

**SB**

**90**

<TARGET><BILL>SB 90</BILL><SUBJECT>SB  
90</SUBJECT><COMM>SHSS29</COMM></TARGET>

# ALASKA STATE LEGISLATURE

**Chair:**  
Senate State Affairs Committee

**Member:**  
Resources Committee  
Health & Social Services Committee  
Finance Subcommittees on:  
Department of Fish and Game  
Department of Administration  
Department of Public Safety



**Session:**  
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**BILL STOLTZE**  
STATE SENATOR  
Senator.Bill.Stoltze@akleg.gov

Toll Free: 1-866-465-4958

## ***Sponsor Statement for Senate Bill 90***

*By Senator Bill Stoltze*

**“An Act relating to the purchase of durable medical equipment under Medicaid; and providing for an effective date.”**

Senate Bill 90 will grant the Department of Health and Social Services (DHSS) the authority to use Medicaid funds for the purchase of durable medical equipment. Currently, federal law allows for the use of Medicaid funds to purchase durable medical equipment, however, under existing DHSS regulations, the purchase of durable medical equipment is prohibited.

Durable medical equipment re-use programs retrieve used medical equipment, such as wheelchairs, walkers, and bed lifts, then refurbish and sanitize to like-new condition, and reassign the equipment to individuals at a lower cost than purchasing new medical equipment.

Several states have implemented durable medical equipment re-use programs and realized significant cost savings. As the cost of healthcare rises and the State's revenues decrease, all cost-saving measures must be considered. Allowing for the establishment of a durable medical equipment re-use program is a one more way the State can reduce costs and help alleviate the burden of our fiscal uncertainty.

DISTRICT F

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KNIK RIVER ROAD • LAZY MOUNTAIN • GATEWAY • PETERS CREEK

## Durable Medical Equipment (DME) Re-Use Program Follow-Up Information

### What is a DME Re-Use Program?

- DME refers to any medical equipment used by an individual at home or in the community to live more independently, manage a condition and improve quality of life. Examples include wheelchairs, walkers, bed lifts and shower chairs.
- DME Re-Use programs retrieve donated equipment; sanitize and refurbish devices returning DME to peak performance; work with DME vendors to repair equipment if needed to ensure quality; and reassign DME to the best matched eligible individual.
- The inventory of re-used equipment is obtained through reclaiming Medicaid-purchased devices and donations.
- Medicaid pays for inventory tracking, recovery, refurbishing and re-assigning used equipment to eligible Medicaid recipients if available to meet their needs.

### What is the Current Status of the DME Re-Use Program?

- The State of Alaska's Medicaid program does not have a DME Re-Use program. The purchase of used DME equipment with Medicaid funds is prohibited, even though the federal government allows such purchases.
- In FY14, Access Alaska established a pilot program to sanitize, refurbish and re-assign used DME. Access Alaska's experience can be used as a springboard for developing a DME Re-Use partnership with Medicaid to fund operational costs and expand the program.

### What is the Potential Impact of a DME Re-Use Program?

- Many other states have implemented re-use systems with proven cost savings.
- Kansas shows a \$3.15 return on investment for every \$1 spent on the State's re-use program.
- In Oklahoma's first four months of service (April-July 2012), 74 devices were reassigned for a cost savings of \$31,692.

### How Can You Help?

- Sponsor a bill to develop and implement a DME Re-Use program.
- Request the Department of Health & Social Services adopt Medicaid regulations that allow for establishing a DME Re-Use program.
- Contact Access Alaska, ATLA/Assistive Technology of Alaska and the Governor's Council on Disabilities and Special Education to obtain information on Re-Use programs in other states.

# Fiscal Note

State of Alaska  
2015 Legislative Session

Bill Version: SB 90  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB090-DHSS-HCMS-04-05-15  
Title: MEDICAID: USED DURABLE MEDICAL  
EQUIPMENT  
Sponsor: STOLTZE  
Requester: Senate Health & Social Services Committee

Department: Department of Health and Social Services  
Appropriation: Medicaid Services  
Allocation: Health Care Medicaid Services  
OMB Component Number: 2077

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2016 Request	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>OPERATING EXPENDITURES</b>	<b>FY 2016</b>	<b>FY 2016</b>					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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**Estimated SUPPLEMENTAL (FY2015) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2016) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed? n/a

**Why this fiscal note differs from previous version:**

Not applicable, initial version.

Prepared By: Margaret C. Brodie, Director  
Division: Health Care Services  
Approved By: Sarah Woods, Deputy Director Finance & Mangement Services  
Agency: Health & Social Services

Phone: (907)334-2520  
Date: 04/05/2015 04:45 PM  
Date: 04/05/15

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2015 LEGISLATIVE SESSION

BILL NO. SB090

**Analysis**

This bill establishes that when the Department authorizes the purchase of durable medical equipment, the Department will require the recipient to purchase used or refurbished equipment under certain conditions.

There is no additional cost to the department to implement this bill.

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**BILL STOLTZE**  
STATE SENATOR  
Senator.Bill.Stoltze@akleg.gov

To: Senator Bert Stedman, Chair  
Senate Health and Social Services Committee

From: Bill Stoltze *BS*

Re: Senate Bill 90 Hearing Request

Date: March 25, 2015

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I respectfully request a hearing on Senate Bill 90 in the Senate Health and Social Services Committee at your earliest convenience.

Senate Bill 90 will grant the Department of Health and Social Services (DHSS) the authority to use Medicaid funds for the purchase of durable medical equipment.

Included with this hearing request is a copy of Senate Bill 90, and appropriate support materials.

If you have any questions, please contact my staff, Brandon Brefczynski, at 465-2859.