Section 636 of the recently enacted The American Taxpayer Relief Act of 2012, will equalize Medicare payments for diabetic testing supplies (DTS) obtained through retail settings with payments that will be made under the National Mail Order Competitive Bidding Program on July 1, 2013. Thus, this legislation will apply DTS reimbursement rates to small independent community pharmacies that are set by large national mail order outlets. While the National Mail Order single payment rate has not been released, the 2011 average Round 1 Competitive Bidding Program single payment amount for a box of 50 testing strips was $14.62. Also note that as of April 1, 2013, payments for DTS will decrease approximately 14.5% from the current fee schedule.

In addition, CMS has altered the definition of “mail order” under the National Mail Order Program to mean “any item…shipped or delivered to the beneficiary’s home, regardless of the method of delivery.” CMS has defined the term “non mail order” as “any item…that a beneficiary or caregiver picks up in person at a local pharmacy or supplier storefront.” Therefore, essentially, also beginning July 1, 2013, these two definitions will prevent small independent pharmacies from providing home delivery and delivery to assisted living facilities.

RESULTS
This survey provides important information to policymakers regarding the challenges that over 300 small business independent pharmacies say they would have if certain cuts were made to diabetes test strip reimbursements. This survey was conducted in January 2013.

- A potential sharp reduction in payment for diabetes test strips would result in about 92% of independent community pharmacies leaving the program. That means that Medicare patients will not likely be able to obtain their diabetes supplies from small independent pharmacies. This will disproportionately affect Medicare patients in rural and urban areas.

- 89% of independent community pharmacies state that moving diabetes supplies to mail order would have a significant impact on Medicare patients. Lack of customer service and obtaining supplies that were not requested, are common complaints about mail order pharmacy that community pharmacies here about from Medicare patients.
Would you continue to provide Medicare diabetes testing supplies if you are required to take a reduction in reimbursement for diabetes testing supplies to the amount of the Competitive Bidding Program mail order rate (this amount was $14.62 in 2011)?

What would the impact be on your Medicare patients if they had to obtain their diabetes supplies from a mail order pharmacy?
How many times per month do you provide home delivery of diabetes testing supplies to homebound Medicare patients? (For example, if you have 20 homebound patients to whom you make two deliveries each per month, the answer would be 40 times per month. Home delivery means you use a car or other vehicle to take them to a beneficiary's home -- it does not include times you might mail them to a patient.)

What would be the impact on your Medicare diabetic patients if you could not provide home delivery?
Approximately how many total Medicare Part B beneficiaries do you supply with diabetes testing supplies that reside in assisted living facilities?

Sample Responses to Open Ended Questions

**Would you continue to provide Medicare diabetes testing supplies if you are required to take a reduction in reimbursement for diabetes testing supplies to the amount of the Competitive Bidding Program mail order rate (this average amount was $14.62 in 2011)?**

Our organization cannot provide any brand of test strips at a reimbursement near $14.62 per box. Medicare pre-payment audits, extensive documentation requirements, and time intensive billing processes would not allow us to cover overhead at that price much less cover the cost of the test strips. We would potentially lose $25 per box on brand name test strips and half that on store branded strips.

Would be able to stay in, but all patient would have to us a generic (imported) meter. Our decision would be based on being able to provide the strips and lancets at a loss in order to retain the prescription business.

We do not have a quality product we can sell for that price, let alone counsel patients on their use and proper testing procedures.

I own 3 independent pharmacies, and I deliver to the elderly who cannot drive. A decrease in reimbursement would definitely hurt my business and may prevent me from providing this valuable, free service to the elderly who live in our rural island community.

We can only purchase one company’s strips for that amount. However, for all the record keeping requirements, it is not worth the $1-2 profit per box, because of the threat of recoupment of payment if one TINY error is made in the record keeping. Also, profit is gross profit before any delivery costs are applied, which would usually result in a loss on the claim.
What would the impact be on your Medicare patients if they had to obtain their diabetes supplies from a mail order pharmacy?

Many depend on our delivery services and our personal service. When seniors have trouble with a mail order service, they tend to just "do without.

Numerous clients wait until they are almost out (or are completely out) of supplies, then call us for immediate refills which they receive the next day. Mail order cannot supply product as quickly and flexibly as a retail store.

North Dakota is a very rural state and winters are hard and long. Relying on mail service for your supplies can be frustrating and dangerous for these patients.

Most of my elderly patients need significant counseling and follow up on the use of their meters and what the glucose levels mean.

What ever happened to the importance of provider patient relationships and what they mean to patient outcome?

Being in a rural location we have some patients who already rely on mail order for their test strips. Our patients depend on our home delivery, meter downloads, meter training, and blood glucose counseling and education.

Most of these people are elderly. They cannot navigate the IVR systems to order products. We have several patients that stopped using mail order supply houses due to the inconvenience and lack of quality service that they provide. I'm sure several of them would just stop testing altogether.

They'll be calling me constantly because they didn't reorder their strips on time. They'll have to pay out of pocket for different meters and strips they can afford. They'll fail to have refills since they'll not likely contact a distant provider on their own. Our LTC clients will be forced to go into mail order for strips which will complicate their lives. LTC workers will end up spending hours on the phone negotiating IVR systems to reorder strips for their clients. Our patients would likely be the targets of those mail order companies suggesting that they also switch their medications to mail order.

Because we are a pharmacy, most of these patients get all their medications from us. Now they would have to go to another vendor for these supplies. Multiple med suppliers can be very disturbing and confusing to patients.

Mail order pharmacies can't help explain to patients how their meters work, or help them program their machines, or help them change the batteries, etc., etc.
What would be the impact on your Medicare diabetic patients if you could not provide home delivery?

I think the problem would arise when we have to explain to our patients that even though we are bringing their prescriptions to their homes, we are no longer permitted to bring them their diabetic testing supplies at the same time.

Over the last 25 years, our pharmacy has established a reputation of trust and reliability to our patients. I'm quite sure these patients (and potential patients) would really miss our services and be more likely to suffer negative consequences.

Our patients want to get their testing supplies with us because when they have a problem they can walk in our store and get help with their meter or we will replace the meter with a new one on the same day. If we did accept the proposed rates we would only be able to offer one brand of meter. Limiting patient choice to one meter type will cause major problems for elderly patients who know how to use their current meter and will not want to switch. If we drop out, the patient will go mail order and will likely have to switch meters to the mail order companies preferred brand. On that note, many of the mail order preferred brand strips are not available to me, so when the mail order makes a mistake the customers will wait days to get the correct strips in the mail.

Many of these patients are unable to drive, indigent, or visually impaired. We also deliver to the offices and workplace of the elderly patient's significant caregiver.

Many of our patients are in assisted living homes to which we deliver. They do not have the ability to manage their records, nor find a new supplier on their own.