

Part B Insider (Multispecialty) Coding Alert

COMPETITIVE BIDDING: Round One Competitive Bidding Notices Rock DME Industry

Outraged trade groups plan legal action

Suppliers nationwide are catching a glimpse of their Medicare future, and it looks bleak.

CMS sent out round one competitive bidding contract offers March 20. Round one will take place in 10 cities and will begin July 1. Round two will expand to 70 more metropolitan areas and is scheduled for summer 2009.

Round one bidding for durable medical equipment (DME) will cut Medicare spending 26 percent on bid items, CMS Acting Administrator **Kerry Weems** said in announcing the payment amounts.

The lower prices will result in lower out-of-pocket expenses for Medicare beneficiaries, too, CMS stressed in its announcement.

Reaction: -No one should be satisfied with the outcome of the bidding process, neither bid winners nor losers,- maintains **Wayne Stanfield** of the **National Association of Independent Medical Equipment Suppliers**. -It is clear that the impact of this ill-conceived program will be devastating to Medicare beneficiaries and suppliers,- NAIMES says in a release.

-Some of the most seriously ill and disabled Medicare patients in Southwestern Pennsylvania will be profoundly affected by this ill-considered program,- says **John Shirvinsky** of the **Pennsylvania Association for Medical Equipment Suppliers**. -Competitive bidding will greatly reduce the number of providers who can serve Medicare beneficiaries and will eliminate community-based suppliers for many.- Pittsburgh is among the round one CBAs.

Round one bidding will result in more than 2,600 full-time jobs lost in the DME sector, predicts **The Weeks Group** in Melbourne, Fla. For round two, that figure skyrockets to more than 14,000 jobs cut, according to other estimates.

Suppliers that don't win contracts are at high risk of going out of business, health care lobbyist **Fred Graefe** told Congressional Quarterly. Suppliers that do win contracts are likely to take away non-winning suppliers- business for non-bid items based on convenience for the beneficiary. A patient will just have an easier time getting all her DME in one place.

Exception: Providers of certain oxygen items can continue servicing existing patients under bidding's grandfathering clause, CMS notes.

-The real losers in this program will be the Medicare beneficiaries,- says **Rose Schafhauser** of the **Midwest Association of Medical Equipment Services**. They'll have to go to different suppliers for their bid items when they need more than one bid item at once instead of getting all their equipment from one source. That could even lead to longer hospital stays as beneficiaries try to line up all the DME they'll need at home.

The industry isn't taking round one bidding lying down. Suppliers are reaching out to their elected representatives for help. Congress recently sent a letter to CMS expressing concern about bidding's impact on small DME businesses and patients- access to equipment. Bidding in its current form -will result in a number of small medical device providers going out of business, severely impacting patient access to necessary equipment and quality care,- said the letter signed by 120 congressmen and 17 senators.

CMS fights back: But CMS refuted that charge in its round one announcement. -The bid evaluation process ensures that there will be a sufficient number of suppliers, in-cluding small suppliers, to meet the needs of the beneficiaries living in the competitive bidding areas,- CMS maintains. -Small suppliers, those with gross revenues of \$3.5 million or less, make up about 64 percent of the suppliers offered contracts in the first round.-

Reminder: In an April 21 letter, CMS reminded practitioners who -order, refer or supply certain medical equipment and supplies, such as oxygen or power wheelchairs- in the first 10 competitive bidding areas that patients must now get their equipment from the Medicare-contracted suppliers.