



## NYS Durable Medical Equipment Reimbursement Parity

*The Northeast Medical Equipment Providers Association (NEMEP) represents nearly 150 providers across the State of New York who provide vital home medical equipment to individuals.*

### Background

Durable Medical Equipment, Prosthetics, Orthotics, and Supplies, often referred to as (“DME”) or Home Medicaid Equipment (“HME”) enables New York Medicaid beneficiaries to lead safe, independent lives in their homes, without the high cost of institutional care.

Currently, suppliers are paid by either the New York State Department of Health (DOH) based on a published fee schedule for Fee-for-Service beneficiaries, which comprises of approximately 25% of patients or by a Medicaid Managed Care Plan, which covers the other 75% of patients in the State’s Medicaid program.

Managed Care Plans have been reducing DME reimbursement beyond sustainable levels for a number of years to the point where many plans in the state are currently reimbursing providers **at less than 55% of the Medicaid Fee-For-Service fee schedule.**

Further compounding this challenge, the New York State Medicaid program has limited administrative authority to control these unreasonable reductions.

### Key Concerns

- **Access to care** – Due to the current reimbursement structure, patients and their physicians face challenges in finding a DME supplier that will serve them at the reduced fee.
  - Currently, 12 counties in New York State do not have a traditional DME location within the county; and
  - An additional 9 counties only have one supplier location.
- **Fairness** – MCOs are paid by NY DOH at a capitated rate (fixed amount per enrolled patient per month). It is unreasonable and unfair for MCOs to reduce their fees when there is no reduction in their payments and at no savings to the state or benefit to the patient.
  - For example, in response to the 1.5% ATB reduction, one MCO plan imposed a 5% rate reduction on DME suppliers with no additional reasoning.
- **Equity** - MCOs have been allowed to create a two-tiered system for Medicaid patients.
- **Contract Ambiguity** – The standardized contract signed by MCOs does not specifically allow them to discount rates to providers. However, MCOs have used this ambiguity to lower their contract rates. **Proposed Legislative Solution**

NEMEP strong believes that MCO reimbursement rates should be set at no less than 100% of the State’s Fee-For-Service Fee Schedule, similar to what has been recently enacted in other states. By providing parity, this will ensure access when beneficiaries transfer from one MCO plan to another and prevents multiple reimbursement rates for the same item and service. Setting a DME rate floor will help protect access to NY Medicaid beneficiaries and protect NY businesses who provide these valuable services.