



**Position:**

Access to power mobility products by disabled Medicare beneficiaries has been severely restricted. Beneficiary access dropped precipitously (over 44%) in December 2006 following massive and still inaccurate price cuts implemented the prior month. Current access to this benefit is running more than 30% below CMS's own estimate of appropriate utilization levels. To make matters worse, a recent OIG report estimates that over 30% of DME suppliers fail to meet the most basic Medicare standards, like having a place of business. Our own investigation of the top 500 suppliers mirrors the OIG data; 150 of the 500 appear to be non-existent. The fact that nearly 1/3 of all current paid claims come from "fly-by night" operations represents many problems for CMS, but it also means that legitimate utilization is even lower than the already depressed numbers.

We urge the Secretary to not allow any further changes to the power mobility benefit, including competitive bidding, until legitimate utilization (without the fraud) at least climbs back to the appropriate utilization levels communicated by CMS in the Federal Register. Further, we urge the Secretary to **immediately** implement accreditation for all power mobility suppliers.

**Access to Power Wheelchairs is Trending Significantly Below CMS Estimates**

- In the August 24, 2005 *Federal Register*, CMS estimated that the appropriate PMD utilization level would be 187,000 units per year; or 15,600 per month.
- Using CMS's 2005 figures plus demographic growth, the appropriate PMD utilization for 2007 should be 214,000 units per year, or 18,000 per month;
- Following a 30% price cut to the benefit in November 2006, in December only 9,860 Medicare beneficiaries received a PMD
- Current utilization has rebounded to approximately 12,000 to 13,000 units per month, and we estimate the annual utilization for 2007 to be 150,000 units. This would be 64,000 units below the appropriate utilization level of 214,000 defined by CMS.
- A statistical analysis performed by the RRC Inc., economists Donald R. House Ph.D., Clifford Fry, Ph.D., and Kent Nash, Ph.D. conclude that providing power mobility creates a NET SAVINGS to Medicare of \$10,887 per beneficiary over a similar beneficiary who did not receive a power wheelchair.
- This restricted access to the mobility benefit would result in a loss of nearly \$1 Billion to the Medicare program; (64,000 x \$10,887 = \$960,000,000), along with the unnecessary pain and suffering of those 64,000 disabled beneficiaries.
- Further price cuts (from competitive bidding) will only further diminish access to PMD's for many of the nation's seniors and disabled, forcing them prematurely into more expensive institutional care. This trend will further exacerbate our nation's healthcare crisis.

**Recommendation:** We recommend that standard and complex rehab power wheelchairs be postponed from CB in the 10 CBA's until access reaches the appropriate utilization numbers as identified by CMS. It is imperative that CMS respond to the OIG detected fraud by immediately requiring ALL PMD providers to be accredited. This will preserve Medicare beneficiary access to quality products and services and provide the government significant savings through a reduction in electronic claims fraud being perpetrated by unscrupulous providers.

**Background:**

The Medicare Modernization Act of 2003 (MMA) requires that implementation of competitive acquisition (bidding) for certain items of durable medical equipment (DME) begin in 10 of the largest metropolitan statistical areas (MSAs) in 2007. The language contained in Section 302(b) of the MMA (Public Law 108-173) provides broad authority for the Secretary of HHS to **exempt items where** quality or **beneficiary access** would be **jeopardized** (emphasis added) or significant savings would not be achieved.