



Supporting Quality Health Care Services at Home

February 22, 2008

The Honorable Michael Leavitt
Secretary
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Leavitt:

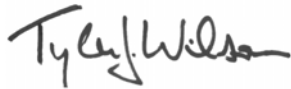
On behalf of the American Association for Homecare, I would like to share with you a recently released study (attached) on the Medicare Durable Medical Equipment Prosthetics, Orthotics and Supplies (DMEPOS) competitive bidding program. This study calls into question the fundamental underpinnings of this program. On the basis of this study and for the same reasons that we have questioned competitive bidding since its roll-out (impact on quality of care and access to care), the Association urges the Centers for Medicare and Medicaid Services (CMS) to suspend the implementation of round one of the Medicare competitive bidding.

The study, conducted by respected economists at Robert Morris University, identifies numerous flaws with the competitive bidding program that are likely to lead to serious long-term and unintended consequences. While the Medicare DMEPOS competitive bidding program attempts to inject free-market efficiency and competitive principles into the Medicare durable medical equipment benefit, the report finds that the program will have exactly the opposite effect. Rather than encourage competition and improve quality of care over the longer term, the study finds that the program will lead to market concentration, less competition as well as significant job loss—each threatening the quality of care provided to Medicare beneficiaries.

While we recognize that the competitive bidding program is likely to result in short-term cost savings to the Medicare program, the report indicates that these short-term savings will be more than offset by long-term cost increases as the marketplace is concentrated in the hands of a few. Remaining suppliers will produce reduced market efficiencies, insurmountable artificial barriers to entry will be created, and the incentive for durable medical equipment manufacturers to seek innovations that reduce costs and improve quality of life will be tremendously dampened.

As our economy teeters on the brink of a recession and the federal government looks for long-term solutions to rapidly increasing health care costs, we believe that this program will only exacerbate these problems and harm Medicare beneficiaries who are prescribed home medical equipment. Therefore, we call on CMS to suspend the implementation of round one. The issues raised in the report need to be examined and analyzed by health care experts and industry experts on the Medicare Program Advisory and Oversight Committee.

Sincerely,

A handwritten signature in black ink, reading "Tyler J. Wilson". The signature is fluid and cursive, with the first name "Tyler" and last name "Wilson" clearly distinguishable.

Tyler J. Wilson
President
American Association for Homecare

cc: Acting Administrator Kerry Weems