverse, and had more work experience” compared to traditional participant pools.² Facebook has been demonstrated to be an effective method at reaching demographically diverse populations.³

¹ Rankin, M. 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, no. 10 (2008): 2639-2646. doi: 10.1158/1055-9965.EPI-08-0304

² Behrend, T., Sharek, D., Meade, A., and Wiebe, E. “The viability of crowdsourcing for survey research.” *Behav Res.*, no. 43 (2011): 800-813. doi: 10.3758/s13428-011-0081-0

The surveys have a 7% margin of error with a 95% confidence interval. The three complementary surveys concurrently demonstrate widespread dissatisfaction with many issues, indicating market failure. This reflects the conclusions of economics theorists who predicted that the design of this Competitive Bidding program would be problematic.

Respondents are generally representative of various geographical (e.g. urban bid, and urban non-bid, rural) and demographic profiles compared to CMS data, as demonstrated in Exhibit 1, 2 and 3.

Exhibit 1: Distribution of Survey Responses by Region

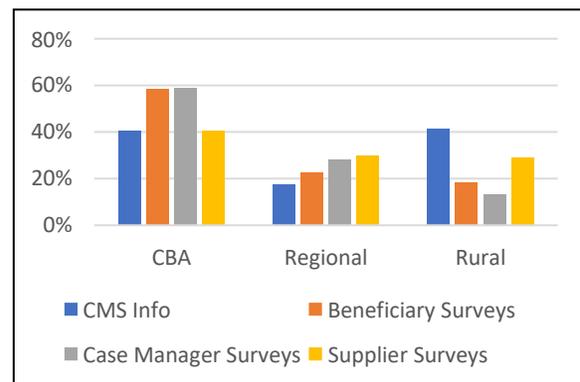
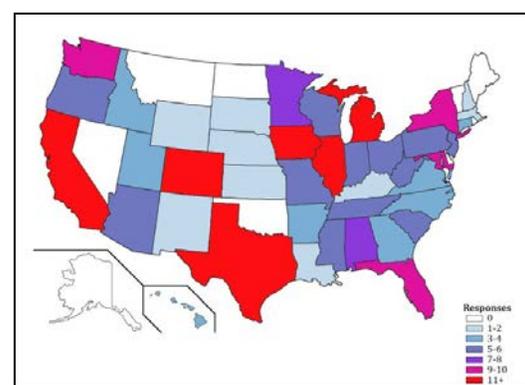


Exhibit 2: Distribution of Beneficiaries by State



³ Brickman-Bhutta, C. “Not by the Book: Facebook as a Sampling Frame.” *Sociological Methods & Research*, 41, no. 1 (2012): 57-88. doi: 10.1177/0049124112440795

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Exhibit 3: Distribution of Case Managers by State

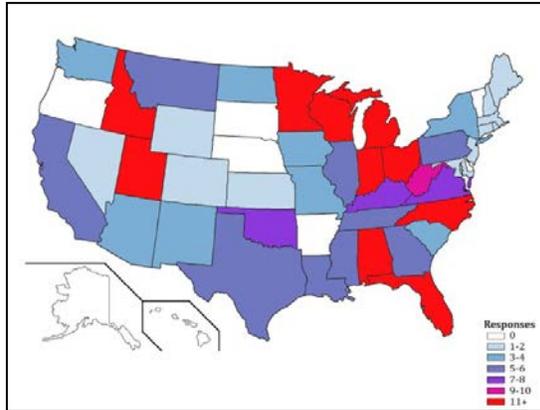


Exhibit 4: Have you experienced difficulties with access to HME and services provided by your supplier(s) since July 1st, 2016?

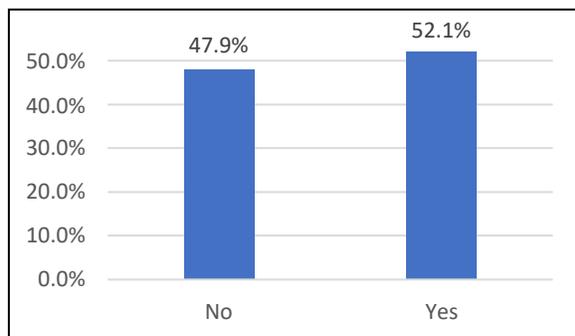
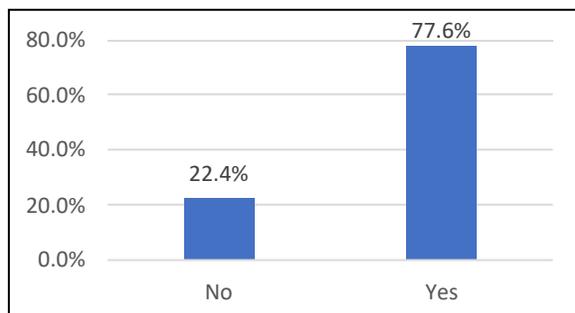


Exhibit 5: Have you experienced difficulties with the ease and timeliness of the discharge process for your patients who require HME since July 1st, 2016?



One beneficiary stated: “Fed up with trying to get a supplier in the area, paid out-of-pocket cash”

One case manager stated: “I have been a therapist since 1991 and have never been so unable to do my job. Being in home care, we are the last person/profession in with these clients and they are depending on us to get them the equipment they need to be safe... This Medicare system is broken beyond repair.”

Exhibit 6: Have you experienced an increase in patient complaints about their access to HME and supplies or about an increase in out-of-pocket expenses in acquiring HME and supplies since July 1st, 2016?

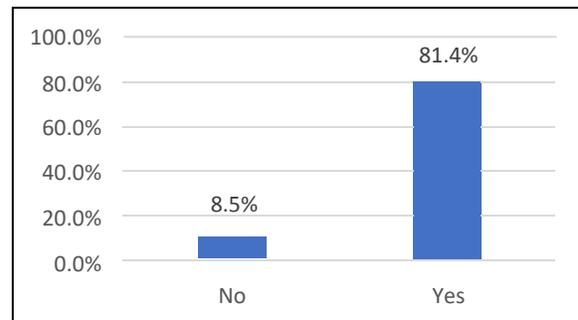
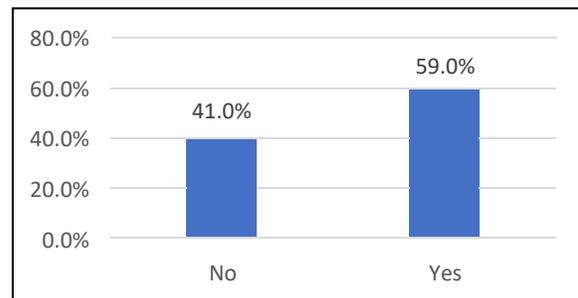


Exhibit 7: Oxygen patients only - Have you experienced difficulties with access to oxygen-related HME and services provided by your supplier(s) since July 1st, 2016?



In summary, the DMEPOS Competitive Bidding program has negatively affected beneficiaries’ access to medically necessary equipment and has negatively impacted the role of case managers in receiving HME for their patients. Beneficiaries and case managers are expressing concerns with the status of the program, and they recommend changes to restore access.