




THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Jill N. Tokuda, Chair, Committee on Ways and Means
The Honorable Donovan M. Dela Cruz, Vice Chair, Committee on Ways and Means
Members, Committee on Ways and Means

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

Date: February 19, 2016

Hrg: Senate Committee on Ways and Means; Tuesday, February 23, 2016 at 9:50am in Room 211

Re: **Support for SB 2076 SD1, 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 SB 2076 SD1, 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.

**February 23, 2016 at 9:50 AM
Conference Room 211**

Senate Committee on Ways and Means

To: Senator Jill Tokuda, Chair
Senator Donovan Dela Cruz, Vice Chair

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

Re: Testimony in Support – SB 2076, SD1 – 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 SB 2076, SD1 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.

Thank you for the opportunity to provide this testimony.



February 23, 2016 at 9:50 AM
Conference Room 211

Senate Committee on Ways and Means

To: Chair Jill N. Tokuda
Vice Chair Donovan M. Dela Cruz

From: George Greene
President and CEO
Healthcare Association of Hawaii

Re: **Testimony in Support**
SB 2076 SD 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.

We would like to thank the committee for the opportunity to **support** SB 2076 SD 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 legislation to require DME suppliers to apply for and obtain a license from the Department of Health's Office of Health Care Assurance (OHCA).

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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

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.



Senate Committee on Ways and Means

The Hon. Jill N. Tokuda, Chair

The Hon. Donovan M. Dela Cruz, Vice Chair

Testimony on Senate Bill 2076

Relating to the Health Care

Submitted by Dustin Stevens, Public Affairs and Policy Director

February 23, 2016, 9:50 am, Room 211

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.



February 23, 2016

The Honorable Jill Tokuda, Chair
Senate Committee on Ways and Means
The Honorable Donovan Dela Cruz, Vice-Chair
Senate Committee on Ways and Means

Re: SB 2076 SD1 – Relating to Health Care

Dear Chair Tokuda, Vice-Chair Dela Cruz and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to offer testimony on SB 2076 SD1, 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 SD1 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 SD1.

Sincerely,

Jennifer Diesman
Vice President, Government Relations