

KEEP DIABETIC SUPPLIES PROVIDED BY SMALL PHARMACIES OUT OF COMPETITIVE BIDDING

Congressmen Peter Welch's (D-VT) and Mike Rogers's (R-MI) Bill, H.R. 5235, the **Medicare Access to Diabetes Supplies Act**, Keeps Small Pharmacies Out of Competitive Bidding

CMS has indicated in its final competitive bidding rule (January 2009) that it will likely include retail diabetic supplies in future rounds of competitive bidding of Medicare Part B DMEPOS (durable medical equipment, prosthetics, orthotics and supplies). This will dramatically harm patients through decreased access to care at their small, local community pharmacy.

Competitive Bidding for Retail Diabetic Supplies is the Wrong Way to Address Fraud

The purpose of competitive bidding is to reduce fraud and costs in Part B DMEPOS. However, this goal would not be advanced by including retail diabetic supplies in competitive bidding. Instead, the focus should be on fraudulent suppliers.

State-licensed and regulated retail community pharmacists and pharmacies, with long established ties to their communities, are not the kinds of suppliers that CMS should be worried about. The program and beneficiaries would be better served by CMS concentrating on stopping fraudulent operators and their improper manipulation of the Part B program – often involving expensive, traditional DME items, such as hospital beds, wheelchairs and oxygen concentrators.

With No Net Savings or Benefit from Competitively Bidding Retail Diabetic Supplies

Competitive bidding ultimately limits patient access to critical DMEPOS supplies and the counsel of a state-licensed professional because independent pharmacies are unable to meet the requirements for winning bids – such as the ability to service an entire Metropolitan Statistical Area. While bids could initially bring down prices, patients will lose access to popular quality products and specialized counseling, which will lead to an increase in doctors' visits and hospitalizations and jeopardize the health of beneficiaries.

A Milliman study has found that for every increase in blood glucose levels in 1% of the Medicare population, there would be a 5.4% rise in costs to the system due to increased physician, out-patient and in-patient care costs (around \$50 million). Such a rise in hemoglobin levels in 10% of the Medicare population is thought to be a conservative figure, based on decreased access to care caused by competitive bidding – costing the Medicare program half a billion dollars annually.

Legislation

H.R. 5235 will keep retail diabetic supplies outside of competitive bidding and is a sensible, targeted approach to preserve patient access and the quality of care. The legislation would:

- Exempt diabetic supplies (test strips, monitors, lancets, glucose control solutions) sold at small pharmacies from the competitive bidding program.
- Define small pharmacies using the SBA definition of \$7 million or less in annual sales, without distinguishing between independent or chain pharmacies.