

62ND HOUSE DISTRICT

WARREN COUNTY

COMMITTEES

CHAIR: HEALTH

FINANCE

BEHAVIORAL HEALTH

FINANCE SUBCOMMITTEE ON
HEALTH AND HUMAN SERVICES



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State Representative P. Scott Lipps
Ohio House of Representatives

Chairman Oelslager, Vice Chair Plummer, Ranking Member Sweeney, and Members of the House Finance Committee. Thank you very much for hearing my testimony on House Bill 535 today.

In short, HB 535 would prohibit Medicaid managed care organizations from entering into sole source or preferred provider contracts with suppliers of durable medical equipment and various types of home medical equipment. Sole source or preferred provider contracting allows the Department of Medicaid to limit Medicaid patients to services or products from a single provider regardless of their proximity or product availability.

These contracts, while there are only about 5 currently in existence, still produce a multitude of problems for individuals on Medicaid who are prescribed certain products or services.

There are 4 main concerns regarding sole source contracting.

1. These contracts **eliminate patient choice**. We need to remember that care for any person for any condition, is *not* one-size-fits-all. Under sole source

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contracts, patient choice is often eliminated or significantly reduced as prescribers and consumers are unable to choose the best-suited provider and product to meet the patients' needs.

2. **Delayed access** – Patients sometimes find themselves needing a product at a moment's notice. Being forced to buy that product from a company hundreds of miles away, rather than the provider around the corner, causes complications to the patient's health and well-being.
3. **Increased health care costs** - Not having access to the proper HME product results in emergencies for that individual because the required product does not meet their needs, which ultimately raises the price of health care.
4. **Restricts business growth** – Some sole source contracts that require Ohioans to use providers located in other states, restricting profits to Ohio providers and discouraging potential new providers.

The reality of sole source contracting is that it cost more money, decreases access, reduces innovation, and most importantly, puts patients in dangerous or even emergent situations.

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House Bill 535 would prohibit new sole source contracts from forming. Our office has spoken with the Department of Medicaid regarding the existing contracts and while we have been told that the current contracts will not be renewed following their conclusion, we cannot be sure that a new administration will not impose a plethora of new selective, prohibitive, sole source contracts.

Once again, Chairman Oelslager and Members of the House Finance Committee, thank you very much for your attention and for this opportunity. I would be happy to answer any questions.