Donald Berwick, M.D.
Administrator, Centers for Medicare and Medicaid Services
Hubert H. Humphrey Building
200 Independence Avenue, SW
Department of Health and Human Services
Washington, D.C. 20201

Dear Administrator Berwick,

We are writing to inform you of the results of a recent study carried out by Invacare regarding the Centers for Medicare and Medicaid Services' (CMS) misguided Competitive Bidding program for durable medical equipment (DME). According to the preliminary results of this study, under this new system, seniors in nine major cities will be forced to deal with financially unstable suppliers as well as medical equipment shortages.

In the new Competitive Bidding program, most of the larger, more established suppliers either did not win new contracts or declined to participate. The study carried out by Invacare, the largest U.S. manufacturer of home medical equipment, revealed that many of the new suppliers are financially weak. Specifically, the study found that more than 40 percent of the contract winners have credit limits of less than $10,000, are on credit hold, have no home care account with Invacare, or are so far behind on their payments that their accounts have been turned over for collections or legal process. This study casts serious doubt on the new suppliers' ability to fulfill their obligation of providing necessary medical supplies.

The Competitive Bidding program has a poor track record, and we are concerned that seniors will have difficulty obtaining the supplies and services they need under this program. The new system could drive out quality suppliers who have reliably served seniors in the past.

Thank you for your leadership on health care issues, and we appreciate your attention to this important matter. We hope you will pay close attention to the results of this study, and please contact us with any questions.

Sincerely,

Bruce Braley
Member of Congress

Sue Myrick
Member of Congress