

More Time Is Needed to Understand Impact of Drastic Cut to Home Respiratory Therapy: Support Legislative Efforts to Extend the Current 6-Month Phase-In

- **Medicare beneficiaries rely upon home respiratory therapies to treat Chronic Obstructive Pulmonary Disease (COPD) and Obstructive Sleep Apnea.**
 - Home respiratory therapy is a critical set of services and equipment that allow more than one million Medicare beneficiaries to save the Medicare program money by reducing time spent in emergency rooms and nursing homes.
 - Home respiratory therapy suppliers also provide patient-centered services to reduce hospitalizations. Working with hospitals and commercial payors, CQRC companies have developed and implemented programs to help reduce hospitalization and Medicare program expenditures. Managed care programs and commercial payors recognize the important role home respiratory therapy suppliers play in reducing overall health care spending.
- **However, the decision to dramatically cut rates January 1 by applying competitive bid rates used in urban areas to areas the Congress expressly excluded from the competitive bidding program makes it less likely that Medicare beneficiaries will fully benefit from home respiratory therapy services.**
 - Effective January 1, 2016, the average competitive bid rates in a region will become the new rates in non-competitive bid areas. These areas are mostly **rural**. While CMS does provide a 10 percent increase to these average competitive bid rates, that amount falls far short of the cost of providing services in these areas. CMS has also decided to provide only **a 6-month phase-in** for suppliers to attempt to adjust to the drastic cuts. This period is dramatically shorter than the 3-4 years others Medicare providers usually receive to absorb much smaller cuts.
 - For CQRC member companies, which are the larger national and regional home respiratory therapy suppliers, the cost of delivering services in non-CBAs is on average **13 percent higher** than their costs within CBAs. For these companies, the competitive bid reimbursement rates in CBAs are **already an additional 5 percent below the cost to supply those services**, on average.
 - To date, beneficiaries have not experienced changes in services primarily because member companies have managed to absorb these losses (a) to continue to participate in Medicare in CBAs in the hope that future rounds of bidding will recognize the true cost of providing services and (b) because traditional fee schedule rates in non-CBAs were sufficient to offset the losses.

- **Suppliers experience higher Medicare costs because of the broken audit process.**
 - A significant reason that costs are higher in the Medicare program than for commercial payers and managed care plans is the out of control audit process. The current audit process results in the initial denial of more than two-thirds of all home respiratory therapy claims. It may take years for a supplier to be paid for a legitimate claim because the only objective part of the process is at the Administrative Law Judge level. The only change that will address the audit problem is to require a clear prior authorization process. Prior authorization would reduce costs for suppliers, as well as those of the Medicare contractors, by eliminating audit denials and further appeals.

- **The current phase-in blended rate should be extended beyond the current 6-month phase-in to allow policymakers sufficient time to assess the impact of such a dramatic cut in nonCBA and rural areas.**
 - CMS has sufficient authority to extend the phase-in beyond the current 6-month period. Under similar authority, it provided dialysis facilities with a 3-4 year phase-in of a much smaller cut. Yet, the Agency has not agreed to do so.

- **Home respiratory therapy patients need your help: support S. 2736 and H.R. 5210.**
 - Legislation introduced in the Senate and House seeks to provide a longer phase-in to allow policymakers to adequately assess the impact of the cut. Specifically, the bills would:
 - Extend the phase-in an additional 15-months.
 - Require CMS to publicly report what it finds as it monitors access during the phase-in period.
 - Require CMS to take into account specific factors when adjusting rates in the future.
 - Establish the bid-ceiling limit at the 2015 fee schedule rate.

**Please support the legislation and
immediate passage to stop the July 1 payment cliff**

Who We Are

The CQRC is a coalition of the nation's seven leading home respiratory therapy providers and equipment manufactures. CQRC members currently provide home respiratory therapy to more than 600,000 program beneficiaries who rely on treatment at home to maintain their independence and enhance their quality of life. Together they employ more than 35,000 people across the United States.