NOTE: Please specify if writing to Senate Sub-Committee #3 or Assembly Budget Sub-Committee # 1

Honorable [INSERT SUBCOMMITTEE MEMBER NAME HERE]

Member, Assembly Budget Subcommittee # 1

State Capitol, Room [INSERT ROOM NUMBER OF SUBCOMMITTEE MEMBER]

Sacramento, CA 95814

                                                                                           Re: Budget Sub # 1- Medi-Cal Reimbursement of DME

Dear Assemblymember [SUBCOMMITTEE MEMBER LAST NAME],

My name is [INSERT YOUR NAME], and I am a California-licensed provider of durable medical equipment (DME), and I am writing to request your support of the budget sub-committee’s proposals to change the pending cuts to  Medi-Cal reimbursement of DME and the impact on Medi-Cal beneficiaries.

Current law requires that Medi-Cal reimburse DME items at either 80% of the comparable Medicare rate for most DME and 100% of Medicare for custom rehab equipment and accessories. Since the 10% provider rate reduction, there have been serious changes in how Medicare reimbursement rates are determined causing the Medi-Cal rates to begin substantial reductions which endanger continued patient access to DME. Many common items of DME like home respiratory/ oxygen equipment, C-PAP, and standard wheelchairs will have their rental rates reduced by 40-60% over current reimbursement. Even worse, DHCS intends to make those reductions retroactive to 1/1/19 further driving more providers from serving Medi-Cal and CCS patients.

As a result, our profession has seen growing concerns from patients experiencing long delays in obtaining or accessing prescribed DME. A 2018 report from the Lucille Packard Foundation highlighted the impact of a reduced number of providers and the impact of low reimbursement rates. Specifically, the report found:

* 22% of respondents waited over a year for equipment and supplies;
* 18% experienced delays that resulted in longer hospital stays;
* 38% of children who faced delays reported exacerbated health conditions; and
* 37% of respondents faced challenges with vendors including: 1) providers not willing to order equipment due to low reimbursement, 2) limited availability for appointments, and 3) limited availability of vendors who take CCS Medi-Cal.

I would respectfully request your support of the adoption of the following changes:

* Establish that all categories of DME be reimbursed at 100% of the lowest maximum allowance for California for Medicare. In the case of DME where the rate is established under the Medicare Competitive Bidding program, the rate should be based on the average rate between rural and non-rural areas.
* Require that the Medi-Cal program, when reimbursing for custom rehabilitation equipment using 100% of the Medicare rate, recognize the KU modifier and increase reimbursement according to the applicable Medicare rate.

The current rates proposed to be implemented by DHCS are not sustainable to allow Medi-Cal patients timely access to important DME equipment that both reduces the cost of care and improves their quality of life. Thank you for your consideration of these concerns.

Sincerely,

[YOUR NAME]