



March 17, 2009

VIA ELECTRONIC SUBMISSION

Ms. Charlene Frizzera
Acting Administrator
Centers for Medicare & Medicaid Services
7500 Security Blvd.
Baltimore, MD 21244

Re: Docket CMS-1561-IFC; RIN 0938-AP59; Centers for Medicare & Medicaid Services; Medicare Program; Changes to the Competitive Acquisition of Certain Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) by Certain Provisions of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA); (Federal Register 74, No. 11), January 16, 2009.

Dear Ms. Frizzera:

On behalf of the Premier healthcare alliance, serving more than 2,100 leading not-for-profit hospitals and health systems, we appreciate the opportunity to comment on the Centers for Medicare & Medicaid Services interim final rule entitled *Medicare Program; Changes to the Competitive Acquisition of Certain Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) by Certain Provisions of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA)*.

Premier, a 2006 Malcolm Baldrige National Quality Award recipient, operates one of the leading healthcare purchasing networks and the nation's most comprehensive repository of hospital clinical and financial information. Our comments reflect the concerns of our hospitals and health systems, many of which are either owned or served by provider-based DMEPOS suppliers.

In accordance with Section 154 (d) of the MIPPA, the interim final rule allows hospitals to provide DMEPOS at admission and discharge without participating in the bidding process. However, the exception is limited to those supplies and

• 12255 El Camino Real
Suite 100
San Diego, CA 92130

• T 858 481 2727
F 858 481 8919

• 2320 Cascade Pointe Blvd (28208)
P.O. Box 668800
Charlotte, NC 28266-8800

• T 704 357 0022
F 704 357 6611

• 3600 Market Street
7th Floor
Philadelphia, PA 19104

• T 215 387 9401
F 215 689 9406

• 444 N Capitol Street NW
Suite 625
Washington, DC 20001-1511

• T 202 393 0860
F 202 393 6499

premierinc.com

Ms. Charlene Frizzera

March 17, 2009

Page 2 of 3

services that would otherwise be provided in an outpatient setting. Hospitals would have to bid for the ability to furnish the remaining services crucial to inpatient care. Premier is concerned about the effect this will have on the quality of care provided to beneficiaries as well as the efficient operation of hospitals.

Requiring provider-based DMEPOS suppliers to participate in the competitive bidding process increases the likelihood that providers will suspend such services with negative consequences for beneficiaries. A 2008 study by DMEPOS supplier BayCare HomeCare, which is affiliated with the BayCare Health System, a Premier member, showed that limited availability of DMEPOS and related services led to delays in discharge. Designed to determine ways to reduce avoidable hospital costs associated with inpatient care length of stay, the study examined 37 cases of delayed discharge that had resulted in 79 additional inpatient days and associated costs of \$1,500 per day in the hospital. Upon further examination, BayCare found that all 37 occurrences of delay could be linked to the selection of an outside DMEPOS provider. While BayCare typically uses their in-house vendor for supplying DMEPOS, on occasion external vendors are used to comply with insurance requirements and other special circumstances; this external process has resulted in longer waits and lengths of stay in the hospital, and ultimately higher costs to the hospitals. There is also anecdotal evidence that using an outside vendor increases the likelihood of readmissions, which adds costs to the system. Allowing, and even encouraging, hospitals to furnish these services provides continuity of care to beneficiaries and reduces their time in an acute care setting.

Unlike other DMEPOS vendors, hospitals and health systems provide a broad range of patient care to a discrete population. Requiring provider-based suppliers to participate in the competitive bidding for nine separate services is inefficient and adds an unnecessary level of burden on hospitals. Many of the patients receiving DMEPOS have been diagnosed with multiple conditions, and provider-based suppliers meet their needs through a streamlined process that allows the provision of multiple supplies. Additionally, competitive bidding requirements that a single DMEPOS company serve all patients in a Medicare region would hinder hospital participation in the program as provider-based DMEPOS suppliers are currently not big enough to serve an entire region.

Accordingly, we ask that CMS provide in its regulations a separate streamlined competitive bidding process for hospital-based DMEPOS entities that does not require them to supply an entire geographic region and bundles bidding for all nine DMEPOS categories. Ultimately, hospital-based suppliers provide less than 1 percent of total Medicare DMEPOS, based on data

Ms. Charlene Frizzera

March 17, 2009

Page 3 of 3

from the top 100 suppliers responsible for providing 50 percent of all Medicare DMEPOS. Creating a separate process delinked from free-standing suppliers should have minimal impact on cost savings within the program and will maintain savings in other areas.

Premier appreciates the opportunity to comment on the interim final rule and looks forward to your response. If you have any questions, please contact Sarah Wachtel at 202-879-8015 or Sarah_Wachtel@premierinc.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Blair Childs". The signature is written in a cursive, flowing style.

Blair Childs

Senior Vice President, Public Affairs