



OAMES' Response to ODM Survey Use of American Rescue Plan Act FMAP Funds

OAMES requests that FMAP funds be used for a 5% increase over a two-year period of the Medicaid expenditures for Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Providers.

As the number of individuals with coronavirus rose aggressively across the United States over the past year, DMEPOS providers stepped up to alleviate the burden facing our acute care facilities to care for patients in the safety of their homes under tough conditions. Serving vulnerable patient populations, including Medicaid recipients, can be a daunting task and a heavy responsibility even in the best of times; the challenges are magnified several times over in an unprecedented health emergency like a pandemic.

DMEPOS providers updated their protocols to protect patients and staff as new information came out daily on the virus. They worked overtime to bring patients home expeditiously and safely out of hospitals and nursing home settings. These efforts helped reduce the intense pressure on hospitals, skilled nursing facilities, clinicians and family caregivers during the pandemic. DMEPOS providers were rightfully deemed essential workers by the Centers for Medicare and Medicaid Services (CMS) and state agencies in the fight against COVID-19 and continue to make an immense difference in the lives of families each day.

Role of DMEPOS Providers During Pandemic

DMEPOS providers have offered critical assistance across Ohio throughout the pandemic. OAMES members were immensely involved in managing COVID-19 health care crisis in a number of ways as noted below:

- Worked with manufacturer partners to get equipment as expeditiously as possible
- Participated in the Ohio Department of Health's weekly survey to measure statewide inventory of available respiratory equipment
- Donated ventilators to local hospitals
- Helped nursing home stock high levels of concentrators in preparation for the role they played
- Quickly engaged respiratory therapists to help staff hospitals and educate hospital employees on how to use the various kinds of ventilators they were receiving
- Developed new approaches with BiPap AVAPs so hospitals could use it to invasively or as a secondary form of treatment
- Partnered with area hospitals to discharge patients who were able to be taken care of at home as quickly as possible to create room for COVID-19 patients.

COVID-19 Impact on DMEPOS Providers

The DMEPOS community has been hit hard by rising costs of products and staffing and the challenges of serving patients under extraordinary conditions. The hardship continues today and shows no sign of diminishing in the foreseeable future. The American Association and Dobson | DaVanzo* conducted a

survey in May 2020 with over 500 unique companies responding within one week reflecting the urgency of the situation. A summary of key findings from the survey include:

- 70% of companies reported disruptions in product categories needed to directly care for COVID-19 patients
- 86% of companies reported increased costs
- 90% of companies reported an increase in time spent cleaning/sanitizing equipment and supplies

** Sources: "Impact of COVID-19 Supply Chain Disruptions and Increased Costs on DME Suppliers: A Survey of Companies" by Dobson|DaVanzo May 2020 and "COVID-19 DMEPOS Industry Impact Key Findings Summary"*

DMEPOS providers are uniquely impacted by shipping challenges both in terms of acquiring products from manufacturers and distributors and in delivering these items to patients' homes. Demand for shipping and transportation services increased significantly during COVID-19 and continues still today. According to the Health Industry Distributors Association (HIDA)*, the pandemic caused labor shortages necessary to move products through the supply chain causing backlogs, delays and increased costs. In March 2021, HIDA released a summary of key metrics sourced from numerous media and industry organizations:

- Shipping time across oceans are 2.5x longer
- Delays in ports upon arrival of ships are 3x longer
- Driver shortages and rail delays limited delivery capacity – there was a 62% increase in e-commerce over past year exacerbating driver shortage and 37% freight volume by truck increase over last year

** Source: Information from "HIDA Infographic Shipping Challenges Medical Supply Delays March 2021"*

The acquisition costs of the equipment are rising dramatically due to product availability, increasing material costs and supply chain disruption. Major manufacturers and distributors like Drive DeVilbiss Healthcare, Invacare, Pride Mobility Products, and more have implemented price increases in 2021 ranging from 3-5% as well as raising freight charges, handling fees, and surcharges that suppliers must absorb and these company members report that additional increases are coming in the near future. This does not include the personal protective equipment (PPE) costs which have skyrocketed and are vital to protecting patients and DMEPOS employees in the home. According to a survey earlier this year of nearly 100 providers by The VGM Group*, DMEPOS providers experienced increased delivery distances and costs during the pandemic:

- Average round-trip to home/institution increased from 43.1 miles to 45.6 miles
- Vehicle cost per trip increased from \$30.53 to \$40.32
- Labor cost per hour increased from \$17.03 to \$17.16
- Time of travel per patient home visit including product set-up, instruction and pick-up increased from 21 minutes to 27.5 minutes
- Average total delivery cost per visit pre-pandemic to today increased 43%, from \$73.80 to \$105.51

** Source: 2021 Home Medical Equipment Delivery Costs for Great Lakes Region (IL, IN, MI, OH, WI) published by VGM Government Relations March 2021*

At the same time, staffing costs have increased due to the need to use contract staffing and pay retention bonuses to keep existing employees. Payment levels have not been adjusted to reflect these increases and with DMEPOS providers' narrow margins – especially for those served in the Medicaid program – providers find themselves in a precarious financial position. Many in the DMEPOS community are small businesses and have had difficulty weathering these challenges from the pandemic.

Access at Risk Due to Fragile DMEPOS Network

In a recent analysis by the American Association for Homecare using CMS' data, the number of DMEPOS suppliers continue to decline throughout the United States. In Ohio, we have seen a 37% decrease in "traditional" HME supplier locations since 2013 for Medicare with 11 of Ohio's 88 counties having no supplier locations, and 24 counties only having one location. The figures are based on the most common HME products such as hospital beds, wheelchairs (complex/standard), oxygen, CPAP, ostomy, urological, enteral and more. While Medicare statistics, not Medicaid, these numbers demonstrate a real risk of access to care for Medicaid recipients as well and should be a major concern as we navigate through the pandemic and look ahead to serving an aging population, and rely on these home-based services to manage healthcare costs, reduce hospital census and keep patients served effectively and safely at home.

** Source: AAHomecare Ohio Supplier Location Map January 2021"*

"Ask" for DMEPOS Providers

Without fanfare or headlines, DMEPOS providers saved thousands and improved millions of lives across the country during the pandemic. And they could transform the way we care for our elderly and infirm — for the better. In order to fulfill that promise, these providers must be paid commensurate with the value they deliver for their patients and the broader healthcare system. **We respectfully urge ODM to recognize their value and increase the DMEPOS fee schedule by 5% over a two-year period.**

The COVID-era surge in homecare is only an acceleration of long-developing trends. Our society is aging and homecare is less expensive — often considerably so — than institutional care. Furthermore, homecare products, technology and delivery models are evolving and offer untapped potential for the future.

In conclusion, services offered by DMEPOS providers represent a promising strategy for tackling our nation's health cost crisis during and beyond the pandemic. OAMES looks forward to our partnership with the Ohio Department of Medicaid to ensure that Ohioans maintain access to quality DMEPOS services.

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