

PRESS RELEASE



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OIG Report on Power Wheelchairs Leaves Out Much of The Story

Washington, DC – September 3, 2009 – Yesterday the Health and Human Services' Office of Inspector General (OIG) issued a report entitled "Power Wheelchairs in the Medicare Program: Supplier Acquisition Costs and Services" that included, in part, Complex Rehab power wheelchairs but substantially left out the services involved in providing these specialized products and the related costs incurred. The critical services and the required systems and infrastructure that are required for Complex Rehab power wheelchairs must be fully recognized when examining a category that is limited to the 7% of power wheelchair users with the most complex disabilities and functional needs.

Gary Gilberti, NCART President, stated "We are encouraged that the OIG somewhat recognized the service component in the provision of "Complex Rehab" power wheelchairs. However we are very concerned that they did not report the full range of services and the significant non-product costs that are incurred over and above the acquisition of the product. This only serves to exacerbate the lack of recognition of the services and support that are critical for the successful provision of these products. The report presents an incomplete picture."

The business model for a Complex Rehab provider is vastly different from that of a standard power wheelchair provider. The service and operating costs involved with Complex Rehab products are significant. A 2008 industry study indicated on average a company's non-product costs were almost equal to the acquisition costs of the products. These non-product costs were expended in the following areas: intake, qualification, and documentation (14%); evaluation, specification, and fitting (23%); purchasing, receiving, assembly and delivery (13%); billing and collection (12%); service and repair (11%); sales and marketing (10%); regulatory and compliance (4%); and administration and support (13%). In light of all these costs Complex Rehab companies reported business profits averaging less than 5%. This reported profit level was for 2007 and does not reflect the impact of the 9.5% reimbursement cut in 2009.

Reimbursement levels for Complex Rehab products and services have been significantly reduced over the past three years. In 2006 the fee schedules for power wheelchairs and accessories were cut. Additional cuts were made in 2009 as this equipment, along with seating systems, repair parts, and other items, were reduced another 9.5%. As a consequence, the availability of the necessary technology and services has suffered. Due to numerous cuts in reimbursement to Complex Rehab suppliers, a

number of companies in this segment of the business have exited the industry. This leaves Medicare recipients and others in the precarious position of losing access to qualified suppliers.

Gilberti continued “This report illustrates one of the biggest challenges involved in protecting continued access to complex rehab products and services for people with disabilities. That is this lack of understanding and recognition for the service component. These products are not ordered out of a catalog and dropped on someone’s doorstep. In addition, they require significant after-the-sale service and support.”

Don Clayback, NCART Executive Director, stated “We need to gain support for the Complex Rehab message. There is a small group of people in our country that have significant disabilities and deal with physical, functional, and cognitive challenges every day. They, and their medical teams, use assistive technology and rehab equipment to maximize their function and minimize the extent and costs of their medical care. Funding cuts are taking away access to the complex rehab products and services they rely on. This OIG report is another hole in the Complex Rehab boat. We will be following up with the OIG and CMS to provide additional information so an accurate and full picture can be presented.”

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About NCART- the National Coalition for Assistive and Rehab Technology (NCART) is an organization of providers and manufacturers that supply products and services used by individuals with complex disabilities and medical conditions. NCART promotes policies, regulations, and legislation to ensure individuals with complex disabilities and medical conditions have appropriate access to the necessary equipment and services. Visit www.ncart.us