



## MEMORANDUM

**To:** All House Members  
**From:** State Representatives Scott Lipps  
**Date:** December 15<sup>th</sup>, 2021  
**RE:** Co-Sponsor Request: Sole Source or Preferred Provider Contracting

I will soon be introducing legislation regarding “sole source” or “preferred provider” contracting. This practice has been utilized within the Ohio Department of Medicaid where a contract is established between a managed care organization (MCO) and a durable/home medical equipment (DME/HME) provider. These contracts stipulate that Medicaid recipients can only receive prescribed products or services from that single provider, regardless of their proximity or product availability.

In reality, sole source contracts create a multitude of problems that they were originally intended to mitigate.

- Patient choice is commonly eliminated or significantly reduced as prescribers and consumers are unable to choose the best-suited provider and product to meet the patients' needs. **DME/HME is not one-size-fits-all.**
- Continuity of care is often severely disrupted by these fragmented and isolated contracts. Providers, prescribers, and patients are unable to effectively coordinate care which effects the overall health and well-being of the patient.
- Patients face delayed access and increased cost as providers are often hundreds of miles away. Patients requiring HME products often need those items immediately, but are forced to purchase them from a contracted provider, rather than one around the corner. These situations can exasperate complications to the patient's health and can prompt ER visits or hospital readmissions thereby increasing healthcare costs.
- Some sole source contracts require Ohioans to use providers located in other states which restricts revenues and profits of Ohio providers. This is especially concerning as these contracts are a state program funded by tax dollars.

**This legislation would prohibit Medicaid MCOs from entering into sole source or preferred provider contracts with suppliers of DME and various types of HME.**

If you are interested in co-sponsoring, please contact Willa Bluestone at 614-644-6023 or [Willa.Bluestone@ohiohouse.gov](mailto:Willa.Bluestone@ohiohouse.gov) **The deadline to co-sponsor this bill is Friday, January 14<sup>th</sup> at 5pm.**