Competitive Bidding Round 2021 and COVID-19

CMS is ready to implement a new round of the Medicare Competitive Bidding Program for home medical equipment (HME; also referred to as durable medical equipment or DME) to be implemented on January 1, 2021 (Round 2021). The Bidding Program requires HME companies in 130 metro areas to make bids to provide HME in those areas. CMS had paused Competitive Bidding for HME for two years (2019 and 2020) to attempt to fix flaws in the program.

In light of the COVID-19 pandemic, CMS needs to enact a delay of Competitive Bidding Round 2021 to help ensure that there are no unnecessary or inappropriate barriers to patients being able to access home respiratory products, hospital beds, and other needed supplies and home medical equipment during this public health crisis.

- By design, the Competitive Bidding Program reduces the number of suppliers serving Medicare beneficiaries in each bidding area; this reduction is often in the range of 80-90 percent of suppliers. Only companies that win a contract can supply HME in that Bidding Area.

- CMS data shows that since the beginning of the Competitive Bidding Program in 2010, there has been about 35 percent decrease in the overall number of DME suppliers across the country. In its May 2018 interim final rule, CMS recognized that the decreasing number of DME suppliers could present beneficiary access issues.

- The COVID-19 emergency has changed the cost structure for HME suppliers, especially impacting manufacturer prices for respiratory products, cost of personal protective equipment, and operational requirements to safely provide equipment and support for patients; many of these changes will likely continue even after the pandemic has ended.

- According to an April 2020 survey, HME suppliers are experiencing major supply chain disruptions and higher costs across a broad spectrum of products – especially ventilators/oxygen products/CPAP, hospital beds, and personal protective equipment.

- The Competitive Bidding Program relies on bids that were developed and submitted well before the COVID-19 pandemic. As a result, these bids do not take into account supply chain disruptions, new safety/operational requirements, and higher costs that have resulted from the public health emergency. Put simply: bids HME companies submitted in the Fall of 2019 for the next bidding round will not reflect new realities for the healthcare industry in 2021 and beyond.
• The HME community has played a significant role in expediting hospital discharges and keeping patients out of clinical settings during the pandemic, helping reduce the extraordinary burdens on hospitals and healthcare professionals.

• The HME industry needs to focus on maintaining and building capacity in the coming months rather than getting ready to cut capacity when bid results and contracts are set to be announced this summer.

• Almost every aspect of what the HME industry provides helps people avoid hospital, nursing-care, and long-term care facilities. The individuals HME serves include some of the most vulnerable patient cohorts; reducing both short- and long-term stays in institutional settings for this population is essential in limiting the impact and shortening the duration of this pandemic.

• In the wake of the COVID-19 crisis, it is more evident than ever that we need to build our capacity to provide effective home-based care for the growing cohort of elderly Americans and reduce the pressure on hospitals, nursing homes, and other senior living facilities. We need to invest in homecare and HME, not cut them.