

**Written testimony of Karyn Estrella, CAE, Executive Director
New England Medical Equipment Dealers Association**

**In support of SB 296, An Act Concerning Reimbursement Rates for
Medicaid Providers**

March 1, 2011

Senator Fonfara and members of the Human Services Committee:

On behalf of the New England Medical Equipment Dealers Association (NEMED), a regional trade association representing providers of home oxygen therapy and respiratory, custom wheelchair/assistive technology, home medical equipment and supplies, and home infusion therapy in the six New England States, I appreciate the opportunity to submit comments in favor of SB 296. NEMED members provide home medical equipment, supplies and services to approximately 80% of the Medicaid beneficiaries in Connecticut.

SB 296 will restore the Medicaid reimbursement floor amounts that were in place prior to the contract entered into between managed care organizations and the Department of Social Services in July 2010, so that providers are not reimbursed at inadequate rates and discouraged from participating in the Medicaid program.

Until March of 2010, all Managed Care Organizations (MCOs) that contracted with the Department of Social Services (DSS) were required to set reimbursement rates for ALL PROVIDERS equal to the rates set by DSS. In March of 2010, DSS revised their contracts with the MCOs stating that effective retroactive to July 1, 2009, ALL PROVIDERS "shall not include providers of Medical Equipment, Devices and Supplies (MEDS) or Providers of Lab Services (LAB). The Department has excluded these provider types in response to the concerns expressed by the managed care organizations that rates and fees for such providers may be negotiated for less than the Department's Medicaid rates and fees for such providers. In addition, the managed care organizations are no longer obligated to mirror the Department's payment methodology for MEDS and LAB.

DSS, similar to other payors, uses the Medicare fee schedule as a benchmark for setting rates. Over the past decade, Medicare reimbursement has been reduced several times. For the most part, rates for durable medical equipment providers are set by DSS at 85% of the Medicare fee schedule (with some exceptions). NEMED has learned that at least two of the three Medicaid MCOs have been attempting to negotiate contracts with home medical equipment providers for rates up to 30% below Medicaid. This equates to 45% below Medicare rates. These rates are simply unsustainable and will lead to problems accessing equipment, especially equipment that is highly technical and service intensive. This arrangement will not save the taxpayers of Connecticut or reduce the DSS budget. It will, however, leave the most vulnerable and needy residents of Connecticut without medically necessary equipment and supplies. These rates are also not in line with other State Medicaid programs in New England. In fact, all other State Medicaid MCOs pay the same rate as their respective State Medicaid fee schedule without exception.

NEMED respectfully asks you to pass SB 296.

Thank you for the opportunity to testify today and I am happy to answer any questions you may have.

Respectfully submitted,

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