



STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

**Testimony COMMENTING on HB1673 HD1
RELATING TO HEALTH CARE**

REPRESENTATIVE ANGUS L.K. MCKELVEY, CHAIR
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Hearing Date: Wednesday, February 10, 2016 Room Number: 325

1 **Fiscal Implications:** The \$300 fee revenue would nearly cover the salary cost of a full-time
2 clerical support position.

3 **Department Testimony:** Thank you for allowing the department to provide COMMENTS on
4 this bill.

5 The department acknowledges, understands, and supports the intent of this bill without
6 taking a specific position on its merits. The department's comments focus on the operational and
7 cost impacts of the bill.

8 This licensure program entails mostly administrative activities. It does not require any
9 onsite inspections by nurses or clinical specialists. The work could be performed by an
10 administrative clerk and management oversight would be required. There may be as many as
11 seventy (70) suppliers to contact based on information provided by the Healthcare Association of
12 Hawaii (HAH). Providers would be required to complete a licensure application form and
13 submit business information and other documents. OHCA must verify the documentation,
14 process the licenses, post the license and licensee contact information on the DOH website as it
15 currently does with other licensed providers, and conduct relicensing on a scheduled basis.

1 OHCA does not have the management or administrative support staff to absorb this
2 function and this bill does not authorize any additional staff, nor is the department requesting
3 additional staff for this licensure program.

4 The department estimates this bill would likely require at least a 0.25 FTE of an
5 administrative clerk plus the cost of management oversight. The work could not be absorbed
6 even with legislative approval of the additional clerical support positions included in the
7 Governor's budget on OHCA's behalf. Those positions are necessary for OHCA to begin to
8 catch up on current work, not to absorb new work.

9 The bill allows the use of licensing fees at no more than \$300 per license to support the
10 program, and assuming there are as many as 70 licenses to issue, the total fees collected would
11 be approximately \$21,000 per year. The annual full-time salary of the lowest salary clerical
12 position is \$22,824. The fee revenue would not cover any costs for management oversight,
13 supplies, equipment, or workstation

14 Thank you for the opportunity to provide COMMENTS on this bill.

15 **Offered Amendments:** None.

AONE Hawaii

February 10, 2016 at 2:10 PM
Room 325

House Committee Consumer Protection and Commerce

To: Chair Angus L.K. McKelvey
Vice Chair Justin H. Woodson

From: Laura Westphal
Past President
American Organization of Nurse Executives (AONE) Hawaii

Re: Testimony in Support
HB 1673 HD 1, Relating to Health Care

AONE Hawaii represents 150 nurse leaders in almost every aspect of the health care continuum in Hawaii.

AONE Hawaii would like to thank Chair McKelvey and Vice Chair Woodson for the opportunity to testify in support of HB 1673 HD 1. This legislation would set certain quality standards for suppliers of durable medical equipment (DME) in Hawaii.

Our leaders have highlighted delays in discharge, problems reaching vendors, and quality of care as some of their top concerns related to the CB program. To address those concerns, we are supporting legislation to require DME suppliers to apply for and obtain a license from the Department of Health's Office of Health Care Assurance (OHCA) as outlined by HAH.

We appreciate your consideration of this important matter, and urge your support of this measure.

**February 10, 2016 at 2:10 pm
Conference Room 325**

House Committee on Consumer Protection

To: Representative Angus McKelvey, Chair
Representative Justin Woodson, Vice Chair

From: Michael Robinson
Vice President – Government Relations & Community Affairs

Re: Testimony in Support – HB 1673, HD1 – Relating to Health Care

My name is Michael Robinson, Vice President, Government Relations and Community Affairs at Hawai'i Pacific Health (HPH). Hawai'i Pacific Health is a not-for-profit health care system, and the state's largest health care provider and non-governmental employer. Hawai'i Pacific Health is committed to providing the highest quality medical care and service to the people of Hawai'i and the Pacific Region through its four hospitals, more than 50 outpatient clinics and service sites, and over 1,600 affiliated physicians. Hawai'i Pacific Health's hospitals are Kapi'olani Medical Center for Women & Children, Pali Momi Medical Center, Straub Clinic & Hospital and Wilcox Memorial Hospital.

HPH is writing in **support** of HB 1673, HD1 which establishes a durable medical equipment supplier licensure program for suppliers of durable medical equipment, prosthetics, orthotics, and related supplies through the office of health care assurance.

We understand that the federal government Durable Medical Equipment (DME) Competitive Bidding (CB) program is not entirely suitable to meet the needs of our island population and has created discharge delays and posed challenges for patients to reach vendors. We believe the requirement for DME suppliers to apply for and obtain a license from the Department of Health's Office of Health Care Assurance (OHCA) will ensure a minimum level of quality and patient access that would not result in significant cost increases or reduced availability of DME providers.

We ask that you pass this bill. Thank you.



February 10, 2016 at 2:10 PM
Room 325

House Committee Consumer Protection and Commerce

To: Chair Angus L.K. McKelvey
Vice Chair Justin H. Woodson

From: George Greene
President and CEO
Healthcare Association of Hawaii

Re: **Testimony in Support**
HB 1673 HD 1, Relating to Health Care

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 180 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

The Healthcare Association of Hawaii would like to thank Chair McKelvey and Vice Chair Woodson for the opportunity to testify in **support** of HB 1673 HD 1. This legislation would set certain quality standards for suppliers of durable medical equipment (DME) in Hawaii.

As background, in 2013, the federal government established the Durable Medical Equipment (DME) Competitive Bidding (CB) program in 100 competitive bidding areas (CBAs) across the nation. Honolulu County was included as one of those CBAs, the only Hawaii locality that was required to participate at that time. The CB program has caused significant access issues for providers and beneficiaries in Hawaii and across the nation. Reimbursements have also decreased significantly for suppliers. This holds true in Hawaii where, for example, payments for continuous positive airway pressure (CPAP) devices and support surfaces dropped by close to 40 percent because of the CB program.

While some of the fixes to this program must happen on the federal level, a number of states have tried to mitigate the resultant negative consequences. More than 30 states have laws and regulations on the books that set standards for all DME vendors. HAH is pursuing similar legislation to help ensure that beneficiaries in this state have access to needed medical supplies.

Our members have highlighted delays in discharge, problems reaching vendors, and quality of care as some of their top concerns related to the CB program. To address those concerns, we are supporting

Phone: (808) 521-8961 | Fax: (808) 599-2879 | HAH.org | 707 Richards Street, PH2 - Honolulu, HI 96813

Affiliated with the American Hospital Association, American Health Care Association, National Association for Home Care and Hospice,
American Association for Homecare and Council of State Home Care Associations

legislation to require DME suppliers to apply for and obtain a license from the Department of Health's Office of Health Care Assurance (OHCA). In order to receive a license, a supplier shall attest and provide corroborating documentation that they meet certain quality standards to the department. The suppliers must show that they:

- Are in compliance with the business registration laws in Hawaii;
- Are licensed and in good standing in the state in which its dispensing facilities are located, and complies with all applicable state and federal laws, rules, and standards;
- Have designated a responsible agent that will be responsible for providing timely and satisfactory services to Hawaii users during normal business hours;
- Have implemented and maintain written procedures at each location for handling complaints and problems from all users;
- Are available in emergency situations; and
- Will agree to notify users within two business days if the supplier cannot or will not provide the equipment, item(s) or service(s) ordered.

There would be a fee for the license, with money going into the OHCA special fund to help carry out the program. We support this legislation because it will help to improve the quality of services provided by DME suppliers and start to address some of the top issues our members and beneficiaries are experiencing. It is also needed now more than ever, as **the CB program expands to the rest of the state in the coming year**. This means that the issues that Oahu beneficiaries face will now spread to the neighbor islands, exacerbating current coverage and access problems in those areas. The expansion of this program will reduce payments to vendors, and will likely result in hardships for providers and patients on the neighbor islands.

We would respectfully request two amendments to HB 1673 HD 1 to address the concerns that the Department of Health previously raised. First, we would respectfully request that your committee include language authorizing 0.25 FTEs in order to carry out the licensure program. We would also request that the fee for the permit be amended to \$350 to cover the estimated cost of the 0.25 FTEs and associated tasks. Based on our estimates, this amount should be sufficient for implementation of the program.

We appreciate your consideration of this important matter, and urge your support of this measure.



February 10, 2016 at 2:10 PM
Room 325

House Committee Consumer Protection and Commerce

To: Chair Angus L.K. McKelvey
Vice Chair Justin H. Woodson

From: George Greene
President and CEO
Healthcare Association of Hawaii

Re: **Testimony in Support**
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We would respectfully request amendments to HB 1673 HD 1 to address the concerns that the Department of Health previously raised. We would respectfully request that your committee include language amending the license fee to \$350 and direct that revenues from the fees be used to support the administration of the licensure program.

We appreciate your consideration of this important matter, and urge your support of this measure.

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 07, 2016 1:02 PM
To: CPCtestimony
Cc: copd.hawaii@yahoo.com
Subject: Submitted testimony for HB1673 on Feb 10, 2016 14:10PM

HB1673

Submitted on: 2/7/2016

Testimony for CPC on Feb 10, 2016 14:10PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Valerie Chang	Hawaii COPD Coalition	Support	No

Comments: Dear Chair McKelvey, Vice Chair Woodson, and members of the CPC committee, Sorry I am out of state and unable to present testimony in person. Thanks to everyone for support of this bill, HB1673, HD1, to help all Hawaii patients have better access to needed medical equipment. I am unable to download my testimony in support of this vital measure but thank the chair for his strong support of this crucial measure that will help Hawaii people have better access to medical equipment by being able to reason someone during Hawaii office hours to get their equipment. It is noteworthy that this measure is law in over 30 states, who are also struggling with the problems which have occurred with the Medicare Competitive Bidding Program, which is now effective in all islands throughout Hawaii. The Hawaii COPD Coalition works with many of the over 46,000 Hawaii adults who have been diagnosed with Chronic Obstructive Pulmonary Disease, which includes emphysema, chronic bronchitis and chronic asthma. Many of these individuals need durable medical equipment, including but not limited to oxygen, nebulizers for medication, and machines for sleep apnea. Prompt passage of this bill is urgently needed. I urge the prompt passage of HB1673, HD1 and forwarding this measure to House Finance for passage and crossover to the Senate. Mahalo nui loa, Valerie Chang Executive Director of Hawaii COPD Coalition 700 Richards St., Suite 2410 Honolulu, HI. 96813 (808)699-9839 www.hawaiicopd.org

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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THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Angus L. K. McKelvey, Chair, Committee on Consumer Protection & Commerce
The Honorable Justin H. Woodson, Vice Chair, Committee on Consumer Protection & Commerce
Members, Committee on Consumer Protection & Commerce

From:  Paula Yoshioka, Senior Vice President, The Queen's Health Systems

Date: February 8, 2016

Hrg: House Committee on Committee on Consumer Protection & Commerce Hearing;
Wednesday, February 10, 2016 at 2:10pm in Room 325

Re: **Support for HB 1673 HD1, Relating to Health Care**

My name is Paula Yoshioka and I am a Senior Vice President at The Queen's Health Systems (QHS). I would like to express my **support** for HB 1673 HD1, Relating to Health Care. This bill establishes license requirements for suppliers of durable medical equipment, prosthetics, orthotics, and related supplies.

The Durable Medical Equipment (DME) Competitive Bidding program has caused significant access issues for providers and beneficiaries in Hawaii and across the nation. While most of the issues that hospitals face must be fixed at the federal level, Queen's supports our partners along the continuum of care in Hawaii to access DME. We concur with the testimony provided by the Healthcare Association of Hawaii (HAH) and ask you to support this measure.

Thank you for your time and consideration of this important matter.



HPCCA

HAWAII PRIMARY CARE ASSOCIATION

House Committee on Consumer Protection & Commerce

The Hon. Angus L.K. McKelvey, Chair

The Hon. Justin H. Woodson, Vice-Chair

Testimony on House Bill 1673 HD1

Relating to Health Care

Submitted by Dustin Stevens, Public Affairs and Policy Director

February 10, 2016, 2:10 pm, Room 325

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports House Bill 1673 HD1, establishing licensure requirements for durable medical equipment suppliers.

In 2013 the federal government undertook a competitive bidding program for durable medical equipment that has proven to be detrimental to beneficiaries in Hawaii. Not only have reimbursements been cut to local providers, but quality of care and health status has been diminished while costs have increased for residents.

House Bill 1673 HD 1 seeks to help alleviate this situation by establishing a licensure program within the Office of Health Care Assurance. The goal of such an office is to cut costs, shipping times, and other barriers that exist for residents of Hawaii.

For these reasons we support House Bill 1673 HD1 and thank you for the opportunity to testify.

February 10, 2016 at 2:10 PM
Room 325

House Committee Consumer Protection and Commerce

To: Chair Angus L.K. McKelvey
Vice Chair Justin H. Woodson

From: George Greene
President and CEO
Healthcare Association of Hawaii

Re: Testimony in Support
HB 1673 HD 1, Relating to Health Care

Castle Home Care has been a leader in the community for the provision of health care services to community members in their homes for many years. A key component to assuring a patient can remain safely in their home is having the appropriate durable medical equipment.

Our agency has experienced delays in reaching vendors and obtaining needed equipment in a timely manner which in turn impacts the quality of care. For example, in the last year our agency had a patient who was sleeping on a mattress on the floor while waiting for a hospital bed. It was unsafe for the patient to sleep on a bed without side rails. To address situations such as this, we are supporting legislation to require DME suppliers to apply for and obtain a license from the Department of Health's Office of Health Care Assurance (OHCA). In order to receive a license, a supplier shall attest and provide corroborating documentation that they meet certain quality standards to the department. The suppliers must show that they:

- Are in compliance with the business registration laws in Hawaii;
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- Are available in emergency situations; and
- Will agree to notify users within two business days if the supplier cannot or will not provide the equipment, item(s) or service(s) ordered.

We support this legislation because it will help to improve the quality of services provided by DME suppliers and start to address some of the top issues our patients are experiencing.

I appreciate your consideration of this important matter, and urge your support of this measure.

LATE

February 10, 2016

The Honorable Angus McKelvey, Chair
House Committee on Consumer Protection and Commerce
The Honorable Justin Woodson, Vice-Chair
House Committee on Consumer Protection and Commerce

Re: HB 1673 HD1 – Relating to Health Care

Dear Chair McKelvey, Vice-Chair Woodson and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to offer testimony on HB 1673 HD1, which relates to durable medical equipment.

It has long been HMSA's mission to improve the health and well-being of our members and for all the people of Hawaii; we also are cognizant of the need to provide services and products our members demand, in the most efficient way.

To that end, we believe in the importance of ensuring timely and cost-effective access to quality durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) from suppliers that members can trust. The Center for Medicare and Medicaid Services (CMS) competitive bid program for DMEPOS is designed to do just that. During its first year of the procurement program's implementation, it saved the Medicare program over \$202 million, a 42 percent drop in expenditures in the nine participating markets.

Despite these savings, however, HB 1673 HD1 rightly seeks to provide members requiring DME added protections and services that alleviate the effect of Hawaii being geographically separated from the U.S. mainland. Requiring licensed vendors to be available during standard business hours in Hawaii, requiring procedures for accepting and recording inquiries, and requiring prompt notification to consumers if a supplier cannot/will not provide equipment should provide our members with added certainty that at they will receive the services they deserve.

Thank you for allowing us to testify on HB 1673 HD1.

Sincerely,



Jennifer Diesman
Vice President, Government Relations