

STAND. COM. REP. NO.

2449

Honolulu, Hawaii

FEB 14 2014

RE: S.B. No. 2031

S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committees on Human Services, Health, and Economic Development, Government Operations and Housing, to which was referred S.B. No. 2031 entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

beg leave to report as follows:

The purpose and intent of this measure is to require vendors who have been awarded contracts through the Centers for Medicare and Medicaid Services durable medical equipment, prosthetics, orthotics, and supplies bidding program to provide supplies to the residents of the State to have a physical presence in Hawaii.

Your Committees received testimony in support of this measure from the Healthcare Association of Hawaii, The Queen's Health Systems, and two individuals. Your Committees received testimony in opposition to this measure from the Department of the Attorney General, Department of Human Services, and Hawaii Medical Service Association.

Your Committees find that the Medicare Modernization Act of 2003 established requirements for a new competitive bidding program for certain durable medical equipment, prosthetics, orthotics, and supplies. Under the program, suppliers compete to become Medicare contract suppliers by submitting bids to furnish certain items in competitive bidding areas. The Centers for Medicare and Medicaid Services awards contracts to enough suppliers to meet beneficiary demand for the bid items. Your Committees received testimony on this measure from the Department

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of the Attorney General expressing concern that this measure may be preempted by federal regulation that allows state regulation of durable medical equipment suppliers only through licensing requirements. The Healthcare Association of Hawaii provided your Committees with suggested language to address the concerns raised by the Department of the Attorney General.

Accordingly, your Committees have amended this measure by adopting the language submitted to your Committees by the Healthcare Association of Hawaii. Specifically, that language amends this measure by:

- (1) Deleting its contents and inserting language that:
  - (A) Requires all suppliers of durable medical equipment in the State to be licensed;
  - (B) Establishes licensing requirements, which include maintaining an appropriate physical location within the State and complying with all federal regulations pertaining to the sale of durable medical equipment and all state legal requirements for a business engaged in the sale of goods in the State;
  - (C) Defines "appropriate physical location", which requires having a physical facility within the State, visible signage, and posted hours of operation; and
  - (D) Establishes a process for reporting violations and complaints against durable medical equipment suppliers; and
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion.

As affirmed by the records of votes of the members of your Committees on Human Services, Health, and Economic Development, Government Operations and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2031, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2031, S.D. 1, and be referred to the Committee on Judiciary and Labor.



Respectfully submitted on  
behalf of the members of the  
Committees on Human Services,  
Health, and Economic  
Development, Government  
Operations and Housing,



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JOSH GREEN, Chair



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SUZANNE CHUN OAKLAND, Chair



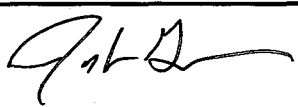
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DONOVAN M. DELA CRUZ, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

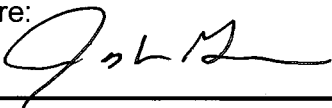
**Record of Votes**  
**Committee on Human Services**  
**HMS**

Bill / Resolution No.:* <b>SB 2031</b>	Committee Referral: <b>HMS/HTH/EGH, JDL</b>	Date: <b>2-13-14</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
GREEN, M.D., Josh (VC)	✓			
KIDANI, Michelle N.				✓
TANIGUCHI, Brian T.				✓
SLOM, Sam	✓			
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes

The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Health**  
**HTH**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB2031	HMS/HTH/EGH,DDL	2-13-14		
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Members	Aye	Aye (WR)	Nay	Excused
GREEN, M.D., Josh (C)	✓			
BAKER, Rosalyn H. (VC)				✓
CHUN OAKLAND, Suzanne	✓			
NISHIHARA, Clarence K.				✓
SLOM, Sam	✓			
<b>TOTAL</b>	3	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
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