

PAMES

Pacific Association of Medical Equipment Services

Care Of: Administration and Mgt. Services

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PROSPECTIVE: PAMES represents Washington State and Oregon providers and manufactures of medical equipment products and services utilized within patient homes in both rural and urban areas throughout the United States. Commonly referred to as the HME (Home Medical Equipment) Industry we contribute to the healthcare spectrum by greatly reducing the cost of care through medical products and services provided within the home.

Our industry is represented by homecare nurses, dietitians, therapists, technology professionals, orthotics experts and many more highly skilled individuals. Access to our expertise provides significant cost reduction benefit in both treatment and prevention in comparison to expensive facility based care alternatives. The products and service the HME Industry provides are critical to those struggling with the challenges of aging or those afflicted with disabilities. We are the providers that enable them to maintain an economical, home based care solution to the health problems that life throws at them.

1. What are the main health care-related factors that influence patient outcomes in rural and/or urban underserved areas? Are there additional, systems or factors outside of the health care industry that influence health outcomes within these communities?

COMMENT: Rural / underserved areas are significantly more costly markets for the HME providers to operate in. Threats to acceptable operating margins for providers derived from the flawed outcomes associated with CMS Competitive Bidding for HME services directly threaten our rural population's access to needed healthcare services. Unsustainable reimbursements have resulted in over 30% of HME providers to exit the market with rural providers and the populations that they serve being most at risk.

3. What should the Committee consider with respect to patient volume adequacy in rural areas?

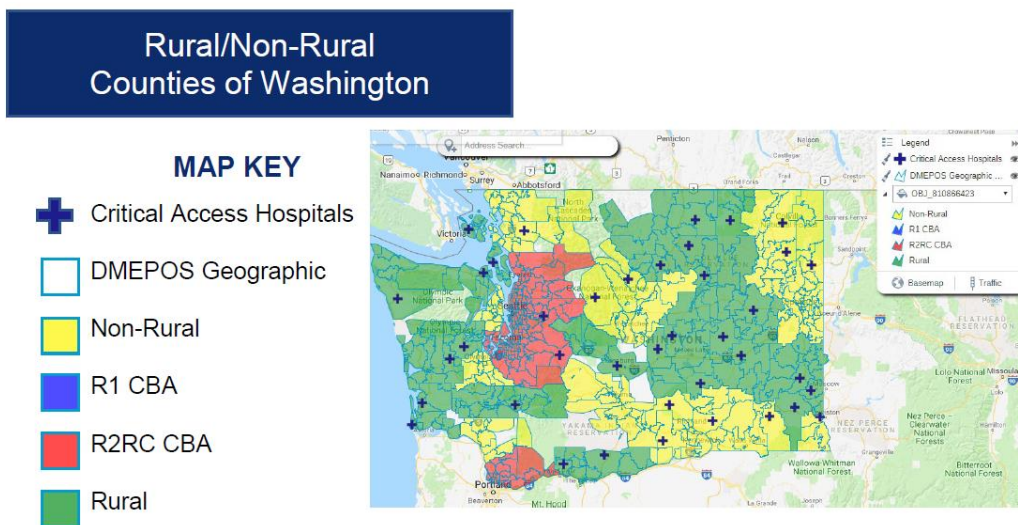
COMMENT: The CMS DMEPOS Competitive Bidding process resulted in three separate geographical payment structures when originally only two were designed. Urban (CBA's), Non-Rural and Rural. The flaws in the initial bidding processes allowed bid pricing to emerge that was both undervalued and unsustainable, especially in rural areas where the cost to provide care could not be offset in patient volumes. Congressional pressure on CMS

to provide relief to the rural areas outside of the CBA’s prompted CMS to appease this request by redefining the term rural to mean only the smallest portions of those populations. This was not the intent of Congress and resulted in the majority of the populations outside of the CBA’s to fall into a “non-rural” designation. Although relief was provided to hold up the smaller newly designated rural populations that relief is temporary and scheduled to expire at the end of 2020. Providers cannot build a network of support for those areas under the threat that temporary relief from unsustainable reimbursements will turn off like a light switch midnight December 31, 2020. Understand that the services we provide are ongoing resulting in a dependence of the homecare population on that provider’s existence.

We encourage this panel to review H.R.2771 introduced by Rep. Cathy McMorris Rodgers (R-WA) and Rep. Dave Loebsack (D-Iowa) and support the intent of this legislation with its inclusion in your recommendations to any current or future healthcare initiatives.

4. What lessons can we glean from service line reduction or elimination in hospitals that serve underserved communities where —
 - a. patients have the option to transition to alternative care sites, including community health centers and federally qualified health centers?
 - b. there is broader investment in primary care or public health?
 - c. the cause is related to a lack of flexibility in health care delivery or payment?

COMMENT: CMS has long recognized the need to subsidize hospitals in rural areas in order to insure that they are able to continue providing smaller rural populations with access to care. The map below compares the geographical HME reimbursement areas to the location of the rural hospitals labeled by CMS as Critical Access Hospitals. These hospitals qualify for subsidized support due to previous CMS rural designations. You can clearly see the contradiction with several of these hospital residing in the yellow areas designated as “Non-Rural” by CMS in respect to HME services.

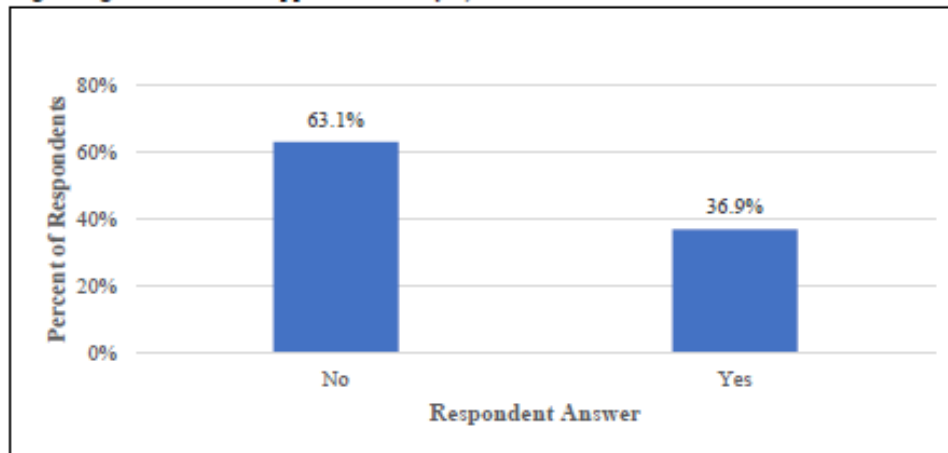


8. The availability of post-acute care and long-term services and supports is limited across the nation, but can be particularly challenging in rural and underserved areas facing disproportionately large burdens of chronic and disabling conditions. What approaches have communities taken to address these gaps in care delivery and the associated challenges of social isolation?

COMMENT: Out of pocket alternate offerings have emerged as a result of reduced access to reimbursable service providers. These solutions typically only pertain to low cost items that non expert retailers can provide as a cash transaction. Walkers are one example where we see increased dedication to inventory at your typical retail pharmacy locations. This results in a cost shift to the patient that falls outside of the measured outcomes of CMS as patients are forced to pay out of pocket for a needed HME item.

It is well know that the higher poverty rate among rural patients. This results in many needs simply going unmet as they cannot afford to pay for the HME without the aid of their benefit or a provider available to provide access to those items. Additionally, the increased costs to the healthcare system due to unmet need, improperly fitting equipment or inferior quality equipment is something that will remain an intangible.

Figure 11: Beneficiary self-reported experience of an increase in out-of-pocket medical costs regarding HME and/or supplies since July 1, 2016



Dobson| DeVonzo (**)

9. There are known, longstanding issues with the availability and integrity of data related to rural and urban community health. What data definitions or data elements are needed to help researchers better identify the causes of health disparities in rural and underserved areas, but are unavailable or lack uniformity?

COMMENT: Please recognize and incorporate the analysis linked below. This study by Dobson, Davanzo provides in-depth analysis of the financial impacts of the unsustainable reimbursements the nations HME providers are suffering from. It also specifically identifies the increased threat to Rural America as a result of the flawed payment methodology. Although CMS has been able to make some improvements to the bidding

process they are not scheduled to provide meaningful impacts until 2021. Regardless of those changes the anticipated improvements do not address the issues that will arise when temporary rural relief expires December 31, 2020.

Again, your inclusion of the changes contained in H.R.2774 to any rural / underserved initiatives will be critical.

The following Dobson, Davanzo quotes is taken directly from their conclusions*;

7. Quality of service in rural areas is particularly threatened as there appears to be little opportunity to cover inadequate payments. This is because rural areas do not have the population density to win exclusive contracts, or make up for the revenue cost differential through volume. Anecdotal evidence suggests that even large companies are limiting services to rural areas by closing rural locations, limiting service areas, and/or offering fewer deliveries per month.

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[https://www.aahomecare.org/uploads/userfiles/files/documents/Studies/DME%20Cost%20Study/Full Report AAHomecare Dobson DaVanzo True Cost Study Report 10.18.16 FIN.pdf](https://www.aahomecare.org/uploads/userfiles/files/documents/Studies/DME%20Cost%20Study/Full%20Report%20AAHomecare%20Dobson%20DaVanzo%20True%20Cost%20Study%20Report%2010.18.16%20FINAL.pdf)

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[https://www.aahomecare.org/uploads/userfiles/files/documents/Studies/HME%20Access%20Study/Dobson DaVanzo Patient Access Survey Final Report 10.11.17 FINAL.pdf](https://www.aahomecare.org/uploads/userfiles/files/documents/Studies/HME%20Access%20Study/Dobson%20DaVanzo%20Patient%20Access%20Survey%20Final%20Report%2010.11.17%20FINAL.pdf)

Thank you for the opportunity to comment on these important considerations.

With Appreciation,

The Pacific Association of Medical Equipment Services