

SB2031

SD1

LATE

TESTIMONY



An Independent Licensee of the Blue Cross and Blue Shield Association

February 20, 2014

The Honorable Clayton Hee, Chair
The Honorable Maile S. L. Shimabukuro, Vice Chair
Senate Committee on Judiciary and Labor

Re: SB 2031, SD1 – Relating to Health

Dear Chair Hee, Vice Chair Shimabukuro, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 2031, SD1. HMSA has concerns with the provisions of this measure, and we oppose this Bill.

We believe the Bill is flawed in that it attempts to license only those vendors who are accredited and credentialed for participation in the Center for Medicare and Medicaid Services (CMS) durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) Competitive Bid Program (CBP) rather than all DMEPOS vendors in the State. That would bar any vendor who elects not to participate in the CBP from licensure and remove them from the marketplace. The outcome will reduce competition and drive up costs for our members and the health care system. Also, this type of State licensure may face Constitutional scrutiny.

Before the provisions of this Bill are effectuated, standards for licensure first should be defined in rules before the license mandate is effectuated. Those standards would guarantee the quality of DMEPOS, while also ensuring a competitive market that affords the best prices for the consumer. To that end, the Bill does not specify which agency would be responsible for developing and administering the licensure program.

CMS established the CBP to reduce out-of-pocket expenses, while ensuring access to quality items and services. The provisions of this Bill will impact all Medicare and QUEST beneficiaries, and EUTF retirees as well.

Some devices are only supplied by a few CBP vendors, and Medicare will deny claims from non-CBP vendors. Should a CBP vendor choose not to have a local presence, as is required under the Bill, beneficiaries may lose access to those devices. On the other hand, in two of nine DMEPOS competitive bid categories, only one local vendor won the bid. Without other firms rushing to establish local presence, a monopoly would be created for those two companies.

Before a licensure program is established, the State agency assigned to implementing and monitoring the program should be consulted to determine the impact of licensing standards on vendor availability.

HMSA believes in the importance of ensuring cost-effective access to quality DMEPOS from suppliers that members can trust. HMSA has concerns with this Bill because it will have the immediate effect of reducing competition and, consequently, driving-up the cost of health care for our members and the State.

Thank you for the opportunity to testify today in opposition to SB 2031, SD1. We ask that you consider our concerns in your deliberations.

Sincerely

A handwritten signature in black ink, appearing to read 'JD', with a long horizontal flourish extending to the right.

Jennifer Diesman
Vice President
Government Relations

From: mailinglist@capitol.hawaii.gov
To: [JDL Testimony](#)
Cc: mharris@hsc.org
Subject: *Submitted testimony for SB2031 on Feb 20, 2014 10:30AM*
Date: Wednesday, February 19, 2014 3:45:40 PM

SB2031

Submitted on: 2/19/2014

Testimony for JDL on Feb 20, 2014 10:30AM in Conference Room 016

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Merilyn Harris | Individual | Support | No |

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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