

An effort to crack down on price gouging on home medical equipment has, according to a government report, saved millions of dollars.

But the providers of such equipment as wheelchairs, walkers and oxygen concentrators say that Medicare's competitive bidding program will create problems for U.S. businesses and consumers.

The program started in nine metropolitan areas in 2011. Next July, it's set to go into effect in 91 other metro areas, including Omaha-Council Bluffs. It's supposed to go nationwide in 2016.

Providers and others gathered Wednesday at Kohl's Pharmacy and Homecare in southwest Omaha to express their concerns about the program.

They warned that Medicare recipients will have a harder time getting needed equipment and services once companies are excluded from the system.

They also noted that under the program, bids are nonbinding — so companies can cancel their bids after the prices are set — and that the practice of setting prices at the median, or middle, of the winning bids encourages low-balling, forcing companies out of the market.

The comments were directed to., and Steve King, R-Iowa, and aides to U.S. Reps. Jeff Fortenberry, R-Neb., and Tom Latham, R-Iowa.

Gerald Sloan, owner of Progressive Medical Equipment in Lenexa, Kan., said he submitted bids in the Kansas City, Mo., area, one of the nine pilot areas.

After the program began, he said, his company went from 18 employees down to eight, while a competitor got out of the business entirely. This probably will occur in Omaha and Council Bluffs when the program begins here, he said.

An analysis conducted by another speaker, Ken Brown, an economics professor at the University of Northern Iowa, found that cuts in reimbursements to medical equipment suppliers and reductions in the client base of two major equipment supply companies in Iowa probably will force companies to close, resulting in the loss of more than 2,500 jobs in the state.

Such job cuts and business losses, as difficult as they are, can lead to cost savings elsewhere.

According to a U.S. Health and Human Services report released earlier this year, the competitive bidding program saved \$202 million in its first year in the nine pilot cities. As the program expands, the report said, it could save up to \$42.8 billion for taxpayers and beneficiaries over the next 10 years.

The purpose of instituting competitive bidding, Terry said, was "to prevent the gouging and get some control over the cost."

The idea of "saving money and of creating efficiencies within Medicare are the appropriate things we should be looking at," he said. "But the way that it's being done needs to be reviewed."

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