

Oxygen and the Competitive Bid

Recently PEP has discovered several useful websites and much valuable information regarding Medicare, the DME Competitive Bid and how it affects medical oxygen supplies. Please take some time to review the following materials and learn how to get your voice heard. If we remain silent about our home healthcare needs, we deserve the results we are getting. I still believe Liquid Oxygen (LOx) is worth fighting for.

Brian Leitten is an attorney and consultant for non-profit organizations in Florida. Over the past several years he has been supporting the DME (durable medical equipment, including oxygen) industry. Here is what he has to say in a recent update to his articles, *"We have seen the launch and then expansion of the competitive bidding program and continued attacks by CMS on payments for power chairs, oxygen therapy and most recently CPAP therapy. While all of these efforts have not yet fully impacted beneficiaries and reliable current data continues to lag the market by significant periods of time, one thing has become clear -- CMS has failed to recognize the leverage of its spending potential."*

On page 2 of his report he says, **" COPD is the 2nd leading cause of disability and the 3rd leading cause of death in the United States. (4)**

*Supplemental oxygen therapy is used to treat individuals who have difficulty breathing as a result of COPD. When Medicare pays for supplemental oxygen therapy, the cost of treating medical complications created by COPD drops dramatically and significant net spending savings are realized. The study shows that: **For every dollar that Medicare pays to provide supplemental oxygen therapy, Medicare avoids spending \$9.62 (i.e., a rate of return of 962%) for treatment of COPD-caused medical complications in that year that would result if the oxygen therapy was not provided. (5)"***

You can read the entire report on VGM Group at

<http://www.vgmdclink.com/uploads/library/773099cb9200713f04741d93ee34432c.pdf>

To learn how to get involved in DME advocacy visit VGM's DC Link at <http://www.vgmdclink.com/>. Here you will find many resources to assist in communicating your concerns.

Peter Cramton is a Professor of Economics at The University of Maryland and is considered an expert on auctions like Medicare's competitive bid. From the beginning he has been advising HHS and Congress about the flaws in the competitive bid. He has written a document entitled ' DESIGNED TO FAIL: THE MEDICARE AUCTION FOR DURABLE MEDICAL EQUIPMENT' which you can read at <http://www.cramton.umd.edu/papers2010-2014/cramton-ellermeyer-katzman-medicare-auction-designed-to-fail.pdf>.

In the following months I will be adding more reference material to our website but right now you can get a feel for the Medicare Congressional hearings by viewing them online at <http://vimeo.com/24368525>.

In a letter to President Obama in June 2011 Professor Cramton states, *" Rather CMS continues to recite the mantra that all is well and that CMS does not plan to make any changes to the program as it expands from nine pilots to the entire United States.(2)*

We find this especially distressing and unreasonable given your Executive Order of 18 January 2011 on regulation. In that order, you lay out numerous sensible principles of regulation that administrative agencies must follow. The CMS competitive bidding program violates all of the principles, especially the principles of transparency and of basing regulations on the best available science. Indeed, the current program is the antithesis of science and contradicts all that is known about proper market design." You can read this letter here: <http://www.cramton.umd.edu/papers2010-2014/further-comments-of-concerned-auction-experts-on-medicare-bidding.pdf>