
A BILL FOR AN ACT

RELATING TO HEALTH CARE.

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

1 SECTION 1. The legislature finds that in 2013, the federal
2 government established the durable medical equipment competitive
3 bidding program in one hundred metropolitan areas across the
4 nation. The city and county of Honolulu was included as one of
5 those areas and is the only Hawaii locality that was required to
6 participate.

7 In the years since the competitive bidding program was
8 established, the legislature finds that the program has been
9 harmful to beneficiaries on Oahu. The program has reduced
10 reimbursements drastically for local providers, compromised the
11 quality of care for residents, disrupted health status, and
12 increased costs for seniors and their families.

13 There are numerous examples that illustrate the negative
14 consequences of this program. For example, the minimum shipping
15 time for equipment and supplies is two to four days, and the
16 typical wait time for physician-ordered wheelchairs and hospital
17 beds is four to eight weeks. This often results in discharge



1 delays, which are very costly for the entire health care system.
2 In order to avoid these delays, many patients and families dip
3 into their savings and pay the full price for the equipment
4 themselves. In other instances, providers loan out their
5 equipment with no guarantee the equipment will be returned.

6 The legislature further finds that there is also a unique
7 problem in Hawaii of contacting vendors, since many are based on
8 the mainland with no special phone or service hours to account
9 for the time difference. As a result, when beneficiaries in
10 Hawaii attempt to inquire about an order after 11:00 a.m.
11 Hawaii-Aleutian standard time, the offices of mainland vendors
12 are often closed.

13 To make matters worse, the federal government plans to roll
14 out a form of the competitive bidding program to the neighbor
15 islands in 2016, which will create greater challenges for rural
16 beneficiaries when trying to access needed services, resulting
17 in reductions in their health and quality of life.

18 The purpose of this Act is to establish a licensure program
19 for suppliers of durable medical equipment, prosthetics,
20 orthotics, and related supplies through the office of health
21 care assurance. This licensure program will help patients in



1 Hawaii get access to critical, life-sustaining medical supplies
2 by setting standards of service for suppliers.

3 SECTION 2. Chapter 321, Hawaii Revised Statutes, is
4 amended by adding a new part to be appropriately designated and
5 to read as follows:

6 "PART . DURABLE MEDICAL EQUIPMENT SUPPLIER LICENSE PROGRAM

7 §321-A Title. This part shall be known and may be cited
8 as the "durable medical equipment supplier license program".

9 §321-B Definitions. As used in this part:

10 "Consumer" means a health care facility, health care
11 professional, or health care provider, as defined in section
12 432E-1, or any individual who is prescribed durable medical
13 equipment as the result of medical necessity.

14 "Department" means the department of health.

15 "Durable medical equipment" means equipment that is
16 considered a selected product under the Centers for Medicare and
17 Medicaid Services durable medical equipment, prosthetics,
18 orthotics, and supplies competitive bidding program that can
19 stand repeated use; is primarily and customarily used to serve a
20 medical purpose; is generally not useful to a person in the
21 absence of an illness or injury; is appropriate for use in the



1 home; does not contain any prescription drug; and is not
2 considered to be a specialty item, equipment, or service.

3 "Durable medical equipment supplier" means a supplier of
4 durable medical equipment.

5 §321-C Licensing. It shall be unlawful for any person to
6 operate as a durable medical equipment supplier that sells,
7 dispenses, delivers, or services durable medical equipment to a
8 consumer in the State without first obtaining a license. To
9 receive a license, a durable medical equipment supplier shall
10 attest and provide corroborating documentation to the department
11 that the supplier:

12 (1) Is in compliance with the business registration laws
13 of the State and has all required tax identification
14 numbers;

15 (2) Is licensed and in good standing in the state in which
16 its dispensing facilities are primarily located, if
17 applicable, and complies with all applicable state and
18 federal laws, rules, and standards;

19 (3) Has designated a responsible agent or agents either in
20 or out of the State who will be responsible for
21 providing timely and satisfactory services to



1 consumers in the State. The responsible agent or
2 agents shall available to consumers in the State by
3 phone during standard business hours in Hawaii to
4 answer inquiries or resolve issues; provided that when
5 the responsible agent or agents are not immediately
6 available, then the supplier shall have a system
7 capable of accepting and recording incoming phone
8 inquiries and shall respond no later than one business
9 day after the inquiry is received;

10 (4) Has implemented and maintains written procedures at
11 each location for handling complaints and problems
12 from all consumers, which includes a complaint file
13 documenting complaints or problems and resolution of
14 the complaints or problems; and

15 (5) Will agree to notify consumers within two business
16 days if the supplier cannot or will not provide the
17 equipment, item, or service ordered; provided that
18 suppliers may be exempt from this requirement if
19 selling, dispensing, delivering, or servicing
20 specialty equipment or items.



1 §321-D License fee. The department may assess a license
2 fee of no more than \$300 on each durable medical equipment
3 supplier who receives a license pursuant to section 321-C. The
4 license fee collected shall be deposited into the office of
5 health care assurance special fund pursuant to section 321-1.4.

6 §321-E Exemptions. Pharmacies licensed pursuant to
7 chapter 461 are exempt from this part.

8 §321-F Rules. The department may adopt rules pursuant to
9 chapter 91 to carry out the purpose of this part.

10 §321-G Severability. If any provision in this part or the
11 application thereof to any person or circumstance is held
12 invalid, the invalidity shall not affect the other provisions or
13 application of this part that can be given effect without the
14 invalid provision or application, and to this end the provisions
15 of this part are severable."

16 SECTION 3. Section 321-1.4, Hawaii Revised Statutes, is
17 amended by amending subsections (a) to (c) to read as follows:

18 "(a) There is established within the department of health,
19 to be administered by the department of health, the office of
20 health care assurance special fund into which shall be deposited
21 moneys collected under section 321-11.5(b), license fees for the



1 administration of the durable medical equipment supplier license
2 program collected pursuant to section 321-D, and all
3 administrative penalties imposed and collected by the office of
4 health care assurance pursuant to section 321-20.

5 (b) Moneys in the special fund shall be expended by the
6 department of health:

7 (1) To assist in offsetting operating costs and
8 educational program expenses of the department of
9 health's office of health care assurance; and

10 (2) For the purpose of enhancing the capacity of office of
11 health care assurance programs to:

12 (A) Improve public health outreach efforts, program
13 and community development, and consultations to
14 industries regulated; [~~and~~]

15 (B) Educate the public, the staff of the department
16 of health, [~~+~~]and[~~+~~] other departments within the
17 State, as well as staff and providers of all
18 health care facilities and agencies regulated[~~-~~];

19 and



1 (C) Administer the durable medical equipment supplier
2 license program established pursuant to part
3 of this chapter.

4 Not more than [~~\$300,000~~] \$_____ of the special fund may be
5 used during any fiscal year for the activities carried out by
6 the office of health care assurance.

7 (c) Any amount in the special fund in excess of [~~\$356,000~~]
8 \$_____ on June 30 of each year shall be deposited into the
9 general fund."

10 SECTION 4. Section 26H-6, Hawaii Revised Statutes, shall
11 not apply to this Act.

12 SECTION 5. In codifying the new sections added by section
13 2 of this Act, the revisor of statutes shall substitute
14 appropriate section numbers for the letters used in designating
15 the new sections in this Act.

16 SECTION 6. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 7. This Act shall take effect on July 1, 2050.



Report Title:

Durable Medical Equipment; Licensure; Health Care Assurance
Special Fund

Description:

Establishes license requirements for suppliers of durable medical equipment, prosthetics, orthotics, and related supplies. Deposits license fees from these suppliers into the Office of Health Care Assurance Special Fund and makes conforming administrative adjustments to special fund allocations. (HB1673 HD1)

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