

CYNTHIA AXNE  
3RD DISTRICT, IOWA

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**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

WASHINGTON, DC OFFICE  
330 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-5476

DES MOINES OFFICE  
400 EAST COURT AVE., SUITE 346  
DES MOINES, IA 50309  
(515) 400-8180

COUNCIL BLUFFS OFFICE  
501 5TH AVE.  
COUNCIL BLUFFS, IA 51503  
(712) 890-3117

CRESTON OFFICE  
208 WEST TAYLOR  
CRESTON, IA 50801  
(515) 400-8180

January 23, 2020

Michael Randol  
Iowa Medicaid Director  
Iowa Department of Human Services  
1305 E Walnut St, Des Moines IA 50319

CC: Gerd Clabaugh, Iowa Department of Public Health  
CC: Rob Sand, Iowa Auditor of State  
CC: Kim Reynolds, Governor

Director Randol,

I am writing to express my concern over AmeriGroup's fee schedule changes to durable medical equipment (DME) and home medical equipment (HME) that went into effect January 15<sup>th</sup>, 2020. I am worried that the announcement of these changes was insufficient, that the proposed fee changes are going to harm Iowans on Medicaid, and that Amerigroup will significantly profit off these changes – at the expense of Iowa.

I am calling on the you as the Iowa Medicaid Director to review these fee changes in order to determine if they are an accurate reflection of the market changes. Until that decision is made, I request a delay in the implementation of these proposed fee changes. Additionally, AmeriGroup and the Iowa Department of Human Services should provide a longer timeframe to give medical equipment suppliers and businesses sufficient time to determine if they will remain with AmeriGroup.

I am concerned that Medicaid beneficiaries in Iowa have not been properly informed that fee changes for vital, lifesaving home medical equipment supplies would occur by January 15<sup>th</sup>, 2020. By decreasing fee rates, AmeriGroup will reimburse our medical equipment suppliers significantly less. As Iowa's 3<sup>rd</sup> Congressional District Representative, I have heard directly from these business owners who are deeply troubled by what these changes will mean for their businesses and customers. I know our medical equipment suppliers will do everything they can to continue to supply DME and HME, but these reimbursement decreases can be as much as 80%. It appears inevitable that Iowans on Medicaid will experience reduced access to necessary medical equipment and supplies.

I have learned the following medical equipment supplies will be impacted:

- Nebulizers will be reimbursed up to 80% less
- CPAP machines will be reimbursed up to 63% less

- Home Oxygen will be reimbursed up to 62% less
- Incontinence Supplies will be reimbursed up to 59% less
- Enteral Nutrition Feeding Pumps will be reimbursed up to 47% less

I have included in this letter the expected fee decreases, 28 pages of price changes that medical suppliers received late last year. I request that your office review these changes to evaluate any undue burden these place on businesses and ensure that Iowans will still receive essential care.

My second concern is the lack of information and the short timeframe under which our medical equipment providers have to operate. On or about December 14<sup>th</sup>, 2019, Amerigroup sent a letter giving a 30-day notice of these fee schedule changes. Given that 30-day notice timeline overlapped with a two-week holiday period, many providers have had less than 14 days to make an informed business decision. Additionally, I have heard from providers who did not receive their letter or discovered it was mailed to an incorrect address.

Within that letter, AmeriGroup required providers to agree to these new fee schedules or to disagree and opt out of AmeriGroup entirely. If they don't reply within 30 days, AmeriGroup will assume their answer is a yes – opting them in to these changes. As a business owner myself, I can assure you that two weeks is not nearly enough time for a small business to make a well-informed decision of this magnitude. I can also tell you that this default opt-in strategy is deeply flawed and will opt-in many providers whose letters were incorrectly mailed.

Finally, I am concerned about who stands to gain in this process. The cost of the medical supplies has not decreased as much as 80%, nor is the State of Iowa changing their Medicaid payment rates that reflect these changes. AmeriGroup will receive the same Medicaid payment to cover the same medical supplies but will incur significantly less in procurement costs.

AmeriGroup has stated their changes reflect a “pricing analysis of a number of markets for appropriateness.” If you have not already done so, I hope you will request from AmeriGroup this research that demonstrates reductions up to 80% of cost are market appropriate. Given that Iowa Medicaid receives 60% of its funding from the federal level, I am working to determine if additional oversight on AmeriGroup is necessary.

I respectfully request that you look into these concerns and determine if these proposed fee changes accurately reflect changes in the marketplace. In the meantime, I hope you will work to protect Iowans on Medicaid, our small business owners, and Iowa taxpayers.

Cindy Axne

Member of Congress