



May 15, 2009

The Honorable Max Baucus
Chairman, Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510-6200

Dear Chairman Baucus:

On behalf of the Health Industry Distributors Association (HIDA) and our 180 member companies, we appreciate the opportunity to comment on the Senate Finance Committee's *Proposals to Improve Patient Care and Reduce Healthcare Costs*.

HIDA members provide medical and surgical supplies to diverse healthcare settings, from physicians' offices and hospitals, to nursing homes and home health agencies across the United States.

Distributors provide a highly effective, single point of contact for healthcare providers to purchase the wide range of medical supplies they need to treat patients. At the center of the healthcare supply chain, distributors are the most cost effective channel of goods from manufacturers to providers.

As we review the Committee's policy options there are a number of issues poised to significantly impact our members and their provider customers, among these are:

Support for Physicians – HIDA strongly supports stabilizing the Medicare physician fee schedule. A robust and equitable reimbursement system is critical if prevention and wellness programs are to be effective – particularly with regard to primary care physicians.

Combating Fraud, Waste, and Abuse – HIDA supports efforts to reduce fraud, waste, and abuse within the Medicare program. Programs to combat fraud and waste should provide reputable suppliers a clear path to compliance. It is worth noting that HIDA members already comply with numerous fraud and abuse regulations and programs. Any new programs must take into consideration these existing programs so that compliance costs do not become overly burdensome. Over regulation may have the unintended consequence of restricting the provider network and affecting beneficiaries' access to needed services.

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Physician Payment Sunshine – HIDA understands the importance of transparency in the healthcare industry. Legislation aimed at providing increased transparency must recognize that the role of medical products distributors is distinct from medical product manufacturers. Distributors carry products made by hundreds and, in some cases thousands, of different manufacturers. This is done to maximize choice and flexibility for their provider customers. For this reason, distributors cannot and should not be regulated on the same basis as manufacturers. HIDA recommends that medical products distributors be excluded from current Physician Payment Sunshine proposals, but would support federal legislation to preempt duplicative state laws.

Health Information Technology – HIDA supports expanding incentives to increase the adoption and use of electronic medical records (EMR). A comprehensive and interoperable health information technology (IT) system should drive costs savings, efficiencies, and improved patient care. Government incentives and health IT programs must be devised carefully and communicated clearly to all providers in the continuum of care, such as long-term care facilities, home health agencies and ambulatory surgical centers. Given the costs and assortment of health IT options available, clear communication is essential if the government hopes to increase adoption significantly across a relatively short period of time.

Thank you for taking the time to review our concerns and consider our comments. HIDA is dedicated to working with the Obama administration, Congress and other stakeholders to improve the delivery of patient care. We will continue to be active participants as detailed healthcare reform proposals are released.

Sincerely,

A handwritten signature in black ink that reads "Matthew J. Rowan". The signature is written in a cursive, flowing style.

Matthew J. Rowan
President and CEO