

LAST CHANCE FOR *PATIENT CHOICE*

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CONTACT: Carolyn Cole
800.642.6065

NEW MEDICARE PROGRAM HURTS AREA COMPANIES AND REDUCES PATIENT ACCESS TO QUALITY HEALTHCARE *Hundreds of U.S. Congress Members Are Now Questioning Program*

CHARLOTTE, N.C.—Medicare’s new competitive bidding program is pulling the life-support plug on some of the most qualified providers of oxygen equipment, power wheelchairs, walkers and many other medical devices.

The first round of the program eliminated an estimated 71 percent of home health care professionals from providing Medicare patients with 10 common home care items in 10 geographical areas, including the Charlotte region. Of the 1,005 bids submitted, 603 providers, including longstanding Charlotte-area businesses, were disqualified, while out-of-state businesses were awarded exclusive contracts.

“I just couldn’t believe we were disqualified for missing one number in a 200-page document, while an out-of-state company like the Scooter Store, that has been under investigation for fraud, gets the contract to serve patients we’ve been taking care of for years,” says Dennis Loflin, owner of N.H. Medical Services in Denton, N.C.

According to a Department of Justice release, the Scooter Store paid \$4 million last year to settle allegations that it had overbilled Medicare by about \$30 million.

“We have good hard-working employees, who, like us, are in this business because we have an affinity to help the most frail in our communities live out the rest of their lives in their homes,” continues Loflin.

Medicare made up 30 percent of N. H. Medical Services business, leaving Loflin unsure as to just how drastically losing the contract will affect his business. A Weeks Group study estimates 14,575 jobs are expected to be lost at the completion of the first two rounds of bidding.

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The large number of disqualified bids has many U.S. Congress members raising questions. More than 100 members have signed a letter proposing the competitive bidding be delayed until the disqualification issues are addressed. The letter also requests more transparency be provided in relation to the criteria in which winning bidders were evaluated and selected, and the calculations used for single-payment amounts. A vote to delay the implementation of the program could come as early as this week.

Yesterday afternoon, Senate Finance Committee Chairman Max Baucus announced his intention to add a delay of the durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) competitive acquisition program (CAP) to S. 3101, the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA).

Baucus said he is most concerned about the impact that a poorly designed program will have on Medicare beneficiaries, many of whom are confused about what this new program means for them and are concerned that they won't be able to get care from someone in their own community.

"The ratio of beneficiaries to suppliers will increase to 339 percent," says Mike Mallaro, president, Last Chance for Patient Choice. "For the Charlotte market that means about 75 oxygen providers will be reduced to 12 to serve a market that stretches 251 miles across."

Last Chance for Patient Choice is a 527 nonprofit organization that believes Medicare beneficiaries will become victims of a two-tier health care system if provisions of the current Medicare Modernization Act stay in place. Its members include Medicare beneficiaries and home medical equipment providers and manufacturers.

"With so few providers contracted and so many beneficiaries in large geographic areas—I don't see how providers could get life-saving supplies, like oxygen, to patients in a timely manner when equipment malfunctions or in power outages," says Bill Griffin, owner of Griffin Home Health Care Inc. in Charlotte, N.C.

Griffin Home Health Care Inc. has been in business for 25 years and employs 25 people. The company bid for five contracts and lost them all due to price. Now that Griffin realizes who won those contracts and at what price they are expected to deliver these services, he feels he may be the real winner—but the patients he's been taking care of for the last 25 years, sadly are the real losers.

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“I know of companies that only have one van and one driver who have won, and other ‘winners’ from out of state that can’t operate because they are not licensed in North Carolina—and are now trying to subcontract us,” says Griffin. “This is a train wreck in progress. Beneficiaries are going to suffer a tremendous amount of pain for the little amount of money that may be saved. It’s going to cost people their lives.”

The competitive bidding program will also greatly inconvenience many Medicare patients and their caregivers. Patients no longer will be able to call one provider to handle all of their needs.

“From delivery to billing, patients will be inconvenienced by being forced to call or visit a different provider for items such as hospital beds, wheelchairs and oxygen,” says Mallaro. “And with low reimbursement rates, providers will no longer be able to afford to provide services such as home delivery for select items, and if they do provide in-home services, response times will be longer.”

The new program is to be implemented in the Charlotte area on July 1.

“At the very least the program needs to be delayed until an in-depth and detailed review of the competitive bidding process and its effect on beneficiaries is completed,” says Griffin. “As an owner of a home health care business, I propose Congress work with industry insiders to seek alternatives that will preserve the program integrity, maintain beneficiary freedom of choice in the selection of their provider, and ultimately maintain a competitive marketplace that will drive value-added services with competitive pricing.”

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