

Centers for Medicare & Medicaid Services  
Department of Health and Human Services  
P.O. Box 8013 Baltimore, MD 21244-8013

## In The Matter of Proposed Changes to The Competitive Bidding Process

The American Consumer Institute is an independent 501(c)(3) education and research organization. Its mission is to identify, analyze, and protect the interests of consumers in selected legislative and rulemaking proceedings in information technology, health care, insurance, and other matters.

We are writing to express concerns about the Centers for Medicare & Medicaid Services' (CMS) proposal to include urology, tracheostomy, and ostomy supplies in the competitive bidding process (CBP). These areas of medicine present unique challenges that make them ill-suited for CBP.

The CBP was created to control CMS costs, reduce out-of-pocket spending for beneficiaries, and ensure product quality and access for durable medical equipment, prosthetics, orthotics, and supplies (DEMPOS).<sup>1</sup> Under the program, CMS identifies product categories and applicable geographic areas. Then suppliers submit bids to provide the selected items in those areas for Medicare patients. CMS awards contracts to a limited number of suppliers offering the lowest prices while meeting quality and eligibility standards. The final reimbursement rate is set at the median of the accepted bids, with all contracted suppliers paid the same amount. Beneficiaries relying on non-contracted suppliers may face higher out-of-pocket costs.

While designed to foster competitive prices, this system creates several problems. By restricting the number of suppliers, access to medical products is often limited. The Government Accountability Office (GAO) has found that dozens of contract suppliers became inactive, leaving patients without medical equipment. One GAO study found that 11 percent of contracted suppliers did not supply any of the contracted products for the CBP program, and about half had at least one product they were not supplying.<sup>2</sup> The CBP is a poor mechanism for choosing suppliers for durable medical equipment. Reduced supplier participation disproportionately harms vulnerable populations, particularly those in rural areas and pediatric patients, who already face limited options.

---

<sup>1</sup> "DMEPOS Competitive Bidding," Centers for Medicare & Medicaid Services, Last Modified August 4, 2025, <https://www.cms.gov/medicare/payment/fee-schedules/dmepos-competitive-bidding>.

<sup>2</sup> "MEDICARE CMS's Round 2 Durable Medical Equipment and National Mail-order Diabetes Testing Supplies Competitive Bidding Programs," Government Accountability Office, September 2016, <https://www.gao.gov/assets/gao-16-570.pdf>.

CBP also pressures patients into accepting the lowest-cost options. For highly individualized items like ostomy and urology supplies, this is especially harmful. Unlike standardized equipment such as wheelchairs, walkers, and oxygen tanks, these products must be tailored to each patient's specific medical needs.<sup>3</sup> Improperly fitted equipment increases the risk of leakage, infections, and hospitalizations. The complexity of these supplies is precisely why Congress excluded them from CBP when the program was established in 2003.

Additionally, while CBP generates price competition, it fails to incentivize quality competition.<sup>4</sup> The bidding process encourages suppliers to cut corners, reducing product quality and discouraging innovation. This "race to the bottom" harms patients. For instance, lower-quality catheters are associated with increased catheter-associated urinary tract infections (CAUTIs), erasing any healthcare savings and adding new healthcare costs.

The cheapest option is not the most cost-effective if it leads to infections, complications, and diminished quality of life. Patients deserve equipment that is properly fitted, tailored to their needs, and of a quality that prevents avoidable medical problems. Including urology, tracheostomy, and ostomy supplies in CBP would undermine those goals.

Respectfully,  
Justin Leventhal  
Senior Policy Analyst  
The American Consumer Institute

4350 N. Fairfax Drive  
Suite 725  
Arlington, VA 22203

[Justin@TheAmericanConsumer.Org](mailto:Justin@TheAmericanConsumer.Org)  
[www.TheAmericanConsumer.org](http://www.TheAmericanConsumer.org)

---

<sup>3</sup> "Oppose Expansion of Competitive Bidding Program to Prescribed Ostomy and Urological Supplies," United Ostomy Association of America, Inc., Accessed August twenty-seventh, 2025, [https://www.ostomy.org/wp-content/uploads/2025/08/2025\\_UOAA\\_CBP\\_Position\\_Statement.pdf](https://www.ostomy.org/wp-content/uploads/2025/08/2025_UOAA_CBP_Position_Statement.pdf).

<sup>4</sup> "Report to the Congress: Medicare and the Health Care Delivery System," Medpac, Chapter 6, Page 144, June 2018, [https://www.medpac.gov/wp-content/uploads/import\\_data/scrape\\_files/docs/default-source/reports/jun18\\_ch6\\_medpacreport\\_sec.pdf](https://www.medpac.gov/wp-content/uploads/import_data/scrape_files/docs/default-source/reports/jun18_ch6_medpacreport_sec.pdf).

