

SB2076

Measure Title: RELATING TO HEALTH CARE.

Report Title: Durable Medical Equipment; Licensure; Health Care Assurance Special Fund

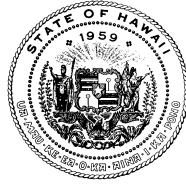
Description: Establishes a durable medical equipment supplier licensure program for suppliers of durable medical equipment, prosthetics, orthotics, and related supplies through the office of health care assurance. Allows license fees to be deposited into the office of health care assurance special fund. Amends the cap on amounts of the health care assurance special fund that may be used per fiscal year. Amends the balance of the health care assurance special fund above which moneys are deposited into the general fund.

Companion:

Package: Kupuna Caucus

Current Referral: CPH, WAM

Introducer(s): CHUN OAKLAND, IHARA, Galuteria, Nishihara, L. Thielen



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

**Testimony COMMENTING on SB2076
RELATING TO HEALTH CARE**

SENATOR ROSALYN H. BAKER, CHAIR
SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH
Hearing Date: Tuesday, February 2, 2016 Room Number: 229

1 **Fiscal Implications:** The cost to implement and manage this program would exceed the revenue
2 allowed by the bill by at least double.

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

5 The department acknowledges and understands the intent of this bill without taking a
6 position on its merits. The department's comments focus on the operational and cost impacts of
7 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 eighty (80) suppliers to contact based on a cursory review of the Medicare website of contracted
12 DME providers for Hawaii. Providers would be required to complete a licensure application
13 form and submit business information and other documents. OHCA must verify the
14 documentation, process the licenses, post the license and licensee contact information on the
15 DOH website, and conduct relicensing on a scheduled basis.

1 OHCA does not have the management or administrative support staff to absorb this function and
2 this bill does not authorize any additional staff, nor is the department requesting additional staff
3 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 cost to implement and manage this program would exceed the revenue allowed by
10 the bill by at least double. Although the bill allows the use of licensing fees to support the
11 program, and assuming there are as many as 80 licenses to issue, the total fees collected would
12 be approximately \$12,000 per year using the \$150 per license fee allowed in the bill. The annual
13 full-time salary of the lowest salary clerical position is \$22,824. The fee revenue would also not
14 cover any costs for management oversight, supplies, equipment, or workstation. The department
15 could hire a part-time person if a part-time position was available.

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

17 **Offered Amendments:** None

From: mailinglist@capitol.hawaii.gov
To: [CPH Testimony](#)
Cc: akumatakalukey@hsc.org
Subject: Submitted testimony for SB2076 on Feb 2, 2016 08:30AM
Date: Thursday, January 28, 2016 8:52:47 AM
Attachments: [SB 2076 DME testimony 2-2-16.pdf](#)

SB2076

Submitted on: 1/28/2016

Testimony for CPH on Feb 2, 2016 08:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Linda Rosen, M.D., M.P.H.	Hawaii Health Systems Corp	Support	Yes

Comments: If you have questions, please contact Dr. Rosen at 733-4151. Thank you.

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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HPCCA

HAWAII PRIMARY CARE ASSOCIATION

Senate Committee on Commerce, Consumer Protection, and Health

The Hon. Rosalyn H. Baker, Chair

The Hon. Michelle N. Kidani, Vice-Chair

Testimony on Senate Bill 2076

Relating to Health Care

Submitted by Dustin Stevens, Public Affairs and Policy Director

February 2, 2016, 8:30 a.m., Room 229

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports Senate Bill 2076, 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.

Senate Bill 2076 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 Senate Bill 2076 and thank you for the opportunity to testify.



To: Senator Rosalyn H. Baker, Chair
Senator Michelle N. Kidani, Vice Chair
Members of Commerce, Consumer Protection and Health Committee

Hrg: Monday, February 2, 2016

Re: **Testimony in STRONG SUPPORT of SB2076, Relating to Healthcare for DME Licensing**

By: Valerie Chang, JD, Executive Director
Hawaii COPD Coalition, www.hawaiicopd.org
700 Richards Street, Suite 2410, Honolulu, HI 96813
(808)699-9839
copd.hawaii@yahoo.com

I thank you for this opportunity in STRONG SUPPORT of SB2076, Relating to Healthcare, which improves access to medical supplies and equipment for patients by requiring all vendors or suppliers who supply Durable Medical Equipment in Hawaii to have be licensed in Hawaii and respond to phone and other inquiries during regular business hours in Hawaii.

My name is Valerie Chang. I am Executive Director of the Hawaii COPD Coalition. Our organization provides services and support to Hawaii's people affected by Chronic Obstructive Pulmonary Disease, more commonly known as emphysema and chronic bronchitis. COPD is now the third leading cause of death in the US and second leading cause of disability. Over 46,000 people in Hawaii have already been diagnosed with COPD and it is estimated that over 46,000 more people suffer from COPD but remain undiagnosed. Many of these COPD patients were seduced by tobacco when they were very young and unable to quit the addiction for decades, causing irreparable harm. There are over \$55 million in COPD hospital charges in Hawaii each year.

Your Committee is well aware of the many problems faced by Hawaii patients due to our unique and isolated location, especially in acquiring durable medical equipment like supplemental oxygen, motorized wheelchairs, CPAP for sleep apnea, and other medical equipment. Stories throughout the nation and in Hawaii keep repeating the problems that patients and their families are facing in acquiring supplemental oxygen and servicing of the same in a timely manner. This is literally a matter of life and death of our patients who need supplemental oxygen to keep healthy and out of the hospital and emergency rooms.

Supplemental oxygen reimbursement rates have been cut repeatedly resulting in suppliers offering fewer and fewer options for patients to have for their oxygen use. There are no longer **any** Hawaii suppliers which offer liquid oxygen, which is one of the lightest and most portable forms of supplemental oxygen and allow patients to continue working and remaining active, contributing members of the community. ***Nearly 70% of the 24 million people in the US with COPD are 65 or younger, and in their prime working years.***

It can currently take several days or up to a week or longer to get a portable oxygen concentrator, nebulizer compressor or other equipment from the mainland US to Hawaii. I and other COPD patients have had to send equipment for repair and servicing. It is vitally important that there be Hawaii licensing of all providers of durable medical equipment and have someone respond to phone and other inquiries and concerns during regular Hawaii business hours. Having reliable means of getting their equipment and questions about the equipment promptly answered will allow COPD patients and others needing durable medical equipment (including wheelchairs, walkers, crutches and other equipment) to remain active, productive contributing employees and community members and keep them out of the hospitals and emergency rooms.

This bill will establish a licensing program for all suppliers of durable medical equipment who serve Hawaii patients. In particular, this bill will require that supplier have someone answer the phone Monday through Friday, during normal Hawaii business hours. This bill is similar to legislation that has been enacted in over 30 states, partly in response to the many problems that patients throughout the nation have had in getting appropriate durable medical equipment since the enactment of the Medicare Competitive Bidding Program, which is now in effect throughout the state, since January 1, 2016.

Thanks for the opportunity to testify about this issue that is so vital to the health of Hawaii and our nation. This issue is very important to our state and our Hawaii COPD Coalition is very glad that this committee has taken a leadership role in addressing this important matter. Please pass this bill, **SB2076**. Thank you.



An Independent Licensee of the Blue Cross and Blue Shield Association

February 2, 2016

The Honorable Rosalyn Baker, Chair
Senate Committee on Commerce, Consumer Protection, and Health
The Honorable Michelle Kidani, Vice-Chair
Senate Committee on Commerce, Consumer Protection, and Health

Re: SB 2076 – Relating to Health Care

Dear Chair Baker, Vice-Chair Kidani and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to offer testimony on SB 2076, 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, SB 2076 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 they will receive the services they deserve.

Thank you for allowing us to testify on SB 2076.

Sincerely,

Jennifer Diesman
Vice President, Government Relations



February 2, 2016 at 8:30 AM
Conference Room 229

Senate Committee on Commerce, Consumer Protection, and Health

To: Chair Rosalyn H. Baker
Vice Chair Michelle N. Kidani

From: George Greene
President and CEO
Healthcare Association of Hawaii

Re: **Testimony in Support**
SB 2076, 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 Baker and Vice Chair Kidani for the opportunity to testify in **support** of SB 2076. 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

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