



## THE MEDICARE IMPROVEMENTS FOR PATIENTS AND PROVIDERS ACT ENSURING OXYGEN EQUIPMENT FOR SENIORS, SAVING MONEY IN MEDICARE

Almost all Medicare beneficiaries receiving the home oxygen benefit use a stationary oxygen concentrator that processes freestanding air into useable oxygen. Many of these patients also use portable tanks frequently accompanied by attachable wheels. The Medicare Improvements for Patients and Providers Act of 2008 will make sure seniors continue to get the high-quality oxygen equipment and oxygen that they need, while reforming Medicare payments for these items to better reflect the cost of supplying them. Oxygen payment reforms can save approximately \$1 billion over a five-year period, and seniors' access to the equipment can be protected. Here are the facts:

- **In some cases, Medicare is paying more than 1,000 percent of actual oxygen costs, or for oxygen services never received:** Over the 36-month rental period for oxygen equipment, Medicare pays \$7,215 for oxygen concentrators – a markup of 1,230 percent from the actual \$587 cost of the device. Seventy-three percent of the concentrators are used, not even new, equipment. Payments include a \$77 charge for delivery of stationary oxygen contents, even though concentrators use freestanding air to generate usable oxygen and do not require this delivery.

The Medicare Improvements for Patients and Providers Act would reduce the monthly base payment for concentrator rental by \$55, a sum that adds up to significant savings, but that still provides generous total payments that more than cover the cost of the equipment seniors need.

- **Overpayments pad the profits of oxygen supply companies:** The Office of the Inspector General at the Department of Health and Human Services found that minimal servicing and maintenance for concentrators and portable equipment is necessary – so overpayments are simply boosting the bottom lines of suppliers. The changes in the Medicare Improvements for Patients and Providers Act will save taxpayer dollars by bringing Medicare's costs more in line with actual necessary expenses. To make certain oxygen suppliers do receive sufficient payments for their services, the legislation requires the Institute of Medicine of the National Academies of Science to report to Congress on an oxygen payment system based on the medically necessary products and services actually provided to Medicare beneficiaries.
- **Medicare beneficiaries can have relief from high co-payments:** Reducing the Medicare price for oxygen equipment will significantly reduce the dollar amount of beneficiaries' 20 percent co-payments. The overall \$55 payment reduction will save the average beneficiary \$132 in co-payments per year. Furthermore, any reductions in overall Medicare Part B (outpatient) spending reduce premiums that Medicare beneficiaries pay for coverage under the benefit. This reduction in oxygen equipment payments will reduce Part B premiums by nearly \$300 million in the next five years.
- **Further measures protect seniors' access to the oxygen equipment and services they need:** To ensure that seniors never lose delivery of the portable oxygen equipment they need, the Medicare Improvements for Patients and Providers Act increases payments for portable equipment – used by two-thirds of beneficiaries receiving oxygen – by \$45 to meet delivery costs. Payments for delivery of oxygen after the 36-month rental period expires are not affected by this provision, nor are payments for new oxygen-generating portable equipment (OGPE) technology. To ensure continued participation by oxygen providers, the bill changes current law to let suppliers maintain ownership of rental oxygen equipment after the beneficiary no longer needs it.