MEDPAC Medicare Payment Advisory Commission

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Glenn M. Hackbarth, J.D., Chairman
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June 9, 2014

Ms. Marilyn Tavenner
Administrator
Centers for Medicare & Medicaid Services
200 Independence Avenue, SW
Suite 445-G
Washington, DC 20201

RE: File code CMS-6050-P

Dear Ms. Tavenner:

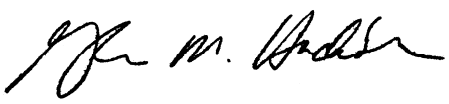
The Medicare Payment Advisory Commission (MedPAC) welcomes the opportunity to comment on the Centers for Medicare and Medicaid Services (CMS) *Medicare Program: Prior Authorization Process for Certain Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Items* proposed rule, published in the May 28, 2014 *Federal Register*, vol. 79, no. 102, pages 30511 to 30531. The proposed rule would establish a prior authorization process for certain DMEPOS items that are frequently subject to unnecessary utilization. We appreciate your staff's continuing efforts to administer and improve the Medicare payment system for durable medical equipment and related items, particularly given the competing demands on the agency.

The Commission has long been concerned with the issue of unnecessary Medicare spending—driven by excessively high prices and by questionable utilization—for DMEPOS. The competitive bidding program has been a step forward on setting more reasonable prices for DMEPOS items and the prior authorization program described in the proposed rule would be a step forward on curbing unnecessary volume. Together these policies will help address the issue of unnecessarily high Medicare spending for DMEPOS and we support CMS in this endeavor. Prior authorization is a technique commonly used by other payers and the Commission has recommended its use for high-cost imaging in the Medicare program. In June 2011, the Commission recommended that:

"The Congress should direct the Secretary to establish a prior authorization program for practitioners who order substantially more advanced diagnostic imaging services than their peers." That recommendation limited the program to certain practitioners who order a service that had shown rapid growth and evidence of inappropriate use. Analogously, the proposed rule limits the prior authorization program to certain items with a history of questionable utilization. In addition, CMS has reported that the current Medicare demonstration testing prior authorization for power mobility devices has shown some early success in reducing spending and ensuring that only beneficiaries who meet Medicare requirements receive a power mobility device. The Commission supports CMS in its proposal to make prior authorization part of the Medicare program and extend it to additional DMEPOS items.

MedPAC appreciates your consideration of this policy issue. Implemented effectively, prior authorization has the potential to curb unnecessary Medicare spending on DMEPOS without compromising appropriate beneficiary access to those items. If you would like to discuss this issue further, please feel free to contact Mark Miller, MedPAC's Executive Director, at 202-220-3700.

Sincerely,



Glenn M. Hackbarth, J.D.
Chairman