

Testimony of Mark Auckerman
On SJR 1
132nd General Assembly of Ohio
Regular Session
2017-18

Chairman Coley, Vice Chair Uecker, Ranking Minority Member Yuko

My name is Mark Auckerman. I am a retired small business owner from Springfield, Ohio. First of all, thank you for allowing me to submit this testimony in support of Senate Joint Resolution One (SJR 1) for consideration by the Honorable Members of the Ohio Senate Committee for Government Oversight and Reform. As you know this resolution calls for using our state's powers under article 5 of the United States constitution to submit an application to congress to call a convention of states for the purpose of limiting the power and jurisdiction of the federal government, impose fiscal restraints, and impose term limits for federal officials including federal judges.

The focus of my testimony today involves the effects of federal regulation on small business. For nearly 30 years my company provided home medical equipment services to thousands of clients in several counties throughout the state of Ohio. Because the population we served was primarily senior citizens, about sixty percent of our business involved Medicare. Medicare's budgetary concerns became more acute as the years passed, and their efforts to cut costs and curb fraud and abuse became more and more aggressive. Because our industry was made up of primarily small business, we did not have the deep pockets needed in Washington to push back the tide of well-intended but mostly misguided regulations affecting our industry.

One by one, year after year new regulations piled on top of the old ones. Most pieces of equipment we provided had a complex set of rules called medical policies, which had to be complied with in order for payment to be issued. The more a particular piece of equipment was utilized, the more complex and burdensome the rules became. Eventually all claims could be subject to any one

of 4 different auditing programs set up by Medicare. There were MAC audits, ZPIC audits, RAC audits and CERT Audits. Some were pre-payment. Some were post-payment. Claims were subject to audit for up to seven years after the initial claim. Any negative finding in an audit would lead to funds being recovered and more audits being conducted. The auditors could even extrapolate their findings to unaudited claims and take back monies assuming that if 2 out of 10 claims audited had errors (in their view) then 20 % of all claims were likely billed incorrectly and request 20% of all claims be refunded. The uncertainty these audits created in our business as well as the man power required to respond to them was like a wet blanket on our ability to plan, budget and grow.

In addition to all the Medicare rules, our industry was regulated and subject to inspection by the FDA. We had government mandated accreditation requirements. We had to comply fully with all HIPPA regulations. We had to design a corporate compliance program for our business and document the training for all employees on the subject. We were required to carry a large surety bond. Then came Obama Care which lead to skyrocketing health insurance premiums and reduced benefits for our employees.

On top of all this, Medicare now requires all providers to participate in their competitive bidding program which awards contracts to lowest bidding providers for a period of three years. If you don't win the bid you lose access to your entire Medicare market. The recklessly designed program, set up a huge and costly government bureaucracy to implement and oversee the program, forced reimbursement to unsustainably low prices, and forced many providers out of business.

The end result of all of this has been huge reduction and consolidation of home medical equipment providers in Ohio and throughout the country, a sharp reduction in services to patients, and no doubt a resulting transfer of some patients to much higher cost care settings because they could no longer reliably receive the level of care and supervision required to safely care for them in the home.

Of course the state of Ohio has budget concerns for Medicaid as well and has had to take a number of cost cutting measures over the years, however at the state level they have always been willing to listen to our industry's concerns. You could actually sit in a room with them and discuss the issues in a cooperative and productive manner. This was never possible at the federal level. There was never anyone accountable or anyone who cared what our industry thought. The mindset from the federal regulators was that no regulation was too burdensome and no cost cutting measure too extreme.

This is just a few of the highlights of the effects of government regulation on one small sector of the healthcare industry. The effects of federal regulations reach far and wide from state to state and coast to coast. According to a recent study by the National Association of Manufacturers the annual cost of federal regulations has reached \$2.028 Trillion.

In my experience, it is true that the best government is local government. The farther away the decision makers are from the people they affect, the less accountable and the more insensitive they become. This is why I believe we need to bring power back to the states and to the people. It is time to end this insanity. I respectfully urge the committee members to join us in this historic effort. Please show your support by voting yes for SJR 1.

Thank you again for allowing me to submit this testimony today.