



Competitive Bidding Program for  
Mail-Order Diabetes Testing  
Supplies: Product Availability  
Survey

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## EXECUTIVE SUMMARY

Since implementation of the competitive bidding program (CBP) for mail-order diabetes testing supplies (DTS) in January 2011, anecdotal reports have surfaced suggesting that beneficiaries have limited choice of products. The American Association of Diabetes Educators conducted this study to investigate these claims, and to determine the range of DTS offered by contract suppliers to Medicare beneficiaries.

Diabetes educators conducted surveys of 20 suppliers in August 2011, and found that contract suppliers, on average, offer 38 percent of the products that are said to be offered on [www.medicare.gov](http://www.medicare.gov). In some cases, suppliers offer some products that are not listed on [www.medicare.gov](http://www.medicare.gov). Of the 9 brands that the Inspector General for the U.S. Department of Health and Human Services identified in a December 2010 report as the top mail order DTS brands by percent of market share, contract suppliers cover an average of 1.44 brands (16%).

These findings demonstrate that the information on Medicare's website is not accurate, and that as a result of the Competitive Bidding program, Medicare beneficiaries have fewer choices and limited access to the DTS most commonly selected. In addition, beneficiaries in areas subject to competitive bidding are being made to either switch to a different testing system or purchase DTS through retail settings not subject to the CBP.

Product switching can have negative health and economic consequences. When a beneficiary is forced to switch to a testing system that is unsuitable, unknown, confusing, or unreliable, testing compliance may diminish, increasing the risk of complications that can be costly for Medicare and its beneficiaries. Effective and consistent self-monitoring of blood glucose levels is essential to diabetes control. Increased risk of devastating and costly complications – such as blindness, kidney damage, cardiovascular disease, and lower-limb amputations – are associated with inadequate blood glucose control. If beneficiary access to the most appropriate or familiar glucose monitoring systems is disrupted, patient compliance with monitoring regimens may decrease, and adverse health complications may increase.

## BACKGROUND

On January 1, 2011, the Centers for Medicare and Medicaid Services (CMS) implemented the Competitive Bidding Program CBP for certain items of Durable Medical Equipment and Supplies in the following 9 areas:

- Charlotte-Gastonia-Concord (North Carolina-South Carolina)
- Cincinnati-Middletown (Ohio-Kentucky-Indiana)
- Cleveland-Elyria-Mentor (Ohio)
- Dallas-Fort Worth-Arlington (Texas)
- Kansas City (Missouri-Kansas)
- Miami-Fort Lauderdale-Pompano Beach (Florida)
- Orlando-Kissimmee (Florida)
- Pittsburgh (Pennsylvania)
- Riverside-San Bernardino-Ontario (California)

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Diabetes testing supplies, such as blood glucose testing strips, purchased through mail order, are one of the initial product categories subject to the CBP.

Since implementation of the CBP, there have been anecdotal reports of beneficiaries having limited choice of products, misleading advertising by the contract suppliers, inaccurate information on Medicare's website, and abusive practices by contract suppliers actively trying to switch beneficiaries to different testing systems.

Physicians and other health care practitioners prescribe testing systems on the basis of medical necessity, the needs of individual patients, and their experiences with the reliability and performance of specific products. For example, some beneficiaries need audible readings or large displays because of poor vision. Testing systems are not interchangeable, and physicians often prescribe, and patients often choose particular meters for important clinical reasons. When a beneficiary is forced to use a testing system that is unknown, difficult, confusing, or unreliable, their adherence to testing may diminish, increasing the risk of complications which can be costly for Medicare and its beneficiaries.

Effective and consistent self-monitoring of blood glucose levels is essential to diabetes control. Increased risk of devastating and costly complications – such as blindness, kidney damage, cardiovascular disease, and lower-limb amputations – are associated with inadequate blood glucose control. If beneficiary access to the most appropriate or familiar glucose monitoring systems is disrupted, patient compliance with monitoring regimens may decrease, and adverse health complications may increase.

The AADE believes that Medicare beneficiaries should not feel pressured or have their diabetes testing supplies compromised by suppliers' switching them from the testing systems with which they are familiar.

## **OBJECTIVE**

The American Association of Diabetes Educators conducted a study to determine whether the diabetes blood glucose test systems, including the meters and strips, promised as available to Medicare beneficiaries from contract suppliers under the CBP in each of the nine CBAs are currently offered by the contract suppliers. In addition, this study aimed to identify the blood glucose systems actually available to Medicare beneficiaries from contract suppliers, and to document advice offered by contract suppliers about whether and where beneficiaries can purchase preferred diabetes blood glucose test systems.

## **METHODOLOGY**

Members of the American Association of Diabetes Educators surveyed contract suppliers in the nine CBAs. Surveys were conducted in August 2011. Surveyors were furnished with a list of contract suppliers and contact information. All 20 of the unique suppliers listed on the DMEPOS

Competitive Bidding Contract Supplier Lists were contacted for the survey.<sup>1</sup> The list of supplies claimed to be available for purchase on [www.medicare.gov](http://www.medicare.gov) was generated on August 29, 2011. The table in CCA lists the contract suppliers and the CBAs in which they operate.

For each survey, the surveyor contacted the contract supplier, identified himself/herself as a diabetes educator, and inquired about the availability of certain blood glucose test strips for his/her Medicare patients. The surveyor also inquired about whether the supplier offers training and/or a customer service line. Finally, if the supplier claimed to not offer certain products that are reported on [www.medicare.gov](http://www.medicare.gov) as available, the surveyor inquired about why the listed products are not available and where beneficiaries may purchase unavailable products.

Responses were documented using a Microsoft Excel spreadsheet that contained fields for surveyors to populate for each supplier. Surveyors recorded open-ended responses in separate fields in the spreadsheet.

## RESULTS

Surveyors contacted all the suppliers identified in the DMEPOS Competitive Bidding Contract Supplier List. The website [www.medicare.gov](http://www.medicare.gov) did not list information for two of the twenty suppliers, so those suppliers are excluded from the analysis. Table 1 summarizes the survey results. The last column of the table incorporates data from the Office of Inspector General (OIG) memorandum report on Medicare market share of mail order diabetic testing strips.<sup>2</sup> The OIG report identified the top nine manufacturers that make up over 80 percent of total market share in 2009. The data in the last column represent the percent of the nine manufacturers that are actually offered by suppliers.

**Table 1: Availability of Brands of Diabetes Testing Supplies**

Supplier	#of Brands Offered per Medicare.gov	# (%) of Brands Offered on Medicare.gov that are Available per Survey Response	Brands Listed on Medicare.gov but Not Actually Available	# of Brands Not Listed on Medicare.gov but Actually Available	% of Top Manufacturers per OIG Study* Actually Available
All-States Med Sply	3	1 (33%)	Bayer, Home Aide	0	11%
American Medical	8	4 (50%)	Boca Medical, Simple Diagnostics, Specialty Medical, Taidoc	0	11%

<sup>1</sup> Some suppliers were listed multiple times with slight variations in supplier name and different addresses. In our count of unique suppliers, such suppliers were counted once.

<sup>2</sup> Office of Inspector General, *Medicare Market Shares of Mail Order Diabetic Testing Supplies*. Accessed at <http://oig.hhs.gov/oei/reports/oei-04-10-00130.pdf>.

Supplier	#of Brands Offered per Medicare.gov	# (%) of Brands Offered on Medicare.gov that are Available per Survey Response	Brands Listed on Medicare.gov but Not Actually Available	# of Brands Not Listed on Medicare.gov but Actually Available	% of Top Manufacturers per OIG Study* Actually Available
Supplies			Technologies		
Dennis P Shepard / National Diabetic Supply Program	4	0 (0%)	Diabetic Supply of Suncoast, Medpoint, Oak Tree International, Omnis Health	1	0%
Homeline	6	2 (33%)	Abbott, Amed Div Miles, Healthcare Wholesalers, MediSense	2	44%
J and B Med Sply	2	1 (50%)	One Pharmaceutical	0	0%
Ji Medical Inc / Ramat Medical	2	1 (50%)	Sterilance Medical	0	0%
Life Care Diabetic Supplies	18	6 (35%)	Arkray, BD Logic, Boca Medical, DDP Bullseye, Diabetic Supply of Suncoast, Diagnostic Devices, EPS Bio Technology, Fora Care, Global Medical, HMD Biomedical, Home Diagnostics, Nova Biomedical,	1	56%
Total EMedical	3	0 (0%)	i-SENS, Reliamed, Taidoc Technologies	3	11%
Total Health Diabetes LLC	5	1 (20%)	Arkray, Bionostics, Roche, Taidoc Technologies	1	0%
United States Pharm Grp / Nationshealth	12	8 (67%)	BD, Diagnostic Devices, HMD Biomedical, Pharma Supply, Specialty Medical Supplies, Sterilance	0	44%
West Group Pharmaceutical / Procure Pharmacy	7	0 (0%)	Agamatrix, Arkray, Bionime, Home Diagnostics, Nipro, Oak Tree International, Prodigy	2	22%
Cardiocom / Glucocom	1	1 (100%)		0	0%
Diamond Respiratory Care	3	1 (33%)	Arkray, Invacare	0	11%

Supplier	#of Brands Offered per Medicare.gov	# (%) of Brands Offered on Medicare.gov that are Available per Survey Response	Brands Listed on Medicare.gov but Not Actually Available	# of Brands Not Listed on Medicare.gov but Actually Available	% of Top Manufacturers per OIG Study* Actually Available
Florida Home Medical Equipment	1	0 (0%)	Invacare	3	22%
Joseph Rezk / Rezk Medical Supply	3	2 (67%)	Sterilance Medical	0	0%
Kalithenics / ABC Medical Supply & Equipment	2	1 (50%)	Sterilance Medical	0	0%
Seeley Medical Oxygen Co of Andover	2	1 (50%)	Invacare	0	11%
Home Delivery Incontinent Supplies Co	10	5 (50%)	i-SENS, Independence Medical, Nipro, Specialty Medical Supplies, Sterilance Medical	2	44%

\*Top manufacturers are those that the OIG identified as making up over 80 percent market share for mail order diabetic testing supplies. The manufacturers are Lifescan, Bayer, Abbott, Roche, Omnis Health, Agamatrix, Home Diagnostics, Diagnostic Devices, and Diabetic Supply of Suncoast.

Suppliers, on average, offer 38 percent of the products that are promised to be available on www.medicare.gov. Suppliers cover some products that are not listed on www.medicare.gov. Of the nine brands that the OIG identified as the top mail order diabetic testing strip brands by percent of market share, suppliers cover an average of 1.44 brands (16%).

When surveyors asked suppliers why products that are said to be offered on www.medicare.gov are not actually offered, most suppliers responded that the information on the Medicare website is incorrect (see Table 2). Four of the suppliers responded that the product is no longer offered, and six of the suppliers responded that they did not recognize the brand names. Life Care Diabetic Supplies responded that the supplies listed during the call are those that are in stock and available for shipment, but that beneficiaries can access any brand.

**Table 2: Reasons For Non-Availability of Brands of Diabetes Testing Supplies**

	Reason(s) for Non-Availability of Brands Listed on Medicare.gov			Other Comments
	Information on medicare.gov is incorrect	No longer carrying product	Unaware of brand names	
All-States Med Sply	X	X	X	

	Reason(s) for Non-Availability of Brands Listed on Medicare.gov			Other Comments
	Information on medicare.gov is incorrect	No longer carrying product	Unaware of brand names	
American Medical Supplies	X	X	X	
Dennis P Shepard / National Diabetic Supply Program	X	X	X	
Homeline	X			
J and B Med Sply	X	X		
Ji Medical Inc / Ramat Medical	X			
Life Care Diabetic Supplies			X	Supplies listed are those in stock. Beneficiaries can access any monitor.
Total EMedical	X			
Total Health Diabetes LLC	X		X	
United States Pharm Grp / Nationshealth	X			
West Group Pharmaceutical / Procure Pharmacy	X			
Cardiocom / Glucom				Manufacturers the one monitor it sells.
Diamond Respiratory Care	X			
Florida Home Medical Equipment	X		X	
Joseph Rezk / Rezk Medical Supply	X			
Kalisthenics / ABC MedicaI Supply & Equipment	X			
Seeley Medical Oxygen Co of Andover	X			

	Reason(s) for Non-Availability of Brands Listed on Medicare.gov			Other Comments
	Information on medicare.gov is incorrect	No longer carrying product	Unaware of brand names	
Home Delivery Incontinent Supplies Co	X			

The majority of suppliers surveyed offer training on the use of diabetic testing supplies (see Table 3). The types of trainings available to beneficiaries varied by supplier. Some suppliers offer face-to-face training at the time of delivery and other suppliers offer training via phone. Some suppliers responded that the monitors are very easy to use and that beneficiaries should not encounter problems in using them. One supplier commented that they depend on the physicians to train their patients. The majority of suppliers surveyed also offer customer service lines for support and trouble-shooting.

**Table 3: Suppliers Offering Training and Customer Service for Diabetic Testing Supplies**

	Number and Percent of Suppliers
Suppliers Offering Training on Switching Diabetic Testing Supplies	15 (83%)
Suppliers Offering Customer Service Line for Instructions	16 (89%)

## CONCLUSIONS

The survey results demonstrate that most diabetes testing supplies claimed to be available on Medicare’s website are not actually available to Medicare beneficiaries in Competitive Bidding areas. The results also demonstrate that beneficiaries in competitive bidding areas do not have access to most brands available in the market, or to brands most commonly prescribed by physicians and selected by beneficiaries. If the Competitive Bidding program expands for mail order and retail diabetes testing supplies, beneficiaries likely will be faced with limited choice and conflicting information from Medicare and suppliers.

Under the CBP, contract suppliers have powerful incentives to maximize profit margins by purchasing and offering a limited range of products, and only the lowest cost products available. While some may assert that this incentive achieves Medicare program savings, the long-term reality is different for beneficiaries and the program. Significant additional costs may result if blood glucose management deteriorates, and the complications associated with diabetes increase.

Physicians and other health care practitioners prescribe testing systems on the basis of medical necessity, the needs of individual patients, and their experiences with the reliability and performance of specific products. For example, some beneficiaries need audible readings or large displays because of poor vision. Beneficiaries who are physically challenged – e.g., paralysis arising from stroke – need to be able to operate the meter and strips with one hand. Still others choose testing systems because of strip size — e.g., if small strips are difficult to



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manipulate, especially for persons with arthritis. Some patients need systems requiring less blood, meaning a smaller puncture from the lancet and less pain. Some patients and healthcare professionals need no-coding, which removes a step in the process and ensures the meter is properly calibrated to the strips. Moreover, while all testing systems are cleared by the FDA, there is a general recognition in the medical community that testing systems differ in preferred accuracy, reliability, and ease of use.

For these and other reasons, testing systems are not interchangeable, and physicians often prescribe and patients often choose particular meters for important clinical reasons. When a beneficiary is forced to use a testing system that is unknown, difficult, confusing, or unreliable, their adherence to testing may diminish, especially if they are not adequately trained on the new test system. Effective and consistent self-monitoring of blood glucose levels is essential to diabetes control. Increased risk of devastating and costly complications may be associated with inadequate blood glucose control.

The complications of diabetes are many and severe: blindness, kidney damage, cardiovascular disease, and lower-limb amputations.

- Adults with diabetes have heart disease death rates about 2 to 4 times higher than adults without diabetes.
- The risk for stroke is 2 to 4 times higher among people with diabetes.
- Diabetes is the leading cause of kidney failure, accounting for 44% of new cases in 2008.
- About 60 percent to 70 percent of people with diabetes have mild to severe forms of nervous system damage.
- More than 60 percent of nontraumatic lower-limb amputations occur in people with diabetes.

Because of these complications, the costs of diabetes are high. According to the American Diabetes Association, the total cost of diagnosed diabetes in the United States in 2007 was \$174 billion, \$116 billion for direct medical costs and \$58 billion for indirect costs (disability, work loss, premature mortality). After adjusting for population age and sex differences, average medical expenditures among people with diagnosed diabetes were 2.3 times higher than what expenditures would be in the absence of diabetes.

For these reasons, the American Association of Diabetes Educators concludes that the Medicare Competitive Bidding Program, as currently designed and functioning, limits beneficiary choice of testing system and promotes testing system switching, dynamics that will compromise patient monitoring compliance and increase the risk of diabetes-related complications and overall healthcare costs.





**Appendix B: Products Claimed to be Available on Supplier Websites, by Supplier\***

Supplier	Brands Said to be Offered on www.medicare.gov (bolded brands actually offered by supplier)	Brands Offered by Supplier but Not Listed on Medicare.gov
All-States Med Sply	Bayer, <b>Diabetic Supply of Suncoast</b> , Home Aide	
American Medical Supplies	<b>Arkray</b> , Boca Medical, <b>Nipro</b> , <b>Omnis Health</b> , <b>Prodigy</b> , Simple Diagnostics, Specialty Medical, Taidoc Technologies	
Cardiocom / Glucocom	<b>GlucOCom</b>	
Dennis P Shepard / National Diabetic Supply Program	Diabetic Supply of Suncoast, Medpoint, Oak Tree International Holdings, Omnis Health	I-SENS
Diamond Respiratory Care	<b>Agamatrix</b> , Arkray, Invacare	
Florida Home Medical Equipment	Invacare Supply Group	Home Diagnostics, Omnis Health, Prodigy
Home Delivery Incontinent Supplies	<b>Arkray</b> , <b>Bayer</b> , i-SENS, Independence Medical, <b>Infopia</b> , <b>Lifescan</b> , Nipro, <b>Simple Diagnostics</b> , Specialty Medical Supplies, SteriLance Medical	Abbott, Home Diagnostics
Homeline	Abbott, Amed Div Miles, Healthcare Wholesalers, <b>Lifescan</b> , MediSense, <b>Omnis Health</b>	Bayer, Home Diagnostics
J and B Med Sply	<b>Arkray</b> , One Pharmaceutical	
Ji Medical Inc / Ramat Medical	<b>Arkray</b> , Sterilance Medical	
Joseph Rezk / Rezk Medical Supply	<b>Arkray</b> , <b>Prodigy</b> , Sterilance Medical	
Kalisthenics / ABC Medica Supply & Equipment	<b>Arkray</b> , Sterilance Medical	
Life Care Diabetic Supplies	<b>Abbott</b> , Arkray, <b>Bayer</b> , BD Logic, Boca Medical, DDP Bullseye, Diabetic Supply of Suncoast, Diagnostic Devices, EPS Bio Technology, Fora Care, Global Medical, HMD Biomedical (DBA Infopia), Home Diagnostics, <b>Lifescan</b> , Nova Biomedical, <b>Omnis Health</b> , <b>Roche</b> , <b>Simple Diagnostics</b>	Prodigy
Seeley Medical Oxygen Co of Andover	Invacare, <b>Omnis Health</b>	
Total EMedical	i-SENS, Reliamed, Tai Doc	Omnis Health, TEMcare Medical Design, Total eMedical
Total Health Diabetes LLC	Arkray, Bionostics, Roche, <b>Simple Diagnostics</b> , Taidoc Technologies	ForaCare
United States Pharm Grp / Nationshealth	<b>Abbott</b> , <b>Bayer</b> , BD, <b>Biosense</b> , Diagnostic Devices, HMD Biomedical, <b>Infopia</b> , <b>Lifescan</b> , <b>Nipro</b> , Pharma Supply, <b>Roche</b> , <b>Sanvita</b> , Specialty Medical Supplies, Sterilance	
West Group Pharmaceutical / Procure Pharmacy	Agamatrix, Arkray, Bionime, Home Diagnostics, Nipro, Oak Tree International, Prodigy	Abbott, Lifescan

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\*Med-Care Pharmacy, Pharmacy 18, and Punxsy Medical Supply are listed as DMEPOS Competitive Bidding Contract Suppliers but are not listed on [www.medicare.gov](http://www.medicare.gov).