

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO	DATE
Singleton	6-17-13

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER 000389	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Mr. Keck, Post</i>	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE 6-26-13 <input type="checkbox"/> FOIA DATE DUE _____ <input type="checkbox"/> Necessary Action

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

RECEIVED

JUN 17 2013

Department of Health & Human Services
OFFICE OF THE DIRECTOR



"The Unique Boutique for Today's Survivor"

803-569-4373

3400 Harden St. Ext., Columbia, SC 29203

www.alala.info

June 6, 2013

Director Tony Keck
SCDHHS
1801 Main Street
Columbia, SC 29201

Dear Director Keck,
We met during the Chamber of Commerce Business Roundtable Panel on Thursday, March 28th at the Doubletree on Bush River Rd., Columbia, SC. I approached you immediately following the panel 'discussion' and told you that I knew one way to help save the SCDHHS millions of dollars. My actual estimate is over \$30,000,000. For full disclosure, I am co-owner of Alala, LLC, a 'soft' durable medical equipment (DME) store. We call it 'soft' because we are classified DME due to the sales of breast prosthetics. We also sell mastectomy bras, compression garments, lymphedema pumps, wigs and diabetic shoes.

Your idea of improving access to care instead of fighting for money to pay the insurance companies and hospitals is well received by suppliers since we are left out of the money loop. As the old adage goes, "you have to spend money to make money" applies for our wound care and lymphedema patients. Several years ago a meeting was held at the request of the (then) DHEC Medical Directors. The meeting was to address the reimbursement/coverage for compression garments. Attendees included representatives from Alala LLC, Palmetto Health Hospital, McLeod Hospital, and Lexington Medical Center. All of us have an interest and concern in the care and treatment for lymphedema, post surgical, and wound care patients. The target item: compression garments – daytime, nighttime, upper and lower extremity.

Approximately 25 - 30% of patients develop secondary lymphedema per Mayo Clinic 'from surgery, radiation, cancer or infection'. These numbers do not reflect the .3% of the population with primary lymphedema. According to the Mayo Clinic "Your lymphatic system is crucial to keeping your body healthy. It circulates protein-rich lymph fluid throughout your body, collecting bacteria, viruses and waste products. Your lymphatic system carries this fluid and harmful substances through your lymph vessels, which lead to lymph nodes. The wastes are then filtered out by lymphocytes — infection-fighting cells that live in your lymph nodes — and ultimately flushed from your body. Lymphedema occurs when your lymph vessels are unable to adequately drain lymph fluid, usually from an arm or leg. Lymphedema can be either primary or secondary. This means it can occur on its own (primary lymphedema) or it can be caused by another disease or condition (secondary lymphedema). Secondary lymphedema is far more common than primary lymphedema."

Attached is a picture of what we run into day in and day out across South Carolina. This patient presented to his physician with open wound and was referred for lymphedema

treatment. The lymphedema treatment is nearing an end and the bandages required for the maintenance of this special needs patient are much too confusing for both he *and* his care givers to put on and take off on a daily basis. Compression garments (not listed on the current fee schedule – removed several years ago), in this case, two pairs of compression knee high for daytime wear would cost approximately \$500 – 900. Lymphedema therapy is billed at \$80-100 per hour, plus transportation to and from the treatment facility, 3 times a week for 2-4 weeks. Once the patient is under control, compression garments are prescribed to maintain the personal progress of each patient once therapy has ended. However, should a client not wear his prescribed bandages/compression garments, there is a tendency for his condition to backslide. Non-compliance may lead to cellulitis and possible hospitalization. Hospitalization for cellulitis can run over \$10,000 per occurrence. Please see the attached spreadsheet for some eye opening numbers thanks to the folks at Medicare. Listed you will find cellulitis discharges per SC hospital in 2011. The chart does not include those who died due to complications.

Since Medicaid patients are historically on fixed and/or low incomes, prescriptions that require out of pocket expense generally go unfilled. Without the garments, patients usually digress to a worse state than where they started, and, in many cases, develop open wounds and/or cellulitis. Here is the clincher. Savings could actually occur by **paying** for the compression garments. Because the SCDHHS medical budgets have separate "buckets" (and administrators/Medical Directors) for DME and Hospitalization, those managing the DME budget only see the savings for non-payment of garments. As these patients become hospitalized, they feel no fiduciary responsibility because the expense is now coming out of the *Hospitalization bucket*. Hence, they 'throw the resulting hospital expense over the wall' into a separate bucket. The tricky part of this scenario is in the unique position suppliers and therapists are in to witness this seemingly obvious waste. By taking a bird's eye view and looking at the bigger picture and examining the cause and effect for each budget area, it is easy for those on the frontlines of care to identify a simple, more effective and potentially lucrative fix. Furthermore, this anomaly may be only one of others yet to be discovered.

In summary, since the hospitalization expenses never go against the DME budget, Medicaid rate reductions are implemented, when a possible solution for a portion of it could have easily come from the DME budget being increased *from* the hospitalization's budget bucket allocations. Of further note, the hospitalization group has no recourse. They are unable to turn away those presented and are left to absorb the extra charge for non-compliance. This begs the question, how many more situations like this exist?!

Thank you in advance for your consideration. Please do not hesitate to give me a call to discuss further.

Sincerely,

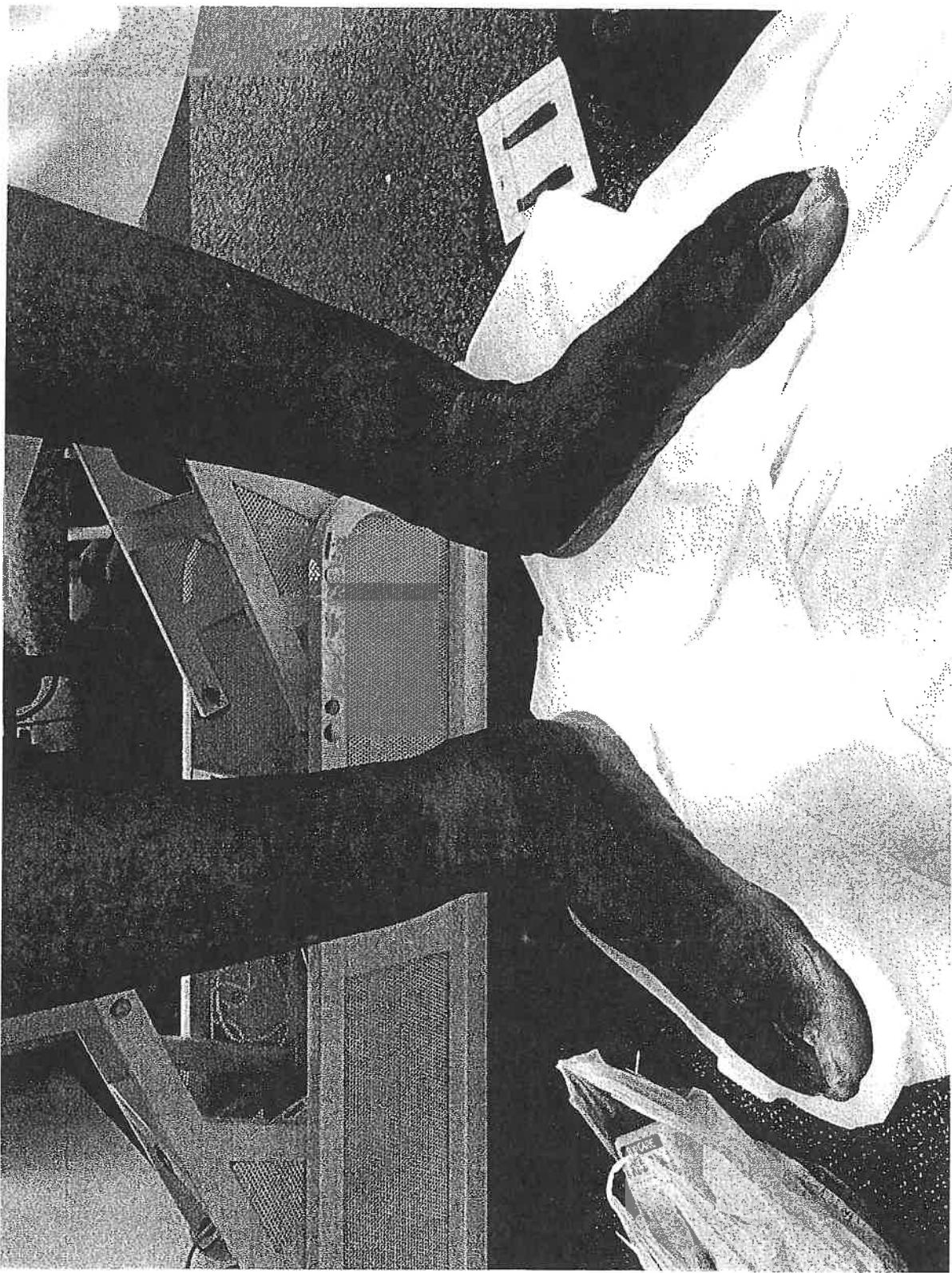


Kim Zeise Neel – President

Attachments: Before Picture, After Picture, Tables for SC Cellulitis expense.



BEFORE



AFTER

2011 SC HOSPITALIZATIONS FOR CELLULITIS

DRG Definition	Provider Id	Provider Name	Provider Street Address	City	Zip	HRR*	Total Discharges	Avg. Covered Charge	Average Ttl Pay	TTL D/C x AvgCC	TTL D/C x AvgTP
603 - CELLULITIS W/O MCC	420101	COASTAL CAROLINA HOSPITAL	1000 MEDIC HARDEEVILLE	GA - Savan	29927	19	\$ 15,359	\$ 5,071	\$ 291,829	\$ 96,352	
603 - CELLULITIS W/O MCC	420103	VILLAGE HOSPITAL	250 WESTIN GREER	SC - Green	29651	12	\$ 18,416	\$ 8,940	\$ 220,997	\$ 107,276	
						2162				\$ 47,391,481 X 60%**	\$ 12,709,077
											\$28,434,889

** *We recognize not 100% of cellulitis is lymphedema related.*

*HRR = Hospital Referral Region
 NOTE: Does not include deaths -only

SOURCE:

<https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Medicare-Provider-Charge-Data/index.html>
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2011 SC HOSPITALIZATIONS FOR CELLULITIS

DRG Definition	Provider Id	Provider Name	Provider Street Address	City	Zip	HRR*	Total Discharges	Avg. Covered Charge	Average Ttl Pay	TTL D/C x AvgCC	TTL D/C x AvgTP
602 - CELLULITIS W MCC	420004	MUSC MEDICAL CENTER	169 ASHLE` CHARLEST	29425	SC - Charle:	15	\$ 27,007	\$ 14,905	\$ 405,108	\$ 223,574	
602 - CELLULITIS W MCC	420007	SPARTANBURG REGIONAL MEDICAL CENTER	101 E WOO SPARTANB	29303	SC - Sparta	19	\$ 30,489	\$ 9,481	\$ 579,284	\$ 180,147	
602 - CELLULITIS W MCC	420009	OCONEE MEDICAL CENTER	298 MEMO\SENECA	29672	SC - Greenv	12	\$ 33,290	\$ 8,208	\$ 399,480	\$ 98,498	
602 - CELLULITIS W MCC	420018	PALMETTO HEALTH RICHLAND	5 RICHLAND COLUMBIA	29203	SC - Columb	12	\$ 35,143	\$ 11,016	\$ 421,720	\$ 132,186	
602 - CELLULITIS W MCC	420026	SISTERS OF CHARITY PROVIDENCE	2435 FORE COLUMBIA	29204	SC - Columb	11	\$ 19,770	\$ 7,721	\$ 217,471	\$ 84,928	
602 - CELLULITIS W MCC	420027	ANMED HEALTH	800 N FANTANDERSON	29621	SC - Greenv	20	\$ 63,513	\$ 9,764	\$ 1,270,262	\$ 195,273	
602 - CELLULITIS W MCC	420051	MCLEOD REGIONAL MEDICAL CENTER-PEE DEE	555 E CHE\ FLORENCE	29506	SC - Florenc	17	\$ 25,661	\$ 9,423	\$ 436,239	\$ 160,184	
602 - CELLULITIS W MCC	420070	TUOMEY HEALTHCAR E SYSTEM	129 N WAS SUMTER	29150	SC - Columb	16	\$ 27,446	\$ 9,733	\$ 439,141	\$ 155,733	
602 - CELLULITIS W MCC	420078	GREENVILLE 701 GROVE GREENVILLI	MEMORIAL HOSPITAL	29605	SC - Greenv	18	\$ 32,350	\$ 10,567	\$ 582,297	\$ 190,206	

2011 SC HOSPITALIZATIONS FOR CELLULITIS

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602 - CELLULITIS W MCC	420079	TRIDENT MEDICAL CENTER	9330 MEDIC	CHARLEST	29406	SC - Charle:	15	\$ 49,970	\$ 8,767	\$ 749,545	\$ 131,499
602 - CELLULITIS W MCC	420085	GRAND STRAND REG MED CENTER	809 82ND P	MYRTLE BF	29577	SC - Charle:	13	\$ 50,146	\$ 7,285	\$ 651,903	\$ 94,708
602 - CELLULITIS W MCC	420087	ROPER HOSPITAL	316 CALHO CHARLEST		29401	SC - Charle:	11	\$ 32,942	\$ 8,476	\$ 362,365	\$ 93,234
602 - CELLULITIS W MCC	420091	CAROLINAS HOSPITAL SYSTEM	805 PAMPL FLORENCE		29505	SC - Florenc	17	\$ 42,408	\$ 8,522	\$ 720,943	\$ 144,867
603 - CELLULITIS W/O MCC	420002	PIEDMONT MEDICAL CENTER	222 S HERL ROCK HILL		29730	NC - Charlo:	54	\$ 18,055	\$ 5,074	\$ 974,960	\$ 274,000
603 - CELLULITIS W/O MCC	420004	MUSC MEDICAL CENTER	169 ASHLE CHARLEST		29425	SC - Charle:	53	\$ 15,392	\$ 8,477	\$ 815,785	\$ 449,258
603 - CELLULITIS W/O MCC	420005	MCLEOD MEDICAL CENTER - DILLON	301 E JACK DILLON		29536	SC - Florenc	16	\$ 14,985	\$ 5,883	\$ 239,753	\$ 94,124
603 - CELLULITIS W/O MCC	420007	SPARTANBUR 101 E WOO SPARTANB RG REGIONAL MEDICAL CENTER	29303	SC - Sparta	95	\$ 18,769	\$ 5,999	\$ 1,783,062	\$ 569,891		
603 - CELLULITIS W/O MCC	420009	OONEE MEDICAL CENTER	298 MEMO SENECA		29672	SC - Green	50	\$ 19,830	\$ 4,960	\$ 991,509	\$ 247,985
603 - CELLULITIS W/O MCC	420010	CAROLINA PINES REGIONAL MEDICAL CENTER	1304 W BOI HARTSVILL		29550	SC - Colum	40	\$ 16,089	\$ 5,033	\$ 643,559	\$ 201,300

2011 SC HOSPITALIZATIONS FOR CELLULITIS

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603 - CELLULITIS W/O MCC	4200111	CANNON MEMORIAL HOSPITAL	123 MEDIC/PICKENS	PICKENS	29671	SC - Green	14	\$ 13,774	\$ 4,677	\$ 192,835	\$ 65,471
603 - CELLULITIS W/O MCC	4200115	BAPTIST EASLEY HOSPITAL	200 FLEET EASLEY	EASLEY	29640	SC - Green	24	\$ 31,266	\$ 5,086	\$ 750,395	\$ 122,072
603 - CELLULITIS W/O MCC	4200118	PALMETTO HEALTH RICHLAND	5 RICHLAND COLUMBIA	COLUMBIA	29203	SC - Colum	49	\$ 29,374	\$ 6,677	\$ 1,439,326	\$ 327,171
603 - CELLULITIS W/O MCC	4200200	GEORGETOWN WIN MEMORIAL HOSPITAL	606 BLACK GEORGETOWN	CHARLESTON	29440	SC - Charle	34	\$ 13,420	\$ 5,155	\$ 456,275	\$ 175,286
603 - CELLULITIS W/O MCC	4200233	ST FRANCIS- ONE ST FR GREENVILLE DOWNTOWN	ONE ST FR GREENVILLE DOWNTOWN	GREENVILLE	29601	SC - Green	45	\$ 26,164	\$ 6,195	\$ 1,177,393	\$ 278,773
603 - CELLULITIS W/O MCC	4200266	SISTERS OF CHARITY PROVIDENCE	2435 FORE COLUMBIA	COLUMBIA	29204	SC - Colum	38	\$ 11,192	\$ 4,526	\$ 425,309	\$ 171,988
HOSPITALS											
603 - CELLULITIS W/O MCC	4200277	ANMED HEALTH	800 N FANT ANDERSON	ANDERSON	29621	SC - Green	88	\$ 27,362	\$ 5,864	\$ 2,407,859	\$ 516,008
603 - CELLULITIS W/O MCC	4200300	COLLETION MEDICAL CENTER	501 ROBER WALTERBC	CHARLESTON	29488	SC - Charle	26	\$ 16,278	\$ 5,405	\$ 423,236	\$ 140,524
603 - CELLULITIS W/O MCC	4200333	GREER MEMORIAL HOSPITAL	830 SOUTH GREER	GREER	29650	SC - Green	21	\$ 14,291	\$ 4,924	\$ 300,102	\$ 103,394
603 - CELLULITIS W/O MCC	4200366	SPRINGS MEMORIAL HOSPITAL	800 W MEE LANCASTE	LANCASTER	29720	NC - Charle	29	\$ 33,985	\$ 5,053	\$ 985,574	\$ 146,537

2011 SC HOSPITALIZATIONS FOR CELLULITIS

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603 - CELLULITIS W/O MCC	420037	HILLCREST MEMORIAL HOSPITAL	729 SOUTH SIMPSON	29681	SC - Green	13	\$ 14,556	\$ 4,447	\$ 189,227	\$ 57,811	
603 - CELLULITIS W/O MCC	420038	LAURENS COUNTY HEALTHCARE SYSTEM	US HWY 76 CLINTON	29325	SC - Green	17	\$ 16,429	\$ 5,459	\$ 279,295	\$ 92,797	
603 - CELLULITIS W/O MCC	420039	WALLACE THOMSON HOSPITAL	322 W SOU UNION	29379	SC - Spartan	38	\$ 14,515	\$ 5,440	\$ 551,584	\$ 206,725	
603 - CELLULITIS W/O MCC	420043	UPSTATE CAROLINA MEDICAL CENTER	1530 N LIMI GAFFNEY	29340	SC - Spartan	17	\$ 19,009	\$ 4,550	\$ 323,161	\$ 77,346	
603 - CELLULITIS W/O MCC	420048	KERSHAW HEALTH	HAILE AND CAMDEN	29020	SC - Column	37	\$ 14,270	\$ 4,712	\$ 528,005	\$ 174,331	
603 - CELLULITIS W/O MCC	420049	CONWAY MEDICAL CENTER	300 SINGLE CONWAY	29526	SC - Charles	45	\$ 16,947	\$ 5,469	\$ 762,617	\$ 246,085	
603 - CELLULITIS W/O MCC	420051	MCLEOD REGIONAL MEDICAL CENTER-PEE DEE	555 E CHE\ FLORENCE	29506	SC - Florence	51	\$ 20,517	\$ 5,437	\$ 1,046,387	\$ 277,271	
603 - CELLULITIS W/O MCC	420053	NEWBERRY COUNTY MEMORIAL HOSPITAL	2669 KINAF NEWBERR	29108	SC - Column	12	\$ 13,857	\$ 5,750	\$ 166,288	\$ 68,999	
603 - CELLULITIS W/O MCC	420055	MARION REGIONAL HOSPITAL	2829 E HW MULLINS	29574	SC - Florence	29	\$ 13,099	\$ 4,725	\$ 379,860	\$ 137,028	

2011 SC HOSPITALIZATIONS FOR CELLULITIS

DRG Definition	Provider Id	Provider Name	Provider Street Address	City	Zip	HRR*	Total Discharges	Avg Covered Charge	Average Ttl Pay	TTL D/C x AvgCC	TTL D/C x AvgTP
603 - CELLULITIS W/O MCC	420062	CHESTERFIELD GENERAL HOSPITAL	711 CHESTNUT	CHERAW	29520	SC - Florence	13	\$ 21,200	\$ 4,992	\$ 275,601	\$ 64,896
603 - CELLULITIS W/O MCC	420064	LORIS COMMUNITY HOSPITAL	3655 MITCHELL LORIS		29569	SC - Florence	12	\$ 17,934	\$ 5,001	\$ 215,212	\$ 60,006
603 - CELLULITIS W/O MCC	420065	BON SECOURS-ST FRANCIS-XAVIER HOSPITAL	2095 HENRY CHARLESTON		29414	SC - Charleston	51	\$ 20,785	\$ 5,263	\$ 1,060,046	\$ 268,438
603 - CELLULITIS W/O MCC	420067	BEAUFORT COUNTY MEMORIAL HOSPITAL	955 RIBAUT BEAUFORT		29902	GA - Savannah	28	\$ 14,527	\$ 6,130	\$ 406,759	\$ 171,642
603 - CELLULITIS W/O MCC	420068	TRMC OF ORANGEBURG & CALHOUN	3000 STATE ROAD ORANGEBURG		29115	SC - Columbia	26	\$ 20,990	\$ 5,683	\$ 545,750	\$ 147,761
603 - CELLULITIS W/O MCC	420069	CLARENCE MEMORIAL HOSPITAL	10 HOSPITAL MANNING		29102	SC - Columbia	12	\$ 19,287	\$ 5,284	\$ 231,446	\$ 63,406
603 - CELLULITIS W/O MCC	420070	TUOMEY HEALTHCARE SYSTEM	129 N WALTER SUMTER		29150	SC - Columbia	84	\$ 13,406	\$ 5,169	\$ 1,126,129	\$ 434,189
603 - CELLULITIS W/O MCC	420071	SELF REGIONAL HEALTHCAR E	1325 SPRING GREENWOOD		29646	SC - Columbia	69	\$ 19,391	\$ 7,059	\$ 1,337,957	\$ 487,042
603 - CELLULITIS W/O MCC	420073	LEXINGTON MEDICAL CENTER	2720 SUNS WEST COL		29169	SC - Columbia	71	\$ 21,697	\$ 4,642	\$ 1,540,515	\$ 329,616

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603 - CELLULITIS W/O MCC	420078	GREENVILLE 701 GROVE GREENVILL		29605	SC - Greenv	76	\$ 19,376	\$ 6,270	\$ 1,472,606	\$ 476,490	
603 - CELLULITIS W/O MCC	420079	TRIDENT MEDICAL CENTER		29406	SC - Charle	90	\$ 28,639	\$ 5,015	\$ 2,577,485	\$ 451,325	
603 - CELLULITIS W/O MCC	420080	HILTON HEAD REGIONAL MEDICAL CENTER		29925	GA - Savan	47	\$ 21,519	\$ 6,445	\$ 1,011,385	\$ 302,932	
603 - CELLULITIS W/O MCC	420082	AIKEN REGIONAL MEDICAL CENTER		29801	GA - August	43	\$ 20,123	\$ 5,429	\$ 865,306	\$ 233,442	
603 - CELLULITIS W/O MCC	420083	MARY BLACK 1700 SKYL SPARTANB		29307	SC - Sparta	22	\$ 26,201	\$ 4,942	\$ 576,431	\$ 108,733	
603 - CELLULITIS W/O MCC	420085	GRAND STRAND REG MED CENTER		29577	SC - Charle	63	\$ 19,203	\$ 4,993	\$ 1,209,762	\$ 314,552	
603 - CELLULITIS W/O MCC	420086	PALMETTO HEALTH BAPTIST		29220	SC - Columbi	48	\$ 34,138	\$ 6,899	\$ 1,638,622	\$ 331,135	
603 - CELLULITIS W/O MCC	420087	ROPER HOSPITAL		29401	SC - Charle	63	\$ 21,385	\$ 4,948	\$ 1,347,280	\$ 311,699	
603 - CELLULITIS W/O MCC	420089	EAST COOPER MEDICAL CENTER		29464	SC - Charle	31	\$ 25,430	\$ 4,587	\$ 788,317	\$ 142,192	
603 - CELLULITIS W/O MCC	420091	CAROLINAS HOSPITAL SYSTEM		29505	SC - Florenc	73	\$ 30,882	\$ 5,030	\$ 2,254,418	\$ 367,197	
603 - CELLULITIS W/O MCC	420098	WACCAMA HIGH MURRELLS COMMUNITY HOSPITAL		29576	SC - Charle	78	\$ 11,904	\$ 4,251	\$ 928,514	\$ 331,544	



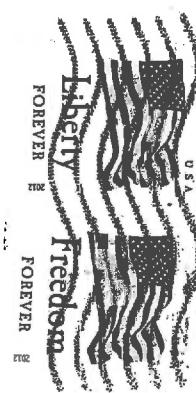
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Kim Neel & Sherry Norris, CMF
Owners

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Department of Health & Human Services
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SC DHHS
1801 Main Street
Columbia, SC 29201

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Department of Health & Human Services
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Planned Parenthood

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