CQRC COUNCIL FOR QUALITY RESPIRATORY CARE

Tell CMS Bundling Home Sleep Therapy Is Not Appropriate

- **Home sleep therapy improves patient outcomes and reduces overall Medicare costs.**

    - Home respiratory therapy suppliers provide patient-centered services to support long-term health outcomes improvements and reduce hospitalizations. Working with hospitals and commercial payors, CQRC companies have developed and implemented programs to help improve health outcomes, and reduce hospitalization and Medicare program expenditures. Managed care programs and commercial payers recognize the important role home respiratory therapy suppliers play in reducing overall health care spending.

    - After initiation of the sleep campaign (2007-2008), untreated participants had inpatient hospital costs 82 percent higher than treated participants. In 2008 that difference was 94 percent, according to data from the Union Pacific Employees Health Plan published in *Sleep* in June 2011.

    - The continuous rental of continuous positive airway pressure (CPAP) devices to treat sleep disordered breathing threatens this record of success.

- **CMS has not provided the appropriate patient safeguards associated with its other bundling programs.**

    - The vast majority for Medicare bundled payment systems include safeguards to protect patients who require more services than the average patient. The lack of design features, such as case-mix adjusters, geographic adjusters, and other standard elements of a bundled payment system, make it difficult to understand how the bundled rate would be appropriately balanced to ensure that high-cost patients continue to receive the items and services they medically require.

- **The need for the bundle is unclear and the rationales provided are not supported by data.**

    - CMS suggests that sleep bundling is appropriate because of the rising cost of out of warranty repairs. CMS data demonstrates that this repair rate for home sleep therapy equipment is extremely small. From 2005 to 2016, the out of warranty repair rate for the last three generations of equipment from manufacturers is 0.8 percent.

    - CMS has also raised concerns about the provision of supplies after the rental period has ended. While it may be true that some beneficiaries receive more supplies than others, there are several possible reasons for these differences. For example, some patients live in areas where the environment requires that tubing

and masks be changed more frequently. Other patients may be following their prescribers' recommendations to change tubing and masks at different intervals.

- The average annual supply rates also remain low and few beneficiaries receive the number of supplies allowed by CMS. According to data from manufacturers, between 2011 and 2015, the resupply rate for cushions was 11.7 percent. For headgear, it was 0.4 percent. For tubing, it was 4.7 percent. For filters, it was 4.8 percent. The resupply rate for masks was 3.8 percent. Sixty percent of sleep patients receive zero or one mask each year, while only 17 percent receive three or more masks each year. CMS allows patients to receive up to 4 masks each year. The majority of beneficiaries are using less than the maximum amount of supplies allowed by CMS.

- Before implementing a bundling pilot with no safeguards for legitimate high-utilizing patients, CMS should evaluate the reasons some patients receive more supplies than others and then develop policies that target abusers of the system.

- **The instability of the current payment system would cloud the results of any new payment model, making it impossible to determine the impact of the model.**

  - During the last several years, the home sleep therapy benefit has experienced substantial policy changes that have led to significant instability in the payment system. These include combining sleep and oxygen equipment into a single product category for competitive bidding, changing rules for interpreting the documentation requirements for establishing medical necessity, and cutting the rates in non-competitive bidding areas (non-CBAs) substantially through the Modified Fee Schedule. More changes are on the way as well. New requirements related to obtaining substantial bid bonds and combining all CBAs into a single round of bidding will take effect for the next round of competitive bidding.

  - Introducing a new payment method seeking to test whether bundling will lead to further reductions in Medicare expenditures, while the impact of these other policies remains unclear, will make it impossible to determine whether the bundling or the other policies were what led to a reduction in expenditures.

It is simply not appropriate to test bundling home sleep therapy items and services.