
A BILL FOR AN ACT

RELATING TO HEALTH.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Medicare beneficiaries in Hawaii are
2 experiencing a reduction in access to quality care as a result
3 of the change in the way medicare purchases its durable medical
4 equipment and prosthetics, orthotics, and supplies. Round two
5 of medicare's durable medical equipment competitive bidding
6 program began July 1, 2013 in the city and county of Honolulu.
7 The unintended consequences of the implementation of this
8 national program in Honolulu have been disastrous.

9 Only thirteen of the ninety-seven vendors selected are
10 located within the State. The minimum shipping time is two to
11 four days and the typical wait time for physician-ordered
12 wheelchairs and hospital beds is four to eight weeks. These
13 vendors do not have special phone or service hours to account
14 for the time difference which means when medicare beneficiaries
15 in Hawaii call after 11:00 a.m., the offices are closed.
16 Without access to timely, local services, medicare beneficiaries
17 in Hawaii have been forced to forego necessary durable medical
18 equipment devices. This restricted access to care has led to



1 reductions in health, increases in preventable admissions and
2 readmissions, increases in costs to beneficiaries and the
3 medicare system and impact on quality of life for medicare
4 patients.

5 The national bidding program has the laudable intention of
6 cutting down on fraud and abuse and reducing medicare costs
7 nationally. A reduction in cost, however, by twelve to fifty-
8 six per cent in Hawaii is unsustainable given the fixed costs of
9 higher rent, utilities and shipping costs that businesses in
10 Hawaii face. Hawaii's fees are now on par with those in the
11 Washington, D.C. area, even though the cost of living index in
12 Honolulu is 21.4 per cent higher than Washington D.C.

13 Medicare costs in Hawaii were already low. A review of
14 2011 fee-for-service medicare spending for durable medical
15 equipment shows that Hawaii has the lowest per capita durable
16 medical equipment cost in the nation. On average, each Hawaii
17 beneficiary consumes only \$82.54 in durable medical equipment,
18 compared with \$230.16 nationally. Furthermore, the total
19 medicare cost for a Hawaii beneficiary, on average, is only
20 \$530.98, compared with \$792.99 nationally.

21 Chapter 349, Hawaii Revised Statutes, establishes the
22 executive office on aging as the focal point for all matters



1 relating to older adults' needs and the coordination and
2 development of caregiver support services within the State.

3 The purpose of this Act is to provide for licensure of
4 durable medical equipment suppliers participating in the
5 nationwide competitive bidding program through an annual
6 inspection by the executive office on aging. This licensure
7 program will ensure that Hawaii's durable medical equipment
8 patients have access to the critical, life-sustaining medical
9 supplies they need.

10 SECTION 2. Chapter 349, Hawaii Revised Statutes, is
11 amended by adding a new part to be appropriately designated and
12 to read as follows:

13 **"PART**

14 **DURABLE MEDICAL EQUIPMENT SUPPLIER LICENSING AND PATIENT**
15 **PROTECTION PROGRAM**

16 **§349- Title.** This part shall be known and may be cited
17 at the "Durable Medical Equipment Supplier Licensing and Patient
18 Protection Program."

19 **§349- Findings and declaration of necessity.** It is the
20 intent of the legislature to establish standards for the
21 licensing of durable medical equipment suppliers participating
22 in the nationwide competitive bidding program for durable



1 medical equipment, prosthetics, orthotics, and supplies
2 established by section 302 of the Medicare Modernization Act of
3 2003 to protect medical patients in the State from life
4 threatening delays in receiving life-sustaining durable medical
5 equipment that must be shipped from the mainland.

6 **§349- Definitions.** As used in this part:

7 "Appropriate physical location" means a physical facility
8 within the boundaries of the State used to store durable medical
9 equipment inventory.

10 "Durable medical equipment" means equipment that can stand
11 repeated use, is primarily and customarily used to serve a
12 medical purpose, is generally not useful to a person in the
13 absence of an illness or injury, and is appropriate for use in
14 the home.

15 "Supplier" means a supplier of durable medical equipment,
16 prosthetics, orthotics, and related supplies participating in
17 the nationwide competitive bidding program for durable medical
18 equipment, prosthetics, orthotics, and supplies established by
19 section 302 of the Medicare Modernization Act of 2003.

20 **§349- Licensing.** (a) All suppliers of durable medical
21 equipment shall be licensed.



1 (b) A supplier of durable medical equipment shall be
2 deemed licensed if:

- 3 (1) The supplier maintains an appropriate physical
4 location within the State;
- 5 (2) The supplier has passed an annual inspection performed
6 by the executive office on aging; and
- 7 (3) The supplier is registered to do business in the
8 State.

9 (c) The executive office on aging shall maintain a list of
10 suppliers licensed under this part.

11 **§349- Annual inspection.** (a) The executive office on
12 aging shall perform an inspection of all durable medical
13 equipment suppliers participating in the nationwide durable
14 medical equipment competitive bidding program licensed pursuant
15 to this chapter.

- 16 (b) The inspection shall consist of:
 - 17 (1) Confirmation that the durable medical equipment
18 supplier maintains an appropriate physical location
19 within the State;
 - 20 (2) Confirmation that the durable medical equipment
21 supplier maintains a working local telephone number;



1 (3) Confirmation that a full-time employee is available to
2 Hawaii residents during normal business hours to
3 answer customer inquiries; and

4 (4) Confirmation that the durable medical equipment
5 supplier is registered with the business registration
6 division of the department of commerce and consumer
7 affairs to do business in the State.

8 **§349- Supplier duties.** (a) A durable medical equipment
9 supplier and its agents shall have a good faith duty to comply
10 with the annual inspection performed by the executive office on
11 aging.

12 (b) A durable medical equipment supplier shall register
13 its business with the business registration division of the
14 department of commerce and consumer affairs and shall provide a
15 copy of a current business registration to the executive office
16 on aging during its annual inspection.

17 **§349- Severability.** If any provision of this chapter or
18 the application thereof to any person or circumstance is held
19 invalid, the invalidity shall not affect the other provisions or
20 application, and to this end the provisions of this chapter are
21 severable."

22 SECTION 3. This Act shall take effect upon its approval.



Report Title:

Centers for Medicare and Medicaid Services; Licensure; Durable Medical Equipment, Prosthetics, Orthotics, and Supplies; Bidding Program

Description:

Establishes licensure requirement for durable medical equipment suppliers participating in the nationwide competitive bidding program through an annual inspection by the executive office on aging. (SB2031 HD2 PROPOSED)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

