CQRC | Council for Quality Respiratory Care

The Real-World Impact of the July 1 Payment Cut

The decision to apply competitive bid rates to the rest of the country without taking into account the differences of these areas will harm beneficiaries.

- **Example of Impact of July 1 cut.** A patient in rural Virginia who had been on home oxygen therapy until December 2015 was admitted to the hospital in early September with a COPD-related exacerbation. The physician prescribed home oxygen upon discharge. The local supplier refused to accept the patient because of the low modified fee schedule rate and the fact that the patient had already received service for 26 months, so the supplier would be limited to 10 months of payments regardless of the patient's ongoing need. While CMS tried to get other providers outside of the service area to take the patient the new modified fee schedule rates have made it impossible for these suppliers to assist the patient and cover the cost of providing the services. As a result, the patient had to remain in the hospital 9 days beyond the date when she could have been discharged.

- **Patients cannot access liquid oxygen.** The COPD Foundation reports that patients with greater mobility have lost access to the liquid oxygen they need to leave their homes. They also report problems with receiving the number of tanks they need.

- **Not all of the impact is immediate.** While some suppliers may decide to no longer provide equipment, supplies, and services to Medicare beneficiaries in the coming months, most suppliers have tried to avoid shutting their doors on the hope that the Congress will step in and address the problem more fully. However, if the phase-in is not retroactively reinstated and the methodology for establishing the modified fee schedule rates not adjusted, then Medicare beneficiaries whose suppliers remain in the Medicare program will experience the following changes in services during the next 6-12 months.

    - **Loss of Care Coordination and Care Management Services.** In cooperation with hospitals, pulmonologists, and primary care physicians, some home respiratory therapy suppliers are now able to provide patient-centered services to improve patient outcomes. These care coordination and care management services have proven successful in reducing hospitalizations and readmissions for COPD and CHF patients. Managed care and commercial payors now rely on home respiratory therapy suppliers to implement these programs to reduce the overall costs associated with caring for patients with COPD and some CHF patients.

      If Medicare continues to cut the rates without taking into account the cost of providing services, patients will no longer have access to services such as:

      - Regular, in-home <u>patient evaluations</u> to:
        - Allow prescribing physicians to refine the delivery of the therapy;
        - Work with patients to ensure compliance with therapy regimes;

        - Monitor and address the home environment for safety risks, hazards, and other signs of potential dangers related to the patient remaining at home;
    - Regular, in-home clinical assessment by respiratory therapists of:
        - A patient's ability to care for themselves and need for community or home health services;
        - A patient's response to home respiratory therapy and communicating recommendations for additions or changes in medication;
    - Regular, in-home monitoring of:
        - Changes in a patient's vital signs that would warrant a physician office visit to prevent an emergency department visit or admission to hospital and reporting such changes to the patient's physician;
        - Signs and symptoms of oncoming exacerbation of their condition, assessment of changes in sputum color or odor, and gathering samples if prescribed by physician
    - Ongoing patient and caregiver education about:
        - The proper cleaning of equipment and filters, accessories and infection control;
        - Managing the disease through additional therapies, such as breathing exercises, proper hydration, smoking cessation, appropriate exercises, proper nutrition, cough and deep breathing techniques;
        - The proper response to an exacerbation and need to adjust oxygen liter flow when there exists a prescription to do so during periods of shortness of breath or increased work of breathing.

- **Loss of Continuity of Care Services.** While Medicare sets basic guidelines for delivering equipment, visiting with patients, and addressing equipment problems or patient traveling, most home respiratory therapy suppliers have provided these services beyond the minimum required to ensure that Medicare beneficiaries receive the same high level of care that managed care and commercially-insured patients receive.

  If Medicare continues to cut the rates without taking into account the cost of providing services, patients will no longer have access to services such as:
    - Coordination with hospital discharge planners
    - Provision of services when patients request them, as opposed to on a set schedule
    - Home deliver in rural areas
    - Home delivery to areas located more than 25-30 miles from suppliers' branch locations
    - Access to respiratory therapists, other than as mandated by State law
    - Off cycle deliveries of equipment and supplies

- **Medicare data does not provide an accurate assessment of the impact of the cut.**
    - CMS' data does not fully reflect the true impact of the cuts. Four months of patient data (January – April 2016) is misleading as well as insufficient to assess accurately the CMS claims. Given the way chronic respiratory diseases present

and progress, it is unlikely that the impact of changes in services can be seen in such a short period of time. It requires at least a year of evidence at the current rate to understand whether the cuts will disrupt patient care and outcomes.

- While CMS data show no change in the outcomes reviewed, it is notable that at a time when mortality, admissions, and emergency room visits are declining for other Medicare populations they are not declining at the same rate in the COPD population, despite the significant incentives that CMS put in place to improve these outcomes. Rather than indicate that the cuts are having no effect, it appears that the cuts are destabilizing the home respiratory therapy suppliers to the extent that it is making it difficult to improve health outcomes for COPD patients.

- CMS's claims that the fact that suppliers continue to accept assignment (and not bill beneficiaries above the Medicare rate) does not mean that the modified fee schedule rates are sufficient. If a supplier does not agree to assignment, it must collect payment from patients each month. In light of their experience with copayments, suppliers are extremely reluctant to seek the entire payment from patients who historically may not have always paid their 20 percent copayment share. By accepting assignment, a supplier receives at least 80 percent, even if the rate is inadequate. In addition, non-assignment is not permitted for dual-eligibles, who make up a substantial portion of home respiratory therapy patients.

Home respiratory therapy patients need your help: support legislation by Sens. Thune and Heitkamp and Reps. Price, Loebsack, McMorris Rogers, and Welch to retroactively reinstate the phase-in period.