



CAPE MEDICAL
SUPPLY

INNOVATING PATIENT CARE

June 28th, 2016

January 1st of this year the Centers for Medicare and Medicaid Services (CMS) cut reimbursement for rural DMEPOS healthcare providers by 25%. This includes reimbursement for services and equipment provided to patients suffering from COPD and Obstructive Sleep Apnea. These cuts are part of CMS's rollout of "Competitive Bidding" prices to non-Competitive Bidding areas, and rural areas.

We have communicated with our federally elected officials for over a decade about the dangerous impacts of their ill-conceived "Competitive Bidding" program, repeatedly warning them of a degradation of quality, compromise in service and issues with access to care. There has been no meaningful movement towards a more reasonable reimbursement policy from CMS over that time period; in fact, they have taken action to speed-up the implementation, accelerating the erosion of quality care.

As a result of these reimbursement conditions, we are sorry to report, that effective immediately Cape Medical Supply will no longer accept patients on Nantucket Island.

We are unable to find another provider to service our existing patient base, as such we will continue to provide services to these patients.

We have happily serviced Nantucket for decades. The costs to service Nantucket are significantly higher than other areas. Under previous reimbursement rates it was possible to service the Island. These new prices, ~50% lower than pricing from December of 2015, do not allow that. There was active legislation seeking to delay the second half of the reduction (it did not advance), scheduled for July 1st, we cannot continue to operate with the already implemented 25% reduction, let alone the second half.

Again, we have spent years trying to educate Federal legislators about the value we provide, costs we incur, and regulatory processes we are forced to follow. This education has largely fallen upon deaf ears and now we are forced to make difficult decisions about the future of where we conduct our business. It is our belief that this scenario will play out across the United States in the coming months, as providers grapple with new regulations and reimbursement and find continuing to operate ever more difficult.

We thank you for your support and wish you the very best in the future. If you have questions or issues about Federal legislation, we urge you to contact your elected officials, who we have listed below.

President Obama
(202) 456-1111

Senator Warren
(202) 224-4543

Senator Markey
(202) 224-2742

Congressman Keating
(202) 225-3111

Sincerely,

Gary Sheehan, MBA
President and CEO