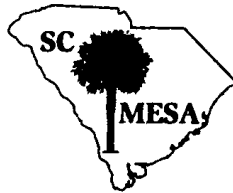


# South Carolina Medical Equipment Services Association



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March 2, 2008

The Honorable Michael Leavitt  
Secretary  
Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Secretary Leavitt:

I am the President of the S.C. Medical Equipment Services Association (SCMESA), representing over 170 HME providers in the state of South Carolina. SCMESA members employ over 3,000 staff members and service over 500,000 patients in the state of S.C. I am writing you regarding the recently released study that has been forwarded to you by the American Association For Homecare regarding the Medicare DMEPOS competitive bidding program. This study, as I am sure you are aware, calls into question the fundamental elements of this program. On the basis of this study and for the same reasons that we have questioned competitive bidding since its roll-out (impact on quality of care and access to care), SCMESA urges the Centers for Medicare and Medicaid Services (CMS) to suspend the implementation of round one of the Medicare Competitive Bidding program.

The study, conducted by respected economists at Robert Morris University, identifies numerous flaws with the competitive bidding program that are likely to lead to serious long-term and unintended consequences. While this program attempts to inject free-market efficiency and competitive principles into the Medicare DMEPOS benefit, the report finds that the program will have exactly the opposite effect. Rather than encourage competition and improve quality of care over the longer term, the study finds that the program will lead to market concentration, less competition as well as significant job loss – each threatening the quality of care provided to Medicare beneficiaries.

While our association recognizes that the competitive bidding program is likely to result in short-term cost savings to the Medicare program, the report indicates that these short-term savings will be more than offset by long-term cost increases as the marketplace is concentrated in the hands of a few. Remaining suppliers will produce reduced market efficiencies, insurmountable artificial barriers to entry will be created, and the incentive for DME manufacturers to seek innovations that reduce costs and improve quality of life will be tremendously hindered.

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As our economy teeters on the brink of a recession and the federal government looks for long-term solutions to rapidly increasing health care costs, we believe that this program will only exacerbate these problems and harm Medicare beneficiaries who are prescribed home medical equipment. Therefore, we call on CMS to suspend the implementation of round one. The issues raised in the report need to be examined and analyzed by health care experts and industry experts on the Medicare Program Advisory and Oversight Committee.

Sincerely,

Jackie M. Bolt  
President  
SCMESA

**cc: Acting Administrator Kerry Weems**