DME ADVISORY COMMITTEE MEETING
MINUTES

February 26, 2010

ATTENDEES:

Members Present
Roni Burns-Cox Health and MAMES
Justin Decker – Alliance Rehab & Medical Equipment
Mike Henry-Option Care
David Hosman-American Home Patient, Inc.
Lynn Kelley-Home Parenteral Services
Patrick Naeger-HealthCare Equipment and Supply Company
Gary Schermerhorn-Bender's Prescription Shop
Michael Seidel-United Seating and Mobility

Members Absent

Consultants Present
Matt Chegwidden – Hogan Consulting
Brian Garrett – Hogan Consulting
Dr. Tim Hogan

MHD Agency Staff Present
Dawn Cain
Mary Heet
Glenda Kremer
Bethany Noble
George Oestreich
Rayna Rice
Kathy Simmons
Pam Wheeler
Cindy Wininger-Watson
Jayne Zemmer
Susanne Cashier – Pharmacy Intern

Visitors Present
Leslie A. Anderson - STL
Greg Clark – Alliance Rehab
Chris Dace – LTC Providers
Valerie Hulm - OA
Melissa Georgeoff - USM
Bob Gouy – USM
Jeff Lock – LTC Providers
Scott Lopez – USM
Mike Osborn – Alliance Rehab
Kendall Richards – LTC Providers
Durwood Tenny – HC Mobility

Welcome/Introductions/Announcements
Pat Naeger, Chairman, called the meeting to order. All were welcomed and asked to introduce themselves.

Pat Naeger asked for approval of the minutes of the October 6, 2009 meeting. Gary Schermerhorn made a motion to approve the minutes; Roni Burns seconded the motion, minutes were approved.

MHD Update:

Clinical Services:

George Oestreich requested that Dr. Ian McCaslin be given the floor for the discussion of the budget. Dr. McCaslin explained that we are in a difficult time and there is no joy in slimming down programs, especially those programs that take care of Missourians. He also shared the concerns of the DME provider and the effects of the budget on them, but will hopefully give a sense of an overview of what the state budget is over all and the Medicaid point of view.

Medicaid is a third of the state budget. Medicaid and education are the two top portions of the budget. No politician, parent, or citizen wants to cut education; therefore Medicaid is in the spot light. Dr. McCaslin provided a copy of a document titled "Missouri Medicaid Program Enhanced Management". This document summarizes the rationale, partners, goals and initiatives relating to the extensive review MHD programs have recently undergone.

At the state level there must be a balanced budget every year. MHD's broad principles are to maintain access to services and maintain levels of support to the best of our abilities. In 2005 many decisions were made due to budget issues, with the main change being a cut to eligibility; many individuals were dropped from the program. Today with the stimulus package from the federal government, one constraint is that eligibility cannot be cut. There is also concern that the stimulus money not be continued after December 2010. If so, theatrically, although not our plan or desire, eligibility could be cut after December 2010 if the stimulus dollars run out.

It is important to look at ourselves (MHD) like any other business; we need to look for areas where we are not running efficiently or effectively. The Lewin report, which is located on the MHD website, was created by a group of outside experts to point out some areas where reforms could be made. The first thing that was requested was short term items that we could suggest or implement for the Governor to lighten the current budget. This report assisted in coming about the budget recommendations that are pointed out on the back of the handout. These were suggestions that made sense and that MHD feels are obtainable. Some will require new statutes and legislation, some will not. It is believed that due to economic situations MHD participant enrollment will reach over 900 thousand by the end of June this year.

Without cutting eligibility or cutting programs, one of the cost saving suggestions is to cut provider reimbursement rates. For example, Kansas has cut every provider by 10% across the board. Missouri wanted to look at

all situations, locations and what results would accrue from these cuts. The list of budget recommendations handed out may not be the final list. There are other providers not on the list that are taking cuts as well, including nursing facilities. Dr. McCaslin does not feel the budget reduction process is at the end, and there is some dependency on the stimulus package.

The Lewin DME recommendation was to go to reduce reimbursement rates to 80% of the Medicare fee schedule. MHD did not agree with that recommendation. A decision was made to reduce DME reimbursement rates to 90% of the Medicare fee schedule. Dr. McCaslin expressed his appreciation to the DME committee members that participated in sessions with MHD and the state budget director. He felt that the DME providers were well represented by those individuals and effective information was provided.

George Oestreich thanked Dr. McCaslin for his presentation and insight into the budget issue. George asked the committee if they have any questions for Dr. McCaslin.

- Pat Naeger stated that after his brief calculations a $4 million dollar cut in the top 75. Pat question was, what is the number that is needed? If the number were given, perhaps the committee could assist in helping that savings.
- Roni Burns asked at which rate, KE modifier or the regular rate, was the determiner? Glenda Kremer stated that the lower rate was taken.
- Gary Schermerhorn asked if the Medicare crossover claims are reduced to the Medicaid allowable. MHD reimburses 100% of the crossover amount (coinsurance and/or deductible).
- Pat Naeger wanted to confirm that there is no cut on eligibility. Dr. McCaslin reiterated it is called maintance of effort; there can be no cut in eligibility due to the stimulus package.

Roni Burns asked if Bob Gouy (with United Seating and Mobility (USM) would be allowed to address the committee. Mr. Gouy: USM has 6 locations throughout the state and about 1200 clients in their system at times, who are Medicaid only customers. These are not the typical clients; they are children and adults with physical and mental disabilities. Come Monday morning with the 10% cut, the company is not sure what to do for these customers regarding services and repairs, as they will not be able to afford to provide these services.

Mr. Gouy brought an independent report on the complex rehab industry which he shared with Dr. McCaslin. After this report there was another 9% cut made by Medicare. At this time there are very few independent providers because of the cost of equipment and knowledge needed. In looking at the report and the 10% cut MHD is implementing, it will cut off access to most of the products provided; especially in the rural areas. Mr. Gouy asked for a delay in the 10% cut until more information and evaluation can be determined. The solution is possible, and the providers are willing to assist.

George Oestreich asked if there were any other questions:

- Lynn Kelley asked about anticipated enrollment based on unemployment for next year, what was our anticipation for this year?

George responded that it was predicted that enrollment was 853 thousand for this year; 900 thousand is the prediction for next year. Dr. McCaslin stated that the bulk of the new enrollments are children and also pregnant women in the unemployment sector.

Dr. McCaslin suggested that since there is a difference of opinion on the numbers, that the DME committee, submit by services, what has been contributed by the DME providers. It would be wise to put a document in place to show what has been done and given to date by this group of providers; setting a foundation for future legislation in case of subsequent decisions. The letter should clear show recommendation to be considered by legislators from the DME committee and should be sent as soon as possible.

After much discussion the committee agreed to meet and see if they can come up with a proposal to find the savings for the Governor while still allowing the DME providers to be able to function and help the Missouri Medicaid patients that are in need of assistance.

Guest Jeff Locke asked to address the committee and supported Bob Gouy's comments and concerns.

George Oestreich reported MHD contracted with a company called the Lewin Group to provide a review of MHD's Clinical Services Programs. A copy of the full Lewin report is located on the web at www.dss.mo.gov/mhd/oversight/resources.htm. A copy of the portion of the report applicable to DME was provided to the group. George offered to discuss the report or any information or topic that the committee would like to discuss.

The group was advised that urological supplies will require pre-certification through CyberAccess next week (March 4, 2010). MHD is also looking into some aggregate purchasing on supplies using the California model with a maximum acquisition cost; like a rebate for the state as the diabetic supplies are at this time.

Roni Burns asked what the time span for MHD working on CyberAccess? George replied that MHD is continuing to work on the CyberAccess as quickly as possible which continues to grow in access and user base. In-patient hospital certification was added to CyberAccess at the end of June. The HI TECH group, which George also works with, is working on a health information exchange to integrate clinical and administrative information that will benefit MHD and the DME provider as well. A blue print or time line is not actually available; however at this time there are about ten different plans in the works, but so much is determined by the system itself. Roni asked if it would be possible to share some of the algorhythms with CMS to assist other states. George stated that would be fine.

Several committee members expressed concerns on the numbers and examples given in the Lewin report. George stated that he would see what other information was looked at and how the cost were determined. George stated that the DME budget cuts were based also on Medicare base or rate; Medicare needs to be the benchmark for DME considerations. The only other process would be to lobby each subset of DME separately, but the resources

needed to perform that legislation will be large. It was also asked if a co-pay could be used; collecting co-pay can be extremely difficult.

Justin Decker asked George to explain Page 108 of the Lewin report regarding wheelchair payments to nursing homes. The definition is that Medicare is the primary payer, Medicaid is secondary.

After discussion of the Lewin Report and the outlook for the DME providers, the committee decided to draft a letter and propose dollar cuts for the budget using the Medicare base. The committee will meet, once the dollar amount is determined that is needed, and propose a plan and draft the letter to be addressed to Dr. McCaslin, Director of MO HealthNet Division and others that are involved in the budget.

Open Discussion:

K0005:

Justin Decker requested that the K0005 be placed on prior authorization instead of CMN. This will be helpful to providers because the K0005 is often used for a younger patient's backup chair and there is a great deal of customizing in the seating. Medicare is also down coding to K0004 and if a K0005 is provided for the patient it puts the DME provider in a difficult position. Matt commented that there is concern on the limited amount of space provided on the electronic certificate of medical necessity form; feeling that the limited space for justification makes the medical necessity difficult to determine.

Several committee members noted they have not had any problems with authorization of this wheelchair. It was suggested that perhaps we need to look more at the algorithm for the CyberAccess coming out for the K0005.

Justin's request of prior authorization for K0005 is noted and would like further discussion among the rehab members of the committee and continue to be aware of the concern and the CyberAccess solutions.

New Business:

The meeting adjourned at approximately 3:00 p.m. The next meeting of the Durable Medical Equipment Sub-Committee will be held on April 6, 2010 at 10:30 am.