

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO	DATE
Myers/Waldrep	10-7-10

DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER	001170	<input type="checkbox"/> Prepare reply for the Director's signature	DATE DUE _____
2. DATE SIGNED BY DIRECTOR	cc: Ms. Forbner, Quinton Cleared 10/11/10. <i>Attch.</i> <i>attached.</i>	<input checked="" type="checkbox"/> Prepare reply for appropriate signature	DATE DUE <u>10-18-10</u>
		<input type="checkbox"/> FOIA	DATE DUE _____
		<input type="checkbox"/> Necessary Action	DATE DUE _____

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



National Association For Continence

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Charleston, SC 29402
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October 5, 2010

BOARD OF DIRECTORS
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Gov. Governor Mark Sanford
The Honorable Governor Mark Sanford
Mark Sanford
Clematis, FL
John J. Hines, MD
Office of the Governor
P.O. Box 12267
Columbia, SC 29211

Dear Governor Sanford,
Dear Governor Sanford,

Nearly a year ago, I was contacted by the SC Department of Health & Human Services for guidance in developing product specifications for simplifying its purchases of adult absorbent products for

homebound SC residents being provided care under Medicaid waivers. As I recall from conversation, SC was spending \$10-\$12 million annually on such purchases. As the world's largest and most prolific not

for profit organization providing public education and patient advocacy for people with bladder and bowel control problems and related disorders, I was happy to share input regarding performance

characteristics considered key to protecting the skin integrity and the personal dignity of such

individuals, often frail and with severely impaired mobility. Having previously worked as director of

marketing for a SC-based manufacturer supplying hospitals and nursing homes with patient surface

support products to help prevent and treat pressure ulcers (bed sores), I know firsthand how critically

important it is for absorbent products for adult incontinence to do their job quickly and efficiently. With

solid waste disposal a growing concern for these disposable, bulky products, it is also highly desirable for

products to perform over time without having to be changed frequently. This characteristic, by industry

standards, is termed "re-wet" rate.

What I had not realized at the time DHHS sought my advice was that South Carolina was rapidly moving towards a single-vendor supply arrangement. I don't know if this is in fact the case. I have been alerted to this possibility by a distributor that is South Carolina based.

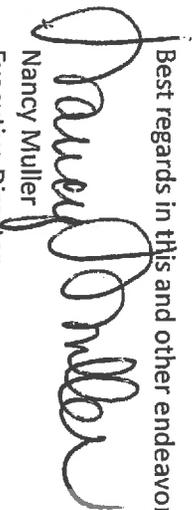
While quality management theory has long promoted the notion that single sourcing partnerships with vendors is directly correlated with quality improvement, I am not convinced that a single manufacturer winning a sealed bid competition is necessarily in the best interests of patients in need of this category of products. Needs vary widely among patients and options will still be needed by the diverse array of patients and their caregivers. This includes such features as recloseable fasteners for improved fit, ranges in sizing and contours for diverse body types including gender differences, and products designed to contain liquids as well as solid matter. Even a feature as seemingly insignificant as ease in packaging

openability, can be essential to the gnarled and arthritic hands of an older caregiver. I have not seen the final specifications for the bidding process, but I fear, among shortcomings, that they could easily eliminate smaller, local suppliers who might be especially resourceful in providing absorbents with special product features and just-in-time deliveries to homes across rural parts of our state. Without some options remaining available, there could be unnecessary waste in spending on the one hand and skin breakdown in the other extreme. Moreover, for those with nocturia and severe incontinence at night, product with different absorbency is called for at nighttime versus daytime use. Otherwise, sleep is interrupted and cognition is impaired. Having the wrong product can be wasteful and costly as well. Education of home care nurses so they in turn can instruct family caregivers in skin care protocol and product selection also needs to be part of the equation.

As a taxpayer and a longtime resident of SC where our organization has always maintained its national headquarters, I am as eager as you to find ways to deliver the highest quality care at the lowest price so that high performing, reliable products of high value are available to all individuals. The best vendors deliver both product and service. To this end, I remain eager to serve in a consultative capacity as a representative of patients and their caregivers. But I urge you to keep the door open to more than a single source of supply for our state's residents, as no doubt what South Carolina implements will be viewed and possibly followed by Medicaid agencies in other states. Let me know how I can be of future assistance.

Thank you for your consideration.

Best regards in this and other endeavors for our state,



Nancy Muller
Executive Director
National Association For Continence

cc: Sam Waldrep, DHHS



State of South Carolina
Department of Health and Human Services

Mark Sanford
Governor

October 11, 2010

Emma Forkner
Director

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✓ to close

Ms. Nancy Muller
Executive Director
National Association for Continence
Post Office Box 1019
Charleston, South Carolina 29402

Dear Ms. Muller:

Thank you for your letter noting your concerns about the state's pursuit of this new method of procuring incontinence supplies for Medicaid waiver participants. Governor Sanford has asked that I respond to your letter. As you noted, the state has been very deliberate in the process of studying ways to standardize quality and ensure service levels are met. The guidance your organization provided was helpful to the state in moving this process forward. As you wrote, the state does anticipate that a single vendor will result in quality improvement, but has not asked that products be limited to a single manufacturer. Instead, we are procuring a single vendor who has to offer three choices in products to our waiver consumers.

Since that initial inquiry to your organization, the financial situation has markedly changed for the state and for the South Carolina Department of Health and Human Services (SCDHHS) in particular. For the current year, DHHS is projected to expend in excess of \$220 million more state money than is appropriated. In addition, SCDHHS no longer has any reserves in order to cushion that shortfall. Under normal circumstances the agency would have looked for measured cost reductions that could lessen the impact of this potential funding shortfall. For better or worse, that option is not available to SCDHHS to any significant extent.

Federal legislation has severely limited actions that the state can take in relation to any eligibility category. Under the Affordable Care Act there is a significant penalty if states choose to disregard the Maintenance of Effort requirement (MOE). Program changes in violation of the MOE will result in the loss of all federal Medicaid funding. This "all or nothing penalty" is a far more significant hurdle still than the

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potential loss of the increased matching rate the states were allowed under the American Recovery and Reinvestment Act (ARRA).

The State has also limited SCDHHS's ability to adjust to the new funding paradigm in a number of budget provisions, not the least of which is proviso 89.87 of the General Appropriations Bill for fiscal year 2010-2011. That proviso reads: "The Department of Health and Human Services shall not decrease provider reimbursement rates from their current levels."

The combination of these limitations 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. 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.

Please allow me to make reference to another concern of the agency as it tries to move forward to take all steps within its power to provide quality products and services in the most cost effective manner possible. The restrictions referenced above primarily limit eligibility and rates. States can modify or eliminate services including waiver services and still qualify for the increased federal matching funds if the change in service has no potential impact on an individual's ability to maintain Medicaid eligibility. These optional services include: pharmacy for adults; hospice; adult dental; adult vision; podiatry services; and durable medical equipment to name just a few. The alternative to making this bid and other changes to the program going forward could be far more substantial changes where the actual provision of the product or service is put at risk rather than altering how many providers are involved.

We currently have over 150 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 it is nearly impossible with so many providers for consumers 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 will provide lower cost products,

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including second quality 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.

We applaud your association's leadership in this area. We urge you to consider ways to develop national independent quality standards for incontinence products. This would be of tremendous value to the states. We are fortunate to have your association housed in our state and appreciate the consultations, training sessions and educational resources you have offered SCDHHS staff. We look forward to continued collaborations with your association.

Sincerely,

A handwritten signature in cursive script, appearing to read "Emma Forkner".

Emma Forkner
Director

EF:jp

Log # 190 1/2 ✓

*Ben
file all
previous 108- Jkt
for*

NAFC

National Association For Continence

62 Columbus Street, Charleston, South Carolina 29403
www.nafc.org

October 29, 2010

Ms. Emma Forkner, Director
SC Department of Health and Human Services
1201 Main Street, Capitol Center
Columbia, SC 29201

Dear Ms. Forkner,

Thank you very much for your detailed and informative response to my letter of October 5th to Governor Sanford. I deeply appreciate the effort you demonstrated in explaining the difficult circumstances you face, squeezed on the one hand by Federal legislation, agency spending overruns due largely to growing demand, and State budget provisions..... and challenged on the other hand to provide quality products and services to Medicaid waiver participants for the care at home they need and the dignity they deserve. I've read and re-read your letter several times, and each time I re-visit your explanations of all the limitations and demands you face I come away feeling overwhelmed. That must surely be how you feel! I admire your courage and tenacity to move forward with innovative and progressive-minded solutions to meet our State's divergent needs in the face of serious constraints.

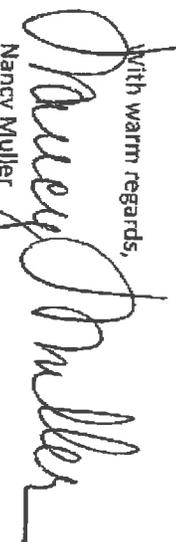
I also feel a sense of obligation for the National Association For Continence to do our part, so that agencies like your own across our country are not needlessly repeating similar excrcises and in some cases ending up in different places, contributing to inconsistencies in how Medicaid waiver participants are cared for from state to state. I accept your call, to develop national independent quality standards for adult absorbent products for incontinence and am informing our Board of Directors by copy of this letter of that decision. Dr. Niall Galloway at Emory currently serves as our Chairman of the Board.

Starting this week, we are taking steps to contact selected states engaged in this very same endeavor, as well as industry players we consider to be key, to assemble a representative council of diverse needs and interests that we will lead. We are already in touch with Texas. Perhaps California and Minnesota should also be on our list. Our end goal, and with a watchful eye on the calendar and the clock, will be the very national standards for consumers that you've asked for. I would appreciate a representative from South Carolina to serve on that council, as well as any additional guidance and suggestions you might have in getting the effort swiftly but thoughtfully organized and discussions underway.

To that end, I would be grateful if we could arrange time for a brief conversation by telephone or a meeting in your office, as you prefer and at your earliest convenience. I'll look to hear from you to schedule such a conversation.

Again, thank you for keeping NAFc in your circle of allies. We are on the same sheet of music, looking after the welfare and quality of life for all South Carolinians.

With warm regards,



Nancy Muller
Executive Director

cc: The Honorable Governor Mark Sanford
Niall Galloway, MB, FRCS, FRCSE

P. O. Box 1019, Charleston, South Carolina 29402 Telephone 843.377.0900 Fax 843.377.0905