



MISSISSIPPI DIVISION OF
MEDICAID

Public Comments

State Plan Amendment (SPA) 17-0015

Durable Medical Equipment (DME) and Medical Supply Reimbursement

November 9, 2017

Hometown Medical

I have 37 years associated with the DME industry. I considered the current fee schedule to be unsustainable for a DME company to deliver and service the medicaid beneficiary. The methodology is flawed following the state plan to use the current medicare fee schedule because of access issues that the medicare beneficiaries are having now with the 100% payment plan, much less 80% of the medicare fees. Medicaid beneficiaries will have access issues with this new fee schedule. I implore the Division of Medicaid to consider a different method of calculating the fee schedule to ensure access for DME for those beneficiaries who truly need this all important medical equipment and supplies.

November 10, 2017

To Whom It May Concern:

In reference to the State Plan Amendment, I would like to address a few things that I feel will be affected if we do not adopt the new plan allowing DOM to calculate DMEPOS fees outside of the rates under the Medicare program when these rates affect the state negatively by causing businesses to close down and beneficiaries to not have access to critical supplies and equipment necessary to keep them out of hospitals and nursing homes. Mississippi is a rural state. DMEPOS rates in MS have been linked with pricing that was bid under the Medicare programs by companies that are not located in our state and from suppliers in Urban versus Rural areas. In some cases, rates selected are not comparable to the cost of servicing residents in our state and I feel this has not been sustainable for the DME industry. Our cost of delivery due to the rural nature of our state may be greater than that of a company that has most of its population in areas in close proximity to one another. We have seen the number of DME companies decrease across our state over the last few years by either going out of business or closing additional locations due to cost associated with doing business after the Competitive Bidding Program and the Rural Rollout of the Affordable Care Act. The rates are well below the cost of goods and services and studies have proven that suppliers cannot operate at these rates. Some are at decreased rates of over 60-70%. With DOM paying at 20% below these rates there aren't many businesses that can survive that drastic of a difference in reimbursement. If MS DOM is not allowed to set its own pricing in the event of a statewide access issue, then costs for healthcare across our state are going to increase in other areas such as hospitals and nursing homes. Mississippi has already lost 30% of DME companies from 2013-2017

with the largest amount occurring from July 1, 2016 to July 1, 2017 due to the Medicare rate reductions and now with DOM rates 20% below that effective July 1, 2017 we anticipate over half the state to be without access due to the below cost rates. Suppliers are closing their business or no longer dispensing supplies to beneficiaries at rates below their cost. These rates do not take delivery or administrative cost into consideration, along with cost of goods. We cannot afford to lose businesses or jobs in our state. Beneficiaries cannot afford to lose access to critical supplies and equipment necessary to allow them to be in their home environment cared for by loved ones instead of institutions. DME closures also increase state hospital expenses and unemployment rates.

The amended plan could be executed with Market research and allow the opportunities for MS to keep DME companies and other businesses open and unemployment rates down. We approve of the amendment and would like to see it enacted.

Sincerely,

Sylvia King
General Manager
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November 12, 2017

Jones County Medical

This is a comment on the Public Notice of 42 C.F.R. Section 447.205. I am the Chief Operating Officer of Jones County Medical Supplies, Inc. There have been multiple DMEs close across Mississippi in the lasting months. This change would be very beneficial to DMEs all across south Mississippi. If something is not able to happen soon, more DMEs will close their doors and Mississippi will be in a critical shortage of suppliers. Allowing MS Medicaid to make changes to the fee schedule where access issues exist would give suppliers the relief they need in areas where we can simply cannot continue to provide these items based off of the current allowable.

Sincerely,

Matthew Boyd

Murphy Medical Supply, LLC

The current Medicare fee schedule has DME companies struggling to remain in business. When you factor in how our state's Medicaid pays a percentage from Medicare rates, it makes DME companies consider turning away business due to low rates. Mississippi has had 30% of DME companies close since 2013, which has put a burden on patient access for medical supplies. My business is in a rural county with less than ten thousand people. There have been 7 companies close within 150 miles in the past 12 months due to reimbursement cuts. Without DME companies, hospital admissions will increase significantly. If DME closures continue to occur, it will create longer wait times for discharge planners to prepare discharges for patients who are going home on medical equipment. This means insurance companies will

continue to have to pay more to keep patients hospitalized until they can fulfill the necessary needs. DME companies are hanging on by a thread. Please allow MS Medicaid to calculate a new fee schedule outside the Medicare program rates. Currently MS Medicaid rates are completely unsustainable. If closure of DME companies continue, there will be no one left to help these patients receive home medical equipment.
Sincerely,

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Charter Medical, LLC

Thank you for the opportunity to comment on the proposed change in reimbursement policy. For over 10 years, Charter Medical, LLC in Oxford has worked closely with physicians and facilities to provide prescribed equipment, supplies and services to Medicaid patients in our state. We understand that Medicaid provides access to healthcare for a targeted patient demographic that is not eligible or financially able to participate in the traditional healthcare marketplace. We also understand that patient healthcare needs under Medicaid are actually funded by the taxpayers, not the patients. Therefore, it is of the utmost importance that our Department of Medicaid be wise and frugal while meeting the needs of Medicare patients. It is good that your department evaluates how its allotted money is spent. After all, I and my employees are among the ones paying for it!

Understanding all of this is balanced with the reality of staffing and operating a business to meet DOM standards, physician's orders, and patient expectations while maintaining fiscal viability. The reimbursement cuts, initiated by DOM on July 15, 2017, have put in jeopardy the ability of Charter Medical to maintain fiscal viability while meeting the expectations outlined above. These cuts have not taken into account the cost incurred by our company delivering and sometimes redelivering to Medicaid patients in extremely rural settings. The decision to make these cuts has ignored the staffing needed and travel expenses incurred to comply with Medicaid requirements regarding home oxygen. Inflationary pricing pressure on equipment purchased by Charter Medical adds to the harm done to our company by these cuts. Also unaccounted by the DOM cuts is the provision unreimbursed supplies to patients when the patient breaks or loses the original supplies provided.

Furthermore, DOM neglected to take into account the reality that we do not provide to patients products alone. For example, we provide the service of home and portable oxygen. This service provides not just a certain piece of equipment. The service provides all the education needed to safely and effectively use the equipment to accomplish the therapeutic goals of the physician. This service includes answering the phone at 3AM to help the Medicaid patient understand that the reason the equipment is not working properly is that they do not have it plugged into the wall receptacle. The service includes the staffing and time required to communicate with physicians the patients' compliance and status. Historically, Medicaid patients have a higher degree of education need and monitoring than the normal patient. Frequent deliveries of portable oxygen tanks, required for portable oxygen services, is consistent. The operational costs of this service is totally ignored in these cuts. This is but one of many such examples of the services, not simply products, we provide.

The financial viability of this company is my primary responsibility. Unless the reimbursement cuts initiated on July 15th are renegotiated to allow for these and other factors, Charter Medical may be forced to cease providing services to Medicaid patients. The staff at Charter Medical, the providers in our area and our Medicaid patients wish to avoid this decision. I am happy to provide any additional input you deem necessary help to the DOM make the correct decision for its patients.

Respectfully,

Kenneth K. Gowen, III
President
Charter Medical, LLC
Oxford, MS

As stated by previously, current DME suppliers that are still currently open have truly stood the test of times. We all have witnessed cut after cut and rule change after rule change, and we are still fighting to keep the doors open. The effect of the Medicaid changes will not only affect the DME suppliers, but most of all the patients. It is hard enough telling a patient I'm sorry we can not help you because your insurance will not cover this item, but when a supplier may have to tell a patient I'm sorry I can not accept your insurance due to cuts, it takes on a whole different meaning.

The competition of being able to service patients is no longer about bumping heads with other providers, it is now about fighting for the patients to be able to get the proper care they need covered at a reasonable rate that will not drive the DME suppliers out of business. What happens to the patients that are in need but can't find someone to serve them? What happens to the family members that become frustrated and overwhelmed by the out of pocket costs that they endure? Are the families suppose to put their loved ones in a nursing facility because they can not afford their at home care? Are we really becoming a nation of people that thinks we will never age and require the same health care that is being cut?

We, the DME providers, are binding together to make the necessary changes needed so that patient care remains the number one focus for our aging and disabled patients.

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November 16, 2017

Mississippi Division of Medicaid
550 High Street, Suite #1000
Jackson, MS 39201

Re: Public comments of State Plan Amendment (SPA) 17-0015

Dear Mississippi Division of Medicaid,

The greatest concern for our company regarding the State Plan Amendment (SPA) 17-0015 is the current fee schedule for diabetic testing supplies. This involves a lower Medicaid payment to Durable Medical Equipment (DME) companies on items such as blood glucose testing supplies. The drastic change in the payment fee schedule to DME's came into effect after July 1st of 2017 and during the past four months has quickly impacted our company's gross profit. The Medicaid payment for diabetic testing supplies has been cut by 75%. Financially, this has created a negative balance for our company and we simply cannot continue to operate our business in a red margin.

We started our business in 1977 and have been a Medicaid provider for years. Currently, we serve Medicaid beneficiaries throughout the entire state by mailing necessary supplies for customers directly to their homes; many of which are in rural areas of the State and/or the beneficiary does not have transportation to our business located in Jackson, MS. According to the MS department of Health, roughly half of MS residents live in rural areas and unfortunately 63% of these residents accounted for diabetes associated hospitalizations in 2011. The current Medicaid fee schedule for diabetic supplies makes it impossible for DME's to sustain business as our company cannot purchase the supplies and mail them to customers at the current reimbursement fee. If the state wishes the Medicaid beneficiaries to be served, Medicaid must correct the current fee schedule. Without a change to the reimbursement plan, Mississippi DME's will be unable to operate and more importantly, the large percentage of diabetic Mississippians in rural, underserved communities will be negatively impacted. We would like to express our gratitude to the division of Mississippi Medicaid for your time and attention to this matter. Hopefully, the division will make the necessary adjustments to the fee schedule for the benefit of local DME's as well as Medicaid beneficiaries.

Sincerely,



John and Camille Oliver
Oliver Diabetes Supply Center

Nov. 17, 2017

Comments on SPA 17-0015 Durable Medical Equipment and Medical Supply Reimbursement.

We believe this change will be a positive step in Medicaid and MsCan beneficiaries continuing to have access to the durable medical equipment and medical supplies they need.

Due to Medicare fees being altered with competitive bid fees being put out on all DME providers it is causing access issues for Medicare beneficiaries and will soon be causing issues for Ms Medicaid beneficiaries.

There is a bill in the House of Representatives to help adjust Medicare fees back to Jan. 2016 fees which are acceptable. The bill is HR 4229.

Thank you for working to help the DME providers and Ms Medicaid beneficiaries.

Paula Breland

Jones County Medical Supplies, Inc.

Hometown Healthcare and Medical Equipment

Nov. 30, 2017

Public Comment concerning SPA-17-0015

I have been in the home medical equipment business for 21 years this year. During that time I have seen numerous changes made to the way we are reimbursed for our services, most in the form of Medicare cuts. The last round of Medicare cuts put a lot of independent providers out of business and caused a lot of consolidation among the national providers. That alone has caused access issues for all patients, Medicaid included. The current system used for calculating Medicaid rates is simply unsustainable. If this format continues to be used, I feel that Medicaid recipients will have huge access issues to the equipment they need to continue living at home. I hope and pray that the Division of Medicaid would review this current format of calculating rates and come up with some other method that would allow providers to continue offering these crucial services.

Respectfully submitted,

Scott Kilgore, RRT

President

Hometown Healthcare

RE: SPA-17-0015

To Whom It May Concern:

I am writing on behalf of Pinnacle Medical Solutions and our patients as we believe that the Mississippi Medicaid revised fee schedule dated July 1, 2017 has created significant access issues for people who rely on CMS for their healthcare coverage. Pinnacle Medical Solutions is a DME company based in Southaven, MS that specializes in diabetes pump therapy. As reimbursement rates continue to reduce and margins have become mostly negative for diabetes DME supplies, it is a struggle to provide products and services to Mississippi beneficiaries at unsustainable rates. As a company, along with our 19 employees, we are proud citizens of Mississippi and recognize that while healthcare costs are expensive, underpricing DME supplies that are used to manage diabetes and other diseases has only created access issues for these patients – which will inevitably increase complications, hospitalizations, and exacerbate the economic impact.

Although many of the changes on the July 1st fee schedule apply to the products we sell, the items below have created the greatest access issues for MS Medicaid members. Pricing diabetes supplies at 80% of Medicare (which was already underpriced) has made it difficult for DOM members to receive their monthly supplies and manage their diabetes.

- **E0784-** Insulin Pump (reduced fee from \$3,519.44 to \$3,345.84). There are currently 2 manufacturers of traditional insulin pumps, Medtronic (who is a growing 80% of the market) and Tandem. Both Medtronic and Tandem have released next generation pumps this year that provide significantly better technology and stability for the patient. The new pumps are closed-loop systems that integrate with the CGM and help stabilize insulin levels. As these pumps continue to advance, the costs continue to rise, however, the reimbursement has been reduced. Our cost on a Medtronic pump is \$5,000 and we are asking to adjust the reimbursement of E0784 to \$5,250. While insulin pumps are expensive, these devices are the best treatment for insulin-dependent diabetes patients, and over time, significantly reduce hospitalizations, illness, and death.
- **A4253-** Test Strips (reduced fee from \$28.15 to \$6.66). Mississippi Medicaid's fee schedule reduction for test strips to \$6.66 has created significant access issues for beneficiaries. The new reimbursement rate is lower than the cost of generic products, and is significantly lower than brand-name test strips. Most of our patients have T1 diabetes and rely on their brand-name test strips to communicate with their insulin pump and manage their diabetes. Insulin pumps connect and share data with testing meters and strips, creating the best treatment for insulin-dependent diabetes patients. Medtronic patients use Contour Next meter/strips because they integrate with the

pump -- and we pay \$18 for a box of brand-name test strips (negative margin of \$11.34/box). As of recently, these patients have been unable to receive the test strips they need, and the generic strips that they can receive (but also cost more than the current reimbursement) are not an adequate substitute. Of our T2 patients, many of them also use brand-name test strips because they are more accurate and durable than the generic products. Overall, almost all FDA approved test strips cost more than \$6.66 – and our suggestion is to revise the reimbursement rate for A4253 to \$25, which will eliminate the access issues for patients who use generic or brand-name strips to manage their diabetes.

Thank you again for your willingness to re-evaluate and hopefully adjust the reimbursement rates for diabetes DME supplies. Pinnacle Medical Solutions is committed to providing the best service and products for our Mississippi patients and we are hopeful to work with Mississippi Medicaid to revise the 2017 fee schedule so that there are no longer access issues for DOM beneficiaries.

Please let us know if you have any questions or need additional information.

Sincerely,

Keenan Ryan
General Manager
Pinnacle Medical Solutions LLC
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