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On
Medicaid Comprehensive Waiver
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I am Dr. Kevin Saluck and I am the Vice President of Clinical Operations and Business Development for Central Medical Supply Group. Our corporate office is located in Flanders, New Jersey with a branch location in Cherry Hill.

Central Medical Supply Group is a member of the Jersey Association of Medical Equipment Services (JAMES), and I am currently serving as the President of the association, as well as the Chairman of the Legislative Committee. I am here today representing the homecare community – specifically the home medical equipment sector. My goal is to explain why the proposal to mandate managed care for the remaining fee-for-service aged, blind and disabled Medicaid population will not achieve the desired outcomes.

The Jersey Association of Medical Equipment Services (JAMES), established in 1978, disseminates information related to the delivery of Home Medical Equipment (DME) to providers of these services. It is the goal of the organization to keep its members informed of industry changes and related information necessary to maintain quality of care in providing home medical equipment, supplies and services to the patients who rely on us. Our membership covers the entire state, and consists of small through large service providers.

Home medical equipment companies provide a valuable service to thousands of patients who are in need of medically necessary supplies and equipment that include recurring, monthly orders for medical supplies, complex rehab mobility equipment and clinical respiratory services, such as life-sustaining patient ventilation. Having such a robust arrangement of diverse home medical equipment companies throughout the State of New Jersey allows for the timely discharge of patients from acute-care hospitals and sub-acute facilities. These companies are an integral part in the continuum of care as they allow these patients to enjoy a seamless and timely transition from the in-patient facility to their home environment. As the home environment is the preferred setting for the patient to convalesce or manage their disease state, the home medical equipment companies are a critical component in helping to decrease the length of stay and prevent in-patient readmissions.

While reviewing the State of New Jersey's Section 1115 Demonstration Comprehensive Waiver Concept Paper, we are concerned with portions of the paper. Under section V,

titled, "Delivery System Innovations", found on page 8 of the document, concerns are raised by our association with the proposal to move the dual eligible and aged, blind and disabled populations from the fee-for-service model to managed care. This move would place a high needs population into a care arena that, from what we have seen, typically does its best to reduce expenses by significantly limiting provider participation. This reduction in providers will cause problems in several key areas defined below:

Reduced choice for recipients

This population tends to be high-volume users of durable medical equipment and supplies, and due to on-going medical issues typically have an established relationship with a DME provider of their choice. As a part of the continuum of care, these patients rely on their DME providers to monitor their supply quantities and delivery schedules, stock appropriate levels of quality medical equipment and supplies to service their needs in short time-frames, including emergency situations, and communicate with the other medical professionals involved in their care. Interrupting this delicate cycle could prove harmful to patients as they re-establish themselves with new medical providers who must assess their conditions and needs, and then provide necessary medical documentation to new DME providers who will have to obtain authorizations to dispense medical supplies and equipment.

Proximity of participating network providers

Considering there will be a large reduction in the amount of DME providers permitted to service New Jersey Medicaid recipients through this waiver, these individuals who are accustomed to dealing with their local providers will be forced to deal with unfamiliar providers that may be 50-75 miles from where they live. If the beneficiary wants to come in to a retail showroom to look at a product or compare an assortment of products to determine what is best for their individual needs, the lack of proximity will prevent this. Additionally, people prefer to deal with local providers, and be given the choice to maintain the long-term provider/patient relationships they have formed throughout the years. With mandatory managed care, these options and choices will be eliminated, and recipients could have to cope with delayed access due to a lack of proximity of participating providers. If a patient's supply of diabetic test strips, diapers, or enteral nutrients depletes earlier than anticipated due to an unforeseen illness, the option of going to pick up an emergency order is no longer available. Family members or caregivers, who are used to obtaining repairs to equipment while they wait, will no longer have that option available. Decreased safety in complex rehab mobility devices and increased risk of patient injury will occur in situations where the DME provider who supplied the equipment is not in the managed care network. This could lead to the inability to utilize the wheelchair, restricting the patient to bed-confinement and subjecting them to secondary complications. DME providers that are participating in the manage care network may be unwilling to perform repairs on equipment not initially provided by their company. In the case of complex rehab mobility, hospital systems and facilities are concerned that their qualified providers for this type of equipment are currently not participating in the Medicaid managed care networks. We are concerned with the volume a move to managed care for these recipients will place upon limited "qualified" providers, once again presenting a scenario of delayed access for the patient to endure.

Delivery methods utilized may delay access

Patients used to picking up their monthly supply orders may no longer have that option if forced to deal with an out-of-area provider. Orders that are usually delivered by the local DME provider's delivery vehicle may be delivered in alternative methods that include common carrier shipments, ultimately delaying the delivery timeframes the patients are accustomed to.

Timeliness of transition

Clinical respiratory patients who often take from several weeks to a couple of months to safely transition to another provider will be subject to this process almost overnight due to this proposal. This will create much undue stress and anxiety on the patient, family members and caregivers. These patients are ventilator dependent and have been on service with their current providers for many years, and in most instances have maintained a continuous relationship with the same physician. This continuity of care should be encouraged and designed to continue. Under this proposal, this continuity of care will be severely disrupted and DME providers of clinical respiratory services believe there is not enough time afforded to them, the patient, the nursing service or the prescribing physician to collaborate together to establish a safe transition protocol, or even to allow the DME provider to contract with the chosen Medicaid managed care organization. Patients currently in need of complex rehab mobility products are finding their prescriber's written orders cannot be submitted for required prior authorizations due to the short time frame under which this proposal is set to occur. There is simply not enough time to obtain the prior authorization and build the complex rehab mobility products according to the necessary specifications for the individual's condition.

Inclusion of all providers and facilities in the network for patient's continuity of care

As detailed above, clinical respiratory patients require several medical professionals to coordinate their care. A mandate to the managed care environment where some, or possibly all, of the current medical providers are not participating with the managed care plan could present situations where the patient is delayed access to care simply because they are required to establish themselves as a patient with new medical providers. Many physicians and prominent hospital systems do not participate with the Medicaid managed care organizations.

Ongoing requirements for maintenance, service and repairs

There are concerns over the practices of some managed care organizations using providers that are a significant distance from the patient's home environment. If a clinical respiratory patient's DME provider is not located within a close proximity, the only option is for the patient to be transported to the emergency room in the event of equipment malfunction. Complex rehab mobility patients will lose the benefit of their clinicians selecting qualified providers close to their home environments, thereby eliminating transportation options for them to expedite the frequent maintenance and repairs that are needed for the type of equipment that allows them to participate in their activities of daily living, and all aspects of their lives. We are also concerned with the reimbursement policies of some managed care organizations when it comes to frequently serviced equipment – ventilators, and bi-level positive airway pressure devices, with or without artificial airways (Bi-PAP), for example. We have noticed a trend in the managed care arena that promotes "capping" the rental of this equipment into a purchase, when in actuality it is equipment that requires on-going maintenance and attention by a clinical

professional. The State of New Jersey's Board of Respiratory Care, the licensing board for respiratory care practitioners, clearly prohibit testing and exchange of these devices by unlicensed assistants in their current regulations. Once this equipment is capped and considered patient-owned, how does the patient secure this clinical professional at the appropriate intervals to maintain safe use of the equipment? Additionally, who is then responsible to assist the patient in the event of an emergency when the 24 hour, 7 day per week emergency service component from the DME company has been removed when the title of equipment ownership transfers to the patient? This practice is one that could jeopardize patient safety, and ultimately lead to an emergency room visit and subsequent hospital admission. We believe this is a practice that this very waiver is trying to prevent, yet it will also potentially increase the frequency of this occurrence with the proposal for mandatory managed care for these Medicaid recipients.

Three of the four Medicaid managed care organizations have closed provider networks at this time for DME providers. The fourth Medicaid managed care organization that is accepting providers for the DME network is only operational in 10 counties throughout the State of New Jersey.

With the economic conditions less than desirable over the last few years, many DME providers have seen an increase in those eligible for Medicaid. Many DME providers are now servicing a significant amount of Medicaid patients. The loss of the option to continue to serve that patient base, combined with declining Medicare reimbursements over the past few years, will place many DME companies at financial risk. This will promote job loss and possibly business closure throughout the State of New Jersey, in addition to presenting Medicaid recipients with many challenges to overcome to continue to receive the medically necessary equipment and supplies they have come to depend upon.

We have a strong concern for a population of children and adults with severe developmental disabilities and cognitive impairments, as well as dually-eligible Medicare and Medicaid beneficiaries, who are incapable of navigating the additional procedural complications inherent in a managed care system. I am very concerned that the health and well-being of these populations will be severely and negatively impacted in a private managed care system.

Thank you for the opportunity to provide this testimony.

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