



Protect Access to Specialized Equipment for Medi-Cal Recipients with Significant Disabilities

Repeal AB 97 Cuts to Complex Rehab Technology

Background

Complex Rehab Technology (CRT) includes medically necessary customized manual and power wheelchairs, seating and positioning systems, and other adaptive equipment critical to a small population of children and adults with disabilities such as spinal cord injury, traumatic brain injury, cerebral palsy, ALS, multiple sclerosis, and spina bifida.

These products are individually configured to meet the specific needs of the child or adult with a disability. The CRT evaluation, provision, and ongoing support processes are labor intensive requiring credentialed staff and focused operational infrastructures. Unfortunately, as a small segment of medical equipment Complex Rehab Technology is often treated the same as Durable Medical Equipment (DME).

There are a very limited number of qualified CRT providers in California and as noted in the Budget Committee analysis, our members are struggling to serve the Medi-Cal population due to the ongoing AB 97 10% cuts, upper billing limit restrictions, and a recently submitted state plan amendment that will further cut reimbursement for DME, particularly in rural areas.

The immediate threat to adequate access is distressing. California CRT providers continue to provide this critical equipment and services, but without reimbursement improvements they will be forced to make difficult decisions such as limiting product choice, no longer providing repair services in the home, and scaling back facilities. An NCART member recently had to close one of its locations in Tulare. These reductions will have negative impacts on patient care and result in higher Medi-Cal costs in other areas such as medical treatments, hospitalization, and non-emergency medical transportation.

Medi-Cal Access Issues

This is a very challenging business as it requires maintaining trained and credentialed staff, supporting systems and facilities, and related company accreditations to perform all the necessary activities. Meeting these requirements comes with significant operating challenges and costs. Studies have shown that on average, a CRT company spends roughly 49% of revenue on product acquisition costs and 46% of revenue on operating costs, leaving a narrow 2% to 5% pre-tax profit. Consequently, there are only a limited number of qualified CRT suppliers in California and they are struggling to serve the CRT needs of the Medi-Cal beneficiaries with significant disabilities.

The Lucille Packard Foundation issued a report in May 2018 highlighting significant access issues that exist for California Children's Services (CCS), a program within Medi-Cal for 200,000 children with extreme health care needs. The report focused on access to prescribed medically necessary equipment, including CRT, finding several issues stemming from a limited number of suppliers and from low payment rates. Specifically, the report found:

- 22% of respondents waited over a year for equipment and supplies;
- 18% experienced delays that resulted in longer hospital stays;

- 38% of children who faced delays reported exacerbated health conditions;
- 37% of respondents faced challenges with vendors including: 1) providers not willing to order equipment due to low reimbursement, 2) limited availability for appointments, and 3) limited availability of vendors who take CCS Medi-Cal.

As stated above, currently these products are subject to a AB 97 10% payment cut, an inappropriate upper billing limit policy, and a recently submitted state plan amendment that will further cut reimbursement for DME, particularly in rural areas.

The layers of reimbursement cuts to DME severely jeopardizes the state's ability to provide access to CRT products for the small population of children and adults with significant disabilities and medical conditions. Access negatively impacts these Medi-Cal beneficiaries who are the most medically fragile and who are at the greatest risk for high health care costs. The combination of ongoing cuts and the addition of another pending retroactive cut cannot be absorbed and should not be accepted by this Legislature.

Adverse Health Impacts and Increased Costs

It is well documented and understood that proper provision and use of CRT for patients with complex health conditions reduces medical complications, clinical interventions, hospitalizations, institutionalizations, as well as the need for long-term care and support. A common example is delayed access to a \$500 pressure management cushion can cause decubitus ulcers, which can result in \$91,000 in decubitus ulcer treatments and hospitalization. An increase in costs to the state and Medi-Cal managed care plans of 18,200 percent.

The negative impacts to access for beneficiaries is continuing to grow. Without changes to the current reimbursement structure, the difficulties in getting needed equipment and services (such as wheelchair repairs) is at risk of seeing an elimination to access. The long-term negative impacts and higher costs to the Medi-Cal program will grow through increased medical complications, clinical interventions, hospitalizations, institutionalizations, and long-term care.

Legislature Action Needed

Although many changes are needed to improve access for patients and stabilize the CRT provider network, there is one immediate action the Legislature can make in this year's budget to avoid further negative impacts to access. **We strongly request that the Legislature repeal the AB 97 cuts for CRT providers, as has been done in the past in other areas when negative impacts on access to services have been recognized.**