



Request: Address Needed Reforms in CMS Reimbursement for Supplemental Oxygen

Background:

- Supplemental oxygen is a statutorily covered service under the Durable Medical Equipment benefit for Medicare beneficiaries who show clinically relevant oxygen desaturation levels at rest or during exercise.
- There are several different modalities for the delivery of supplemental oxygen, each with its own strengths and limitation.
- Since the implementation of the competitive bidding program, CMS payment rates for all oxygen modalities have dropped dramatically, with liquid oxygen seeing the most significant drop.
 - Liquid stationary between 2010 and 2016 went from 32,220 claims to 5,948.
 - Liquid portable went from 40,938 to 8,141 claims during the same timeframe.
 - There have been no changes to respiratory disease patterns that would explain the sharp decrease.

CMS and Congress Recognize Problems with Liquid Oxygen:

- In 2019, CMS made modest payment changes for liquid by establishing new payment classes.
- Bipartisan Congressional letters to CMS identified concerns in declining access to supplemental oxygen, particularly in rural areas, and called for them to act.
- For FY 2021, the House appropriations bill includes report language expressing continued concern over lack of access for liquid oxygen.
 - It requests CMS to report to Congress within 60 days on current access and trends in use between 2010 and 2019.
 - CMS acknowledged there are access issues and is monitoring the effect of its earlier revisions to payment noted above.

COVID-19 has Exacerbated the Problem:

- Challenges around access to supplemental oxygen are preventing Medicare beneficiaries from getting needed equipment post-hospital discharge.
- Regional shortages of oxygen have negatively impacted those recovering from COVID-19 and patients with other health conditions who need this critical modality to have quality of life.
 - Hospital discharges have been delayed due to lack of available supplemental oxygen.

Long-Term Solution – Comprehensive Oxygen Reform:

- The pulmonary community urges Congress to fix well-documented problems with access to supplemental oxygen.
- Key reforms include:
 - Remove all oxygen systems from competitive bidding.
 - Create new modality-specific payment methodologies.
 - Use current prices under competitive bidding as a starting point.
 - Use the consumer price index (CPI) to update payments moving forward.
 - Study costs/capture service codes associated with supplemental oxygen use.
 - Create mechanism to reimburse providers for service-related costs.

Interim Solution:

- Remove liquid oxygen (stationary and portable) from competitive bidding.
- Use current reimbursement rates as the starting point for liquid oxygen payment.
- Direct the Government Accountability Office to conduct a study on service-related costs for providing liquid supplemental oxygen.