

Committee on Ways and Means

Medicare Payments for Oxygen: What's Changing?

The *Deficit Reduction Act* made some changes in how Medicare pays for oxygen equipment. Currently, Medicare pays about \$200 per month for oxygen equipment, \$40 of which is paid by the beneficiary. This payment goes on indefinitely, long after the equipment has been paid for and regardless of whether service and maintenance is performed on the equipment.

What's changing with oxygen payments?

After 36 months of rental payments, beneficiaries will now own their oxygen equipment. They will no longer have to pay \$40 per month to the equipment suppliers to rent the equipment – they will own it outright. That's the only change.

What happens to people who have already been renting this equipment for more than 36 months? Will they own the equipment right away?

Everyone currently using oxygen, as of January 1, 2006, starts with a 36 month rental period. Nothing will change for anyone using this equipment until January 1, 2009 – three years from now. At that time, people who were renting oxygen equipment before 2006 will own their equipment. People who start renting equipment in 2006 and later years will have 36 months of rental payments before they own their equipment.

What about payments for oxygen contents? What about the masks and other equipment I need?

Medicare will still pay separately for an unlimited period of time for oxygen contents and delivery for those using liquid or gas cylinders/tanks or portable equipment. Medicare will also pay separately for replacement of supplies and accessories such as masks and tubing required for using the equipment.

Does this mean I will have to pay for service and maintenance of my equipment myself?

No. Medicare will still pay for necessary and appropriate service and maintenance of oxygen equipment, even once you own it. Medicare will pay for it when service is actually delivered, rather than making payments every month whether service is needed or not. Just as you pay an auto mechanic when he actually repairs your car, now Medicare will pay suppliers when they actually perform a service.

But my supplier says they won't perform service once I own the equipment.

That is the supplier's decision. Medicare will pay for all reasonable and necessary service on the equipment. You can contact another supplier to perform the service if your own supplier chooses not to provide you with service.

My supplier says that I will have to pay for service out of my own pocket and handle all the paperwork that will be required to be reimbursed by Medicare.

As noted above, Medicare will pay for reasonable and necessary service and maintenance for your equipment. Suppliers will still be able to bill Medicare and just charge you a coinsurance amount. It will be the supplier's choice if they require their customers to pay the full amount up front and be reimbursed by Medicare. If your supplier chooses to make you pay entirely out of pocket, you can find a new supplier to service the equipment. But even if a supplier requires you to pay out of pocket, they must still handle the paperwork on your behalf and submit it to Medicare for you.

But how will I know when the equipment needs to be serviced?

There is nothing that prevents suppliers from sending service reminders to you. In addition, you will have had 3 years of a rental relationship with your supplier to learn your equipment's service requirements.

What is my equipment is lost or stolen or cannot be repaired?

If your equipment needs to be replaced because it is lost, stolen or cannot be repaired, Medicare will cover replacement equipment and a new 36 month rental period will begin.

Who can I call if I have more questions?

You can call 1-800-MEDICARE with additional questions about your oxygen equipment supplier or Medicare-covered services.