



**OHIO ASSOCIATION OF
MEDICAL EQUIPMENT SERVICES**

House Finance Committee Testimony on Substitute House Bill 166

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Chairman Oelslager, Vice Chair Scherer, Ranking Member Cera and members of the Finance Committee, I appreciate the opportunity to testify before you today on an issue that greatly impacts Medicaid patients receiving durable medical equipment – often called home medical equipment – in their place of residence.

I am testifying to encourage your support of amendment HC2371 to Substitute House Bill 166. I am currently the president of the Ohio Association of Medical Equipment Services (OAMES) which is a state trade association comprised of approximately 90 company members.

I am the co-founder of Central Ohio Specialty Care based here in Columbus with service areas throughout the state. We specialize in the total care of children with complex needs providing the skill, experience, products and care necessary to boost the quality of life for chronically ill newborns, medically fragile children and young adults.

Home medical equipment (HME) providers offer products ranging from medical supplies and standard mobility aides, to life-sustaining and technologically-sophisticated equipment such as home oxygen therapy and ventilation devices, enteral feeding pumps, infusion, complex rehab technology, custom power wheelchairs and more. Home-based care offers an exceptional return on investment by reducing the risk of infection, minimizing stress on the patient and caregivers, and providing patients with resources to maintain their independence and a high quality of life.

OAMES has a long-standing collaborative relationship working with the Ohio Department of Medicaid. We are a strong partner in developing the state's HME rules to ensure clear policy, appropriate reimbursement and efficient processes for providers and payers, while never losing focus on patient care. Over the past several years, we've proactively engaged in the state's move from a fee-for-service model to managed care model in the Medicaid benefit. We have been supportive and dedicated to making it work, but after years of intense efforts, we only see the problems escalating.

Our providers are experiencing severe difficulties getting paid and excessive problems with claims adjudication. It is our assessment that this is due to the lack of transparency of the managed care program and the Ohio Department of Medicaid's position that managed care plans may develop their own coverage policies, procedures, rates and processes. This is not efficient, practical or "innovative" as the Department assumes and has created financial hardship on our member organizations and immense confusion on providers, prescribers and patients; in some cases, causing access issues and loss of patient choice.

Amendment HC 2371 addresses our issues by ensuring that the HME benefit under Ohio's Medicaid managed care program is consistent with the Ohio Administrative Code chapter 5160:10 and does the following:

- Requires Medicaid managed care plans to follow the specific medical policy, medical necessity criteria, claims adjudication methods and standards, coding, max quantity limits and other general guidelines, and use of certificates of medical necessity (CMN) forms;
- Ensures HME providers are paid at the rate set by the Ohio Department of Medicaid;
- Prohibits sole source contracting to preserve patients' and prescribers' choice of providers;
- Establishes an HME Advisory Group comprised of representatives of each of the MCPs, ODM and OAMES to meet at least twice annually to review and address issues as needed.

This amendment is needed given the longstanding difficulties HME providers are experiencing in getting paid at a reasonable rate--or paid at all--for the products and services that they provide under Medicaid and the disparity that is developing between the fee-for-service and managed care programs for HME services. Unlike many other healthcare providers, HME suppliers are unique in that the bulk of their overhead is hard costs tied up in the physical products and technology that they provide.

Sole sourcing has also become a growing practice that is plaguing our industry. Under this policy, managed care plans enter into sole source contracts, forcing patients to use a single provider for specific products, a company that may not even be located in Ohio. This approach is very problematic: it increases prescriptive requirements and complicates care coordination, raises concerns about transparency and accountability, eliminates patients' and prescribers' choice of the HME provider best suited for the patients' medical needs, disrupts access to community providers and puts local jobs at risk.

HME providers are unique and may be specialists such as respiratory providers or complex rehab experts, to full-service businesses, retail pharmacies, hospital affiliates and all variations in-between. A robust open network of HME providers in all their forms is essential to maintain adequate access. In fact, Ohio's HME infrastructure is already at risk. From Nov. 2010 to Jan. 2018, the controversial Medicare HME "competitive bidding" program, another form of a narrow network contracting model, has caused the loss of more than 32% of Ohio's HME suppliers. Additionally, in 2015 when a sole source contract with Univita collapsed in Florida, thousands of beneficiaries were stranded due to the company's sudden bankruptcy. This proverbial "eggs in one basket" endangers consumers.

As a tax-funded benefit, transparency is vital to maintain public trust and full accountability. This is essential for patients and crucial for providers serving them. Last month, the Kentucky General Assembly took action and passed HB 224 to reform the HME Medicaid managed care program recognizing many of the same issues Ohio providers are experiencing. The bill passed unanimously in both the House and Senate and became law on March 27, 2019.

From a spending perspective, according to an actuary report prepared for the Joint Medicaid Oversight Committee in Oct 2016, per member per month annual growth is estimated at approximately 3% per year through 2019. The HME sector has actually declined over the past decade. Furthermore, the 21st Century Cures Act implemented last year provides prudent spending controls for Medicaid HME rates.

OAMES remains committed to working with the state legislature and the Ohio Department of Medicaid to ensure access to quality HME services. We are devoted advocates for our patients and families, and we work hard to collaborate with medical professionals and caregivers to maintain patients' health and independence. I thank you for your time and consideration to support our amendment and look forward to working with all of you. I will be happy to answer any questions.