

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Quinton</i>	DATE <i>11-8-10</i>
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DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER <i>000205</i>	<input checked="" type="checkbox"/> Prepare reply for the Director's signature DATE DUE <i>11-16-10</i>		
2. DATE SIGNED BY DIRECTOR <i>cc: Ms. Foreman, Myers, Singleton</i>	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> FOIA DATE DUE _____ <i>Checked 11/18/10, letter attached</i>		

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			



ROBERT W. HAYES, JR.

SENATOR YORK COUNTY  
SENATORIAL DISTRICT NO. 15

COMMITTEES:

ETHICS, CHAIRMAN  
BANKING AND INSURANCE  
EDUCATION  
FINANCE  
GENERAL  
MEDICAL AFFAIRS

STATE OF SOUTH CAROLINA  
THE SENATE

SENATE ADDRESS:

SUITE 205  
GRESSETTE SENATE OFFICE BLDG.  
P. O. BOX 142  
COLUMBIA, SC 29202  
TEL.: (803) 212-6410  
FAX: (803) 212-6499  
EMAIL: SETHICSCOMM@SENATE.GOV

HOME ADDRESS:

P.O. BOX 904  
ROCK HILL, SC 29731  
803-324-2400

November 8, 2010

RECEIVED

NOV 08 2010

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

Ms. Emma Forkner, Director  
Department of Health and Human Services  
P. O. Box 8206  
Columbia, SC 29202-8206

Dear Ms. Forkner:

Enclosed is a copy of a letter I received from Ms. Laura Hyatt-Sweat, who is associated with Good Pharmacy in Rock Hill, concerning the recent decision by your DME division to place their waiver program out for competitive bidding. I respectfully request that you look into this matter and please reconsider this decision. I strongly believe that patients should have the right to change providers if they are not receiving proper service. Also, I think that competition among DME providers is good in that no provider should have a monopoly.

Ms. Hyatt-Sweat raises some valid points and I look forward to receiving your feedback so that I can respond to her. Thank you for your help in this matter and for the outstanding work you do for our state.

With warm regards, I am

Sincerely,

A handwritten signature in blue ink, appearing to read "Rob Hayes".

Robert W. Hayes, Jr.

RWH/rjd

Cc: Laura Hyatt-Sweat, PharmD  
Good Pharmacy  
1237 Ebenezer Road  
Rock Hill, SC 29732

Senator Wes Hayes  
PO Box 904  
Rock Hill, SC 29731

Re: SC Medicaid CLTC Waiver Program

Dear Senator Hayes,

This letter is to inform you of the recent decision by the SC Department of Health and Human Services, Durable Medical Equipment division to place their waiver program out for competitive bidding. This bidding procedure will eliminate all competition among DME providers who currently service the waiver program and will create a provider monopoly within the state.

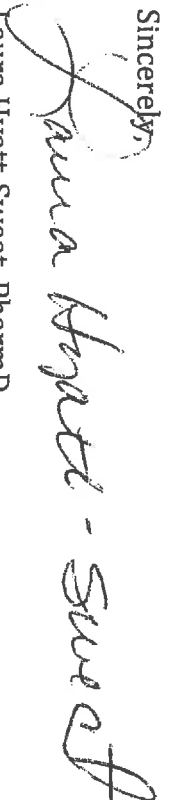
Currently, DME providers can enroll as a CLTC waiver provider and agree to the contracted rates for supplies such as adult diapers/briefs, adult wipes, and incontinence underpads (to place on beds to assist with patients who have limited or no continence control). Patients who are enrolled in the CLTC waiver program, and need these services, are given a list of providers in their area that can provide the needed supplies. Once the patient selects their provider, the CLTC patient case manager contacts the chosen DME provider and arranges for the delivery and resupplies with the provider. The current process allows for the patient to change providers if they are not being serviced properly or adequately.

With the proposed single provider change, the patients will have no ability to change providers if their service is not up to par or doesn't meet their needs. Secondly, all billing has to be performed electronically so there would be little cost savings associated with decreasing the number of providers who bill.

We would like to respectfully request that the competitive bidding process be placed on hold for now. It is our request that DHHS outline the reasons why the competitive bidding is a viable alternative to the current distribution structure of the waiver program. We would also like DHHS to explain to us how this will significantly save the State of South Carolina money AND how this improves access or quality of care in a local or regional healthcare setting.

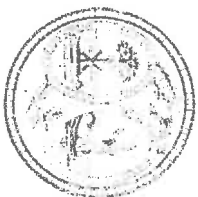
We respectfully request that you consider our recommendation and if you have need for further clarification, please contact me at 802-327-2081.

Sincerely,

A handwritten signature in cursive script that reads "Laura Hyatt-Sweat". The signature is written in dark ink and is positioned above the printed name and title.

Laura Hyatt-Sweat, PharmD  
Good Pharmacy

Log #205



## State of South Carolina

### Department of Health and Human Services

Mark Sanford  
Governor

November 18, 2010

Emma Forkner  
Director

The Honorable Robert W. Hayes, Jr.  
South Carolina Senate  
PO Box 142  
Columbia, SC 29202

Dear Senator Hayes:

Thank you for your recent letter regarding constituent concerns about incontinence supplies offered through the Medicaid program. As Ms. Hyatt-Sweat noted, current waiver participants may choose between a number of providers of incontinence supplies. In any geographical location, waiver participants could be presented with a list of more than 50 different providers by their case manager and asked to make a selection. We believe this leads to confusion among consumers trying to make an informed choice of product.

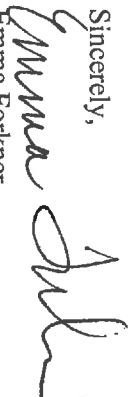
In addition, we currently have no quality standards in place in our waiver programs to specify what types of incontinence supplies are allowable. Some providers, no doubt, provide high quality products. Others at the expense of beneficiaries provide lower cost products, including defective items that increase their profit margin. By going to a bid process, we can require industry recognized quality standards and verify those standards using an independent laboratory. This gives us a far greater ability to ensure that waiver participants receive a quality product.

The association that represents a number of these providers, SCMESSA, brought forward a proposal to take a rate reduction in what the state pays for incontinence supplies. While the proposed savings were substantial, it is likely that the bid will result in even greater savings to the state. SCDHHS's understanding of proviso 89.87 of the General Appropriations Bill for fiscal year 2010-2011 would prohibit the agency from reducing what it currently pays through the existing purchasing method. That proviso reads: "The Department of Health and Human Services shall not decrease provider reimbursement rates from their current levels."

That limitation along with a host of others has required the agency to look at ways to provide medically appropriate services in innovative ways that have the potential of producing cost savings which are critical as the Medicaid program faces a funding shortfall of over \$227 million in the current fiscal year and leading to the need for over \$660 million in next years budget. SCDHHS recognizes that there is a balance that the agency is trying to achieve in the procurement. In the request for bids and subsequent amendments you will likely see where the state has taken measures to ensure quality and service, as well as encouraging maximum competition to allow the market place to provide new and innovative solutions in the delivery of these products to waiver recipients. Among the changes the state has made in response to provider comments is the ability to form an in-state network meeting the experience requirement from precedent entities experience.

Please let me know if you have any further questions.

Sincerely,

  
Emma Forkner  
Director



*State of South Carolina*  
*Department of Health and Human Services*

Mark Sanford  
Governor

November 18, 2010

Emma Forkner  
Director

The Honorable Robert W. Hayes, Jr.  
South Carolina Senate  
PO Box 142  
Columbia, SC 29202

Dear Senator Hayes:

Ms. Hyatt-Sweat has noted participants current in the waiver may to choose between a number of providers of incontinence supplies. In any geographical location, waiver participants could be presented with a list of over 50 different providers by their case manager and asked to make a provider selection. We believe that this is confusing to consumers trying to make an informed choice of product.

In addition, we currently have no quality standards in place in our waiver programs to specify what types of incontinence supplies are allowable. Some providers, no doubt, provide high quality products. Others at the expense of beneficiaries provide lower cost products, including defective items that increase their profit margin. By going to a bid process, we can require industry recognized quality standards and verify those standards using an independent laboratory. This gives us a far greater ability to ensure that waiver participants receive a quality product.

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Please let me know if you have any further questions.


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**DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR**

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THE SENATE

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SENATORIAL DISTRICT NO. 15

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