

The Honorable Xavier Becerra
Secretary
The U.S. Department of Health and Human Services
The Honorable Chiquita Brooks-LaSure
Administrator
Centers for Medicare & Medicaid Services

Date

Dear Secretary Becerra and Administrator Brooks-LaSure:

We are writing today to urge you to address an urgent issue regarding reimbursement of Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS). There is a pressing need for relief related to the Medicare “75/25” blended rate for Durable Medical Equipment (DME) in non-rural and non-competitive bidding areas. We request that you act to provide continuity in access to DME for beneficiaries, which has been threatened following the December 2023 expiration of the 75/25 blended rate. Specifically, we request that you consider including the 75/25 blended rate for non-competitive bidding, non-rural areas in the calendar year (CY) 2025 proposed rule as well as consideration of temporary 75/25 blended rate relief since the Centers for Medicare & Medicaid Services (CMS) has not yet moved to initiate rulemaking to proceed with DMEPOS competitive bidding.

As you know, interruptions in the supply of DME are harmful to seniors and limit access to life-enabling equipment such as home oxygen. We appreciate that CMS has recognized and addressed such needs in the past, including prioritizing solutions such as permanency for the 50/50 blended payment rate, which has been critical to maintaining access to DME for rural patients. DME manufacturers and suppliers continue to play a role in reducing stresses on hospitals and clinicians due to issues from the COVID-19 pandemic. The DME industry faces ongoing workforce challenges, while working to provide the best care for seniors and individuals with disabilities.

DME suppliers and the patients they serve have faced higher delivery and labor costs due to inflation^{1,2,3}. We are concerned that CMS, after pausing the competitive bidding program, has not updated payment rates and is still using 2016 pricing methodologies that do not account for today’s increased costs. This is compounded by the expiration of the 75/25 blended rate, which had provided stability by recognizing outdated bid pricing. The 75/25 blended rate policy ensured continued access to DME and related homecare services which are now threatened for millions of Americans. We understand that companies have had to lay off employees and consolidate offices⁴, leaving patients with reduced access and longer wait times for vital care which is often delivered in the home.

¹ [supply-chain-issues-pressure-costs.pdf \(hida.org\)](https://www.hida.org/wp-content/uploads/2023/07/supply-chain-issues-pressure-costs.pdf)

² [Dobson DaVanzo COVID-19 Impact Report 05_12_20.pdf \(aahomecare.org\)](https://www.aahomecare.org/wp-content/uploads/2023/05/Dobson-DaVanzo-COVID-19-Impact-Report-05-12-20.pdf)

³ [Market Impact on O2 Equipment Infographic 09_23.pdf \(aahomecare.org\)](https://www.aahomecare.org/wp-content/uploads/2023/09/Market-Impact-on-O2-Equipment-Infographic-09-23.pdf)

⁴ [AAH 75-25 Impact Survey Report 07_31_24 FINAL.pdf \(aahomecare.org\)](https://www.aahomecare.org/wp-content/uploads/2023/07/AAH-75-25-Impact-Survey-Report-07-31-24-FINAL.pdf)

We urge CMS to take swift action to move toward a permanent, stable, and sustainable DME payment system. In the meantime, we urge CMS to consider restoring the 75/25 blended payment rate.

Sincerely,