

**TESTIMONY OF THE
NEW ENGLAND MEDICAL EQUIPMENT DEALERS ASSOCIATION
RELATIVE TO HOUSE BILL 43 – AN ACT RELATIVE TO THE PROCEDURE FOR
ESTABLISHING MEDICAID REIMBURSEMENT RATES
JANUARY 17, 2007**

My name is Tamme Dustin. I am the Director of Herron and Smith. We are located in Hooksett and have provided DME equipment to Medicaid beneficiaries for over twenty-three years throughout the State of New Hampshire. I appreciate this opportunity to comment on House Bill 43, an act relative to the procedure for establishing Medicaid reimbursement rates.

I am also testifying on behalf of the New England Medical Equipment Dealers Association (NEMED) of which I am a board member. NEMED is a regional trade association representing respiratory, rehab/assistive technology, durable medical equipment and home infusion therapy providers in the six New England states. Our members in New Hampshire provide products and services to approximately 85% of the Medicaid beneficiaries in the State.

We support this bill as it pertains to the review of reimbursement rates for durable medical equipment (DME) and supplies every two (2) years. As stated in our testimony of August 16, 2006 relative to House Bill 1279 (copy attached), the DME fee schedule has not had an extensive review in over eight (8) years. We believe that a bi-annual review of DME reimbursement rates will help reduce overall Medicaid spending by ensuring access to the products and services our industry provides in the home setting. There is no doubt that the State will save money if DME products and services are adequately reimbursed.

One example is home phototherapy. This therapy is prescribed for neonates with jaundice. The current State reimbursement of \$30 per day is inadequate to cover the provider's cost; therefore, infants who need this therapy remain hospitalized. The average treatment in the home is 2-4 days. A national average hospital stay, per day, as listed on the Health and Human Services website is approximately \$1,500 per day compared to a DME average charge of \$150 per day for the equipment and a licensed professional.

It is also important to understand that reimbursement for DME cannot be based on the cost of the equipment alone. While it may be true that some of the equipment we provide can be procured through the Internet, the cost of delivery through a DME provider should not be confused with a retail sale through the Internet. The shift of patient care from the facility setting to the home setting must include the cost of providing clinical and operational services and support. Cuts in hospital and nursing home budgets have lead to increased responsibility of the DME provider to provide more clinical and technical support. One example is custom compression garments. Patient evaluations that were once the responsibility of the facility are now the responsibility of the DME provider. The DME provider must staff highly trained technical staff such as Respiratory Therapists, Certified Rehab Technician Suppliers, nurses, etc. There is no separate reimbursement for these services.

We also support the establishment of a public hearing process to allow for review and comment of reimbursement changes. Massachusetts and Maine have a similar process and we believe it has benefited both the State and providers. In many cases, the public comment period has given NEMED the opportunity to provide feedback regarding inadequacies in the proposed policy which lead to positive changes prior to implementation. Without this process, the State is at risk of unintentionally creating an access issue if reimbursement is not enough to cover the provider's cost.

It is the recommendation of Herron and Smith and the New England Medical Equipment Dealers that House Bill 43 be adopted. Thank you again for this opportunity to provide comments. I am happy to answer any questions you may have.

Respectfully submitted,

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